Resolution Re Ltd.

Consolidated Financial Statements

December 31, 2023 (Successor) and 2022 (Predecessor)

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Resolution Re Ltd.

Opinion

We have audited the consolidated financial statements of Resolution Re Ltd. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 (Successor) and 2022 (Predecessor), and the related consolidated statements of operations and other comprehensive income (loss), shareholder's equity, and cash flows, for the period of October 1, 2023 to December 31, 2023 (Successor), and the nine months ended September 30, 2023 (Predecessor), and for the year ended December 31, 2022 (Predecessor) 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, 2023 (Successor) and 2022 (Predecessor), and the results of its operations and its cash flows for the period of October 1, 2023 to December 31, 2023 (Successor), and the nine months ended September 30, 2023 (Predecessor), and for the year ended December 31, 2022 (Predecessor)in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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 Ltd.

April 24,2024

Page(s)

Resolution Re Ltd.
Consolidated Balance Sheets
December 31, 2023 (Successor) and 2022 (Predecessor)
($'s in thousands, except par value and share value amounts)

	December 31, 2023 (Successor)	December 31, 2022 (Predecessor)
Assets		
Fixed maturity securities, available-for-sale, at fair value (amortized cost of $2,669,630 and $1,919,522, respectively)	$ 2,874,894	$ 1,718,918
Equity securities, at fair value	93,755	118,029
Cash and cash equivalents	979,597	1,440,858
Accrued investment income	23,465	20,066
Funds withheld asset	21,896,090	28,790,628
Reinsurance recoverable	—	11,821,263
Deferred acquisition costs	—	1,047,073
Value of business acquired	2,872,778	—
Investment related receivables	39,269	107,399
Goodwill	158,862	—
Deferred tax asset	28,034	—
Other assets	1,517	79,093
Total Assets	$ 28,968,261	$ 45,143,327
Liabilities and Equity		
Future policy benefits and other policyholder liabilities	$ 10,903,448	$ 10,530,927
Policyholder account balances	13,918,948	26,493,826
Reinsurance liabilities payable	286,281	35,172
Funds withheld liability	—	9,322,090
Investment related payables	4,134	15,361
Accrued expenses and other liabilities	25,630	24,934
Total Liabilities	$ 25,138,441	$ 46,422,310
Commitments and Contingencies (Note 11)		
Shareholder's Equity		
Common shares, $1.00 par value, 1,000,000 (2022: 900,000) shares authorized, issued and outstanding	$ 1,000	$ 900
Additional paid in capital	2,946,339	2,340,002
Retained earnings (deficit)	707,211	(3,419,281)
Accumulated other comprehensive income (loss)	175,270	(200,604)
Total Shareholder's Equity	$ 3,829,820	$ (1,278,983)
Total Liabilities and Shareholder's Equity	$ 28,968,261	$ 45,143,327

The accompanying notes are an integral part to these consolidated financial statements.

Resolution Re Ltd.
Consolidated Statements of Operations and Other Comprehensive Income (Loss)
For the Three Months Ended December 31, 2023 (Successor), Nine Months Ended October 1, 2023 (Predecessor) and Year Ended December 31, 2022 (Predecessor)
($'s in thousands)

	Three Months Ended December 31, 2023 (Successor)	Nine Months Ended October 1, 2023 (Predecessor)	Year Ended December 31, 2022 (Predecessor)
Revenues			
Premium assumed	$ 2,880,795	$ 78,093	$ 1,324,817
Fee income	11,686	37,232	128,802
Net investment income	288,794	603,301	834,461
Investment related gains (losses), net	1,116,593	(411,334)	(5,126,589)
Total revenues	$ 4,297,868	$ 307,292	$ (2,838,509)
Benefits and Expenses			
Policyholder benefits	$ 3,351,781	$ 208,957	$ 1,500,453
Interest credited to policyholders' account balances	46,393	73,216	(83,440)
Change in deferred acquisition costs	—	(16,304)	(11,217)
Change in value of business acquired	202,806	—	—
Foreign exchange (gain) losses	(20,217)	26,200	59,490
Insurance expenses	17,062	49,561	69,057
Other operating expenses	20,866	47,740	48,799
Total benefits and expenses	$ 3,618,691	$ 389,370	$ 1,583,142
Income (loss) before income tax	$ 679,177	$ (82,078)	$ (4,421,651)
Income tax expense (benefit)			
Current tax	—	—	—
Deferred tax	(28,034)	—	—
Total income tax expense (benefit)	$ (28,034)	$ —	$ —
Net income (loss) after tax	$ 707,211	$ (82,078)	$ (4,421,651)
Other Comprehensive Income (Loss)			
Change in unrealized investment gains (losses) on available- for-sale securities	$ 141,089	$ (54,956)	$ (284,546)
Reclassification of gains (losses) realized in net income	34,181	(44,025)	16,203
Other comprehensive income (loss)	$ 175,270	$ (98,981)	$ (268,343)
Comprehensive Income (Loss)	$ 882,481	$ (181,059)	$ (4,689,994)

