

RGA Americas Reinsurance Company, Ltd.

Consolidated Financial Statements as of and for the
Years Ended December 31, 2025 and 2024, and
Independent Auditor's Report

RGAMERICAS REINSURANCE COMPANY, LTD.
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of
RGA Americas Reinsurance Company, Ltd.:

Opinion

We have audited the consolidated financial statements of RGA Americas Reinsurance Company, Ltd. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Other Matter

As discussed in Note 1, results of the Company may not be indicative of those of a stand-alone entity, as the Company is a member of a controlled group of affiliated companies. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Deloitte & Touche LLP

May 27, 2026

RGA AMERICAS REINSURANCE COMPANY, LTD.
CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars, except share data)

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Fixed maturity securities available-for-sale, at fair value (amortized cost of \$45,620,599 and \$36,131,644; allowance for credit losses of \$43,964 and \$15,058) | \$ 42,752,137 | \$ 33,930,522 |
| Equity securities, at fair value | 43,819 | 43,130 |
| Mortgage loans (net of allowance for credit losses of \$18,558 and \$13,433) | 2,354,797 | 1,720,387 |
| Policy loans | 2,410,132 | 143,655 |
| Funds withheld at interest | 23,389,163 | 10,648,946 |
| Short-term investments | 136,213 | 232,690 |
| Other invested assets | 2,225,974 | 1,727,019 |
| Total investments | 73,312,235 | 48,446,349 |
| Cash and cash equivalents | 1,073,767 | 1,050,797 |
| Accrued investment income | 577,806 | 468,450 |
| Premiums receivable | 1,532,365 | 1,289,232 |
| Reinsurance ceded receivables | 6,470,873 | 4,231,553 |
| Deferred policy acquisition costs | 3,002,358 | 2,636,321 |
| Income tax recoverable | 12,911 | — |
| Deferred tax asset | 51,419 | 55,280 |
| Other reinsurance balances | 377,461 | 642,146 |
| Receivable from parent and affiliates | 127,941 | 128,375 |
| Other assets | 585,164 | 339,322 |
| Total assets | <u>\$ 87,124,300</u> | <u>\$ 59,287,825</u> |
| Liabilities and shareholder's equity | | |
| Future policy benefits | \$ 40,927,103 | \$ 30,509,591 |
| Interest-sensitive contract liabilities | 29,455,175 | 15,815,463 |
| Market risk benefits, at fair value | 53,707 | 59,752 |
| Other policy claims and benefits | 1,504,254 | 1,405,017 |
| Other reinsurance balances | 712,645 | 375,055 |
| Securities lending and repurchase liability | 1,435,852 | 633,050 |
| Income tax liability | — | 187,025 |
| Deferred income taxes | 1,807,311 | 1,354,787 |
| Affiliated notes payable | 6,339 | 5,879 |
| Payable to parent and affiliates | 58,762 | 78,927 |
| Funds withheld payable | 3,914,122 | 2,837,638 |
| Derivative liabilities | 439,247 | 400,986 |
| Other liabilities | 256,723 | 144,035 |
| Total liabilities | <u>80,571,240</u> | <u>53,807,205</u> |
| Commitments and contingent liabilities (See Note 16) | | |
| Shareholder's equity: | | |
| Common stock (par value \$1.00 per share; unlimited shares authorized; shares issued: 75,500,000 at both December 31, 2025 and 2024) | 75,500 | 75,500 |
| Additional paid-in-capital | 903,520 | 906,241 |
| Retained earnings | 4,414,880 | 3,882,616 |
| Accumulated other comprehensive income | 1,159,160 | 616,263 |
| Total shareholder's equity | <u>6,553,060</u> | <u>5,480,620</u> |
| Total liabilities and shareholder's equity | <u>\$ 87,124,300</u> | <u>\$ 59,287,825</u> |

See accompanying notes to consolidated financial statements.

RGA AMERICAS REINSURANCE COMPANY, LTD.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands of U.S. dollars)

| | For the years ended December 31, | |
|--|----------------------------------|--------------|
| | 2025 | 2024 |
| Revenues | | |
| Net premiums | \$ 6,394,794 | \$ 5,520,646 |
| Net investment income | 2,837,880 | 1,968,340 |
| Change in value of funds withheld embedded derivatives | 332,584 | 361,051 |
| Investment related losses, net | (55,374) | (305,293) |
| Other revenues | 751,075 | 384,031 |
| Total revenues | 10,260,959 | 7,928,775 |
| Benefits and expenses | | |
| Claims and other policy benefits | 6,490,157 | 5,202,554 |
| Future policy benefits remeasurement (gains) losses | (98,796) | 63,246 |
| Market risk benefits remeasurement gains | (8,062) | (45,229) |
| Interest credited | 964,101 | 534,310 |
| Policy acquisition costs and other insurance expenses | 867,424 | 728,157 |
| Other operating expenses | 485,897 | 466,281 |
| Total benefits and expenses | 8,700,721 | 6,949,319 |
| Income before income taxes | 1,560,238 | 979,456 |
| Provision for income taxes | 295,252 | 293,624 |
| Net income | \$ 1,264,986 | \$ 685,832 |

See accompanying notes to consolidated financial statements.

RGA AMERICAS REINSURANCE COMPANY, LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands of U.S. dollars)

| | For the years ended December 31, | |
|--|----------------------------------|---------------------|
| | 2025 | 2024 |
| Comprehensive income | | |
| Net income | \$ 1,264,986 | \$ 685,832 |
| Other comprehensive income, net of income taxes: | | |
| Foreign currency translation adjustments | 82,583 | (78,854) |
| Net unrealized investment losses | (576,614) | (427,453) |
| Effect of updating discount rates on future policy benefits | 1,036,235 | 974,139 |
| Change in instrument-specific credit risk for market risk benefits | (11) | 1,583 |
| Defined benefit pension and postretirement plan adjustments | 704 | 239 |
| Total other comprehensive income, net of income taxes | <u>542,897</u> | <u>469,654</u> |
| Total comprehensive income | <u>\$ 1,807,883</u> | <u>\$ 1,155,486</u> |

See accompanying notes to consolidated financial statements.

RGA AMERICAS REINSURANCE COMPANY, LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
(in thousands of U.S. dollars)

| | Common Stock | Additional Paid- In-Capital | Retained Earnings | Accumulated Other Comprehensive Income | Total Shareholder's Equity |
|---|------------------|--------------------------------|----------------------|---|----------------------------------|
| Balance, January 1, 2024 | \$ 75,500 | \$ 906,551 | \$ 3,196,784 | \$ 146,609 | \$ 4,325,444 |
| Net income | — | — | 685,832 | — | 685,832 |
| Other comprehensive income, net of income taxes | — | — | — | 469,654 | 469,654 |
| Equity based compensation | — | (310) | — | — | (310) |
| Balance, December 31, 2024 | 75,500 | 906,241 | 3,882,616 | 616,263 | 5,480,620 |
| Net income | — | — | 1,264,986 | — | 1,264,986 |
| Other comprehensive income, net of income taxes | — | — | — | 542,897 | 542,897 |
| Equity based compensation | — | (2,721) | — | — | (2,721) |
| Transfer of subsidiary branch | — | — | (232,722) | — | (232,722) |
| Dividends to shareholder | — | — | (500,000) | — | (500,000) |
| Balance, December 31, 2025 | <u>\$ 75,500</u> | <u>\$ 903,520</u> | <u>\$ 4,414,880</u> | <u>\$ 1,159,160</u> | <u>\$ 6,553,060</u> |

See accompanying notes to consolidated financial statements.

RGA AMERICAS REINSURANCE COMPANY, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

| | For the years ended December 31, | |
|--|----------------------------------|---------------------|
| | 2025 | 2024 |
| Cash flows from operating activities | | |
| Net income | \$ 1,264,986 | \$ 685,832 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Change in operating assets and liabilities: | | |
| Accrued investment income | (54,879) | (75,216) |
| Premiums receivable and other reinsurance balances | 116,237 | (197,281) |
| Reinsurance ceded receivables | (1,146,943) | 627,600 |
| Deferred policy acquisition costs | (296,005) | (222,987) |
| Future policy benefits, other policy claims and benefits, and other reinsurance balances | 2,728,407 | 1,532,430 |
| Deferred income taxes | 322,978 | 37,466 |
| Funds withheld payable | (41,655) | — |
| Receivable from/payable to parent and affiliates | 57,434 | (163,021) |
| Other assets and other liabilities, net | (390,767) | 148,053 |
| Amortization of net investment premiums, discounts and other | (201,898) | (187,168) |
| Investment related losses, net | 55,374 | 305,293 |
| Future policy benefits remeasurement (gains) losses | (98,796) | 63,246 |
| Market risk benefits remeasurement gains | (8,062) | (45,229) |
| Change in value of funds withheld embedded derivatives | (332,584) | (361,051) |
| Depreciation and amortization expense | 3,603 | 3,380 |
| Other, net | (251,837) | 72,061 |
| Net cash provided by operating activities | <u>1,725,593</u> | <u>2,223,408</u> |
| Cash flows from investing activities | | |
| Sales of fixed maturity securities available-for-sale | 9,116,318 | 10,607,287 |
| Purchases of fixed maturity securities available-for-sale | (14,546,205) | (15,329,002) |
| Maturities of fixed maturity securities available-for-sale | 482,611 | 481,969 |
| Sales of equity securities | 3,921 | 5,520 |
| Purchases of equity securities | — | (5,044) |
| Principal payments on mortgage loans | 98,280 | 42,981 |
| Cash invested in mortgage loans | (680,193) | (409,517) |
| Principal payments on policy loans | 147,131 | 337 |
| Cash invested in policy loans | (16,525) | (3,174) |
| Net deposits in (withdrawals from) funds withheld at interest | (386,610) | 40,240 |
| Sales of short-term investments | 739,928 | 624,400 |
| Purchases of short-term investments | (1,022,850) | (691,253) |
| Maturities of short-term investments | 405,784 | 154,033 |
| Change in other invested assets | (540,914) | (137,269) |
| Net cash used in investing activities | <u>(6,199,324)</u> | <u>(4,618,492)</u> |
| Cash flows from financing activities | | |
| Dividends to shareholder | (500,000) | — |
| Change in securities lending and repurchase liability | 790,550 | (92,077) |
| Change in cash collateral for derivatives and repurchase/reverse repurchase agreements | (140,433) | 41,294 |
| Deposits on investment-type policies and contracts | 4,852,745 | 3,788,190 |
| Withdrawals on investment-type policies and contracts | (548,548) | (1,117,028) |
| Net cash provided by financing activities | <u>4,454,314</u> | <u>2,620,379</u> |
| Effect of exchange rate changes on cash | 42,387 | (36,997) |
| Change in cash and cash equivalents | 22,970 | 188,298 |
| Cash and cash equivalents, beginning of year | 1,050,797 | 862,499 |
| Cash and cash equivalents, end of year | <u>\$ 1,073,767</u> | <u>\$ 1,050,797</u> |

RGA AMERICAS REINSURANCE COMPANY, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

| | For the years ended December 31, | |
|---|----------------------------------|--------------|
| | 2025 | 2024 |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | \$ 1,534 | \$ 2,804 |
| Income taxes paid, net of refunds | 175,497 | 32,495 |
| Non-cash investing activities: | | |
| Transfer of invested assets | \$ 3,159,878 | \$ 5,821,703 |

See accompanying notes to consolidated financial statements.

RGA Americas Reinsurance Company, Ltd.
Notes to consolidated financial statements
For the years ended December 31, 2025 and 2024
(in U.S. dollars)

Note 1 BUSINESS AND BASIS OF PRESENTATION

Business

RGA Americas Reinsurance Company, Ltd. ("RGA Americas" and, collectively with its subsidiaries and its South Africa branch, the "Company") was incorporated in accordance with the Bermuda Companies Act 1981 on September 25, 2014 and is a Class E insurer. RGA Americas is a wholly owned subsidiary of Reinsurance Group of America, Incorporated ("RGA"), a United States of America ("U.S.") insurance holding company, formed on December 31, 1992. As of December 31, 2025, all outstanding shares of RGA Americas were owned by RGA. The following reinsurance and insurance subsidiaries are either directly or indirectly owned by RGA Americas:

- RGA Life Reinsurance Company of Canada ("RGA Canada")
- RGA International Reinsurance Company dac ("RGA International")
- RGA Reinsurance Company of Australia Limited ("RGA Australia")
- Omnilife Insurance Company Limited ("Omnilife")
- Hodge Life Assurance Company Limited ("Hodge")

Since the Company is a member of a controlled group of affiliated companies, its results may not be indicative of those of a stand-alone entity.

Effective as of April 1, 2025, the Company, via its RGA Canada subsidiary, transferred its interest in the RGA Life Reinsurance Company of Canada, India Branch ("India Branch") to an affiliated subsidiary of RGA. As the transfer of an entity under common control, it was determined that the activity of the India Branch was immaterial, and the transfer was recorded as of the effective date.

The Company is engaged in providing traditional reinsurance, which includes individual and group life and health, disability, and critical illness reinsurance. The Company also provides financial solutions, which includes longevity reinsurance, reinsurance of asset-intensive products (primarily annuities), financial reinsurance and capital solutions.

Reinsurance is an arrangement under which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company, for all or a portion of the insurance risks underwritten by the ceding company. Reinsurance is designed to:

- (i) reduce the net amount at risk on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single risk;
- (ii) enhance the ceding company's financial strength and surplus position;
- (iii) stabilize operating results by leveling fluctuations in the ceding company's loss experience; and
- (iv) assist the ceding company in meeting applicable regulatory requirements.

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include those used in determining the following:

- Premiums receivable;
- Future policy benefits and incurred but not reported claims;
- Income taxes;
- Valuation of investments, investment allowance for credit losses and investment impairments;
- Valuation of embedded derivatives and market risk benefits.

Actual results could differ materially from the estimates and assumptions used by management.

The accompanying consolidated financial statements include the accounts of RGA Americas and its subsidiaries, all of which are wholly owned. Entities for which the Company has significant influence over the operating and financing decisions but are not required to be consolidated are reported under the equity method of accounting. A portion of the Company's reinsurance receivables and policy liabilities are associated with affiliated companies, and the Company relies on affiliated companies for

services. See [Note 15 - "Related-Party Transactions"](#) for further details. Intercompany balances and transactions have been eliminated.

There were no subsequent events that would require disclosure or adjustments to the accompanying consolidated financial statements through the date the consolidated financial statements were issued.

Note 2 SIGNIFICANT ACCOUNTING POLICIES AND PRONOUNCEMENTS

Insurance Related Activities

Premium and Fee Revenue and Receivable Recognition

Premium and Fee Revenue

Life and health premiums are recognized as revenue when due from the insured and are reported net of amounts retroceded. Benefits and expenses are reported net of amounts retroceded and are associated with earned premiums so that profits are recognized over the life of the related contract. Other revenue includes items such as treaty recapture fees, fees associated with financial reinsurance and policy charges on interest-sensitive and investment-type products that the Company reinsures. Any fees that are collected in advance of the period benefited are deferred and recognized over the period benefited.

The Company reinsures medical, disability, life and other products for a fixed period of short-duration, typically one to three years. Premiums for short-duration products are recognized over the coverage period in proportion to the amount of insurance protection provided.

For certain reinsurance transactions involving the reinsurance of in force blocks of business, the ceding company pays a premium equal to the initial required reserve (future policy benefit). In such transactions, for income statement presentation, the Company nets the expense associated with the establishment of the reserve against the premiums from the transaction.

Revenues for interest-sensitive and investment-type products consist of investment income, policy charges for the cost of insurance, policy administration and surrender charges that have been assessed against policy account balances during the period. Interest-sensitive contract liabilities for these products represent policy account balances before applicable surrender charges. Policy benefits and claims that are charged to expenses include claims incurred in the period in excess of related policy account balances and interest credited to policy account balances. Interest is credited to policyholder account balances according to terms of the policies or contracts.

For each of its reinsurance contracts, the Company must determine if the contract provides indemnification against loss or liability relating to insurance risk, in accordance with GAAP. The Company must review all contractual features, particularly those that may limit the amount of insurance risk to which the Company is subject or features that delay the timely reimbursement of claims. If the Company determines that a contract does not expose it to a reasonable possibility of a significant loss from insurance risk, the Company records the contract on a deposit method of accounting with any net amount receivable reflected as an asset within other reinsurance balances, and any net amount payable reflected as a liability within other reinsurance balances. Fees earned on the contracts are reflected as other revenues, rather than premiums.

Premiums Receivable

Premiums are accrued when due and in accordance with information received from the ceding company. When the Company enters into a new reinsurance agreement, it accrues premium based on the terms of the reinsurance treaty. Similarly, when a ceding company fails to report information on a timely basis, the Company records accruals based on the terms of the reinsurance treaty as well as historical experience. Other management estimates include adjustments for increases of in force reinsurance on existing treaties, lapsed premiums given historical experience, the financial health of specific ceding companies, collateral value and the legal right of offset on related amounts (i.e., allowances and claims) owed to the ceding company. Under the legal right of offset provisions in its reinsurance treaties, the Company can withhold payments for allowances and claims from unpaid premiums. Based on its review of these factors and historical experience, the Company did not believe a provision for doubtful accounts was necessary as of December 31, 2025 or 2024.

Future Policy Benefits

Utilizing the net premium model, a liability for future policy benefits for life and long-term health business is established to meet the estimated future benefits to be paid on assumed life and health reinsurance in force less the present value of estimated future net premiums to be collected. The liability is estimated using the Company's mortality, morbidity and persistency assumptions that reflect the Company's historical experience, industry data, cedant specific experience and discount rates based on the current yields of upper-medium grade fixed income instruments. These assumptions vary with the characteristics of the transaction, the year the risk was assumed, age of the insured and other appropriate factors. The Company reviews actual and anticipated experience compared to the assumptions used to establish policy benefits on a quarterly basis and will update those assumptions if evidence suggests that they should be revised. The Company completed its annual review and any necessary updates of cash flow assumptions used to calculate the liability for future policy benefits during the third quarter of 2025 and 2024. Updates may occur in other quarters if information becomes available during the quarter that indicates an assumption update is necessary.

Liabilities for future benefits for annuities in the payout phase have been established in an amount adequate to meet the estimated future obligations on policies in force using expected mortality, discount rates and other assumptions. These

assumptions vary with the characteristics of the plan of insurance, year of issue, age of insured and other appropriate factors. The mortality assumptions are based on the Company's historical experience, industry data and cedant specific experience.

A deferred profit liability ("DPL") is established when the insurance benefit extends beyond the period in which premiums are collected, and the gross premium exceeds the net premium. The DPL is generally amortized in proportion to insurance in force for traditional life insurance and expected future benefits for annuity contracts. The DPL is included in the liabilities for future policy benefits, and the amortization of the DPL is recognized as a reduction in claims and other policy benefits.

For the purpose of calculating the liability for future policy benefits, the Company's reinsurance contracts for its traditional business are grouped into annual cohorts based on the effective date of the reinsurance contract. The annual groupings are further disaggregated based on:

- How the reinsurance contracts are priced and managed;
- Geographical locations;
- Underlying currency of the contract;
- Ceding company and other factors.

Given the unique risks and highly customized nature of the Company's financial solutions business, reinsurance contracts for the financial solutions business are not aggregated with other contracts for the purpose of calculating the liability for future policy benefits.

Each quarter, the Company updates its estimate of cash flows expected over the entire life of a group of contracts using actual historical experience and current future cash flow assumptions. These updated cash flows, discounted using the original contract issuance discount rates, are used to calculate the revised net premium ratio ("NPR"), as of the beginning of the current reporting period. The present value of these updated cash flows is compared to the carrying amount of the liability as of that same date, before updating cash flow assumptions, to determine the current period change in the liability's estimate. This current period change in the liability is a component of the liability remeasurement gain or loss. In subsequent periods, the revised NPR is used to measure the liability for future policy benefits, subject to future revisions. The Company also reviews actual and anticipated experience compared to the assumptions used to establish the liability for future policy benefits on a quarterly basis. If evidence suggests that the assumptions should be revised, the cumulative effect of the change is reflected in future policy benefits remeasurement (gains) losses in the current period. The Company has elected to lock-in claims expense assumptions at contract inception and those assumptions are not subsequently reviewed or updated.

The discount rates used to measure the liability are based on upper-medium grade fixed-income instruments (A rated credit) with similar tenor to the expected liability cash flows. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change reflected in other comprehensive income ("OCI"). For unobservable discount rates, the Company uses estimates consistent with fair value guidance, maximizing the use of relevant, observable market prices and minimizing the use of unobservable inputs.

The Company utilizes the discount rate curve at contract inception for purposes of interest accretion and updating the NPR. Interest accretion is recognized in claims and other policy benefits on the consolidated statements of income. The locked-in discount curve at contract inception for contracts entered into after January 1, 2021, is based on the average upper-medium grade fixed-income instrument yields during the first calendar year of the reinsurance contract. The locked-in discount rates at contract inception for contracts that were effective prior to January 1, 2021, are based on estimates of expected investment yields.

Included in the liability for future policy benefits are unpaid claims related to long-duration contracts and an accrual for incurred but not reported ("IBNR") losses. The Company's IBNR losses accrual related to long-duration contracts is determined using case-basis estimates and lag studies of past experience. The time lag from the date of the claim or death to when the ceding company reports the claim to the Company can vary significantly by ceding company, business segment and product type. IBNR claims are estimates on an undiscounted basis, using actuarial estimates of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed, and the ultimate liability may vary significantly from the amount recognized.

Interest-Sensitive Contract Liabilities and Policyholder Account Balances

Liabilities for future benefits on interest-sensitive life and investment-type contract liabilities are carried at the accumulated contract holder values without reduction for potential surrender or withdrawal charges. The Company reinsures asset-intensive products, including annuities. The liabilities under asset-intensive insurance contracts or reinsurance contracts reinsured on a coinsurance basis are included in interest-sensitive contract liabilities on the consolidated balance sheets. Asset-intensive contracts principally include individual fixed annuities in the accumulation phase, individual variable annuities, and group fixed annuities. Interest-sensitive contract liabilities are equal to (i) policy account values, which consist of an accumulation of gross premium payments; (ii) credited interest less expenses, mortality charges, and withdrawals; and (iii) fair value adjustments relating to business combinations. Liabilities for immediate annuities are calculated as the present value of the expected cash flows, with the locked-in discount rate determined such that there is no gain or loss at inception.

The Company reviews its estimates of actuarial liabilities for interest-sensitive contract liabilities and compares them with its actual experience. Differences between actual experience and the assumptions used in pricing these guarantees and benefits

and in the establishment of the related liabilities result in variances in profit and could result in losses. The effects of changes in such estimated liabilities are included in the results of operations in the period in which the changes occur.