The accompanying notes are an integral part to these consolidated financial statements.

Resolution Re Ltd.
Consolidated Statements of Shareholder's Equity
For the Three Months Ended December 31, 2023 (Successor), Nine Months Ended October 1, 2023 (Predecessor) and Year Ended December 31, 2022 (Predecessor)
($'s in thousands, except par value and share value amounts)

	Common Shares		Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Shareholder's Equity
	Shares	Amount				
Balance, December 31, 2021 (Predecessor)	900,000	$ 900	$ 2,340,002	$ 1,082,370	$ 67,739	$ 3,491,011
Net income (loss)	—	—	—	(4,421,651)	—	(4,421,651)
Other comprehensive income	—	—	—	—	(268,343)	(268,343)
Dividends paid	—	—	—	(80,000)	—	(80,000)
Balance, December 31, 2022 (Predecessor)	900,000	$ 900	$ 2,340,002	$ (3,419,281)	$ (200,604)	$ (1,278,983)
Net income (loss)	—	—	—	(82,078)	—	(82,078)
Other comprehensive income	—	—	—	—	(98,981)	(98,981)
Dividends paid	—	—	—	(180,000)	—	(180,000)
Balance, October 1, 2023 (Predecessor)	900,000	$ 900	$ 2,340,002	$ (3,681,359)	$ (299,585)	$ (1,640,042)
October 2, 2023 (Successor)	900,000	$ 900	$ 2,721,439	$ —	$ —	$ 2,722,339
Issuance of capital stock	100,000	100	224,900	—	—	225,000
Net income (loss)	—	—	—	707,211	—	707,211
Other comprehensive income	—	—	—	—	175,270	175,270
Dividends paid	—	—	—	—	—	—
Balance, December 31, 2023 (Successor)	1,000,000	$ 1,000	$ 2,946,339	$ 707,211	$ 175,270	$ 3,829,820

The accompanying notes are an integral part to these consolidated financial statements.

Resolution Re Ltd.
Consolidated Statements of Cash Flows
For the Three Months Ended December 31, 2023 (Successor), Nine Months Ended October 1, 2023 (Predecessor) and Year Ended December 31, 2022 (Predecessor)
($'s in thousands)

	Three Months Ended December 31, 2023 (Successor)	Nine Months Ended October 1, 2023 (Predecessor)	Year Ended December 31, 2022 (Predecessor)
Cash flows from operating activities			
Net income (loss) after tax	$ 707,211	$ (82,078)	$ (4,421,651)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Change in deferred acquisition costs	—	(16,304)	(11,217)
Change in value of business acquired	170,968	—	—
(Accretion) amortization of net investment premium and discount	(47,014)	81,287	146,195
Foreign exchange losses (gains) not related to cash	37,299	(107,305)	103,369
Investment related losses (gains)	(1,120,268)	411,504	5,126,589
Other non-cash income adjustments related to modified coinsurance agreements:			
Premium assumed	(2,536,790)	(78,093)	(115,201)
Policyholder fee income	(11,686)	(37,232)	(128,801)
Net investment income on funds withheld asset	(207,153)	(615,241)	(902,878)
Policy and other operating expenses	17,062	49,561	69,057
Future policy benefits and other policy claims and benefits	2,804,451	165,834	1,509,251
Returns credited to policyholder account balances	33,859	62,411	(92,239)
Changes in assets and liabilities			
Cash settlement of modified coinsurance agreements	680,981	36,953	486,012
Decrease (increase) in accrued investment income	(3,694)	295	(11,260)
Decrease (increase) in deferred tax asset	(28,034)		
Decrease (increase) in other assets and liabilities	41,765	104,924	(76,791)
Net cash provided by operating activities	$ 538,957	$ (23,484)	$ 1,680,435
Cash flows from investing activities			
Proceeds from sales, maturities and repayment of:			
Fixed maturities, available-for-sale	$ 72,387	$ 117,822	$ 275,271
Derivatives	—	—	—
Equity securities	12,528	12,413	5,049
Purchases of:			
Fixed maturities, available-for-sale	(1,126,002)	(154,180)	(1,375,770)
Equity securities	—	(2,711)	(23,430)
Net changes of cash collateral posted for derivatives transactions	(18,495)	64,504	(362,777)
Net cash used in investing activities	$ (1,059,582)	$ 37,848	$ (1,481,657)