Unpaid Claims and Claim Expense - Short-Duration Contracts

The Company provides reinsurance of medical, disability, life and other products for a fixed period of short-duration, typically one to three years. Under the short-duration insurance accounting model, claims or benefits are recognized when insured events occur, based on the ultimate cost to settle the claim, and are adjusted to reflect changes in estimates during the life of the contract. The estimated cost to settle the claim is based on actuarial assumptions for similar claims. The Company also establishes an IBNR liability based on historical reporting patterns. Unpaid claims and claim expense for short-duration contracts are included in other policy claims and benefits on the consolidated balance sheets.

Market Risk Benefits

Market risk benefits are contracts or contract features that both provide protection to the contract holder from other-than-nominal capital market risk and expose the Company to other-than-nominal capital market risk. Market risk benefits are measured at fair value using an option-based valuation model based on current net amounts at risk, market data, Company experience and other factors. Changes in fair value are recognized in net income each period with the exception of the portion of the change in fair value due to a change in the liability's instrument-specific credit risk, which is recognized in OCI.

Market risk benefits include the following contract features on certain annuity products that provide minimum guarantees to policyholders:

- Guaranteed minimum income benefits ("GMIB") provide the contract holder, after a specified period of time determined at the time of issuance of the variable annuity contract, with a minimum level of income (annuity) payments. Under the reinsurance treaty, the Company makes a payment to the ceding company equal to the GMIB net amount-at-risk at the time of annuitization.
- Guaranteed minimum withdrawal benefits ("GMWB") guarantee the contract holder a return of their purchase payment via partial withdrawals, even if the account value is reduced to zero, provided that the contract holder's cumulative withdrawals in a contract year do not exceed a certain limit. The initial guaranteed withdrawal amount is equal to the initial benefit base as defined in the contract (typically, the initial purchase payments plus applicable bonus amounts).
- Guaranteed minimum accumulation benefits ("GMAB") provide the contract holder, after a specified period of time determined at the time of issuance of the variable annuity contract, with a minimum accumulation of their purchase payments even if the account value is reduced to zero. The initial guaranteed accumulation amount is equal to the initial benefit base as defined in the contract (typically, the initial purchase payments plus applicable bonus amounts).
- Guaranteed minimum death benefits ("GMDB") provides the beneficiary a guaranteed minimum amount upon the death of the contract holder, regardless of the account balance.

The fair values of the GMIB, GMWB, GMAB and GMDB contract features are reflected in market risk benefits, at fair value and are calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges over the lives of the contracts. These projected cash flows incorporate expectations concerning policyholder behavior, such as lapses, withdrawals and benefit selections, and capital market assumptions such as interest rates and equity market volatilities. In measuring the fair value of GMIBs, GMWBs, GMABs and GMDBs, the Company attributes a portion of the fees collected from the policyholder equal to the present value of expected future guaranteed minimum income, withdrawal and accumulation and death benefits (at inception). The changes in fair value are reported in market risk benefits remeasurement gains. Any additional fees represent "excess" fees and are reported in other revenues. These variable annuity guaranteed living and death benefits may be more costly than expected in volatile or declining equity markets or falling interest rate markets, causing an increase in market risk benefit liabilities.

Deferred Policy Acquisition Costs

Costs of acquiring new business, which vary with and are directly related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. Non-commission costs related to the acquisition of new and renewal insurance contracts may be deferred only if they meet the following criteria:

- Incremental direct costs of a successful contract acquisition
- Portions of employees' salaries and benefits directly related to time spent performing specified acquisition activities for a contract that has been acquired or renewed
- Other costs directly related to the specified acquisition or renewal activities that would not have been incurred had that acquisition contract transaction not occurred

Deferred policy acquisition costs ("DAC") related to traditional life and interest-sensitive contracts are grouped by contract type and issue year into cohorts for consistency with the groupings used in estimating the associated liability. DAC is amortized on a constant level basis for the grouped contracts over the expected term of the related contracts to approximate straight-line amortization. The constant level basis used is based on the number of policies or policy face amount of the risk assumed in the reinsurance contract. The constant level bases used for amortization are projected using mortality and actuarial assumptions for

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policyholder behavior that are based on the Company's experience, industry data and other factors and are consistent with those used for the liability for future policy benefits. Changes in assumptions are reflected in DAC amortization prospectively, and actual experience relating to the number of policies reinsured will likely differ from the experience previously estimated.

Eligible DAC related to short-duration contracts are capitalized and amortized in proportion to premium.

Amortization of DAC is included in policy acquisition costs and other insurance expenses.

Reinsurance Ceded Receivables

The Company generally reports retrocession activity on a gross basis. Amounts paid or deemed to have been paid for reinsurance are reflected in reinsurance ceded receivables. Reinsurance ceded receivables related to long-duration contracts are estimated using mortality, morbidity and persistency assumptions that are similar to the liability for future policy benefits ceded. The discount rate used to measure the ceded receivable is based on the current yields of an upper-medium grade fixed income instrument. Similar to the liability for future policy benefits, ceded receivables for traditional business are grouped into annual cohorts based on the effective date of the reinsurance contract. Given the unique risks and highly customizable nature of the financial solutions business, they are not aggregated with other reinsurance contracts for the purposes of calculating the ceded receivable.

Other Reinsurance Balances

The Company assumes and retrocedes financial reinsurance contracts that do not expose it to a reasonable possibility of loss from insurance risk. These contracts are reported as deposits and are included in other reinsurance balance assets and/or liabilities. The amount of revenue reported in other revenues on these contracts represents fees and the cost of insurance under the terms of the reinsurance agreement. Assets and liabilities are reported on a net or gross basis, depending on the specific details within each treaty. Reinsurance agreements reported on a net basis, where a legal right of offset exists, are generally included in other reinsurance balances on the consolidated balance sheets. Balances resulting from the assumption and/or subsequent transfer of benefits and obligations resulting from cash flows related to variable annuities have also been classified as other reinsurance balance assets and/or liabilities. Other reinsurance assets are included in other reinsurance balances within total assets, while other reinsurance liabilities are included in other reinsurance balances within total liabilities on the consolidated balance sheets.

Cost of Reinsurance

For assumed and ceded long-duration reinsurance contracts that transfer significant insurance risk, the difference between the net consideration exchanged and the net liabilities assumed or ceded is considered the net cost of reinsurance at the inception of the reinsurance contract. The net cost of reinsurance may result in a deferred gain or a deferred loss. A deferred gain is recorded in future policy benefits and amortized through other revenues on a basis consistent with the methodologies and assumptions used for amortizing unearned revenue liability. A deferred loss is recorded in DAC and amortized through policy acquisition costs and other insurance expenses on a basis consistent with the methodologies and assumptions used for amortizing DAC.

Investments

Fixed Maturity Securities

Fixed maturity securities classified as available-for-sale are reported at fair value and are so classified based upon the possibility that such securities could be sold prior to maturity if that action enables the Company to execute its investment philosophy and appropriately match investment results to operating and liquidity needs.

Unrealized gains and losses on fixed maturity securities classified as available-for-sale, less applicable deferred income taxes, are recorded in OCI.

Investment income is recognized as it accrues or is legally due. Realized gains and losses on sales of investments are included in investment related losses, net, as are changes in allowance for credit losses and impairments. The cost of investments sold is primarily determined based upon the specific identification method.

Equity Securities

Equity securities are carried at fair value and realized and unrealized gains and losses are included in investment related losses, net.

Mortgage Loans

Mortgage loans are carried at unpaid principal balances, net of any unamortized premium or discount, unamortized balance of loan origination fees and expenses, and allowance for credit losses. Interest income is accrued on the principal amount of the mortgage loan based on its contractual interest rate. Amortization of premiums, discounts, and loan origination fees are recorded using the effective yield method. The Company accrues interest on loans until it is probable the Company will not receive interest, or the loan is 90 days past due. Interest income, amortization of premiums, accretion of discounts, amortization of loan origination fees and prepayment fees are reported in net investment income.

Policy Loans

Policy loans are reported at the unpaid principal balance. Interest income on such loans is recorded as earned using the contractually agreed-upon interest rate. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due the ceding company upon the death of the insured or surrender of the underlying policy.

Funds Withheld at Interest

Funds withheld at interest represent amounts contractually withheld by ceding companies in accordance with reinsurance agreements. For agreements written on a modified coinsurance ("modco") basis and agreements written on a coinsurance funds withheld basis, assets that support the transactions are defined in the treaty, and are withheld and legally owned by the ceding company. Interest, recorded in net investment income, accrues to these assets at calculated rates as defined by the treaty terms.

Funds Withheld Payable

Funds withheld payable represents amounts contractually withheld by the Company in accordance with reinsurance agreements. For agreements written on a modco basis and agreements written on a coinsurance funds withheld basis, assets that support the ceded transactions are defined in the treaty, and are withheld and legally owned by the Company. Interest expense, recorded in net investment income, accrues to these assets at calculated rates as defined by the treaty terms.

Short-Term Investments

Short-term investments represent investments with remaining maturities of one year or less, but greater than three months, at the time of acquisition and are stated at estimated fair value or amortized cost, which approximates estimated fair value. Interest on short-term investments is recorded in net investment income.

Other Invested Assets

In addition to derivative contracts discussed below, other invested assets include limited partnerships, real estate joint ventures, lifetime mortgages and unit-linked investments. The fair value option ("FVO") was elected for contractholder-directed investments supporting unit-linked variable annuity type liabilities that do not qualify for presentation and reporting as separate accounts. Changes in estimated fair value of unit-linked investments are included in net investment income.

Limited partnerships and real estate joint ventures, in which the Company has more than a minor influence over the investee's operations, are reported using the equity method of accounting. Contributions paid by the Company increase carrying value and distributions received by the Company reduce carrying value. The Company generally recognizes its share of the investee's earnings in net investment income on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period.

Limited partnerships, in which the Company has a minor ownership interest in or virtually no influence over the investee's operations, are primarily carried at estimated fair value. If a readily determinable fair value is not available, the Company uses the net asset value ("NAV") per share. Changes in estimated fair value are included in investment related losses, net. Certain other limited partnerships are carried at cost less impairment.

Lifetime mortgages are carried at unpaid principal balances, net of any unamortized premium or discount, unamortized balance of loan origination fees and expenses, and allowance for credit losses. Interest income is accrued on the principal amount of the lifetime mortgage based on its contractual interest rate. Interest income is included in net investment income on the Company's consolidated income statements.

Securities Lending and Repurchase/Reverse Repurchase Programs

The Company participates in securities lending programs whereby securities, which are not reflected on the Company's consolidated balance sheets, are borrowed from either third parties or affiliates. The borrowed securities are used to provide collateral under affiliated reinsurance transactions. The Company is generally required to maintain a minimum of 100% to 105% of the fair value, or par value under certain programs, of the borrowed securities as collateral. The collateral generally consists of securities pledged to the third parties or rights to reinsurance treaty cash flows. If cash flows from the reinsurance treaties are insufficient to maintain the minimum collateral requirement, the Company may substitute cash or securities to meet the requirement.

The Company participates in a securities lending program whereby securities, reflected as investments on the Company's consolidated balance sheets, are loaned to an affiliated party. In return, the Company receives securities from the affiliated party, with an estimated fair value generally equal to 102% of the securities lent. For the securities received, there is a payable included in securities lending and repurchase liability on the Company's consolidated balance sheets. The Company deposited the securities received as collateral with an affiliated party under a reinsurance agreement.

The Company participates in repurchase/reverse repurchase programs whereby securities, reflected as investments on the Company's consolidated balance sheets, are sold to third parties or affiliates. In return, the Company purchases securities from the third parties or affiliates. Under these programs, the Company's value of the securities sold is generally equal to 100% to 117% of the estimated fair value of the securities purchased. Securities sold under such transactions may be sold or re-pledged by the transferee. Securities sold under such transactions are reflected in the Company's consolidated balance sheets unless they are sold or re-pledged by the transferee. The securities purchased under reverse repurchase programs are not reflected on the Company's consolidated balance sheets.

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The Company participates in repurchase programs, whereby securities, reflected as investments on the Company's consolidated balance sheets are sold to a third party or affiliate. Under these programs, the Company receives cash in an amount generally equal to 72% to 100% of the estimated fair value of the securities sold at the inception of the transaction, with a simultaneous agreement to repurchase such securities at a future date or on demand in an amount equal to the cash initially received plus interest. The Company monitors the ratio of the cash held to the estimated fair value of the securities sold throughout the duration of the transaction and additional cash or securities are provided or obtained as necessary. Securities sold under such transactions may be sold or re-pledged by the transferee. Securities sold under such transactions are reflected in the Company's consolidated balance sheets unless they are sold or re-pledged by the transferee. The obligation to repurchase bonds is reflected in securities lending and repurchase liability on the Company's consolidated balance sheets.

See [Note 9 - "Investments"](#) and [Note 15 - "Related-Party Transactions"](#) for further details on the Company's securities lending and repurchase/reverse repurchase programs.

Allowance for Credit Losses and Impairments

Fixed Maturity Securities

The Company identifies fixed maturity securities that could result in a credit loss by monitoring market events that could impact issuers' credit ratings, business climates, management changes, litigation, government actions and other similar factors. The Company also monitors late payments, pricing levels, rating agency actions, key financial ratios, financial statements, revenue forecasts and cash flow projections as indicators of credit issues.

The Company reviews all securities to determine whether a decline in fair value below amortized cost has resulted from a credit loss and whether an allowance for credit loss should be recognized. In making this determination, the Company considers relevant facts and circumstances including: (1) the reasons for the decline in fair value; (2) the issuer's financial position and access to capital; and (3) the Company's intent to sell a security or whether it is more likely than not it will be required to sell the security before the recovery of its amortized cost that, in some cases, may extend to maturity.

If the Company intends to sell a security or it is more likely than not that it would be required to sell a security before the recovery of its amortized cost, less any recorded credit loss, it recognizes an impairment loss in investment related losses, net for the difference between amortized cost and fair value.

Credit impairments and changes in the allowance for credit losses on fixed maturity securities are reflected in investment related losses, net, while non-credit impairment losses are recognized in OCI.

The Company estimates the amount of the credit loss component of a fixed maturity security impairment as the difference between amortized cost and the present value of the expected cash flows of the security. The Company excludes accrued interest from the amortized cost and the present value of the expected cash flows of the security. The present value is determined using the best estimate cash flows discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete an asset-backed or floating rate security. The techniques and assumptions for establishing the best estimate cash flows vary depending on the type of security. The asset-backed securities' cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity and prepayment speeds and structural support, including subordination and guarantees.

The Company writes off uncollectible fixed maturity securities when (1) it has sufficient information to determine that the issuer of the security is insolvent or (2) it has received notice that the issuer of the security has filed for bankruptcy, and the collectability of the asset is expected to be adversely impacted by the bankruptcy.

Mortgage Loans

Allowance for credit losses on mortgage loans are computed on an expected loss basis using a model that utilizes probability of default and loss given default methods over the lifetime of the loan. Within the reasonable and supportable forecast period, the allowance for credit losses for mortgage loans is established based on several pool-level loan assumptions, defaults and loss severity, loss expectations for loans with similar risk characteristics and industry statistics. These evaluations are revised as conditions change and new information becomes available. The evaluation also includes the impact of expected changes in future macro-economic conditions. When individual loans no longer have similar credit risk characteristics of the commercial mortgage loan pool, they are removed from the pool and are evaluated individually for an allowance.

Any interest accrued or received on the net carrying amount of the impaired loan is included in net investment income or applied to the principal of the loan, depending on the assessment of the collectability of the loan. Mortgage loans deemed to be uncollectible or that have been foreclosed are recorded against the allowance for credit losses and subsequent recoveries, if any, are credited to the allowance for credit losses. Changes in allowance for credit losses are reported in investment related losses, net.

Mortgage loans are continuously monitored by reviewing property type, property location, vintage, loan specific credit quality, occupancy, macroeconomic factors, financing conditions, appraisals, and other factors.

Mortgage loans are rated for the purpose of quantifying the level of risk. Loans are placed on a watch list when the debt service coverage ratio falls below certain thresholds and the loan-to-value ratio exceeds certain thresholds. Loans on the watch list are closely monitored for collateral deficiency or other credit events that may lead to a potential loss of principal or interest.

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The Company may grant a loan modification related to a borrower's ongoing financial difficulties. Generally, the types of concessions include reduction of the contractual interest rate, extension of the maturity date at an interest rate lower than current market interest rates and/or a reduction of accrued interest. The Company considers the amount, timing and extent of the concession granted in determining any changes in allowance for credit losses recorded in connection with the modification. Through the continuous monitoring process, the Company may have recorded a specific allowance for credit loss prior to when the mortgage loan is modified. Accordingly, the carrying value (after specific allowance for credit loss) before and after modification may not change significantly or may increase if the expected recovery is higher than the pre-modification recovery assessment.

Other Invested Assets

The Company considers its limited partnership investments that are carried at cost for impairment when the carrying value of these investments exceeds the fair value. The Company takes into consideration the severity and duration of this excess when deciding if the investment is impaired. For equity method investments (including real estate joint ventures), the Company considers financial and other information provided by the investee, other known information and inherent risks in the underlying investments, as well as future capital commitments, in determining whether an impairment has occurred. When it is determined a limited partnership investment has had a loss in value that is other than temporary, an impairment is recognized. Such an impairment is reported in investment related losses, net.

Derivative Instruments

Overview

The Company utilizes a variety of derivative instruments including swaps, options, forwards and futures, primarily to manage or hedge interest rate risk, credit risk, inflation risk, foreign currency risk, market volatility and various other market risks associated with its business. The Company does not invest in derivatives for speculative purposes. It is the Company's policy to enter into derivative contracts primarily with highly rated parties. See [Note 10 - "Derivative Instruments"](#) for additional detail on the Company's derivative positions.

Accounting and Financial Statement Presentation of Derivatives

Derivatives are carried on the Company's consolidated balance sheets primarily in other invested assets or derivative liabilities, at fair value. Certain derivatives are subject to master netting provisions and reported as a net asset or liability. On the date a derivative contract is executed, the Company designates the derivative as (1) a cash flow hedge, (2) a net investment hedge in a foreign operation or (3) freestanding derivatives held for other risk management purposes, which primarily involve managing asset or liability risks associated with the Company's reinsurance treaties that do not qualify for hedge accounting.

Changes in the fair value of freestanding derivative instruments, which do not receive accounting hedge treatment, are primarily reflected in investment related losses, net.

Hedge Documentation and Hedge Effectiveness

To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its designation of the hedge as either (i) a cash flow hedge or (ii) a hedge of a net investment in a foreign operation ("NIFO"). In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship.

Under a cash flow hedge, changes in the fair value of the hedging derivative measured as effective are reported within accumulated other comprehensive income ("AOCI") and the deferred gains or losses on the derivative are reclassified into the consolidated statements of income when the Company's earnings are affected by the variability in cash flows of the hedged item. The fair values of the hedging derivatives are exclusive of any accruals that are separately reported within net investment income or other operating expenses, if applicable, to match the location of the hedged item.

In a NIFO hedge, changes in the fair value of the hedging derivative that are measured as effective are reported within AOCI consistent with the translation adjustment for the hedged net investment in the foreign operation.

The Company discontinues hedge accounting prospectively when: (i) it is determined that the derivative is no longer highly effective in offsetting changes in the estimated cash flows of a hedged item; (ii) the derivative expires, is sold, terminated, or exercised; (iii) it is no longer probable that the hedged forecasted transaction will occur; or (iv) the derivative is de-designated as a hedging instrument.

When hedge accounting is discontinued because it is determined that the derivative is not highly effective, the derivative continues to be carried in the consolidated balance sheets at fair value, with changes in fair value recognized in investment related losses, net. Provided the hedged forecasted transaction occurrence is still probable, the changes in estimated fair value of derivatives recorded in OCI related to discontinued cash flow hedges are released into the consolidated statements of income when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried in the consolidated balance sheets at its

estimated fair value, with changes in estimated fair value recognized currently in investment related losses, net. Deferred gains and losses of a derivative recorded in OCI pursuant to the discontinued cash flow hedge of a forecasted transaction that is no longer probable are recognized immediately in investment related losses, net.

In all other situations in which hedge accounting is discontinued, the derivative is carried at its estimated fair value in the consolidated balance sheets, with changes in its estimated fair value recognized in the current period as investment related losses, net.

Embedded Derivatives

The Company reinsures certain insurance products that contain terms that are deemed to be embedded derivatives. The Company assesses reinsurance contract terms to identify embedded derivatives, which are required to be bifurcated under GAAP for *Derivatives and Hedging*. If the contract is not reported for in its entirety at fair value and it is determined that the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately.

Reinsurance treaties written on a modco or funds withheld basis are subject to GAAP for *Derivatives and Hedging* related to embedded derivatives. The Company's funds withheld at interest assets and liabilities are associated with its reinsurance treaties structured on a modco or funds withheld basis, the majority of which were subject to GAAP for *Derivatives and Hedging* related to embedded derivatives. The valuation of embedded derivatives is sensitive to the investment credit spread environment. Changes in the embedded derivatives caused by changes in investment credit spreads are also affected by the application of a credit valuation adjustment ("CVA"). The fair value calculation of an embedded derivative in an asset position utilizes a CVA based on the ceding company's retrocessionaire's credit risk. Conversely, the fair value calculation of an embedded derivative in a liability position utilizes a CVA based on RGA's credit risk. Generally, an increase in investment credit spreads, ignoring changes in the CVA, will have a negative impact on the fair value of the embedded derivative (decrease in income). The fair value of the embedded derivative assets and liabilities are included in funds withheld at interest and funds withheld payable, respectively, on the consolidated balance sheets. The change in the fair value of the embedded derivatives is recorded in change in value of funds withheld embedded derivatives on the consolidated statements of income.

The Company has entered into various financial reinsurance treaties on a funds withheld and modco basis. These treaties do not transfer significant insurance risk and are recorded on a deposit method of accounting with the Company earning a net fee. As a result of the experience refund provisions contained in these treaties, the value of the embedded derivatives in these contracts is currently considered immaterial. The Company monitors the performance of these treaties on a quarterly basis. Significant adverse performance or losses on these treaties may result in a loss associated with the embedded derivative.

Fair Value Measurements

General accounting principles for *Fair Value Measurements and Disclosures* define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and enhance disclosure requirements for fair value measurements. In compliance with these principles, the Company has categorized its assets and liabilities, based on the priority of the inputs to the valuation technique, into a three level hierarchy or separately for assets measured using the NAV. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the second highest priority to quoted prices in markets that are not active or inputs that are observable either directly or indirectly (Level 2) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the asset or liability.

See [Note 11 - "Fair Value of Assets and Liabilities"](#) for further details on the Company's assets and liabilities recorded at fair value.

Income Taxes

The Company provides for U.S. federal, Bermuda, and foreign income taxes currently payable, as well as those deferred due to temporary differences between the tax basis of assets and liabilities and the reported amounts, and are recognized in net income, or in certain cases, in OCI. The Company's accounting for income taxes represents management's best estimate of various events and transactions considering the laws enacted as of the reporting date.

Deferred tax assets and liabilities are measured by applying the relevant jurisdictions' enacted tax rate for the period in which the temporary differences are expected to reverse to the temporary difference change for that period. The Company will establish a valuation allowance if management determines, based on available information, that it is more likely than not that deferred income tax assets will not be realized. The Company has deferred tax assets including those related to foreign tax credits, net operating losses, and capital losses. The Company has projected its ability to utilize its deferred tax assets and established a valuation allowance on the portion of the deferred tax assets that the Company believes more likely than not will not be realized.

Significant judgment is required in determining whether valuation allowances should be established as well as the amount of such allowances. When making such a determination, consideration is given to, among other things, the following:

- (i) taxable income in prior carryback years;
- (ii) future reversals of existing taxable temporary differences;

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- (iii) future taxable income exclusive of reversing temporary differences and carryforwards; and
- (iv) tax planning strategies.

Any such changes could significantly affect the amounts reported in the consolidated financial statements in the year these changes occur.

It is the Company's policy to account for global intangible low-taxed income ("GILTI") as a period cost.

The Company reports uncertain tax positions in accordance with GAAP. In order to recognize the benefit of an uncertain tax position, the position must meet the more likely than not criteria of being sustained. Unrecognized tax benefits due to tax uncertainties that do not meet the more likely than not criteria are included within income tax liabilities and are expensed in the period that such determination is made. The Company classifies interest related to tax uncertainties as interest expense in other operating expenses whereas penalties related to tax uncertainties are classified as a component of income tax.

See [Note 12 - "Income Tax"](#) for further discussion.

Other Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and highly liquid debt instruments purchased with an original maturity of three months or less.

Receivable From/Payable To Parent and Affiliates

Receivable from/payable to parent and affiliates is primarily comprised of non-reinsurance related receivables/payables. See [Note 15 - "Related-Party Transactions"](#) for further details about transactions with affiliated companies.

Other Assets

Other assets primarily include surplus notes receivable, capitalized assets, right-of-use assets, operating joint ventures, investments in transit, receivables on repurchase agreements and cash collateral pledged on derivative positions. Capitalized assets are stated at cost, less accumulated depreciation and amortization. Carrying values are reviewed at least annually for indicators of impairment in value.

Operating Joint Ventures

The Company has made investments in certain joint ventures that are strategic in nature and made other than for the sole purpose of generating investment income. These investments are reported under the equity method of accounting and are included in other assets. The Company's share of earnings from these joint ventures is reported in other revenues on the consolidated statements of income. The Company's investments in operating joint ventures do not have a material effect on the Company's results of operations and financial condition, and as a result no additional disclosures have been presented.

Affiliated Notes Payable

Affiliated notes payable includes cash borrowed from affiliated companies. Refer to [Note 15 - "Related-Party Transactions"](#) for further details.

Other Liabilities

Other liabilities primarily include investments in transit and employee benefits.

Foreign Currency Translation

Assets, liabilities and results of foreign operations are recorded based on the functional currency of each foreign operation. The determination of the functional currency is based on economic facts and circumstances pertaining to each foreign operation. The Company's material functional currencies are the U.S. dollar, Australian dollar, Canadian dollar, British pound, Euro, Japanese yen and South African rand. The translation of the functional currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using weighted average exchange rates during each year. Gains or losses, net of applicable deferred income taxes, resulting from such translation are included in accumulated currency translation adjustments in AOCI until the underlying functional currency operation is sold or substantially liquidated.

Equity Based Compensation

RGA issues stock awards included in its incentive compensation plans. The fair value of the award is expensed over the performance or service period, which generally corresponds to the vesting period, and is recognized as an increase to additional paid-in-capital in shareholder's equity, and stock based compensation expense is reflected in other operating expenses. The Company recognized an immaterial amount of equity compensation expense in 2025 and 2024.

Employee Benefit Plans

RGA Canada sponsors an unfunded non-contributory defined benefit pension plan ("Pension Plan") for certain eligible employees. The benefits under the Pension Plan, which is a non-qualified plan, are generally based on years of service and compensation levels. For non-qualified plans, there are no required funding levels. The Pension Plan is closed to new

employees. The projected benefit obligation, included in other liabilities, and net periodic benefit cost, included in other operating expenses, were not material in 2025 and 2024.

Note 3 NEW ACCOUNTING STANDARDS

Changes to the general accounting principles are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates to the FASB Accounting Standards Codification™. Accounting standards updates not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's consolidated financial statements.

Standards not yet adopted as of December 31, 2025 (anticipated date of adoption December 31, 2026):

| Description | Effect on the Consolidated Financial Statements |
|--|--|
| Income Taxes | |
| This standard improves income tax disclosure requirements, which requires disaggregated information about a reporting entity's effective tax rate reconciliation, information on income taxes paid and other disclosure requirements. Early adoption is permitted. | The adoption of the new standard will be applied prospectively. Retrospective application is permitted. The adoption of the new standard will expand the Company's disclosures but will have no impact on its results of operations or financial position. |

NOTE 4 FUTURE POLICY BENEFITS

The Company reviews actual and anticipated experience compared to the assumptions used to establish policy benefits on a quarterly basis and will update those assumptions if evidence suggests that they should be revised. It is the Company's policy to complete its annual assumptions review during the third quarter of each year. However, updates may occur in other quarters if information becomes available during the quarter that indicates an assumption update is necessary.

Traditional Business

Significant assumptions used to compute the liability for future policy benefits for the traditional business include mortality, morbidity, lapse rates and discount rates (both accretion and current). During 2025 and 2024, the Company completed its annual assumptions review resulting in a \$244 million and \$174 million increase in the Company's liability for future policy benefits for its traditional business, respectively. The increase in the liability in 2025 and 2024 was primarily the result of updating the mortality and lapse assumptions used to measure the liability for future policy benefits. The Company also updated the underlying market data used to determine the current discount rate resulting in changes to the discount rate assumption used to measure the net liability for future policy benefits.

The following tables provide the balances of and changes in the Company's liability for future policy benefits for long-duration reinsurance contracts for its traditional business, which primarily consists of individual life, group life and critical illness reinsurance, for the years ended December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | 2024 |
|---|---------------|---------------|
| Present Value of Expected Net Premiums | | |
| Beginning of year balance at original discount rate | \$ 61,003,607 | \$ 59,992,030 |
| Effect of changes in cash flow assumptions | 427,759 | 411,447 |
| Effect of actual variances from expected experience | 2,079,440 | (368,079) |
| Adjusted balance, beginning of year | 63,510,806 | 60,035,398 |
| Issuances ⁽¹⁾ | 6,175,198 | 7,119,430 |
| Interest accrual ⁽²⁾ | 2,299,652 | 2,105,272 |
| Net premiums collected ⁽³⁾ | (5,994,133) | (5,894,696) |
| Foreign currency translation | 665,979 | (2,361,797) |
| Ending balance at original discount rate | 66,657,502 | 61,003,607 |
| Effect of changes in discount rate assumptions | (11,613,597) | (11,427,985) |
| Balance, end of year | \$ 55,043,905 | \$ 49,575,622 |
| Present Value of Expected Future Policy Benefits | | |
| Beginning of year balance at original discount rate | \$ 73,804,885 | \$ 71,784,440 |
| Effect of changes in cash flow assumptions | 671,840 | 585,070 |
| Effect of actual variances from expected experience | 1,854,165 | (512,079) |
| Adjusted balance, beginning of year | 76,330,890 | 71,857,431 |
| Issuances ⁽¹⁾ | 6,181,995 | 5,797,555 |
| Interest accrual ⁽²⁾ | 2,988,448 | 2,676,548 |
| Benefit payments ⁽⁴⁾ | (4,247,376) | (3,770,559) |
| Foreign currency translation | 769,096 | (2,756,090) |
| Ending balance at original discount rate | 82,023,053 | 73,804,885 |
| Effect of changes in discount rate assumptions | (14,304,159) | (13,684,881) |
| Balance, end of year | \$ 67,718,894 | \$ 60,120,004 |
| Liability for future policy benefits | \$ 12,674,989 | \$ 10,544,382 |
| Less: reinsurance recoverable | (3,351,723) | (916,242) |
| Net liability for future policy benefits | \$ 9,323,266 | \$ 9,628,140 |
| Weighted average duration of the liability (in years) | 12 | 13 |
| Weighted average interest accretion rate | 3.8 % | 3.6 % |
| Weighted average current discount rate | 5.3 % | 5.3 % |

- (1) Issuances: The present value, using the original discount rate, of the expected net premiums or the expected future policy benefits related to new reinsurance contracts that became effective during the current year and new policies assumed on existing contracts.
- (2) Interest accrual: The interest earned on the beginning present value of either the expected net premiums or the expected future policy benefits using the original interest rate.
- (3) Net premiums collected: The portion of gross premiums collected from the ceding company that is used to fund expected benefit payments.
- (4) Benefit payments: The release of the present value, using the original discount rate, of the expected future policy benefits due to death, lapse/withdrawal, and other benefit payments based on current assumptions.

Financial Solutions Business

Significant assumptions used to compute the liability for future policy benefits for the financial solutions business include mortality, morbidity, lapse rates and discount rates (both accretion and current). During 2025 and 2024, the Company completed its annual assumptions review resulting in a \$24 million decrease and a \$21 million increase in the Company's liability for future policy benefits for its financial solutions business, respectively. The decrease in the liability in 2025 and the increase in the liability in 2024 were primarily the result of updating the lapse and mortality assumptions used to measure the liability for future policy benefits. The Company also updated the underlying market data used to determine the current discount rate resulting in changes to the discount rate assumption used to measure the net liability for future policy benefits.

The following tables provide the balances of and changes in the Company's liability for future policy benefits for its financial solutions business, which primarily consists of reinsurance of asset-intensive products (primarily annuities) and longevity reinsurance, including the DPL related to the longevity reinsurance, for the years ended December 31, 2025 and 2024 (dollars in thousands):

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| | 2025 | 2024 |
|---|-----------------------|----------------------|
| Present Value of Expected Net Premiums | | |
| Beginning of year balance at original discount rate | \$ 72,971,351 | \$ 55,162,297 |
| Effect of changes in cash flow assumptions | (407,612) | (89,900) |
| Effect of actual variances from expected experience | (129,734) | 561,306 |
| Adjusted balance, beginning of year | 72,434,005 | 55,633,703 |
| Issuances ⁽¹⁾ | 21,610,962 | 29,538,051 |
| Interest accrual ⁽²⁾ | 2,912,987 | 1,946,359 |
| Net premiums collected ⁽³⁾ | (13,164,361) | (11,817,430) |
| Derecognition ⁽⁴⁾ | (257,011) | — |
| Foreign currency translation | 6,131,052 | (2,329,332) |
| Ending balance at original discount rate | 89,667,634 | 72,971,351 |
| Effect of changes in discount rate assumptions | (9,458,050) | (8,482,821) |
| Balance, end of year | <u>\$ 80,209,584</u> | <u>\$ 64,488,530</u> |
| Present Value of Expected Future Policy Benefits | | |
| Beginning of year balance at original discount rate | \$ 91,254,052 | \$ 67,455,428 |
| Effect of changes in cash flow assumptions | (431,932) | (69,132) |
| Effect of actual variances from expected experience | (145,262) | 484,109 |
| Adjusted balance, beginning of year | 90,676,858 | 67,870,405 |
| Issuances ⁽¹⁾ | 21,637,387 | 29,566,592 |
| Interest accrual ⁽²⁾ | 3,618,598 | 2,384,961 |
| Benefit payments ⁽⁵⁾ | (7,182,697) | (5,388,320) |
| Derecognition ⁽⁴⁾ | (257,408) | — |
| Foreign currency translation | 6,716,023 | (3,179,586) |
| Ending balance at original discount rate | 115,208,761 | 91,254,052 |
| Effect of changes in discount rate assumptions | (12,648,533) | (10,412,668) |
| Balance, end of year | <u>\$ 102,560,228</u> | <u>\$ 80,841,384</u> |
| Liability for future policy benefits | \$ 22,350,644 | \$ 16,352,854 |
| Less: reinsurance recoverable | (2,310,453) | (2,696,169) |
| Net liability for future policy benefits | <u>\$ 20,040,191</u> | <u>\$ 13,656,685</u> |
| Weighted average duration of the liability (in years) | 10 | 10 |
| Weighted average interest accretion rate | 3.6 % | 3.1 % |
| Weighted average current discount rate | 5.1 % | 4.9 % |

- (1) Issuances: The present value, using the original discount rate, of the expected net premiums or the expected future policy benefits related to new reinsurance contracts that became effective during the current year and new policies assumed on existing contracts.
- (2) Interest accrual: The interest earned on the beginning present value of either the expected net premiums or the expected future policy benefits using the original interest rate.
- (3) Net premiums collected: The portion of gross premiums collected from the ceding company that is used to fund expected benefit payments.
- (4) Derecognition: Includes the effects of treaty recaptures and treaty amendments that resulted in the termination of an existing treaty and the issuance of a new treaty under the internal replacement model.
- (5) Benefit payments: The release of the present value, using the original discount rate, of the expected future policy benefits due to death, lapse/withdrawal, and other benefit payments based on current assumptions.

Reconciliation and Other Disclosures

The reconciliation of the rollforward of the liability for future policy benefits to the consolidated balance sheets as of December 31, 2025 and 2024 is as follows (dollars in thousands):

| | 2025 | 2024 |
|--|----------------------|----------------------|
| Liability for future policy benefits included in the rollforwards: | | |
| Traditional | \$ 12,674,989 | \$ 10,544,382 |
| Financial solutions | 22,350,644 | 16,352,854 |
| Other long-duration contracts | 567,037 | 556,360 |
| Claims liability and IBNR claims | 2,916,800 | 2,422,898 |
| Additional liability | 327,385 | 64,563 |
| Unearned revenue liability | 544,219 | 568,534 |
| Cost of reinsurance liability | 1,546,029 | — |
| Total liability for future policy benefits | <u>\$ 40,927,103</u> | <u>\$ 30,509,591</u> |

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The amount of undiscounted and discounted expected future gross premiums and expected future benefit payments for the liability for future policy benefits included in the rollforwards as of December 31, 2025 and 2024 is as follows (dollars in thousands):

| | 2025 | | 2024 | |
|--|----------------|---------------|----------------|---------------|
| | Undiscounted | Discounted | Undiscounted | Discounted |
| Expected future gross premiums | | | | |
| Traditional | \$ 158,758,808 | \$ 69,458,963 | \$ 148,283,807 | \$ 64,336,666 |
| Financial solutions | 162,602,084 | 81,854,123 | 128,655,567 | 66,728,779 |
| Expected future policy benefit payments | | | | |
| Traditional | \$ 174,897,862 | \$ 67,718,894 | \$ 160,217,790 | \$ 60,120,004 |
| Financial solutions | 204,100,255 | 102,560,228 | 158,724,363 | 80,841,384 |

The amount of gross premiums and interest expense recognized in the consolidated statements of income for the liability for future policy benefits included in the rollforwards for the years ended December 31, 2025 and 2024 is as follows (dollars in thousands):

| | Gross Premiums | | Interest Expense | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Traditional | \$ 5,298,592 | \$ 4,767,376 | \$ 688,796 | \$ 571,276 |
| Financial solutions | 1,837,547 | 1,183,684 | 705,611 | 438,602 |
| | <u>\$ 7,136,139</u> | <u>\$ 5,951,060</u> | <u>\$ 1,394,407</u> | <u>\$ 1,009,878</u> |

During the year ended December 31, 2025, the Company incurred a charge of \$117 million due to net premiums exceeding gross premiums for one cohort in the traditional segment as a result of updating the mortality assumptions. No material charge was incurred during the year ended December 31, 2024 due to net premiums exceeding gross premiums.

NOTE 5 POLICYHOLDER ACCOUNT BALANCES

The following tables provide the balances of and changes in the Company's liability for its policyholder account balances, reflected in interest-sensitive contract liabilities, for the years ended December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | | 2024 | |
|-----------------------------------|---------------------|----------------------|---------------------|---------------------|
| | Traditional | Financial Solutions | Traditional | Financial Solutions |
| Balance, beginning of year | \$ 2,082,985 | \$ 7,893,042 | \$ 483,616 | \$ 7,746,886 |
| Deposits | 380,394 | 13,975,355 | 1,798,539 | 1,403,992 |
| Policy charges | (307,742) | (400,839) | (165,421) | (142,407) |
| Surrenders and withdrawals | (97,242) | (784,718) | (24,037) | (1,238,496) |
| Benefit payments | (28,965) | (599,697) | (53,633) | (94,288) |
| Interest credited | 118,705 | 608,192 | 68,003 | 278,812 |
| Derecognition | — | — | (24,082) | (4,755) |
| Foreign currency translation | — | 44,396 | — | (56,702) |
| Balance, end of year | <u>\$ 2,148,135</u> | <u>\$ 20,735,731</u> | <u>\$ 2,082,985</u> | <u>\$ 7,893,042</u> |
| Weighted average crediting rate | 2.3 % | 3.8 % | 2.4 % | 3.9 % |
| Net amount at risk ⁽¹⁾ | \$ 23,735,996 | \$ 126,121,041 | \$ 32,901,917 | \$ — |
| Cash surrender value | \$ 2,150,284 | \$ 20,344,703 | \$ 2,088,027 | \$ 7,530,193 |

(1) Net amount at risk is defined as the guaranteed amount less the account value as of the balance sheet date. The balance represents the amount of the claim the Company would incur if death claims were filed on all contracts on the balance sheet date.

The balance of 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 as of December 31, 2025 and 2024 is as follows (dollars in thousands):

| December 31, 2025 | | | | | | | |
|---------------------|--|-----------------------|---------------------------------------|--|---|-------------------------------------|---------------------|
| | Range of Guaranteed Minimum Crediting Rate | At Guaranteed Minimum | 1 Basis Point - 50 Basis Points Above | 51 Basis Points - 100 Basis Points Above | 101 Basis Points - 150 Basis Points Above | Greater Than 150 Basis Points Above | Total |
| Traditional | Less than 1.00% | \$ 763,095 | \$ — | \$ — | \$ — | \$ — | \$ 763,095 |
| | 1.00 - 1.99% | 56,518 | 1,628 | 7,144 | — | — | 65,290 |
| | 2.00 - 2.99% | 102,109 | — | — | 1,085 | — | 103,194 |
| | 3.00 - 3.99% | 469,910 | 6,149 | 104,632 | — | — | 580,691 |
| | 4.00% and Greater | 635,865 | — | — | — | — | 635,865 |
| | Total | \$ 2,027,497 | \$ 7,777 | \$ 111,776 | \$ 1,085 | \$ — | \$ 2,148,135 |
| Financial solutions | Less than 1.00% | \$ 433,340 | \$ — | \$ — | \$ — | \$ 845,285 | \$ 1,278,625 |
| | 1.00 - 1.99% | 465,814 | 21,319 | 203,125 | 94,943 | 99,977 | 885,178 |
| | 2.00 - 2.99% | 2,594,738 | 554,935 | 328,393 | 149,804 | 400,067 | 4,027,937 |
| | 3.00 - 3.99% | 2,021,528 | 398,940 | — | — | — | 2,420,468 |
| | 4.00% and Greater | 12,123,523 | — | — | — | — | 12,123,523 |
| | Total | \$17,638,943 | \$ 975,194 | \$ 531,518 | \$ 244,747 | \$ 1,345,329 | \$20,735,731 |
| December 31, 2024 | | | | | | | |
| | Range of Guaranteed Minimum Crediting Rate | At Guaranteed Minimum | 1 Basis Point - 50 Basis Points Above | 51 Basis Points - 100 Basis Points Above | 101 Basis Points - 150 Basis Points Above | Greater Than 150 Basis Points Above | Total |
| Traditional | Less than 1.00% | \$ 677,967 | \$ — | \$ — | \$ — | \$ — | \$ 677,967 |
| | 1.00 - 1.99% | 52,422 | 1,689 | 7,411 | — | — | 61,522 |
| | 2.00 - 2.99% | 99,323 | — | — | 1,126 | — | 100,449 |
| | 3.00 - 3.99% | 463,654 | 6,379 | 108,542 | — | — | 578,575 |
| | 4.00% and Greater | 664,472 | — | — | — | — | 664,472 |
| | Total | \$ 1,957,838 | \$ 8,068 | \$ 115,953 | \$ 1,126 | \$ — | \$ 2,082,985 |
| Financial solutions | Less than 1.00% | \$ 186,716 | \$ — | \$ — | \$ — | \$ — | \$ 186,716 |
| | 1.00 - 1.99% | 449,111 | — | — | — | — | 449,111 |
| | 2.00 - 2.99% | 485,619 | — | — | — | — | 485,619 |
| | 3.00 - 3.99% | 1,098,433 | — | — | — | — | 1,098,433 |
| | 4.00% and Greater | 5,673,163 | — | — | — | — | 5,673,163 |
| | Total | \$ 7,893,042 | \$ — | \$ — | \$ — | \$ — | \$ 7,893,042 |

NOTE 6 MARKET RISK BENEFITS

The following table provides the balances of and changes in the Company's market risk benefits for the years ended December 31, 2025 and 2024 (dollars in thousands):

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| | 2025 | 2024 |
|---|------------------|------------------|
| Balance, beginning of year | \$ 42,821 | \$ 90,404 |
| Balance, beginning of year, before effect of changes in the instrument-specific credit risk | 40,418 | 85,998 |
| Interest accrual | 1,700 | 2,535 |
| Attributed fees collected | 19,002 | 19,885 |
| Benefit payments | (391) | (540) |
| Effect of changes in future assumptions | — | (5,691) |
| Effect of changes in interest rates | (2,988) | (27,117) |
| Effect of changes in equity markets | (38,687) | (38,418) |
| Effect of changes in volatility | 999 | (1,594) |
| Other market impacts | 1,068 | (1,647) |
| Actual policyholder behavior different from expected behavior | 11,101 | 7,007 |
| Balance, end of year, before effect of changes in the instrument-specific credit risk | 32,222 | 40,418 |
| Effect of changes in the instrument-specific credit risk | 2,417 | 2,403 |
| Balance, end of year | <u>\$ 34,639</u> | <u>\$ 42,821</u> |
| Net amount at risk | \$ 283,170 | \$ 310,290 |
| Weighted average attained age of contract holders (in years) | 77 | 76 |

The reconciliation of the rollforward for market risk benefits to the consolidated balance sheets as of December 31, 2025 and 2024 is as follows (dollars in thousands):

| | 2025 | 2024 |
|----------------------|--------------------|--------------------|
| Asset ⁽¹⁾ | \$ 19,068 | \$ 16,931 |
| Liability | 53,707 | 59,752 |
| Net | <u>\$ (34,639)</u> | <u>\$ (42,821)</u> |

(1) Included in Other assets.