(Continued)

The accompanying notes are an integral part to these consolidated financial statements.

Resolution Re Ltd.
Consolidated Statements of Cash Flows
For the Three Months Ended December 31, 2023 (Successor), Nine Months Ended October 1, 2023 (Predecessor) and Year Ended December 31, 2022 (Predecessor)
($'s in thousands)

	Three Months Ended December 31, 2023 (Successor)	Nine Months Ended October 1, 2023 (Predecessor)	Year Ended December 31, 2022 (Predecessor)
Cash flows from financing activities			
Issuance of common shares	$ 100	$ —	$ —
Capital contributions	224,900	—	—
Foreign exchange on financing activities	—	—	687
Dividends paid	—	(180,000)	(80,000)
Net cash provided from financing activities	$ 225,000	$ (180,000)	$ (79,313)
Net increase (decrease) in cash, cash equivalents and restricted cash	(295,625)	(165,636)	119,465
Cash, cash equivalents and restricted cash, beginning of period	$ 1,275,222	$ 1,440,858	$ 1,321,393
Cash, cash equivalents and restricted cash, end of period	$ 979,597	$ 1,275,222	$ 1,440,858
Change in modified coinsurance agreements disclosure:			
Income statement impact:			
Change in modified coinsurance agreements	$ (2,057,584)	$ (644,052)	$ (591,812)
Change in reserves	$ 2,838,311	$ 228,245	$ 1,417,013
Non-cash transactions			
Assets acquired through reinsurance agreements on a funds withheld basis	$ 2,502,513	$ —	$ —
Premium assumed on reinsurance contracts	$ (2,536,790)	$ —	$ (115,201)
Reserves assumed on reinsurance contracts	$ —	$ —	$ (1,203,263)

(Concluded)

The accompanying notes are an integral part to these consolidated financial statements.

1. General

Resolution Re Ltd. (the "Company") was incorporated as a Bermuda exempt company on May 25, 2017 as a wholly-owned subsidiary of Resolution Life Group Holdings Ltd. ("RLGH"). Effective October 2018, Resolution Re Ltd. was contributed by RLGH to Resolution Re Finance (Bermuda) Ltd. Effective October 2, 2023, the Company's ultimate parent is Blackstone ISG Investment Partners - R (BMU) L.P., a Bermuda based limited partnership.

The Company is a wholesale provider of life and annuity reinsurance and other risk transfer solutions to third parties and affiliates. It was registered as a Class E long-term insurer on September 7, 2018 under the Insurance Act 1978 of Bermuda.

Under the Incorporated Segregated Accounts Companies Act 2019, the Company registered a wholly-owned subsidiary, Resolution Life Holdings ISAC Ltd., on September 5, 2023, authorizing it to establish Incorporated Segregated Accounts (ISAs).

Consolidation and Basis of Presentation
The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), and include the Company's wholly owned subsidiaries. Intercompany transactions and balances have been eliminated upon consolidation. We assess entities under the Variable Interest Entity (VIE) model and have concluded that the Company is not the primary beneficiary; therefore, these entities are not consolidated but are accounted for at fair value or using the equity method, as applicable. This process is further elaborated upon in Note 2. Key accounting policies are summarized below and expanded upon in Note 2.

On October 2, 2023, the Resolution Life Group ("the Group") received the necessary regulatory approval to enter into an agreement with Rome Holdco L.P. ("Blackstone") to sell the shares of RLGH and its respective direct and indirect subsidiaries (including the Company) to a newly-formed Bermuda domiciled partnership ("Blackstone ISG Investment Partners – R (BMU) L.P."). From this date, the Group has elected to apply pushdown accounting in which we use Blackstone's basis of accounting, which reflects the fair market value of our assets and liabilities on October 2, 2023, unless otherwise prescribed by GAAP. Our consolidated financial statements are presented as Predecessor for the periods prior to October 2, 2023 and Successor for subsequent periods.