Fair Value Measurement

See [Note 11 - "Fair Value of Assets and Liabilities"](#) for information about fair value measurement of assets and liabilities, except for market risk benefits.

Market risk benefits are classified within Level 3 on the fair value hierarchy. The fair value of market risk benefits is monitored through the use of attribution reports to quantify the effect of underlying sources of fair value change, including capital market inputs based on policyholder account values, interest rates and short-term and long-term implied volatility from year to year.

During the years ended December 31, 2025 and 2024, there were no material changes made to the inputs in the market risk benefit calculations, and nonfinancial assumptions were unchanged.

Note 7 DEFERRED POLICY ACQUISITION COSTS

The following tables provide the balances of and changes in DAC for the years ended December 31, 2025 and 2024 (dollars in thousands):

| For the year ended December 31, 2025: | Traditional | Financial Solutions | Total |
|--|---------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 2,077,619 | \$ 558,702 | \$ 2,636,321 |
| Capitalization | 311,425 | 260,683 | 572,108 |
| Amortization expense | (176,950) | (89,914) | (266,864) |
| Foreign currency translation | 57,072 | 3,721 | 60,793 |
| Balance, end of year | <u>\$ 2,269,166</u> | <u>\$ 733,192</u> | <u>\$ 3,002,358</u> |

| For the year ended December 31, 2024: | Traditional | Financial Solutions | Total |
|--|---------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 1,339,698 | \$ 534,619 | \$ 1,874,317 |
| Capitalization | 850,949 | 135,242 | 986,191 |
| Amortization expense | (129,462) | (107,577) | (237,039) |
| Foreign currency translation | 16,434 | (3,582) | 12,852 |
| Balance, end of year | <u>\$ 2,077,619</u> | <u>\$ 558,702</u> | <u>\$ 2,636,321</u> |

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Note 8 REINSURANCE

Ceded Reinsurance

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance or reinsurance companies under excess coverage and coinsurance contracts.

Retrocession reinsurance treaties do not relieve the Company from its obligations to the ceding companies. Failure of retrocessionaires to honor their obligations could result in losses to the Company. The Company regularly evaluates the financial condition of the insurance and reinsurance companies from which it assumes and to which it cedes reinsurance. Allowances would be established for amounts deemed uncollectible. At December 31, 2025 and 2024, no allowances were deemed necessary.

Retrocessions are arranged through the Company's retrocession pools for amounts in excess of the Company's retention limit, which was increased as of January 1, 2025. As of December 31, 2025, all rated retrocession pool participants followed by the A.M. Best Company were rated "B++ (good)" or better.

As of December 31, 2025 and 2024, \$28 million and \$43 million of claims recoverable were with affiliates, respectively.

The effect of reinsurance on net premiums is as follows for the years ended December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | 2024 |
|---------------------------|---------------------|---------------------|
| Reinsurance assumed: | | |
| Affiliated | \$ 2,409,548 | \$ 1,515,113 |
| Non-affiliated | 6,145,316 | 5,531,206 |
| Total reinsurance assumed | <u>8,554,864</u> | <u>7,046,319</u> |
| Direct insurance issued: | | |
| Non-affiliated | 41 | 80 |
| Reinsurance ceded: | | |
| Affiliated | (1,555,768) | (924,241) |
| Non-affiliated | (604,343) | (601,512) |
| Total reinsurance ceded | <u>(2,160,111)</u> | <u>(1,525,753)</u> |
| Net premiums | <u>\$ 6,394,794</u> | <u>\$ 5,520,646</u> |

The effect of reinsurance on claims and other policy benefits and future policy benefits remeasurement gains and losses is as follows for the years ended December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Reinsurance assumed: | | |
| Affiliated | \$ 2,462,219 | \$ 1,230,098 |
| Non-affiliated | 5,939,469 | 5,222,048 |
| Total reinsurance assumed | <u>8,401,688</u> | <u>6,452,146</u> |
| Direct insurance issued: | | |
| Non-affiliated | 7,599 | 13,936 |
| Reinsurance ceded: | | |
| Affiliated | (1,516,501) | (745,404) |
| Non-affiliated | (501,425) | (454,878) |
| Total reinsurance ceded | <u>(2,017,926)</u> | <u>(1,200,282)</u> |
| Net claims and other policy benefits and future policy benefits remeasurement gains and losses | <u>\$ 6,391,361</u> | <u>\$ 5,265,800</u> |

The effect of reinsurance on life reinsurance in force is shown in the following schedule as of December 31, 2025 and 2024 (dollars in millions):

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| | 2025 | 2024 |
|---------------------------------------|--------------|--------------|
| Life insurance in force assumed: | | |
| Affiliated | \$ 724,077 | \$ 450,150 |
| Non-affiliated | 1,749,672 | 1,666,775 |
| Total life insurance in force assumed | 2,473,749 | 2,116,925 |
| Life insurance in force ceded: | | |
| Affiliated | (467,490) | (445,488) |
| Non-affiliated | (31,423) | (34,943) |
| Total life insurance in force ceded | (498,913) | (480,431) |
| Life insurance in force net: | | |
| Affiliated | 256,587 | 4,662 |
| Non-affiliated | 1,718,249 | 1,631,832 |
| Total life insurance in force net | \$ 1,974,836 | \$ 1,636,494 |
| Assumed/net percentage | 125.26 % | 129.36 % |

Assumed Reinsurance

At both December 31, 2025 and 2024, the Company provided approximately \$6 billion of financial reinsurance, as measured by pre-tax statutory surplus, risk based capital and other financial reinsurance structures, to other insurance companies under financial reinsurance or capital solutions transactions to assist ceding companies in meeting applicable regulatory requirements. Generally, such financial reinsurance is provided by the Company committing cash or assuming insurance liabilities, which are collateralized by future profits on the reinsured business. The Company earns a fee based on the amount of net outstanding financial reinsurance.

Reinsurance treaties, whether facultative or automatic, may provide for recapture rights on the part of the ceding company. Recapture rights permit the ceding company to reassume all, or a portion of, the risk formerly ceded to the reinsurer after an agreed-upon period of time, generally 10 years, or in some cases due to changes in the financial condition or ratings of the reinsurer. Recapture of business previously ceded does not affect premiums ceded prior to the recapture of such business but would reduce premiums in subsequent periods. Additionally, some reinsurance treaties give the ceding company the right to require the Company to place assets in trust for their benefit to support the ceding company's statutory reserve credits, in the event of a downgrade of the Company's credit ratings and/or other statutory measure to specified levels, generally non-investment grade levels, or if minimum levels of financial condition are not maintained. As of December 31, 2025, the Company was not required to post additional collateral and did not have a reinsurance treaty recaptured as a result of credit downgrade or defined statutory measure decline.

Note 9 INVESTMENTS

Fixed Maturity Securities Available-for-Sale

The Company holds various types of fixed maturity securities available-for-sale and classifies them as corporate securities ("Corporate"), Canadian and Canadian provincial government securities ("Canadian government"), Japanese government and agencies ("Japanese government"), Korean government and agencies ("Korean government"), asset-backed securities ("ABS"), commercial mortgage-backed securities ("CMBS"), residential mortgage-backed securities ("RMBS"), U.S. government and agencies ("U.S. government"), state and political subdivisions, and other foreign government, supranational and foreign government-sponsored enterprises ("Other foreign government"). ABS, CMBS, and RMBS are collectively referred to as "structured securities."

The following tables provide information relating to investments in fixed maturity securities by type as of December 31, 2025 and 2024 (dollars in thousands):

| December 31, 2025: | Amortized Cost | Allowance for Credit Losses | Unrealized Gains | Unrealized Losses | Estimated Fair Value | % of Total |
|----------------------------------|-------------------|--------------------------------|---------------------|----------------------|-------------------------|------------|
| Available-for-sale: | | | | | | |
| Corporate | \$ 29,508,786 | \$ 43,964 | \$ 410,180 | \$ 1,916,667 | \$ 27,958,335 | 65.4 % |
| Canadian government | 4,712,712 | — | 282,392 | 103,274 | 4,891,830 | 11.4 |
| Japanese government | 4,093,198 | — | 628 | 1,138,344 | 2,955,482 | 6.9 |
| ABS | 1,911,440 | — | 20,406 | 94,586 | 1,837,260 | 4.3 |
| CMBS | 470,089 | — | 4,557 | 12,337 | 462,309 | 1.1 |
| RMBS | 183,342 | — | 1,488 | 9,348 | 175,482 | 0.4 |
| U.S. government | 1,013,473 | — | 8,006 | 13,639 | 1,007,840 | 2.4 |
| State and political subdivisions | 146,258 | — | 418 | 25,215 | 121,461 | 0.3 |
| Other foreign government | 3,581,301 | — | 32,847 | 272,010 | 3,342,138 | 7.8 |
| Total fixed maturity securities | \$ 45,620,599 | \$ 43,964 | \$ 760,922 | \$ 3,585,420 | \$ 42,752,137 | 100.0 % |

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| December 31, 2024: | Amortized Cost | Allowance for Credit Losses | Unrealized Gains | Unrealized Losses | Estimated Fair Value | % of Total |
|----------------------------------|----------------------|-----------------------------|-------------------|---------------------|----------------------|----------------|
| Available-for-sale: | | | | | | |
| Corporate | \$ 23,123,671 | \$ 14,754 | \$ 337,109 | \$ 1,926,064 | \$ 21,519,962 | 63.4 % |
| Canadian government | 4,480,699 | — | 411,289 | 45,171 | 4,846,817 | 14.3 |
| Japanese government | 2,861,501 | — | 46 | 575,964 | 2,285,583 | 6.7 |
| Korean government | 18,564 | — | 187 | — | 18,751 | 0.1 |
| ABS | 1,080,477 | — | 9,004 | 74,966 | 1,014,515 | 3.0 |
| CMBS | 430,125 | 304 | 1,182 | 20,290 | 410,713 | 1.2 |
| RMBS | 187,233 | — | 382 | 15,248 | 172,367 | 0.5 |
| U.S. government | 777,640 | — | 560 | 19,766 | 758,434 | 2.2 |
| State and political subdivisions | 150,515 | — | 74 | 27,979 | 122,610 | 0.4 |
| Other foreign government | 3,021,219 | — | 25,106 | 265,555 | 2,780,770 | 8.2 |
| Total fixed maturity securities | <u>\$ 36,131,644</u> | <u>\$ 15,058</u> | <u>\$ 784,939</u> | <u>\$ 2,971,003</u> | <u>\$ 33,930,522</u> | <u>100.0 %</u> |

The Company monitors its concentrations of financial instruments on an ongoing basis and mitigates credit risk by maintaining a diversified investment portfolio that limits exposure to any one issuer. The Company's exposure to concentrations of credit risk from single issuers, including certain agencies, greater than 10% of the Company's equity are disclosed below, as of December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | | 2024 | |
|---|----------------|----------------------|----------------|----------------------|
| | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |
| Fixed maturity securities guaranteed or issued by: | | | | |
| Japanese government | \$ 4,093,198 | \$ 2,955,482 | \$ 2,861,501 | \$ 2,285,583 |
| Canadian province of Quebec | 1,606,069 | 1,728,770 | 1,499,646 | 1,704,222 |
| Canadian province of Ontario | 1,066,455 | 1,120,080 | 1,117,208 | 1,206,951 |
| U.S. government | 1,013,473 | 1,007,840 | 777,640 | 758,434 |

The amortized cost and estimated fair value of fixed maturity securities classified as available-for-sale as of December 31, 2025 are shown by contractual maturity in the table below (dollars in thousands). Actual maturities can differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Structured securities are shown separately in the table below as they are not due at a single maturity date.

| | Amortized Cost | Estimated Fair Value |
|--|----------------------|----------------------|
| Available-for-sale: | | |
| Due in one year or less | \$ 1,120,058 | \$ 1,116,976 |
| Due after one year through five years | 5,722,384 | 5,729,506 |
| Due after five years through ten years | 7,774,612 | 7,835,045 |
| Due after ten years | 28,438,674 | 25,595,559 |
| Structured securities | 2,564,871 | 2,475,051 |
| Total | <u>\$ 45,620,599</u> | <u>\$ 42,752,137</u> |

Corporate Fixed Maturity Securities

The tables below show the major sectors of the Company's corporate fixed maturity holdings as of December 31, 2025 and 2024 (dollars in thousands):

| December 31, 2025: | Amortized Cost | Estimated Fair Value | % of Total |
|---------------------------|----------------------|----------------------|----------------|
| Finance | \$ 9,333,850 | \$ 8,777,808 | 31.4 % |
| Industrial | 15,350,681 | 14,596,472 | 52.2 |
| Utility | 4,824,255 | 4,584,055 | 16.4 |
| Total | <u>\$ 29,508,786</u> | <u>\$ 27,958,335</u> | <u>100.0 %</u> |

| December 31, 2024: | Amortized Cost | Estimated Fair Value | % of Total |
|---------------------------|----------------------|----------------------|----------------|
| Finance | \$ 7,823,863 | \$ 7,184,071 | 33.4 % |
| Industrial | 11,584,479 | 10,855,535 | 50.4 |
| Utility | 3,715,329 | 3,480,356 | 16.2 |
| Total | <u>\$ 23,123,671</u> | <u>\$ 21,519,962</u> | <u>100.0 %</u> |

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Allowance for Credit Losses and Impairments - Fixed Maturity Securities Available-for-Sale

As discussed in [Note 2 - "Significant Accounting Policies and Pronouncements,"](#) allowances for credit losses on fixed maturity securities are recognized in investment related losses, net. The Company estimates the amount of the credit loss component of a fixed maturity security impairment as the difference between amortized cost and the present value of the expected cash flows of the security. Any remaining difference between the fair value and amortized cost is recognized in OCI.

The following tables present the rollforward of the allowance for credit losses in fixed maturity securities by type for the years ended December 31, 2025 and 2024 (dollars in thousands):

| For the year ended December 31, 2025: | Corporate | CMBS | Total |
|---|------------------|-------------|------------------|
| Balance, beginning of year | \$ 14,754 | \$ 304 | \$ 15,058 |
| Credit losses with no previous allowance | 32,897 | — | 32,897 |
| Securities disposed | (1,751) | — | (1,751) |
| Change in credit losses with a previous allowance | (1,951) | (304) | (2,255) |
| Foreign currency translation | 15 | — | 15 |
| Balance, end of year | <u>\$ 43,964</u> | <u>\$ —</u> | <u>\$ 43,964</u> |

| For the year ended December 31, 2024: | Corporate | CMBS | Total |
|---|------------------|---------------|------------------|
| Balance, beginning of year | \$ 10,752 | \$ 30 | \$ 10,782 |
| Credit losses with no previous allowance | 10,663 | 321 | 10,984 |
| Securities disposed | (8,405) | (47) | (8,452) |
| Change in credit losses with a previous allowance | 1,795 | — | 1,795 |
| Foreign currency translation | (51) | — | (51) |
| Balance, end of year | <u>\$ 14,754</u> | <u>\$ 304</u> | <u>\$ 15,058</u> |

Unrealized Losses for Fixed Maturity Securities Available-for-Sale

The Company's determination of whether a decline in value necessitates the recording of an allowance for credit losses includes an analysis of whether the issuer is current on its contractual payments, evaluating whether it is probable that the Company will be able to collect all amounts due according to the contractual terms of the security, and analyzing the overall ability of the Company to recover the amortized cost of the investment.

The following tables present the estimated fair value and gross unrealized losses for the 3,036 and 3,150 fixed maturity securities for which both the estimated fair value had declined and remained below amortized cost and an allowance for credit loss has not been recorded as of December 31, 2025 and 2024 (dollars in thousands). These investments are presented by class and grade of security, as well as the length of time the related fair value has continuously remained below amortized cost.

| December 31, 2025: | Less than 12 months | | 12 months or greater | | Total | |
|--|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses |
| Investment grade securities: | | | | | | |
| Corporate | \$ 5,733,004 | \$ 164,020 | \$ 8,925,401 | \$ 1,728,626 | \$ 14,658,405 | \$ 1,892,646 |
| Canadian government | 1,086,265 | 33,788 | 341,478 | 69,486 | 1,427,743 | 103,274 |
| Japanese government | 1,177,139 | 206,030 | 1,704,825 | 932,314 | 2,881,964 | 1,138,344 |
| ABS | 571,168 | 7,128 | 275,850 | 86,923 | 847,018 | 94,051 |
| CMBS | 90,526 | 145 | 164,299 | 12,192 | 254,825 | 12,337 |
| RMBS | 19,173 | 74 | 73,797 | 9,274 | 92,970 | 9,348 |
| U.S. government | 181,393 | 470 | 80,721 | 13,169 | 262,114 | 13,639 |
| State and political subdivisions | 16,632 | 307 | 89,059 | 24,908 | 105,691 | 25,215 |
| Other foreign government | 905,084 | 18,839 | 1,182,192 | 252,981 | 2,087,276 | 271,820 |
| Total investment grade securities | <u>9,780,384</u> | <u>430,801</u> | <u>12,837,622</u> | <u>3,129,873</u> | <u>22,618,006</u> | <u>3,560,674</u> |
| Below investment grade securities: | | | | | | |
| Corporate | 266,063 | 9,667 | 98,490 | 13,962 | 364,553 | 23,629 |
| ABS | 5,294 | 313 | 15,957 | 222 | 21,251 | 535 |
| Other foreign government | 3,889 | 188 | 506 | 2 | 4,395 | 190 |
| Total below investment grade securities | <u>275,246</u> | <u>10,168</u> | <u>114,953</u> | <u>14,186</u> | <u>390,199</u> | <u>24,354</u> |
| Total fixed maturity securities | <u>\$ 10,055,630</u> | <u>\$ 440,969</u> | <u>\$ 12,952,575</u> | <u>\$ 3,144,059</u> | <u>\$ 23,008,205</u> | <u>\$ 3,585,028</u> |

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| December 31, 2024: | Less than 12 months | | 12 months or greater | | Total | |
|--|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses |
| Investment grade securities: | | | | | | |
| Corporate | \$ 4,980,496 | \$ 175,885 | \$ 7,932,993 | \$ 1,720,705 | \$ 12,913,489 | \$ 1,896,590 |
| Canadian government | 239,263 | 4,365 | 385,462 | 40,806 | 624,725 | 45,171 |
| Japanese government | 702,292 | 51,975 | 1,571,778 | 523,989 | 2,274,070 | 575,964 |
| ABS | 191,543 | 5,674 | 320,236 | 68,262 | 511,779 | 73,936 |
| CMBS | 114,276 | 1,401 | 197,922 | 18,126 | 312,198 | 19,527 |
| RMBS | 58,125 | 757 | 77,885 | 14,491 | 136,010 | 15,248 |
| U.S. government | 336,644 | 5,503 | 79,905 | 14,263 | 416,549 | 19,766 |
| State and political subdivisions | 41,622 | 2,257 | 68,296 | 25,722 | 109,918 | 27,979 |
| Other foreign government | 754,596 | 23,534 | 1,154,687 | 240,193 | 1,909,283 | 263,727 |
| Total investment grade securities | 7,418,857 | 271,351 | 11,789,164 | 2,666,557 | 19,208,021 | 2,937,908 |
| Below investment grade securities: | | | | | | |
| Corporate | 187,191 | 3,348 | 138,375 | 26,118 | 325,566 | 29,466 |
| ABS | 27,401 | 180 | 19,272 | 850 | 46,673 | 1,030 |
| CMBS | — | — | 2,326 | 230 | 2,326 | 230 |
| Other foreign government | 8,535 | 102 | 33,184 | 1,726 | 41,719 | 1,828 |
| Total below investment grade securities | 223,127 | 3,630 | 193,157 | 28,924 | 416,284 | 32,554 |
| Total fixed maturity securities | \$ 7,641,984 | \$ 274,981 | \$ 11,982,321 | \$ 2,695,481 | \$ 19,624,305 | \$ 2,970,462 |

The Company did not intend to sell, and more likely than not would not be required to sell, the securities outlined in the tables above, as of the dates presented. However, unforeseen facts and circumstances may cause the Company to sell fixed maturity securities in the ordinary course of managing its portfolio to meet certain diversification, credit quality and liquidity guidelines. Changes in unrealized losses are primarily due to changes in risk-free interest rates and credit spreads.

Net Investment Income

Major categories of net investment income consist of the following for the years ended December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Fixed maturity securities available-for-sale | \$ 1,864,217 | \$ 1,482,383 |
| Equity securities | 2,003 | 1,884 |
| Mortgage loans | 107,739 | 72,191 |
| Policy loans | 67,707 | 356 |
| Funds withheld at interest | 793,386 | 434,257 |
| Short-term investments and cash and cash equivalents | 57,736 | 60,091 |
| Other invested assets | 32,138 | 212 |
| Investment income | 2,924,926 | 2,051,374 |
| Investment expense | (87,046) | (83,034) |
| Net investment income | \$ 2,837,880 | \$ 1,968,340 |

As of December 31, 2025, the Company held non-income producing securities with amortized costs, net of allowances, of \$40 million and estimated fair values of \$46 million. As of December 31, 2024, the Company held non-income producing securities with amortized costs, net of allowances, of \$5 million and estimated fair values of \$7 million. Generally, securities are non-income producing when principal or interest is not paid primarily as a result of bankruptcies or credit defaults.

Investment Related Losses, Net

Investment related losses, net consist of the following for the years ended December 31, 2025 and 2024 (dollars in thousands):

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| | 2025 | 2024 |
|--|--------------------|---------------------|
| Fixed maturity securities available for sale: | | |
| Change in allowance for credit losses | \$ (28,891) | \$ (4,327) |
| Impairments on fixed maturity securities | (478) | (193) |
| Realized gains on investment activity | 82,928 | 85,725 |
| Realized losses on investment activity | (159,424) | (298,152) |
| Net gains (losses) on equity securities | 1,902 | (390) |
| Change in mortgage loan allowance for credit losses | (4,915) | (6,067) |
| Change in fair value of certain limited partnership investments and other, net | (14,573) | 21,640 |
| Net gains (losses) on freestanding derivatives | 68,077 | (103,529) |
| Total investment related losses, net | <u>\$ (55,374)</u> | <u>\$ (305,293)</u> |

For the year ended December 31, 2025, there were securities purchased from affiliates for cash with estimated fair values of \$10 million at the time of transfer. For the year ended December 31, 2024, there were no securities purchased from affiliates for cash. For the years ended December 31, 2025 and 2024, there were no securities sold to affiliates for cash.

Collateral Arrangements

The Company enters into various collateral arrangements with counterparties that require both the pledging and acceptance of invested assets as collateral. Pledged invested assets are included in the consolidated balance sheets. Invested assets received as collateral are held in separate custodial accounts and are not recorded on the Company's consolidated balance sheets. Subject to certain constraints, the Company is permitted by contract to sell or repledge collateral it receives; however, as of December 31, 2025 and 2024, none of the collateral received had been sold or repledged.

The Company also holds assets in trust to satisfy collateral requirements under derivative transactions and certain reinsurance treaties.

The following table includes invested assets pledged and received as collateral and assets in trust held to satisfy collateral requirements as of December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | | 2024 | |
|---|----------------|----------------------|----------------|----------------------|
| | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |
| Invested assets pledged as collateral | \$ 836,580 | \$ 781,937 | \$ 582,002 | \$ 481,696 |
| Invested assets received as collateral | n/a | 1,143,893 | n/a | 1,095,086 |
| Assets in trust held to satisfy collateral requirements | 30,081,097 | 28,417,239 | 22,545,964 | 21,447,667 |

Of the assets in trust shown above, the Company held \$141 million and \$357 million in estimated fair values for the benefit of a related party as of December 31, 2025 and 2024, respectively.

Securities Lending and Repurchase/Reverse Repurchase Programs

The following table provides the estimated fair value of securities relating to securities lending and repurchase/reverse repurchase programs as of December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | | | | 2024 | | |
|--|----------------------------------|------------------------------------|---|--|----------------------------------|------------------------------------|---|
| | Securities Loaned ⁽¹⁾ | Securities Borrowed ⁽²⁾ | Cash Collateral Received ⁽³⁾ | Cash Collateral Pledged to Counterparties ⁽⁴⁾ | Securities Loaned ⁽¹⁾ | Securities Borrowed ⁽²⁾ | Cash Collateral Received ⁽³⁾ |
| Securities lending transactions | \$ 619,964 | \$ 743,617 | \$ — | \$ — | \$ 596,239 | \$ 797,981 | \$ — |
| Repurchase/reverse repurchase transactions | 2,160,867 | 918,984 | 1,368,234 | 229,660 | 1,368,248 | 688,075 | 565,453 |

- (1) Securities loaned or pledged through securities lending transactions or sold to counterparties through repurchase transactions are included within fixed maturity securities. Collateral associated with certain securities lending transactions is not included within this table as the collateral pledged to the counterparty is the right to reinsurance treaty cash flows. Certain securities lending transactions do not require collateral.
- (2) Securities borrowed or received as collateral through securities lending transactions or purchased from counterparties through reverse repurchase transactions are not reflected on the consolidated balance sheets.
- (3) A payable for the cash received by the Company is included within securities lending and repurchase liability on the consolidated balance sheets.
- (4) A receivable for the cash pledged by the Company is included within other assets.

The following table presents the estimated fair value of securities by the remaining contractual maturity of the Company's securities lending and repurchase programs as of December 31, 2025 and 2024 (dollars in thousands):

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| | 2025 | | | | | 2024 | | | | |
|---|--|---------------|--------------|----------------------|--------------|--|---------------|--------------|----------------------|--------------|
| | Remaining Contractual Maturity of the Programs | | | | | Remaining Contractual Maturity of the Programs | | | | |
| | Overnight and Continuous | Up to 30 Days | 30 - 90 Days | Greater than 90 Days | Total | Overnight and Continuous | Up to 30 Days | 30 - 90 Days | Greater than 90 Days | Total |
| Securities lending transactions: | | | | | | | | | | |
| Corporate | \$ — | \$ — | \$ 157,275 | \$ 69,798 | \$ 227,073 | \$ — | \$ — | \$ 6,996 | \$ 180,009 | \$ 187,005 |
| Japanese government | — | — | — | 310,250 | 310,250 | — | 226,549 | — | 75,620 | 302,169 |
| ABS | — | — | 24,705 | — | 24,705 | — | — | 17,148 | 2,610 | 19,758 |
| CMBS | — | — | 37,477 | — | 37,477 | — | — | 45,859 | — | 45,859 |
| RMBS | — | — | 10,220 | — | 10,220 | — | — | 12,614 | 5,719 | 18,333 |
| U.S. government | — | — | — | — | — | — | — | — | 8,139 | 8,139 |
| State and political subdivisions | — | — | — | — | — | — | — | — | 5,892 | 5,892 |
| Other foreign government | — | — | 4,442 | 5,797 | 10,239 | — | — | — | 9,084 | 9,084 |
| Total | — | — | 234,119 | 385,845 | 619,964 | — | 226,549 | 82,617 | 287,073 | 596,239 |
| Repurchase/ reverse repurchase transactions: | | | | | | | | | | |
| Corporate | — | — | — | 1,309,778 | 1,309,778 | — | — | — | 559,599 | 559,599 |
| Canadian government | — | — | — | 12,196 | 12,196 | — | — | — | — | — |
| Japanese government | — | — | 203,473 | 175,246 | 378,719 | — | — | 213,560 | 143,819 | 357,379 |
| ABS | — | — | — | — | — | — | — | 30,634 | — | 30,634 |
| CMBS | — | — | 38,315 | — | 38,315 | — | — | 51,660 | 6,259 | 57,919 |
| RMBS | — | — | 38,688 | — | 38,688 | — | — | 7,473 | 5,719 | 13,192 |
| U.S. government | — | — | 3,540 | 273,007 | 276,547 | — | — | — | 257,377 | 257,377 |
| State and political subdivisions | — | — | — | — | — | — | — | — | 13,457 | 13,457 |
| Other foreign government | — | — | — | 106,624 | 106,624 | — | — | — | 78,691 | 78,691 |
| Total | — | — | 284,016 | 1,876,851 | 2,160,867 | — | — | 303,327 | 1,064,921 | 1,368,248 |
| Total transactions | \$ — | \$ — | \$ 518,135 | \$ 2,262,696 | \$ 2,780,831 | \$ — | \$ 226,549 | \$ 385,944 | \$ 1,351,994 | \$ 1,964,487 |

Mortgage Loans

The Company invests in mortgage loans in the U.S. (58.6%), Canada (31.7%), and the United Kingdom (9.7%). As of December 31, 2025, mortgage loans were geographically dispersed throughout the U.S. with the largest concentrations in Texas (15.8%), Georgia (8.9%) and Ohio (7.7%). The recorded investment in mortgage loans presented below is gross of unamortized deferred loan origination fees and expenses and allowance for credit losses.

The following table presents the distribution of the Company's recorded investment in mortgage loans by property type as of December 31, 2025 and 2024 (dollars in thousands):

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| | 2025 | | 2024 | |
|--|---------------------|------------|---------------------|------------|
| | Carrying Value | % of Total | Carrying Value | % of Total |
| Property type: | | | | |
| Office | \$ 376,780 | 15.8 % | \$ 305,374 | 17.4 % |
| Retail | 630,966 | 26.4 | 451,735 | 25.7 |
| Industrial | 977,046 | 40.9 | 704,016 | 40.1 |
| Apartment | 337,717 | 14.1 | 252,857 | 14.4 |
| Hotel | 36,681 | 1.5 | 36,134 | 2.1 |
| Other commercial | 30,351 | 1.3 | 5,019 | 0.3 |
| Recorded investment | 2,389,541 | 100.0 % | 1,755,135 | 100.0 % |
| Unamortized loan origination fees and discount | (16,186) | | (21,315) | |
| Allowance for credit losses | (18,558) | | (13,433) | |
| Total mortgage loans | <u>\$ 2,354,797</u> | | <u>\$ 1,720,387</u> | |

The following table presents the maturities of the Company's recorded investment in mortgage loans as of December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | | 2024 | |
|--|---------------------|----------------|---------------------|----------------|
| | Recorded Investment | % of Total | Recorded Investment | % of Total |
| Due within five years | \$ 1,133,459 | 47.4 % | \$ 896,045 | 51.1 % |
| Due after five years through ten years | 1,141,594 | 47.8 | 737,327 | 42.0 |
| Due after ten years | 114,488 | 4.8 | 121,763 | 6.9 |
| Total | <u>\$ 2,389,541</u> | <u>100.0 %</u> | <u>\$ 1,755,135</u> | <u>100.0 %</u> |

The following tables set forth certain key credit quality indicators of the Company's recorded investment in mortgage loans as of December 31, 2025 and 2024 (dollars in thousands):

| December 31, 2025: | Recorded Investment | | | | |
|----------------------------|---------------------|-------------------|------------------|---------------------|----------------|
| | Debt Service Ratios | | | Total | % of Total |
| | >1.20x | 1.00x - 1.20x | <1.00x | | |
| Loan-to-Value Ratio | | | | | |
| 0% - 59.99% | \$ 1,152,172 | \$ 25,553 | \$ 9,000 | \$ 1,186,725 | 49.6 % |
| 60% - 69.99% | 662,731 | 44,511 | 8,533 | 715,775 | 30.0 |
| 70% - 79.99% | 251,100 | 93,044 | — | 344,144 | 14.4 |
| 80% or greater | 97,085 | 41,612 | 4,200 | 142,897 | 6.0 |
| Total | <u>\$ 2,163,088</u> | <u>\$ 204,720</u> | <u>\$ 21,733</u> | <u>\$ 2,389,541</u> | <u>100.0 %</u> |

| December 31, 2024: | Recorded Investment | | | | |
|----------------------------|---------------------|------------------|------------------|---------------------|----------------|
| | Debt Service Ratios | | | Total | % of Total |
| | >1.20x | 1.00x - 1.20x | <1.00x | | |
| Loan-to-Value Ratio | | | | | |
| 0% - 59.99% | \$ 831,182 | \$ 37,542 | \$ 10,080 | \$ 878,804 | 50.1 % |
| 60% - 69.99% | 511,887 | 43,409 | — | 555,296 | 31.6 |
| 70% - 79.99% | 244,915 | — | — | 244,915 | 14.0 |
| 80% or greater | 67,514 | — | 8,606 | 76,120 | 4.3 |
| Total | <u>\$ 1,655,498</u> | <u>\$ 80,951</u> | <u>\$ 18,686</u> | <u>\$ 1,755,135</u> | <u>100.0 %</u> |

The following tables set forth credit quality grades by year of origination of the Company's recorded investment in mortgage loans as of December 31, 2025 and 2024 (dollars in thousands):

| December 31, 2025: | Recorded Investment | | | | | | |
|---------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | Year of Origination | | | | | | Total |
| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | |
| Internal credit quality grade: | | | | | | | |
| High investment grade | \$ 154,210 | \$ 93,425 | \$ 86,956 | \$ 190,051 | \$ 135,466 | \$ 234,512 | \$ 894,620 |
| Investment grade | 494,751 | 290,652 | 185,806 | 176,487 | 123,772 | 117,443 | 1,388,911 |
| Average | — | — | 32,854 | 73,156 | — | — | 106,010 |
| Total | <u>\$ 648,961</u> | <u>\$ 384,077</u> | <u>\$ 305,616</u> | <u>\$ 439,694</u> | <u>\$ 259,238</u> | <u>\$ 351,955</u> | <u>\$ 2,389,541</u> |

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| December 31, 2024: | Recorded Investment | | | | | | |
|--------------------------------|---------------------|-------------------|-------------------|-------------------|------------------|-------------------|---------------------|
| | Year of Origination | | | | | | |
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | Total |
| Internal credit quality grade: | | | | | | | |
| High investment grade | \$ 92,619 | \$ 103,822 | \$ 171,704 | \$ 170,416 | \$ 60,773 | \$ 226,830 | \$ 826,164 |
| Investment grade | 286,348 | 171,742 | 280,780 | 93,238 | 10,943 | 78,481 | 921,532 |
| Average | — | 7,439 | — | — | — | — | 7,439 |
| Total | <u>\$ 378,967</u> | <u>\$ 283,003</u> | <u>\$ 452,484</u> | <u>\$ 263,654</u> | <u>\$ 71,716</u> | <u>\$ 305,311</u> | <u>\$ 1,755,135</u> |

The Company has no past due mortgage loans as of December 31, 2025 and 2024.

The following table presents information regarding the Company's allowance for credit losses for mortgage loans for the years ended December 31, 2025, and 2024 (dollars in thousands):

| | 2025 | 2024 |
|--------------------------------------|------------------|------------------|
| Balance, beginning of year | \$ 13,433 | \$ 7,625 |
| Provision (release) of credit losses | 4,915 | 6,067 |
| Translation adjustment | 210 | (259) |
| Balance, end of year | <u>\$ 18,558</u> | <u>\$ 13,433</u> |

During 2025, the Company modified one mortgage loan for borrowers experiencing financial difficulty providing interest only payments and maturity extensions. The total recorded investment before allowance for credit losses for the modified loan was \$26 million as of December 31, 2025. During 2024, the Company did not modify any mortgage loans. The Company did not have any mortgage loans on nonaccrual status as of December 31, 2025 and 2024. The Company did not acquire any impaired mortgage loans during 2025 and 2024.

Policy Loans

The majority of policy loans are associated with one reinsurance agreement with an affiliated company. These policy loans present no credit risk as the amount of the loan cannot exceed the obligation due to the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. The Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Funds Withheld at Interest

As of December 31, 2025, \$20 billion of the funds withheld at interest balance is associated with reinsurance agreements with affiliated companies. See [Note 15 - "Related-Party Transactions"](#) for further details of affiliated transactions. For agreements written on a modco basis and agreements written on a coinsurance funds withheld basis, assets that support the transactions are defined in the treaty, are withheld and legally owned by the ceding company and are reflected as funds withheld at interest. The Company reflects these assets on its consolidated balance sheets as funds withheld at interest.

Other Invested Assets

Other invested assets include limited partnerships, real estate joint ventures, lifetime mortgages and derivative contracts. Other invested assets also include unit-linked securities, which are included in "Other" in the table below. For both December 31, 2025 and 2024, the allowance for credit losses for lifetime mortgages was \$3 million. The carrying values of other invested assets as of December 31, 2025 and 2024 are as follows (dollars in thousands):

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Limited partnerships and real estate joint ventures | \$ 847,829 | \$ 612,472 |
| Lifetime mortgages | 1,196,687 | 984,442 |
| Derivatives | 162,545 | 110,230 |
| Other | 18,913 | 19,875 |
| Total other invested assets | <u>\$ 2,225,974</u> | <u>\$ 1,727,019</u> |

Note 10 DERIVATIVE INSTRUMENTS

Accounting for Derivative Instruments and Hedging Activities

See [Note 2 - "Significant Accounting Policies and Pronouncements"](#) for a detailed discussion of the accounting treatment for derivative instruments, including embedded derivatives. See [Note 11 - "Fair Value of Assets and Liabilities"](#) for additional disclosures related to the fair value hierarchy for derivative instruments, including embedded derivatives.

Types of Derivatives Used by the Company

Interest Rate Derivatives

Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates, to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches) and to manage the risk of cash flows of liabilities that are variable based on a benchmark rate. With an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between two rates, which can be either fixed-rate or floating-rate interest amounts, tied to an agreed-upon notional principal amount. These transactions are executed pursuant to master agreements that provide for a single net payment or individual gross payments at each due date.

Interest rate options include swaptions that are used by the Company to hedge interest rate risk associated with the Company's long-term liabilities and invested assets. A swaption is an option to enter an interest rate swap with a forward starting effective date. The Company pays a premium for purchased swaptions.

Total return swaps are used by the Company to exchange, at specified intervals, the difference between a benchmark interest rate and the total return of a referenced asset or a market index, calculated by reference to an agreed notional amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. Total return swaps are used by the Company to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches).

Interest rate futures are used primarily to hedge minimum guarantees embedded in certain variable annuity products reinsured by the Company. With exchange-traded interest rate futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by different classes of interest rate securities. The Company posts variation margin on a daily basis in an amount equal to the difference between the daily estimated fair values of those contracts. The Company enters into exchange-traded interest rate futures with regulated futures commission merchants that are members of the exchange.

Forward bond purchase commitments are used by the Company to hedge against the variability in the purchase price of securities. With forward bond purchase commitments, the forward price is agreed upon at the time of the contract and payment for such contract is made at the future specified settlement date of the securities.

Foreign Currency Derivatives

Foreign currency swaps are used by the Company to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies. With a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a forward exchange rate calculated by reference to an agreed upon principal amount. The principal amount of each currency is exchanged at the termination of the currency swap by each party.

Foreign currency forwards are used by the Company to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies. With a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such contract is made in a different currency at the specified future date.

Equity Derivatives

Equity index options are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products as well as indexed universal life products. To hedge against adverse changes in equity indices, the Company buys and sells index options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

Equity futures are used primarily to economically hedge liabilities embedded in certain variable annuity products. With exchange-traded equity futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the relevant stock indices. The Company posts variation margin on a daily basis in an amount equal to the difference between the daily estimated fair values of those contracts. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange.

Credit Derivatives

The Company sells protection under single name credit default swaps and credit default swap index tranches, as well as other credit derivatives, to diversify its credit risk exposure in certain portfolios and, in combination with purchasing securities, to replicate characteristics of similar investments based on the credit quality and term of the credit default swap. Credit default triggers for indexed reference entities and single name reference entities are defined in the contracts. The Company's maximum exposure to credit loss equals the notional value for credit default swaps. In the event of default of a referencing entity, the Company is typically required to pay the protection holder the full notional value less a recovery amount determined at auction.

Additionally, the Company enters into long buy protection credit default swap options to also hedge credit risk and reduce credit exposure from cash positions.

Other Derivatives

Consumer price index ("CPI") swaps are used by the Company primarily to economically hedge liabilities embedded in certain insurance products where value is directly affected by changes in a designated benchmark CPI. With a CPI swap transaction, the Company agrees with another party to exchange the actual amount of inflation realized over a specified period of time for a fixed amount of inflation determined at inception. These transactions are executed pursuant to master agreements that provide for a single net payment or individual gross payments to be made by the counterparty at each due date. Most of these swaps will require a single payment to be made by one counterparty at the maturity date of the swap.

The Company has certain embedded derivatives that are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance treaties structured on a modco or funds withheld basis. Additionally, the Company reinsures insurance products with benefits that are considered embedded derivatives. The changes in fair values of embedded derivatives on insurance products described below relate to changes in the fair value associated with capital market and other related assumptions.

Summary of Derivative Positions

Freestanding derivatives are included in other invested assets or derivative liabilities, at fair value. Embedded derivative assets and liabilities on modco or funds withheld arrangements are included on the consolidated balance sheets with the host contract in funds withheld at interest or funds withheld payable, at fair value. Embedded derivative liabilities on indexed products are included on the consolidated balance sheets with the host contract in interest-sensitive contract liabilities, at fair value. The following table presents the notional amounts and gross fair value of derivative instruments prior to taking into account the netting effects of master netting agreements as of December 31, 2025 and 2024 (dollars in thousands):

| | Primary Underlying Risk | 2025 | | | 2024 | | |
|--|-------------------------|----------------------|-------------------------------|-------------------|----------------------|-------------------------------|-------------------|
| | | Notional Amount | Carrying Value/ Fair Value | | Notional Amount | Carrying Value/ Fair Value | |
| | | | Assets | Liabilities | | Assets | Liabilities |
| Derivatives not designated as hedging instruments: | | | | | | | |
| Interest rate swaps | Interest rate | \$ 1,974,036 | \$ 1,582 | \$ 1,637 | \$ 1,252,483 | \$ 2,647 | \$ 4,933 |
| Interest rate options | Interest rate | — | — | — | 1,773,000 | 533 | — |
| Total return swaps | Interest rate | 527,370 | 1,261 | 4,722 | 956,000 | — | 13,358 |
| Foreign currency swaps | Foreign currency | 149,698 | 48,151 | — | 149,698 | 46,877 | — |
| Foreign currency forwards | Foreign currency | 897,833 | 588 | 29,288 | 534,965 | — | 26,049 |
| Equity options | Equity | 5,897,279 | 458,890 | 244,473 | 255,426 | 4,993 | 993 |
| Equity futures | Equity | 199,647 | — | — | 208,696 | — | — |
| Credit default swaps | Credit | 4,969,000 | 973 | 9,754 | 1,553,000 | 827 | 5,374 |
| Credit default index swaps options | Credit | 1,000,000 | 350 | 146 | — | — | — |
| CPI swaps | CPI | 364,266 | 2,200 | 7,629 | 379,201 | 4,621 | 2,416 |
| Embedded derivatives in modco or funds withheld arrangements | | — | 624,505 | 356,115 | — | 436,559 | 501,350 |
| Total non-designated derivatives | | 15,979,129 | 1,138,500 | 653,764 | 7,062,469 | 497,057 | 554,473 |
| Derivatives designated as hedging instruments: | | | | | | | |
| Interest rate swaps | Interest rate | 299,150 | — | 38,575 | 994,450 | — | 81,008 |
| Forward bond purchase commitments | Interest rate | 1,483,664 | 2,148 | 174,498 | 1,383,866 | 233 | 155,650 |
| Foreign currency swaps | Foreign currency | 130,841 | 7,679 | 5,790 | 130,841 | 6,519 | 4,159 |
| Foreign currency forwards | Foreign currency | 2,270,197 | 11,883 | 37,959 | 1,965,980 | 94,459 | — |
| Total hedging derivatives | | 4,183,852 | 21,710 | 256,822 | 4,475,137 | 101,211 | 240,817 |
| Total derivatives | | \$ 20,162,981 | \$ 1,160,210 | \$ 910,586 | \$ 11,537,606 | \$ 598,268 | \$ 795,290 |

Cash Flow Hedges

Certain derivative instruments are designated as cash flow hedges when they meet the requirements of GAAP for *Derivatives and Hedging*. The Company designates and accounts for the following as cash flow hedges: (i) certain interest rate swaps, in which the cash flows of assets are variable based on a benchmark rate; (ii) forward bond purchase commitments; and (iii) certain foreign currency swaps, in which the cash flows of assets are denominated in different currencies, commonly referred to as cross-currency swaps.

The following table presents the cash flow hedge components of AOCI, before income taxes, and where the gain or loss related to cash flow hedges is recognized on the consolidated statements of income classification for the years ended December 31, 2025 and 2024 (dollars in thousands):

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| | Amounts Included in AOCI |
|---|-----------------------------|
| Balance as of January 1, 2024 | \$ (225,787) |
| Losses, net deferred in OCI | (147,728) |
| Amounts reclassified to net investment income | 1,888 |
| Balance as of December 31, 2024 | (371,627) |
| Losses, net deferred in OCI | (72,088) |
| Amounts reclassified to net investment income | 2,570 |
| Balance as of December 31, 2025 | <u>\$ (441,145)</u> |

As of December 31, 2025, approximately \$5 million of before-tax deferred net losses on derivative instruments recorded in AOCI are expected to be reclassified to net investment income during the next twelve months.