Use of Estimates
The preparation of consolidated financial statements according to US GAAP necessitates management's use of estimates and assumptions that impact the reported amounts of assets, liabilities, revenues, and expenses. Actual results may vary from these estimates. Significant areas requiring the use of management's estimates include:

- Fair value of investments
- Impairment of investments and valuation allowances
- Valuation of derivatives, including embedded derivatives
- Deferred acquisition costs ("DAC")
- Value of business acquired ("VOBA")
- Goodwill
- Reserves for future policy benefit and policyholder account balances; and
- Valuation allowances on deferred tax assets

These estimates are pivotal in the determination of the financial condition and results of operations and are periodically reviewed and adjusted as necessary. Further insights into these estimates, their assumptions, and related footnote disclosures are elaborated in the accounting policies section.

Material and Unusual Events

Effective December 30, 2021, the Company entered into a reinsurance transaction with a large US life insurer to reinsure 45% of a closed block of fixed indexed annuity reserves. The Company retroceded approximately 20% of the assumed reserves to an unaffiliated entity, such that the net retained risk was 25% of the reinsured block. Both arrangements were structured on a modified coinsurance ("Modco") basis. Effective January 1, 2023, the Company terminated the retrocession agreement with the unaffiliated entity and simultaneously reduced the quota share of reinsured business from 45% to 25%.

The termination of the retrocession and the modification of the reinsurance agreement will result in a netting of balance sheet assets and liabilities, with no income statement impact. This is illustrated in the table below.

($ in thousands)	**Adjustments**
Balance sheet	
Assets	
Funds withheld asset	(9,322,090)
Reinsurance recoverable	(11,821,263)
Liabilities	
Future policy benefits and other policyholder liabilities	776,477
Policyholders' account balances	11,044,786
Funds withheld liability	9,322,090
Net Income Statement impact	$ -

2. Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, amounts due from banks, and certain money market securities, held in the ordinary course of business with maturities of three months or less when purchased.

Restricted Cash

Restricted cash consists of cash and cash equivalents (i) held in funds in trust as part of reinsurance agreements to secure reserves and liabilities and (ii) amounts posted as collateral for derivative contracts and is presented within cash and cash equivalents on the face of the Consolidated Balance Sheets.

Investments

Fixed maturity securities include bonds, asset-backed securities ("ABS"), residential mortgage-backed securities ("RMBS") and commercial mortgage-backed securities ("CMBS"). Fixed maturity securities are designated as available-for-sale ("AFS"), as they may be sold prior to their contractual maturity, and are carried at fair value. Unrealized gains and losses on AFS securities are reflected in accumulated other comprehensive income (loss) on the Consolidated Balance Sheets. Cash received from calls, principal payments, bond tenders, make-whole payments and cash received from maturities and pay-downs are treated as interest income.

Through modified coinsurance ("modco") arrangements, the Company has an economic interest in investments in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures ("investment funds"). For investment funds where the Company has determined it is not the primary beneficiary, and therefore not required to consolidate, it typically records these investments using the equity method of accounting, where the cost is recorded as an investment in the fund. Adjustments to the carrying value reflect the Company's pro rata ownership percentage of the operating results as indicated by net asset value ("NAV") in the investment fund consolidated financial statements, which can be on a lag of up to one quarter when investee information is not received in a timely manner. The Company's proportionate share of investment fund net income is recorded within net investment income on the Consolidated Statements of Operations and Other Comprehensive Income (Loss).

Equity securities include perpetual preferred stock and common stock investments. Equity investments are accounted for at fair value. Changes in estimated fair value of these securities are included in Investment related gains (losses), net, on the Consolidated Statements of Operations.

Under the Current Expected Credit Losses (CECL) model, the concept of other-than-temporary impairments (OTTI) is integrated into the estimation of expected credit losses, requiring a more forward-looking approach. Accrual of income from fixed maturities is evaluated against expected credit losses, and interest accrual is ceased when significant deterioration in credit quality indicates that full recovery of interest and principal is unlikely. Consistent with CECL, this approach replaces the previous OTTI model, focusing on immediate recognition of credit losses when they are expected, rather than waiting for the impairment to be considered "other-than-temporary." It is the Company's policy to cease to carry accrued interest on debt securities that are over 90 days delinquent or where collection of interest is improbable and commercial mortgage loans in default if deemed uncollectible or over 180 days past due.