The following table presents the effect of derivatives in cash flow hedging relationships on the consolidated statements of income for the years ended December 31, 2025 and 2024 (dollars in thousands):

| Derivative Type | Losses Deferred in OCI | Losses Reclassified into Income from AOCI |
|--|------------------------|--|
| | | Net Investment Income |
| For the year ended December 31, 2025: | | |
| Interest rate | \$ (71,307) | \$ (1,755) |
| Foreign currency | (781) | (815) |
| Total | <u>\$ (72,088)</u> | <u>\$ (2,570)</u> |
| For the year ended December 31, 2024: | | |
| Interest rate | \$ (144,036) | \$ (1,120) |
| Foreign currency | (3,692) | (768) |
| Total | <u>\$ (147,728)</u> | <u>\$ (1,888)</u> |

For the years ended December 31, 2025 and 2024, there were no amounts reclassified into earnings relating to instances in which the Company discontinued cash flow hedge accounting because the forecasted transaction did not occur by the anticipated date or within the additional time period permitted by GAAP for *Derivatives and Hedging*.

Hedges of Net Investments in Foreign Operations

The Company uses foreign currency forwards to hedge a portion of its net investment in certain foreign operations against adverse movements in exchange rates. The following table illustrates the Company's NIFO hedges and the gains (losses) deferred in OCI for the years ended December 31, 2025 and 2024 (dollars in thousands):

| Derivative Type | Derivative Gains (Losses) Deferred in OCI | |
|---------------------------|--|------------|
| | 2025 | 2024 |
| Foreign currency forwards | \$ (81,832) | \$ 130,241 |

The cumulative foreign currency translation gain recorded in AOCI related to these hedges was \$99 million and \$181 million as of December 31, 2025 and 2024, respectively. If a hedged foreign operation was sold or substantially liquidated, the amounts in AOCI would be reclassified to the consolidated statements of income. A pro rata portion would be reclassified upon partial sale of a hedged foreign operation. There were no sales or substantial liquidations of NIFO that would have required the reclassification of gains or losses from AOCI into investment income during the years presented.

Non-qualifying Derivatives and Derivatives for Purposes Other Than Hedging

The Company uses various other derivative instruments for risk management purposes that either do not qualify or have not been elected for hedge accounting treatment. The gain or loss related to the change in fair value for these derivative instruments is recognized in investment related losses, net, except where otherwise noted.

A summary of the effect of non-qualifying derivatives, including embedded derivatives, on the Company's consolidated statements of income for the years ended December 31, 2025 and 2024 is as follows (dollars in thousands):

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| Type of Non-qualifying Derivative | Statements of Income Location of Gains (Losses) | Gains (Losses) | |
|--|--|----------------|-------------|
| | | 2025 | 2024 |
| Interest rate swaps | Investment related losses, net | \$ (1,942) | \$ (33,344) |
| Interest rate options | Investment related losses, net | (533) | (5,979) |
| Total return swaps | Investment related losses, net | 14,470 | (7,307) |
| Interest rate futures | Investment related losses, net | — | 1,677 |
| Foreign currency swaps | Investment related losses, net | 8,131 | 28,606 |
| Foreign currency forwards | Investment related losses, net | (14,246) | (55,807) |
| Equity options | Investment related losses, net | 52,346 | (5,292) |
| Equity futures | Investment related losses, net | (28,262) | (27,758) |
| Credit default swaps | Investment related losses, net | 42,214 | 5,063 |
| Credit default index swaps options | Investment related losses, net | (943) | — |
| CPI swaps | Investment related losses, net | (3,158) | (3,388) |
| Subtotal | | 68,077 | (103,529) |
| Embedded derivatives in modco or funds withheld arrangements | Change in value of funds withheld embedded derivatives | 332,584 | 361,051 |
| Total non-qualifying derivatives | | \$ 400,661 | \$ 257,522 |

The Company's utilization of a CVA did not have a material effect on the change in fair value of embedded derivatives for the years ended December 31, 2025 and 2024.

Credit Derivatives

The following table presents the estimated fair value, maximum amount of future payments and weighted average years to maturity of credit default swaps sold by the Company as of December 31, 2025 and 2024 (dollars in thousands):

| Rating Agency Designation of Referenced Credit Obligations ⁽¹⁾ | 2025 | | | 2024 | | |
|---|--|---|---|--|---|---|
| | Estimated Fair Value of Credit Default Swaps | Maximum Amount of Future Payments under Credit Default Swaps ⁽²⁾ | Weighted Average Years to Maturity ⁽³⁾ | Estimated Fair Value of Credit Default Swaps | Maximum Amount of Future Payments under Credit Default Swaps ⁽²⁾ | Weighted Average Years to Maturity ⁽³⁾ |
| AAA/AA/A | | | | | | |
| Single name credit default swaps | \$ (8,167) | \$ 469,500 | 14.6 | \$ (5,074) | \$ 405,000 | 17.7 |
| BBB | | | | | | |
| Single name credit default swaps | 577 | 67,500 | 2.2 | 593 | 55,000 | 2.3 |
| Credit default swaps referencing indices | (1,208) | 4,427,000 | 5.8 | (119) | 1,088,000 | 5.4 |
| Subtotal | (631) | 4,494,500 | 5.7 | 474 | 1,143,000 | 5.3 |
| BB | | | | | | |
| Single name credit default swaps | 17 | 5,000 | 0.5 | 53 | 5,000 | 1.5 |
| Total | \$ (8,781) | \$ 4,969,000 | 6.5 | \$ (4,547) | \$ 1,553,000 | 8.5 |

(1) Rating agency designations are based on ratings from Standard and Poor's ("S&P") when available. Other credited rating agencies or internal ratings may be used when S&P ratings are not available.

(2) Assumes the value of the referenced credit obligations is zero.

(3) The weighted average years to maturity of the credit default swaps is calculated based on weighted average notional amounts.

Netting Arrangements and Credit Risk

Certain of the Company's freestanding derivatives are subject to enforceable master netting arrangements and reported as a net asset or liability in the consolidated balance sheets. The Company nets all derivatives that are subject to such arrangements.

The Company has elected to include all freestanding derivatives in the table below, irrespective of whether they are subject to an enforceable master netting arrangement or a similar agreement. See [Note 9 - "Investments"](#) for information regarding the Company's securities lending and repurchase/reverse repurchase programs.

The following table provides information relating to the netting of the Company's derivative instruments as of December 31, 2025 and 2024 (dollars in thousands):

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| | Gross Amounts Recognized | Gross Amounts Offset in the Consolidated Balance Sheets | Net Amounts Presented in the Consolidated Balance Sheets | Financial Instruments/ Collateral ⁽¹⁾ | Net Amount |
|---------------------------|-----------------------------|--|---|--|------------|
| December 31, 2025: | | | | | |
| Derivative assets | \$ 535,705 | \$ (373,160) | \$ 162,545 | \$ (162,545) | \$ — |
| Derivative liabilities | 554,471 | (373,160) | 181,311 | (181,311) | — |
| December 31, 2024: | | | | | |
| Derivative assets | \$ 161,709 | \$ (51,479) | \$ 110,230 | \$ (110,230) | \$ — |
| Derivative liabilities | 293,940 | (51,479) | 242,461 | (242,461) | — |

(1) Includes initial margin posted to a central clearing partner for financial instruments and excludes the excess of collateral received/pledged from/to the counterparty.

The Company may be exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. Generally, the credit exposure of the Company's derivative contracts is limited to the fair value and accrued interest of non-collateralized derivative contracts in an asset position at the reporting date. As of December 31, 2025, the Company had credit exposure of \$16 million.

Derivatives may be exchange-traded or they may be privately negotiated contracts, which are referred to as over-the-counter ("OTC") derivatives. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties ("OTC cleared") and others are bilateral contracts between two counterparties. Additionally, the Company is required to pledge initial margin for certain OTC-bilateral derivative transactions. The Company manages its credit risk related to OTC derivatives by entering into transactions with creditworthy counterparties, maintaining collateral arrangements and through the use of master netting agreements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. The Company is only exposed to the default of the central clearing counterparties for OTC cleared derivatives, and these transactions require initial and daily variation margin collateral postings. Exchange-traded derivatives are settled on a daily basis, thereby reducing the credit risk exposure in the event of non-performance by counterparties to such financial instruments.

Note 11 FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Measurement

General accounting principles for *Fair Value Measurements and Disclosures* define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. These principles also establish a three-level fair value hierarchy that requires an entity to maximize the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. Active markets are defined through various characteristics for the measured asset/liability, such as having many transactions and narrow bid/ask spreads.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or market standard valuation techniques and assumptions that use significant inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the related assets or liabilities and include those whose value is determined using market standard valuation techniques described above. Prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques that require management's judgment or estimation in developing inputs that are consistent with those other market participants would use when pricing similar assets and liabilities.

See [Note 6 - "Market Risk Benefits"](#) for information about fair value measurement of market risk benefits.

Assets and Liabilities by Hierarchy Level

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024 are summarized below (dollars in thousands):

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| December 31, 2025: | Total | Fair Value Measurements Using: | | |
|--|---------------|--------------------------------|---------------|--------------|
| | | Level 1 | Level 2 | Level 3 |
| Assets: ⁽¹⁾ | | | | |
| Fixed maturity securities available-for-sale: | | | | |
| Corporate | \$ 27,958,335 | \$ — | \$ 25,023,854 | \$ 2,934,481 |
| Canadian government | 4,891,830 | — | 4,891,830 | — |
| Japanese government | 2,955,482 | — | 2,955,482 | — |
| ABS | 1,837,260 | — | 519,067 | 1,318,193 |
| CMBS | 462,309 | — | 423,251 | 39,058 |
| RMBS | 175,482 | — | 175,482 | — |
| U.S. government | 1,007,840 | 1,006,413 | 1,427 | — |
| State and political subdivisions | 121,461 | — | 121,461 | — |
| Other foreign government | 3,342,138 | — | 3,227,023 | 115,115 |
| Total fixed maturity securities available-for-sale | 42,752,137 | 1,006,413 | 37,338,877 | 4,406,847 |
| Equity securities | 43,819 | 25,166 | — | 18,653 |
| Funds withheld at interest - embedded derivatives | (356,115) | — | — | (356,115) |
| Funds withheld at interest | 61,420 | — | — | 61,420 |
| Cash equivalents | 366,239 | 366,239 | — | — |
| Short-term investments | 129,529 | 40,574 | 65,012 | 23,943 |
| Other invested assets: | | | | |
| Derivatives | 162,545 | — | 162,545 | — |
| Other | 16,772 | — | 16,772 | — |
| Total other invested assets | 179,317 | — | 179,317 | — |
| Total | \$ 43,176,346 | \$ 1,438,392 | \$ 37,583,206 | \$ 4,154,748 |
| Liabilities: | | | | |
| Funds withheld payable - embedded derivatives | \$ (624,505) | \$ — | \$ — | \$ (624,505) |
| Derivative liabilities | 181,311 | — | 181,311 | — |
| Total | \$ (443,194) | \$ — | \$ 181,311 | \$ (624,505) |

(1) Excludes limited partnerships that are measured at estimated fair value using the NAV per share (or its equivalent) as a practical expedient. As of December 31, 2025, the fair value of such investments was \$39.4 million.

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| December 31, 2024: | Total | Fair Value Measurements Using: | | |
|--|----------------------|--------------------------------|----------------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| Assets: ⁽¹⁾ | | | | |
| Fixed maturity securities available-for-sale: | | | | |
| Corporate | \$ 21,519,962 | \$ — | \$ 19,333,673 | \$ 2,186,289 |
| Canadian government | 4,846,817 | — | 4,846,817 | — |
| Japanese government | 2,285,583 | — | 2,285,583 | — |
| Korean government | 18,751 | — | 18,751 | — |
| ABS | 1,014,515 | — | 449,409 | 565,106 |
| CMBS | 410,713 | — | 397,855 | 12,858 |
| RMBS | 172,367 | — | 172,367 | — |
| U.S. government | 758,434 | 757,119 | 1,315 | — |
| State and political subdivisions | 122,610 | — | 122,610 | — |
| Other foreign government | 2,780,770 | — | 2,755,322 | 25,448 |
| Total fixed maturity securities available-for-sale | 33,930,522 | 757,119 | 30,383,702 | 2,789,701 |
| Equity securities | 43,130 | 26,267 | — | 16,863 |
| Funds withheld at interest - embedded derivatives | (501,350) | — | — | (501,350) |
| Funds withheld at interest | 56,151 | — | — | 56,151 |
| Cash equivalents | 529,347 | 529,347 | — | — |
| Short-term investments | 229,724 | 161,442 | 67,958 | 324 |
| Other invested assets: | | | | |
| Derivatives | 110,230 | — | 110,230 | — |
| Other | 16,891 | — | 16,891 | — |
| Total other invested assets | 127,121 | — | 127,121 | — |
| Total | \$ 34,414,645 | \$ 1,474,175 | \$ 30,578,781 | \$ 2,361,689 |
| Liabilities: | | | | |
| Funds withheld payable - embedded derivatives | \$ (436,559) | \$ — | \$ — | \$ (436,559) |
| Derivative liabilities | 242,461 | — | 242,461 | — |
| Total | \$ (194,098) | \$ — | \$ 242,461 | \$ (436,559) |

(1) Excludes limited partnerships that are measured at estimated fair value using the NAV per share (or its equivalent) as a practical expedient. As of December 31, 2024, the fair value of such investments was \$50.7 million.

The Company may utilize information from third parties, such as pricing services and brokers, to assist in determining the fair value for certain assets and liabilities; however, management is ultimately responsible for all fair values presented in the Company's consolidated financial statements. This includes responsibility for monitoring the fair value process, ensuring objective and reliable valuation practices and pricing of assets and liabilities, and approving changes to valuation methodologies and pricing sources. The selection of the valuation technique(s) to apply considers the definition of an exit price and the nature of the asset or liability being valued and significant expertise and judgment is required.

The Company performs initial and ongoing analysis and review of the various techniques utilized in determining fair value to ensure that they are appropriate and consistently applied, and that the various assumptions are reasonable. The Company analyzes and reviews the information and prices received from third parties to ensure that the prices represent a reasonable estimate of the fair value and to monitor controls around pricing, which includes quantitative and qualitative analysis and is overseen by the Company's investment and accounting personnel. Examples of procedures performed include, but are not limited to, review of pricing trends, comparison of a sample of executed prices of securities sold to the fair value estimates, comparison of fair value estimates to management's knowledge of the current market, and ongoing confirmation that third party pricing services use, wherever possible, market-based parameters for valuation. In addition, the Company utilizes both internal and external cash flow models to analyze the reasonableness of fair values utilizing credit spread and other market assumptions, where appropriate. As a result of the analysis, if the Company determines there is a more appropriate fair value based upon the available market data, the price received from the third party is adjusted accordingly. The Company also determines if the inputs used in estimated fair values received from pricing services are observable by assessing whether these inputs can be corroborated by observable market data.

For assets and liabilities reported at fair value, the Company utilizes, when available, fair values based on quoted prices in active markets that are regularly and readily obtainable. Generally, these are very liquid investments, and the valuation does not require management judgment. When quoted prices in active markets are not available, fair value is based on market valuation techniques, market comparable pricing and the income approach. The use of different techniques, assumptions and inputs may have a material effect on the estimated fair values of the Company's securities holdings. For the years presented, the application of market standard valuation techniques applied to similar assets and liabilities has been consistent.

The methods and assumptions the Company uses to estimate the fair value of assets and liabilities measured at fair value on a recurring basis are summarized below.

Fixed Maturity Securities - The fair values of the Company's publicly-traded fixed maturity securities are generally based on prices obtained from independent pricing services. Prices from pricing services are sourced from multiple vendors, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company generally receives prices from multiple pricing services for each security but ultimately uses the price from the vendor that is highest in the hierarchy for the respective asset type. To validate reasonableness, prices are periodically reviewed as explained above. Consistent with the fair value hierarchy described above, securities with quotes from pricing services are generally reflected within Level 2, as they are primarily based on observable pricing for similar assets and/or other market observable inputs. If the pricing information received from third party pricing services is not reflective of market activity or other inputs observable in the market, the Company may challenge the price through a formal process with the pricing service.

If the Company ultimately concludes that pricing information received from the independent pricing service is not reflective of fair value, non-binding broker quotes are used, if available. If the Company concludes that the values from both pricing services and brokers are not reflective of fair value, an internally developed valuation may be prepared; however, this occurs infrequently. Internally developed valuations or non-binding broker quotes are also used to determine fair value in circumstances where vendor pricing is not available. These valuations may use significant unobservable inputs, which reflect the Company's assumptions about the inputs that market participants would use in pricing the asset. Observable market data may not be available in certain circumstances, such as market illiquidity and credit events related to the security. Internally developed valuations and non-binding broker quotes are generally based on significant unobservable inputs and are reflected as Level 3 in the valuation hierarchy.

The inputs used in the valuation of corporate and government securities include, but are not limited to, standard market observable inputs that are derived from, or corroborated by, market observable data including market yield curve, duration, call provisions, observable prices and spreads for similar publicly traded or privately placed issues that incorporate the credit quality and industry sector of the issuer. For internal pricing of private placements and structured securities, valuation is based primarily on matrix pricing or other similar techniques using standard market inputs including spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, rating, weighted average coupon, weighted average maturity, average delinquency rates, geographic region, debt service coverage ratios and issuance-specific information including, but not limited to: collateral type, payment terms of the underlying assets, payment priority within the tranche, structure of the security, transaction performance and vintage of loans.

When observable inputs are not available, the market standard valuation techniques for determining the estimated fair value of certain types of securities that trade infrequently, and therefore have little or no price transparency, rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from or corroborated by observable market data, such as market illiquidity. Other significant unobservable inputs used in the fair value measurement of the Company's private debt investments include a multiple of earnings before interest, taxes, depreciation and amortization ("EBITDA"). These unobservable inputs can be based in large part on management judgment or estimation and cannot be supported by reference to market activity. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and are believed to be consistent with what other market participants would use when pricing such securities.

Equity Securities - Equity securities consist principally of preferred stock of publicly and privately traded companies. The fair values of publicly traded equity securities are primarily based on quoted market prices in active markets and are classified within Level 1 in the fair value hierarchy. Non-binding broker quotes and internally developed evaluations for equity securities are generally based on significant unobservable inputs and are reflected as Level 3 in the fair value hierarchy.

Embedded Derivatives - The fair value of embedded derivatives associated with funds withheld reinsurance treaties is determined based upon a total return swap technique with reference to the fair value of the investments held by the ceding company that support the Company's funds withheld at interest asset with an adjustment for a CVA. The fair value of the underlying assets is generally based on a variety of sources and pricing methodologies chosen by the ceding company, which are not transparent to the Company and may include significant unobservable inputs. Additionally, some of the valuations also require certain significant inputs, which are generally not observable. Therefore, the valuation of the embedded derivative assets and liabilities associated with these funds withheld reinsurance treaties are considered Level 3 in the fair value hierarchy. Where those funds withheld reinsurance agreements are ceded by the Company, the same approach is taken to valuing the embedded derivatives associated with the funds withheld payable.

Credit Valuation Adjustment - The Company bases its CVA on corporate option-adjusted spread ("OAS") indexes and market conditions adjusted for the Company's specific factors. The input assumptions are a combination of externally derived and publicly available information, corporate OAS indexes, market inputs and internally developed data based on Company specific investments by rating category.

Funds Withheld at Interest - Funds withheld at interest, elected at fair value on a limited basis, include assets where inputs are not observable in the market and are considered Level 3 in the fair value hierarchy.

Cash Equivalents and Short-Term Investments - Cash equivalents and short-term investments include money market instruments and other highly liquid debt instruments which are generally valued using unadjusted quoted prices in active markets that are accessible for identical assets and are primarily classified as Level 1. The fair value of certain other short-term investments, such as bonds with original maturities twelve months or less, are based upon other market observable data and are typically classified as Level 2. However, certain short-term investments may incorporate significant unobservable inputs resulting

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in a Level 3 classification. Various time deposits, certificates of deposit and sweeps carried as cash equivalents or short-term investments are not measured at estimated fair value and therefore are excluded from the tables presented.

Other - FVO contractholder-directed investments supporting unit-linked variable annuity type liabilities consist of fixed maturity securities. The fair value of the fixed maturity contractholder-directed securities is determined on a basis consistent with the methodologies described above for fixed maturity securities and are classified within Level 2 of the hierarchy.

Derivative Assets and Derivative Liabilities - All of the derivative instruments utilized by the Company are classified within Level 2 on the fair value hierarchy. These derivatives are principally valued using an income approach. Valuations of interest rate contracts are based on present value techniques, which utilize significant inputs that may include the swap yield curve, Secured Overnight Financing Rate basis curves, Overnight Index Swaps curves, and repurchase rates. Valuations of foreign currency contracts are based on present value techniques, which utilize significant inputs that may include the swap yield curve, currency spot rates, and cross currency basis curves. Valuations of credit contracts are based on present value techniques, which utilize significant inputs that may include the swap yield curve, credit curves, and recovery rates. Valuations of equity market contracts are based on present value techniques, which utilize significant inputs that may include the swap yield curve, spot equity index levels, and dividend yield curves. Valuations of equity market contracts, option-based, are based on option pricing models, which utilize significant inputs that may include the swap yield curve, spot equity index levels, dividend yield curves, and equity volatility.

Quantitative Information Regarding Internally-Priced Assets and Liabilities

The following table presents quantitative information about significant unobservable inputs used in Level 3 fair value measurements that are developed internally by the Company as of December 31, 2025 and 2024 (dollars in thousands):

| | Estimated Fair Value | | Valuation Technique | Unobservable Input | Range (Weighted Average) | |
|--|----------------------|-----------|------------------------------|--------------------|--------------------------|-------------|
| | 2025 | 2024 | | | 2025 | 2024 |
| Assets: | | | | | | |
| Corporate | \$ 222,591 | \$ 3,717 | Market comparable securities | Liquidity premium | 0-3% (2%) | 2% |
| | | | | EBITDA multiple | 6.0x-14.8x (8.9x) | 6.7x |
| ABS | 419,513 | 149,495 | Market comparable securities | Liquidity premium | 0-20% (4%) | 0-10% (4%) |
| Equity securities | 5,021 | 4,853 | Market comparable securities | Liquidity premium | 4% | 4% |
| | | | | EBITDA multiple | 11.6x | 11.6x |
| Short-term investments | 236 | — | Market comparable securities | EBITDA multiple | 9.4x | — |
| Liabilities: | | | | | | |
| Funds withheld at interest - embedded derivatives, net | \$ (268,390) | \$ 64,791 | Total return swap | Mortality | 0-100% (4%) | 0-100% (3%) |
| | | | | Lapse | 0-35% (17%) | 0-35% (18%) |
| | | | | Withdrawal | 0-10% (5%) | 0-10% (4%) |
| | | | | CVA | 0-5% (0%) | 0-5% (0%) |
| | | | | Crediting rate | 1-8% (2%) | 1-4% (2%) |

Changes in Level 3 Assets and Liabilities

Assets and liabilities transferred into Level 3 are due to a lack of observable market transactions and price information. Transfers out of Level 3 are primarily the result of the Company obtaining observable pricing information or a third party pricing quotation that appropriately reflects the fair value of those assets and liabilities.

The reconciliations for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows (dollars in thousands):

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| For the year ended December 31, 2025: | Fixed maturity securities - available-for-sale | | | | | Funds withheld at interest - embedded derivatives, net ⁽¹⁾ | Funds withheld at interest |
|---|--|-------------------|-----------------------|-------------------|------------------------|---|----------------------------|
| | Corporate | Foreign govt | Structured securities | Equity securities | Short-term investments | | |
| Fair value, beginning of year | \$ 2,186,289 | \$ 25,448 | \$ 577,964 | \$ 16,863 | \$ 324 | \$ (64,791) | \$ 56,151 |
| Total gains/losses (realized/unrealized) | | | | | | | |
| Included in earnings, net: | | | | | | | |
| Net investment income | 2,980 | — | 1,520 | — | 105 | — | 2,472 |
| Investment related gains (losses), net | (17,493) | — | 2,367 | 1,032 | (110) | — | — |
| Change in value of funds withheld embedded derivatives | — | — | — | — | — | 332,584 | — |
| Included in OCI | 35,729 | (2,145) | 27,760 | — | 314 | 597 | 4,280 |
| Purchases ⁽²⁾ | 1,015,255 | 91,812 | 960,241 | 758 | 23,729 | — | 1,665 |
| Sales ⁽²⁾ | (42,255) | — | (29,661) | — | (147) | — | — |
| Settlements ⁽²⁾ | (246,038) | — | (178,927) | — | (258) | — | (3,148) |
| Transfers into Level 3 | 14 | — | — | — | — | — | — |
| Transfers out of Level 3 | — | — | (4,013) | — | (14) | — | — |
| Fair value, end of year | <u>\$ 2,934,481</u> | <u>\$ 115,115</u> | <u>\$ 1,357,251</u> | <u>\$ 18,653</u> | <u>\$ 23,943</u> | <u>\$ 268,390</u> | <u>\$ 61,420</u> |
| Total gains/losses (realized/unrealized) recorded for the year relating to those Level 3 assets and liabilities that were still held at the end of the year | | | | | | | |
| Included in earnings, net: | | | | | | | |
| Net investment income | \$ 1,787 | \$ — | \$ 384 | \$ — | \$ 105 | \$ — | \$ 493 |
| Investment related gains (losses), net | (21,761) | — | — | 1,032 | — | — | — |
| Change in value of funds withheld embedded derivatives | — | — | — | — | — | 332,584 | — |
| Included in OCI | 45,043 | (2,145) | 28,492 | — | 313 | 597 | 4,171 |

- (1) Funds withheld at interest - embedded derivative assets and liabilities are presented net for purposes of the rollforward.
(2) The amount reported within purchases, sales and settlements is the purchase price (for purchases) and the sales/settlement proceeds (for sales and settlements) based upon the actual date purchased or sold/settled. Items purchased and sold/settled in the same year are excluded from the rollforward.

| For the year ended December 31, 2024: | Fixed maturity securities - available-for-sale | | | | | Funds withheld at interest - embedded derivatives, net ⁽¹⁾ | Funds withheld at interest |
|---|--|------------------|-----------------------|-------------------|------------------------|---|----------------------------|
| | Corporate | Foreign govt | Structured securities | Equity securities | Short-term investments | | |
| Fair value, beginning of year | \$ 1,794,316 | \$ 30,188 | \$ 531,435 | \$ 18,677 | \$ 260 | \$ (424,674) | \$ 54,005 |
| Total gains/losses (realized/unrealized) | | | | | | | |
| Included in earnings, net: | | | | | | | |
| Net investment income | 3,622 | — | 1,835 | — | — | — | 5,048 |
| Investment related gains (losses), net | (10,200) | — | 1,345 | (6,858) | (111) | — | — |
| Change in value of funds withheld embedded derivatives | — | — | — | — | — | 361,051 | — |
| Included in OCI | (43,816) | (4,740) | (15,032) | — | (71) | (1,168) | (1,000) |
| Purchases ⁽²⁾ | 844,590 | — | 225,731 | 5,044 | 511 | — | 2,016 |
| Sales ⁽²⁾ | (143,792) | — | (8,767) | — | — | — | — |
| Settlements ⁽²⁾ | (236,090) | — | (150,920) | — | (7) | — | (3,918) |
| Transfers into Level 3 | 258 | — | — | — | — | — | — |
| Transfers out of Level 3 | (22,599) | — | (7,663) | — | (258) | — | — |
| Fair value, end of year | <u>\$ 2,186,289</u> | <u>\$ 25,448</u> | <u>\$ 577,964</u> | <u>\$ 16,863</u> | <u>\$ 324</u> | <u>\$ (64,791)</u> | <u>\$ 56,151</u> |
| Total gains/losses (realized/unrealized) recorded for the year relating to those Level 3 assets and liabilities that were still held at the end of the year | | | | | | | |
| Included in earnings, net: | | | | | | | |
| Net investment income | \$ 2,245 | \$ — | \$ 763 | \$ — | \$ — | \$ — | \$ 5,042 |
| Investment related losses, net | (9,350) | — | — | (6,858) | (111) | — | — |
| Change in value of funds withheld embedded derivatives | — | — | — | — | — | 361,051 | — |
| Included in OCI | (40,686) | (4,740) | (15,296) | — | (71) | (1,168) | (1,011) |

- (1) Funds withheld at interest - embedded derivative assets and liabilities are presented net for purposes of the rollforward.

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- (2) The amount reported within purchases, sales and settlements is the purchase price (for purchases) and the sales/settlement proceeds (for sales and settlements) based upon the actual date purchased or sold/settled. Items purchased and sold/settled in the same year are excluded from the rollforward.

Nonrecurring Fair Value Measurements

The Company has certain assets subject to measurement at fair value on a nonrecurring basis, in periods subsequent to their initial recognition if they are determined to be impaired. The following table presents information for assets measured at an estimated fair value on a nonrecurring basis and still held at the reporting date for the year ended December 31, 2025 (dollars in thousands). The estimated fair values for these assets were determined using significant unobservable inputs (Level 3). For the year ended December 31, 2024, the Company did not have any material assets that were measured at fair value on a nonrecurring basis due to impairment.

| | Carrying Value After Measurement | | Investment Related Losses, Net | |
|--|----------------------------------|--------|--------------------------------------|----------|
| | As of December 31, 2025 | | For the year ended December 31, 2025 | |
| Limited partnerships and real estate joint ventures ⁽¹⁾ | \$ | 25,726 | \$ | (17,130) |

- (1) Included in Other invested assets.

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following table presents the carrying values and estimated fair values of the Company's financial instruments, which were not measured at fair value on a recurring basis, as of December 31, 2025 and 2024 (dollars in thousands). This table excludes any payables or receivables for collateral under repurchase/reverse repurchase programs and other transactions. The estimated fair value of the excluded amounts approximate carrying value as they equal the amount of cash collateral received/paid.

| December 31, 2025: | Carrying Value ⁽¹⁾ | Estimated Fair Value | Fair Value Measurement Using: | | |
|--|-------------------------------|----------------------|-------------------------------|-----------|---------------|
| | | | Level 1 | Level 2 | Level 3 |
| Assets: | | | | | |
| Mortgage loans | \$ 2,354,797 | \$ 2,360,957 | \$ — | \$ — | \$ 2,360,957 |
| Policy loans | 2,410,132 | 2,410,132 | — | 2,410,132 | — |
| Funds withheld at interest | 23,683,858 | 23,683,858 | — | — | 23,683,858 |
| Cash and cash equivalents | 707,528 | 707,528 | 707,528 | — | — |
| Short-term investments | 6,684 | 6,684 | 6,684 | — | — |
| Other invested assets | 1,208,683 | 988,587 | 2,073 | — | 986,514 |
| Accrued investment income | 577,806 | 577,806 | — | 577,806 | — |
| Liabilities: | | | | | |
| Interest-sensitive contract liabilities ⁽²⁾ | \$ 15,223,893 | \$ 15,158,482 | \$ — | \$ — | \$ 15,158,482 |
| Funds withheld payable | 4,538,627 | 4,538,627 | — | — | 4,538,627 |
| December 31, 2024: | | | | | |
| Assets: | | | | | |
| Mortgage loans | \$ 1,720,387 | \$ 1,673,781 | \$ — | \$ — | \$ 1,673,781 |
| Policy loans | 143,655 | 143,655 | — | 143,655 | — |
| Funds withheld at interest | 11,094,145 | 11,094,145 | — | — | 11,094,145 |
| Cash and cash equivalents | 521,450 | 521,450 | 521,450 | — | — |
| Short-term investments | 2,966 | 2,966 | 2,966 | — | — |
| Other invested assets | 995,741 | 795,200 | 2,922 | — | 792,278 |
| Accrued investment income | 468,450 | 468,450 | — | 468,450 | — |
| Liabilities: | | | | | |
| Interest-sensitive contract liabilities ⁽²⁾ | \$ 13,587,510 | \$ 13,446,443 | \$ — | \$ — | \$ 13,446,443 |
| Funds withheld payable | 3,274,197 | 3,274,197 | — | — | 3,274,197 |

- (1) Carrying values presented herein may differ from those in the Company's consolidated balance sheets because certain items within the respective financial statement captions may be measured at fair value on a recurring basis.
- (2) As of December 31, 2025 and 2024, the carrying values and estimated fair values presented herein did not include a reinsurance recoverable amount.

Mortgage Loans - The fair value of mortgage loans is estimated by discounting cash flows, both principal and interest, using current interest rates for mortgage loans with similar credit ratings and similar remaining maturities. As such, inputs include current treasury yields and spreads, which are based on the credit rating and average life of the loan, corresponding to the market spreads. The valuation of mortgage loans is considered Level 3 in the fair value hierarchy.

Policy Loans - Policy loans typically carry an interest rate that is adjusted annually based on an observable market index and therefore carrying value approximates fair value. The valuation of policy loans is considered Level 2 in the fair value hierarchy.

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Funds Withheld at Interest and Funds Withheld Payable - The carrying value of funds withheld at interest approximates fair value except where the funds withheld are specifically identified in the agreement. When funds withheld are specifically identified in the agreement, the fair value is based on the fair value of the underlying assets that are held by the ceding company. A variety of sources and pricing methodologies, which are not transparent to the Company and may include significant unobservable inputs, are used to value the securities that are held in distinct portfolios, therefore the valuation of these funds withheld assets and liabilities are considered Level 3 in the fair value hierarchy.

Cash and Cash Equivalents and Short-term Investments - The carrying values of cash and cash equivalents and short-term investments approximate fair values due to the short-term maturities of these instruments and are considered Level 1 in the fair value hierarchy.

Other Invested Assets - This primarily includes lifetime mortgages and limited partnerships accounted for using the cost method and cash collateral. The fair value of the Company's lifetime mortgage loan portfolio, considered Level 3 in the fair value hierarchy, is estimated by discounting cash flows, both principal and interest, using a risk-free rate plus an illiquidity premium. The cash flow analysis considers future expenses, changes in property prices, and actuarial analysis of borrower behavior, mortality and morbidity. The fair value of limited partnerships accounted for using the cost method, considered Level 3 in the fair value hierarchy, is estimated by internally developed valuation techniques. The fair value of the Company's cash collateral is considered to be the carrying value and considered to be Level 1 in the fair value hierarchy.

Accrued Investment Income - The carrying value for accrued investment income approximates fair value as there are no adjustments made to the carrying value. This is considered Level 2 in the fair value hierarchy.

Interest-Sensitive Contract Liabilities - The carrying and fair values of interest-sensitive contract liabilities reflected in the table above exclude contracts with significant mortality risk. The fair value of the Company's interest-sensitive contract liabilities utilizes a market standard technique with both capital market inputs and policyholder behavior assumptions, as well as cash values adjusted for recapture fees. The capital market inputs to the model, such as interest rates, are generally observable. Policyholder behavior assumptions are generally not observable and may require use of significant management judgment. The valuation of interest-sensitive contract liabilities is considered Level 3 in the fair value hierarchy.

Note 12 INCOME TAX

The provision for income tax expense for the years ended December 31, 2025 and 2024 consists of the following (dollars in thousands):

| | 2025 | 2024 |
|----------------------------------|-------------------|-------------------|
| Current income tax expense | \$ (27,726) | \$ 256,158 |
| Deferred income tax expense | 322,978 | 37,466 |
| Total provision for income taxes | <u>\$ 295,252</u> | <u>\$ 293,624</u> |

The effective tax rate for 2025 was lower than the U.S. statutory rate of 21% primarily due to the U.S. taxation of foreign earnings net of foreign tax credits which was partially offset by income earned in Canada.

The effective tax rate for 2024 was higher than the U.S. statutory rate of 21% primarily due to income earned in non-U.S. jurisdictions, Subpart F income generated primarily in RGA Canada, and the tax expense related to legal entity restructuring. These increases were partially offset with foreign tax credits and return to provision adjustments.

The Organization for Economic Cooperation and Development ("OECD") developed Model Global Anti-Base Erosion rules under Pillar II establishing a Global Minimum Tax to ensure that multinational enterprises with consolidated revenue of more than €750 million, applicable to RGA, pay at least an effective tax rate of 15% on income arising in each jurisdiction in which they operate. As of December 31, 2025, many of the jurisdictions in which the Company operates had enacted Pillar II legislation into domestic law with an effective date of January 1, 2025. The Company recorded a tax expense of \$6 million and \$5 million related to Pillar II in 2025 and 2024, respectively. Subsequent to December 31, 2025, the OECD member countries agreed to a side-by-side system which is expected to result in further enactment of the changes. Expected future guidance could result in further changes to taxation.

The One Big Beautiful Bill Act ("OBBBA") was enacted on July 4, 2025. The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act of 2017, including 100% bonus depreciation, domestic research expenditure expensing, and makes modifications to the international tax framework. The tax impact of the OBBBA on the Company was immaterial for 2025.

The Inflation Reduction Act of 2022 (the "Reduction Act") was enacted in 2022. For tax years ending after December 31, 2022, the Reduction Act imposed a 15% minimum tax on adjusted financial statement income for "applicable corporations" with average adjusted financial statement income over \$1 billion for the previous 3-year period ending in 2022 or after. The Company is not an applicable corporation for 2025. The tax impact of the Reduction Act was immaterial to the Company for 2025.

Bermuda enacted the Corporate Income Tax Act of 2023 on December 27, 2023. Effective January 1, 2025, Bermuda imposed a 15% corporate income tax rate applicable to resident Bermuda companies and permanent establishments with consolidated annual revenue of €750 million or more, applicable to RGA. The Company recognized creditable foreign taxes and maintains deferred taxes and associated valuation allowances on the books to offset current and deferred taxes of RGA Americas as a U.S. resident. The impact was immaterial to the Company for 2025.

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RGA files a U.S. consolidated tax return which includes the operations of the Company and all its U.S. subsidiaries. The Company's foreign subsidiaries are taxed under applicable local statutes.

RGA Americas has made the Internal Revenue Code Section 953(d) election to be taxed as a U.S. domestic corporation for purposes of U.S. corporate tax.

For tax years ending after December 31, 2024, RGA Reinsurance Company of South Africa Ltd, RGA South African Holdings (Pty) Limited, and Hodge are Foreign Disregarded Entities ("FDE") and will file Form 8858 - Information Return of U.S. Persons With Respect to Foreign Disregarded Entities and Foreign Branches. Any income generated by these entities is immediately subject to U.S. tax at 21% and the resulting liability would be borne by the parent company, RGA Americas.

RGA Ventures (Pty) Limited ("RGA Ventures"), RGA Canada, RGA International, RGA Australia, and Omnilife are Controlled Foreign Corporations ("CFC") for U.S. federal income tax purposes and file Form 5471 - Information Return of U.S. Persons With Respect to Certain Foreign Corporations. These CFCs are not subject to U.S. income taxes directly but are subject to tax under subchapter N, Subpart F of the U.S. Internal Revenue Code. Further, RGA Ventures, RGA International, and RGA Australia are subject to GILTI in the U.S. Any U.S. tax liability generated under Subpart F or GILTI for RGA Ventures would be borne by its parent company, RGA Americas. Any U.S. tax liability generated under Subpart F or GILTI for RGA Canada, RGA International, RGA Australia, and Omnilife would be borne by its parent company, RGA Americas Investments LLC.

The assets of the India Branch were sold on April 1, 2025. The Company wrote off all deferred tax assets and associated valuation allowances on the India Branch during the second quarter of 2025. The sale had a \$3 million impact on the Company's current tax expense.

The Company's effective tax rate differed from the U.S. statutory rate of 21% as a result of the following for the years ended December 31, 2025 and 2024 (dollars in thousands):

| | 2025 | 2024 |
|---|------------|------------|
| Tax provision at U.S. statutory rate | \$ 329,765 | \$ 205,684 |
| Increase (decrease) in income taxes resulting from: | | |
| Tax rate differences on income in other jurisdictions | 21,093 | 13,495 |
| Differences in tax basis in foreign jurisdictions | (3,816) | (10,597) |
| Corporate rate changes | (90) | (239) |
| Deferred tax valuation allowance | (15,539) | 17,176 |
| Amounts related to uncertain tax positions | (94) | 4,290 |
| Subpart F for non-full inclusion companies | 45,325 | 113,124 |
| Foreign tax credits | (98,580) | (78,108) |
| GILTI, net of credits | — | 12,911 |
| Return to provision and amended adjustments | 8,135 | (28,025) |
| Pillar II | 6,240 | 5,158 |
| Effects of tax law changes and legal entity restructuring | 3,461 | 40,602 |
| Other, net | (648) | (1,847) |
| Total provision for income taxes | \$ 295,252 | \$ 293,624 |
| Effective tax rate | 18.8 % | 30.0 % |

Total income taxes for the years ended December 31, 2025 and 2024 were as follows (dollars in thousands):

| | 2025 | 2024 |
|--|------------|------------|
| Provision for income taxes | \$ 295,252 | \$ 293,624 |
| Income tax from OCI: | | |
| Foreign currency translation | (28,181) | 33,617 |
| Net unrealized investment losses | (164,756) | (58,195) |
| Liability for future policyholder benefits | 317,453 | 272,394 |
| Market risk benefits | (3) | 420 |
| Unrealized pension and postretirement | 270 | 70 |
| Total income taxes provided | \$ 420,035 | \$ 541,930 |

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities as of December 31, 2025 and 2024 are presented in the following table (dollars in thousands):

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| | 2025 | 2024 |
|---|--------------|--------------|
| Deferred income tax assets: | | |
| Nondeductible accruals | \$ 2,664 | \$ 2,799 |
| Net operating loss carryforward | 648,045 | 777,068 |
| Tax credit carryforward | 88,793 | 178,517 |
| Capital loss carryforwards | 60,169 | 55,809 |
| Anticipated future foreign tax credit | 732,030 | 595,091 |
| Invested assets | 1,039,511 | 920,605 |
| Other | 4,015 | 1,933 |
| Subtotal | 2,575,227 | 2,531,822 |
| Valuation allowance | (704,172) | (650,138) |
| Total deferred income tax assets | 1,871,055 | 1,881,684 |
| Deferred income tax liabilities: | | |
| Deferred acquisition costs | 198,886 | 336,091 |
| Policy reserves and other reinsurance liabilities | 3,308,439 | 2,676,043 |
| Foreign currency translation | 119,622 | 169,057 |
| Total deferred income tax liabilities | 3,626,947 | 3,181,191 |
| Net deferred income tax liabilities | \$ 1,755,892 | \$ 1,299,507 |
| Consolidated balance sheet presentation of net deferred income tax liabilities: | | |
| Included in deferred tax asset | \$ 51,419 | \$ 55,280 |
| Included in deferred income taxes | 1,807,311 | 1,354,787 |
| Net deferred income tax liabilities | \$ 1,755,892 | \$ 1,299,507 |

As of December 31, 2025, the valuation allowance against deferred tax assets was \$704 million. The valuation allowance primarily relates to the deferred taxes associated with foreign tax credit carryforwards in the U.S. and Ireland and losses in foreign subsidiaries that do not have a history of income. The Company reduced the deferred tax assets to the amount more likely than not to be realized.

As of December 31, 2024, the valuation allowance against deferred tax assets was \$650 million. The valuation allowance was primarily related to the deferred taxes associated with mark-to-market losses in AOCI and losses in foreign subsidiaries that do not have a history of income. The Company reduced deferred tax assets to the amount more likely than not to be realized.

The earnings of substantially all of the Company's foreign subsidiaries have been permanently reinvested in foreign operations. The determination of the unrecognized deferred tax liability for temporary differences related to investments in the Company's foreign subsidiaries is not practicable. U.S. tax law generally eliminates U.S. federal income taxes on dividends from foreign subsidiaries; the Company does not expect to incur material income taxes if these funds were repatriated.

The following table presents consolidated net operating loss carryforwards ("NOL") as of December 31, 2025 (dollars in thousands):

| | |
|--|--------------|
| NOL with no expiration and with no valuation allowance | \$ 2,183,695 |
| NOL with a full valuation allowance | 105,129 |
| NOL with no expiration and a partial valuation allowance | 514,278 |
| Total NOL carryforwards | \$ 2,803,102 |

These NOLs, other than the NOLs for which there is a valuation allowance, are expected to be utilized in the normal course of business during the period allowed for carryforwards and in any event are not expected to be lost due to the application of tax planning strategies that management would utilize.

As of December 31, 2025, the Company had foreign tax credit carryforwards of \$89 million related to the U.S. and Ireland. The earliest year of expiration on the U.S. foreign tax credits is 2033. The U.S. credits have a partial valuation allowance of \$53 million for the amount that is not more likely than not to be utilized in the normal course of business. The Ireland foreign tax credit of \$31 million has a full valuation allowance.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is subject to continuous examination by the Internal Revenue Service and is subject to audit by taxing authorities in other foreign jurisdictions in which the Company has business operations. The Company is no longer subject to audits in the U.S. federal jurisdiction for years prior to 2018, state jurisdictions prior to 2022, and foreign jurisdictions prior to 2020, with a few exceptions.

As of December 31, 2025, the Company's total amount of unrecognized tax benefits was \$20 million, all of which would affect the effective tax rate, if recognized. Management believes it is reasonably possible that the unrecognized tax benefit could decrease by up to \$2 million over the next 12 months if statutes expire.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2025 and 2024 is as follows (dollars in thousands):

| | Total Unrecognized Tax Benefits | |
|--|---------------------------------|-----------|
| | 2025 | 2024 |
| Beginning balance, January 1 | \$ 20,105 | \$ 17,206 |
| Additions for tax positions of prior years | 2,746 | 832 |
| Reductions for tax positions of prior years | (3,038) | — |
| Additions for tax positions of current year | 581 | 3,915 |
| Reductions for tax positions of current year | — | (1,848) |
| Ending balance, December 31 | \$ 20,394 | \$ 20,105 |

The Company recognized minimal interest expense (benefit) associated with uncertain tax positions in 2025 and 2024. As of both December 31, 2025 and 2024, the Company had \$1 million accrued interest related to unrecognized tax benefits. There are no penalties accrued as of December 31, 2025 or 2024.

Note 13 FINANCIAL CONDITION AND NET INCOME ON A STATUTORY BASIS - SIGNIFICANT SUBSIDIARIES

The foreign insurance subsidiaries of RGA Americas prepare their statutory financial statements in conformity with accounting practices prescribed or permitted by the local regulatory authority, which vary materially from statements prepared in accordance with GAAP. The differences between statutory financial statements and financial statements prepared in accordance with GAAP vary between jurisdictions.

Statutory net income and capital and surplus of the Company's primary operating insurance subsidiaries are determined in accordance with statutory accounting practices prescribed by the local regulatory authority. The amounts below reflect the Company's best estimate of the statutory capital and surplus and net income for the subsidiaries listed below (dollars in thousands):

| | Statutory Capital and Surplus | | Statutory Net Income (Loss) | |
|-------------------|-------------------------------|--------------|-----------------------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| RGA Canada | \$ 1,470,049 | \$ 1,447,274 | \$ 21,464 | \$ 35,825 |
| RGA International | 993,240 | 781,425 | 31,866 | 19,554 |
| RGA Australia | 558,130 | 444,745 | 75,971 | 13,752 |
| Omnilife | 121,495 | 216,311 | 12,691 | (1,982) |

The Company's foreign insurance subsidiaries prepare financial statements in accordance with local regulatory requirements. The regulatory authorities in these foreign jurisdictions establish some form of minimum regulatory capital and surplus requirements. All of the Company's foreign insurance subsidiaries have regulatory capital and surplus that exceed the local minimum requirements. Each of the Company's foreign insurance subsidiaries exceeded the minimum regulatory capital and surplus for all years presented. These requirements do not represent a significant constraint for the payment of dividends by the Company's foreign insurance companies.

Note 14 SHAREHOLDER'S EQUITY

The Company is registered under the Bermuda Insurance Act 1978 (the "Act") and amendments thereto and related regulations, which require that the Company maintain a minimum solvency margin. The minimum solvency margin required at December 31, 2025 and 2024 is the greater of \$8 million or 2% of the first \$500 million of statutory assets of the Company plus 1.5% of statutory assets of the Company above \$500 million. The Company is required to calculate an enhanced capital requirement ("ECR") and target capital level ("TCL") as prescribed by or under rules made under Section 6A of the Act, which are additional capital and surplus requirements to the minimum solvency margin. The Company's ECR is the higher of the Bermuda Solvency Capital Requirement model and the minimum margin of solvency. The TCL is calculated as 120% of the ECR. As of December 31, 2025 and 2024, the Company has met the requirements. As of December 31, 2025 and 2024, statutory capital and surplus of the Company was \$7 billion and \$5 billion, respectively.

The Bermuda Monetary Authority considers prepaid and fixed assets non-admitted assets. As non-admitted assets, such balances were reflected as a reduction of statutory surplus.

In 2025, the Company paid a dividend of \$500 million to RGA. The Company did not pay any dividends in 2024.

Note 15 RELATED-PARTY TRANSACTIONS

The Company transacts business with affiliated companies on a regular basis. These transactions primarily consist of reinsurance agreements, notes with affiliates, securities lending programs, administrative service agreements, investment management agreements, and the Company may purchase or sell securities with affiliated companies. The table below contains material related-party reinsurance transactions, other than those previously disclosed in [Note 8 - "Reinsurance,"](#) as of December 31, 2025 and 2024 (in thousands):

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| | 2025 | 2024 |
|--|------------|-----------|
| Market risk benefits assets ⁽¹⁾ | \$ 19,068 | \$ 16,931 |
| Future policy benefits | 11,806,325 | 7,345,688 |
| Interest-sensitive contract liabilities | 18,911,706 | 8,332,882 |
| Market risk benefits liabilities | 53,707 | 59,752 |
| Funds withheld payable | 3,890,817 | 2,809,442 |

(1) Included in Other assets.

RGA maintains an intercompany revolving credit facility where certain subsidiaries, including the Company, can lend to or borrow from each other and from RGA in order to manage capital and liquidity more efficiently. The intercompany revolving credit facility, which is a series of demand loans among RGA and its affiliates, is permitted under applicable insurance laws. This facility reduces overall borrowing costs by allowing the Company to access internal cash resources instead of incurring third-party transaction costs. The lending and borrowing under the intercompany revolving credit facility include the following notes:

The Company was provided a loan from RGA International Division Sydney Office Pty Limited with a maturity date of September 14, 2029. The outstanding note balances as of both December 31, 2025 and 2024 were \$6 million.

See [Note 9 - "Investments"](#) for information on security purchases and sales with affiliated companies.

RGA maintains an intercompany derivative cash collateral pool where RGA and certain subsidiaries, including the Company, pool derivative cash collateral into a single concentration account held by an affiliated company. This derivative cash collateral pool allows the Company to lend or borrow cash from the concentration account in order to more efficiently meet its collateral obligations under its respective derivative transactions. The Company is paid or charged an arm's length interest rate based on its net loan balance with the concentration account. As of December 31, 2025 and 2024, the Company had amounts due from affiliates under the concentration agreement of \$92 million and \$111 million, respectively.

On November 26, 2018, the Company issued a 3.00% surplus note due 2048, with a face amount of ¥17 billion. The outstanding note balances as of December 31, 2025 and 2024 were \$109 million and \$108 million, respectively.

The Company regularly transacts business with affiliates under various service agreements and investment management agreements. As of December 31, 2025 and 2024, the Company had receivables from affiliates of \$36 million and \$17 million, respectively, and payables to affiliates of \$59 million and \$79 million, respectively, associated with these agreements.

The Company also participates in securities lending transactions with affiliates. As of December 31, 2025 and 2024, the amounts due to affiliates under these programs were \$1 billion and \$633 million, respectively.

Note 16 COMMITMENTS AND CONTINGENCIES

Commitments

Funding of Investments

The Company's commitments to fund investments as of December 31, 2025 and 2024 are presented in the following table (dollars in thousands):

| | 2025 | 2024 |
|---|------------|------------|
| Limited partnerships and real estate joint ventures | \$ 715,435 | \$ 246,485 |
| Mortgage loans | 9,500 | 2,781 |
| Bank loans and private placements | 1,010,754 | 678,375 |
| Lifetime mortgages | 128,234 | 102,510 |

The Company anticipates that the majority of its current commitments will be invested over the next five years; however, these commitments could become due any time at the request of the counterparties. Bank loans and private placements are included in fixed maturity securities available-for-sale.

The Company has an immaterial liability, included in other liabilities, for current expected credit losses associated with unfunded commitments as of December 31, 2025 and 2024.

Letters of Credit

In the ordinary course of business, the Company provides letters of credit as security to cover liabilities relating to reinsurance agreements. The total amount of letters of credit outstanding at December 31, 2025 was \$294 million, none of which was for the benefit of a related party. The total amount of letters of credit outstanding at December 31, 2024 was \$23 million, none of which was for the benefit of a related party. RGA is the guarantor to these letters of credit as of December 31, 2025 and 2024.

Committed Credit Facility

The Company and an affiliate maintain a \$200 million committed credit facility with a third-party financial institution to provide contingent capital to the Company and the affiliate.

Contingencies

Litigation

The Company is subject to litigation and regulatory investigations or actions from time to time. Based on current knowledge, management does not believe that loss contingencies arising from pending legal, regulatory and governmental matters will have a material adverse effect on the financial condition, results of operations or cash flows of the Company. However, in light of the inherent uncertainties involved in future or pending legal, regulatory and governmental matters, some of which are beyond the Company's control, and indeterminate or potentially substantial amount of damages sought in any such matters, an adverse outcome could be material to the Company's financial condition, results of operations or cash flows for any particular reporting period. A legal reserve is established when the Company is notified of an arbitration demand, litigation or regulatory action or is notified that an arbitration demand, litigation or regulatory action is imminent, it is probable that the Company will incur a loss as a result and the amount of the probable loss is reasonably capable of being estimated.

Note 17 OTHER COMPREHENSIVE INCOME

The following tables present the components of the Company's OCI for the years ended December 31, 2025 and 2024 (dollars in thousands):

| For the year ended December 31, 2025: | Before-Tax Amount | Tax (Expense) Benefit | After-Tax Amount |
|---|----------------------|--------------------------|---------------------|
| Foreign currency translation adjustments: | | | |
| Change arising during the year | \$ (27,430) | \$ 45,366 | \$ 17,936 |
| Foreign currency swap | 81,832 | (17,185) | 64,647 |
| Net foreign currency translation adjustments | 54,402 | 28,181 | 82,583 |
| Unrealized losses on investments: ⁽¹⁾ | | | |
| Unrealized net holding losses arising during the year | (852,448) | 188,677 | (663,771) |
| Less: Reclassification adjustment for net losses realized in net income | (111,078) | 23,921 | (87,157) |
| Net unrealized losses | (741,370) | 164,756 | (576,614) |
| Effect of updating discount rates on future policy benefits | 1,353,688 | (317,453) | 1,036,235 |
| Change in instrument-specific credit risk for market risk benefits | (14) | 3 | (11) |
| Net unrealized gains related to pension and postretirement benefits arising during the year | 974 | (270) | 704 |
| Other comprehensive income | <u>\$ 667,680</u> | <u>\$ (124,783)</u> | <u>\$ 542,897</u> |
| For the year ended December 31, 2024: | | | |
| | Before-Tax Amount | Tax (Expense) Benefit | After-Tax Amount |
| Foreign currency translation adjustments: | | | |
| Change arising during the year | \$ 85,004 | \$ (60,968) | \$ 24,036 |
| Foreign currency swap | (130,241) | 27,351 | (102,890) |
| Net foreign currency translation adjustments | (45,237) | (33,617) | (78,854) |
| Unrealized losses on investments: ⁽¹⁾ | | | |
| Unrealized net holding losses arising during the year | (699,575) | 103,537 | (596,038) |
| Less: Reclassification adjustment for net losses realized in net income | (213,927) | 45,342 | (168,585) |
| Net unrealized losses | (485,648) | 58,195 | (427,453) |
| Effect of updating discount rates on future policy benefits | 1,246,533 | (272,394) | 974,139 |
| Change in instrument-specific credit risk for market risk benefits | 2,003 | (420) | 1,583 |
| Net unrealized gains related to pension and postretirement benefits arising during the year | 309 | (70) | 239 |
| Other comprehensive income | <u>\$ 717,960</u> | <u>\$ (248,306)</u> | <u>\$ 469,654</u> |

(1) Includes cash flow hedges. See [Note 10 - "Derivative Instruments"](#) for additional information on cash flow hedges.

A summary of the components of net unrealized depreciation of balances carried at fair value for the years ended December 31, 2025 and 2024 is as follows (dollars in thousands):

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Change in net unrealized depreciation on: | | |
| Fixed maturity securities available-for-sale | \$ (638,434) | \$ (338,853) |
| Other investments ⁽¹⁾ | (102,936) | (146,795) |
| Net unrealized depreciation | <u>\$ (741,370)</u> | <u>\$ (485,648)</u> |

(1) Includes cash flow hedges. See [Note 10 - "Derivative Instruments"](#) for additional information on cash flow hedges.

The balances of and changes in each component of AOCI for the years ended December 31, 2025 and 2024 were as follows (dollars in thousands):

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| | Accumulated Currency Translation Adjustments | Unrealized Depreciation of Investments ⁽¹⁾ | Effect of Updating Discount Rates on Future Policy Benefits | Instrument- Specific Credit Risk for Market Risk Benefits | Pension and Postretirement Benefits | Accumulated Other Comprehensive Income |
|---------------------------------------|---|---|---|--|---|---|
| Balance, January 1, 2024 | \$ (78,630) | \$ (1,617,417) | \$ 1,847,561 | \$ (3,481) | \$ (1,424) | \$ 146,609 |
| OCI before reclassifications | (45,237) | (699,575) | 1,246,533 | 2,003 | 41 | 503,765 |
| Amounts reclassified from AOCI | — | 213,927 | — | — | 268 | 214,195 |
| Deferred income tax benefit (expense) | (33,617) | 58,195 | (272,394) | (420) | (70) | (248,306) |
| Balance, December 31, 2024 | (157,484) | (2,044,870) | 2,821,700 | (1,898) | (1,185) | 616,263 |
| OCI before reclassifications | 54,402 | (852,448) | 1,353,688 | (14) | 694 | 556,322 |
| Amounts reclassified from AOCI | — | 111,078 | — | — | 280 | 111,358 |
| Deferred income tax benefit (expense) | 28,181 | 164,756 | (317,453) | 3 | (270) | (124,783) |
| Balance, December 31, 2025 | \$ (74,901) | \$ (2,621,484) | \$ 3,857,935 | \$ (1,909) | \$ (481) | \$ 1,159,160 |

(1) Includes cash flow hedges of \$(441) million and \$(372) million as of December 31, 2025 and 2024, respectively. See [Note 10 - "Derivative Instruments"](#) for additional information on cash flow hedges.

The following table presents the amounts of AOCI reclassifications for the years ended December 31, 2025 and 2024 (dollars in thousands):

| Details about AOCI Components | Amount Reclassified from AOCI | | Affected Line Item in Statements of Income |
|--|-------------------------------|--------------|--|
| | 2025 | 2024 | |
| Net unrealized investment losses: | | | |
| Net unrealized losses on available-for-sale securities | \$ (108,508) | \$ (212,039) | Investment related losses, net |
| Cash flow hedges - interest rate | (1,755) | (1,120) | (1) |
| Cash flow hedges - foreign currency | (815) | (768) | (1) |
| Total | (111,078) | (213,927) | |
| Provision for income taxes | 23,921 | 45,342 | |
| Net unrealized losses, net of tax | \$ (87,157) | \$ (168,585) | |
| Amortization of defined benefit plan items: | | | |
| Actuarial losses | \$ (280) | \$ (268) | |
| Provision for income taxes | 74 | 71 | |
| Amortization of defined benefit plans, net of tax | (206) | (197) | |
| Total reclassifications for the year | \$ (87,363) | \$ (168,782) | |

(1) See [Note 10 - "Derivative Instruments"](#) for information on cash flow hedges.

GLOSSARY OF SELECTED TERMS

Throughout this consolidated financial statements, the Company may use certain abbreviations, acronyms and terms which are defined below.

Entities

| Term or Acronym | Definition |
|------------------------|--|
| The Company | RGA Americas and its wholly owned subsidiaries and South Africa branch |
| Hodge | Hodge Life Assurance Company Limited |
| India Branch | RGA Life Reinsurance Company of Canada, India Branch |
| Omnilife | Omnilife Insurance Company Limited |
| RGA | Reinsurance Group of America, Incorporated |
| RGA Americas | RGA Americas Reinsurance Company, Ltd. |
| RGA Australia | RGA Reinsurance Company of Australia Limited |
| RGA Canada | RGA Life Reinsurance Company of Canada |
| RGA International | RGA International Reinsurance Company dac |
| RGA Ventures | RGA Ventures (Pty) Limited |

Certain Terms and Acronyms

| Term or Acronym | Definition |
|---|--|
| ABS | Asset-backed securities |
| The Act | Bermuda Insurance Act 1978 |
| Allowance | An amount paid by the reinsurer to the ceding company to help cover the ceding company's acquisition and other costs, especially commissions. Allowances are usually calculated as a large percentage (often 100%) of first-year premiums reinsured and smaller percentages of renewal premiums reinsured. |
| AOCI | Accumulated other comprehensive income |
| Assumed reinsurance | Insurance risk that a reinsurer accepts (assumes) from a ceding company. |
| Bermuda Insurance Act | Bermuda's Insurance Act 1978 which distinguishes between insurers carrying on long-term business, insurers carrying on special purpose business and insurers carrying on general business. |
| Canadian government | Canadian provincial government securities |
| Ceding company (also known as cedant) | An insurer that transfers, or cedes, risk to a reinsurer. |
| CFC | Controlled Foreign Corporations |
| CMBS | Commercial mortgage-backed securities, a part of our investment portfolio that consists of securities made up of commercial mortgages. Stated on our consolidated balance sheet at fair value. |
| Coinsurance (also known as original terms reinsurance) | A form of reinsurance under which the ceding company shares its premiums, death claims, surrender benefits, dividends and policy loans with the reinsurer, and the reinsurer pays expense allowances to reimburse the ceding company for a share of its expenses. |
| Coinsurance funds withheld | A variant on coinsurance, in which the ceding company withholds assets equal to reserves and shares investment income on those assets with the reinsurer. |
| Corporate | Corporate securities |
| Counterparty | A party to a contract requiring or offering the exchange of risk. |
| CPI | Consumer price index |
| Critical illness (CI) insurance (also known as dread disease insurance) | Insurance that provides a guaranteed fixed sum upon diagnosis of a specified illness or condition such as cancer, heart disease, or permanent total disability. The coverage can be offered on a stand-alone basis or as an add-on to a life insurance policy. |
| CVA | Credit valuation adjustment |
| DAC | Deferred policy acquisition costs: Costs of acquiring new business, which vary with and are directly related to the production of new business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits. |
| Direct insurance | Insurance business relating to contracts directly between insurers and policyholders. The insurance company is directly responsible to the policyholder. |
| DPL | Deferred profit liability |
| EBITDA | Earnings before interest, taxes, depreciation and amortization |
| ECR | Enhanced capital requirement in accordance with the provisions of the Bermuda Insurance Act. |
| Expected mortality | Number of deaths predicted to occur in a defined group of people. |
| Face amount | Amount payable at the death of the insured or at the maturity of the policy. |
| Facultative reinsurance | A type of reinsurance in which the reinsurer underwrites an individual risk submitted by the ceding company for a risk that is unusual, large, highly substandard or not covered by an automatic reinsurance treaty. Such risks are typically submitted to multiple reinsurers for competitive offers. |
| FASB | Financial Accounting Standards Board |
| FDE | Foreign Disregarded Entities |

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|---|---|
| Financial reinsurance (also known as financially-motivated reinsurance) | A form of capital-motivated reinsurance that satisfies all regulatory requirements for risk transfer and is often designed to produce very predictable reinsurer profits as a percentage of the capital provided. |
| FVO | Fair value option |
| GAAP | U.S. generally accepted accounting principles |
| GILTI | Global intangible low-taxed income; a provision of the U.S. Tax Cuts and Jobs Act of 2017 that generally eliminates U.S. Federal income tax deferral on earnings of foreign subsidiaries. |
| GMAB | Guaranteed minimum accumulation benefits; a feature of some variable annuities that the Company reinsures |
| GMDB | Guaranteed minimum death benefits; a feature of some variable annuities that the Company reinsures |
| GMIB | Guaranteed minimum income benefits; a feature of some variable annuities that the Company reinsures |
| GMWB | Guaranteed minimum withdrawal benefits; a feature of some variable annuities that the Company reinsures |
| Group life insurance | Insurance policy under which the lives of a group of people, most commonly employees of a single company, are insured in accordance with the terms of one master contract. |
| IBNR | Incurred but not reported |
| Individual life insurance | An insurance policy that insures the life of usually one and sometimes two or more related individuals, rather than a group of people. |
| Japanese government | Japanese government and agencies |
| Korean government | Korean government and agencies |
| Market risk benefits | Contracts or contract features that provide protection to the policyholder from capital market risk and expose the Company to other-than-nominal capital market risk and are measured at fair value. |
| Modified coinsurance (Modco) | A variant on coinsurance in which the ceding company retains all the reserves, as well as assets backing reserves, and pays the reinsurer interest on the reinsurer's share of the reserves. |
| Morbidity | A measure of the incidence of sickness or disease within a specific population group. |
| NAV | Net asset value |
| NIFO | Net investments in foreign operations |
| NOL | Net operating loss |
| NPR | Net premium ratio |
| OAS | Option-adjusted spread |
| OBBBA | The One Big Beautiful Bill Act |
| OCI | Other comprehensive income |
| OECD | Organization for Economic Cooperation and Development |
| OTC | Derivatives that are privately negotiated contracts, which are known as over-the-counter derivatives. |
| OTC cleared | OTC derivatives that are cleared and settled through central clearing counterparties. |
| Other foreign government | Other foreign government, supranational and foreign government-sponsored enterprises |
| Pension Plan | The Company's sponsored unfunded non-contributory and non-qualified defined benefit pension plan. |
| Portfolio | The totality of risks assumed by an insurer or reinsurer. |
| Premium | Amount paid to insure a risk. |
| Production | New business produced during a specified period. |
| Recapture | The right of the ceding company to cancel reinsurance under certain conditions. |
| Reduction Act | The Inflation Reduction Act of 2022 |
| Reinsurance | The transfer of insurance risk from an insurer, referred to as the ceding company, to a reinsurer, in conjunction with the payment of a reinsurance premium. Through reinsurance, a reinsurer 'insures' an insurer. |
| Reserves | The amount required to be carried as a liability in the financial statement of an insurer or reinsurer to provide for future commitments under outstanding policies and contracts. |
| Retention limit | The maximum amount of risk a company will insure on one life. |
| Retrocession | A transfer of reinsurance risk from a reinsurer to another reinsurer, referred to as the retrocessionaire, in conjunction with the payment of a retrocession premium. Through retrocession, a retrocessionaire reinsures a reinsurer. |
| Retrocessionaire | A reinsurer that reinsures another reinsurer; see Retrocession. |
| RMBS | Residential mortgage-backed securities, a part of our investment portfolio that consists of securities made up of residential mortgages. Stated on our consolidated balance sheet at fair value. |
| S&P | Standard & Poor's |
| Statutory capital | The excess of statutory assets over statutory reserves, both of which are calculated in accordance with standards established by insurance regulators. |
| Structured securities | Asset-backed securities, commercial mortgage-backed securities and residential mortgage-backed securities |

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| | |
|-----------------------------------|--|
| TCL | Target capital level |
| Treaty (also known as a contract) | A reinsurance agreement between a reinsurer and a ceding company. The three most common types of reinsurance treaties are YRT (yearly renewable term), coinsurance and modified coinsurance. The three most common methods of accepting reinsurance are automatic, facultative and facultative-obligatory. |
| U.S. | United States of America |
| U.S. government | U.S. government and agencies |
| Underwriting | The process that assesses the risk inherent in an application for insurance prior to acceptance of the policy. |
| Valuation | The periodic calculation of reserves, the funds that insurance companies are required to hold in order satisfy all future insurance obligations. |
| Yearly Renewable Term (YRT) | A type of reinsurance which covers only mortality risk, with each year's premium based on the current amount of risk. |