Investment Income and Investment Realized Gains and Losses

Investment income from fixed maturity securities primarily consists of interest and is recognized on an accrual basis using the constant yield method giving effect to amortization of premium and accretion of discount. Amortization of the premium or discount from the purchase of these securities considers the estimated timing and amount of prepayments of the underlying loans. Actual prepayment experience is periodically reviewed and effective yields are recalculated when differences arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. Prepayment assumptions for single-class and multi-class mortgage-backed securities ("MBS") and ABS are estimated by management using inputs obtained from third-party specialists, including broker-dealers, and based on management's knowledge of the current market. For prepayment-sensitive securities such as interest-only and principal-only strips, inverse floaters and credit-sensitive MBS and ABS securities, which represent beneficial interests in securitized financial assets that are not of high credit quality or that have been credit impaired, the effective yield is recalculated on a prospective basis. For all other MBS and ABS, the effective yield is recalculated on a retrospective basis.

Recognition of investment income from investment funds is delayed due to the availability of the related consolidated financial statements, which are generally obtained from the partnerships' general partners. As a result, our private equity investments are generally on a three-month delay. In addition, the impact of audit adjustments related to completion of calendar-year financial statement audits of the investees are typically received during the second quarter of each calendar year. Accordingly, our investment income from investment funds for any calendar-year period may not include the complete impact of the change in the underlying net assets for the partnership for that calendar-year period.

Investment related gains (losses), net, include gains and losses on investment sales, adjustments for credit loss expectations under CECL, unrealized gains and losses on equity securities and changes in the fair value of embedded derivatives created as part of Modco arrangements. Realized capital gains and losses on investment sales, including principal payments, are determined on a first in first out ("FIFO") basis, reflecting the immediate financial impact of sales and CECL-adjusted impairment on the Company's investment portfolio.

Derivatives

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, values of securities or commodities, credit spreads, market volatility, expected returns, and liquidity. Values can also be affected by changes in estimates and assumptions, including those related to counterparty behavior and non-performance risk ("NPR") used in valuation models. Derivative financial instruments generally used by the Company include swaps, forwards, futures and options and may be exchange-traded or contracted in the over-the-counter ("OTC") market. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties, while others are bilateral contracts between two counterparties. Derivative positions are carried at fair value, generally by obtaining quoted market prices or through the use of valuation models.

Derivatives are used to manage the interest rate and currency characteristics of assets or liabilities. Additionally, derivatives may be used to seek to reduce exposure to interest rate and foreign currency risks associated with assets held or expected to be purchased or sold, and liabilities incurred or expected to be incurred.

As discussed in detail below and in Note 5, all realized and unrealized changes in fair value of derivatives are recorded in current earnings. Cash flows from derivatives are reported in the operating, investing or financing activities sections in the Consolidated Statements of Cash Flows based on the nature and purpose of the derivative. The accounting for derivative transactions follows the nature of the derivative contract, which may require to be treated as settled daily or carried at the estimated fair value on the Company's Consolidated Balance Sheet. The Company offsets the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

The fair value of open derivative positions is carried in other invested assets or other liabilities on the Consolidated Balance Sheets. If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are reported in investment related gains (losses), net on the Consolidated Statements of Operations and Comprehensive Income (Loss). The notional amounts specified in the contracts are used to calculate contractual payments under the agreements and are generally not representative of the potential for gain or loss on these contracts.

Variable Interest Entities ("VIEs")

A VIE describes a legal structure where control over a legal entity may be demonstrated through means other than voting rights. The legal entity usually does not have sufficient equity to finance its activities without additional financial support, or in which the equity investors do not have the characteristics typically afforded to common shareholders. The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and may require significant judgement.

The Company assesses whether a legal entity is a VIE on the date at which the Company becomes involved with the legal entity. This assessment is performed based on the circumstances on that date and subsequently re-assessed if there have been significant changes to the contractual arrangements.

Where the Company has determined that it has a variable interest in a legal entity, the Company will conclude it is the primary beneficiary if: (i) the Company has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and, (ii) the Company has an obligation to absorb losses or the right to receive benefits from the VIE, that could potentially be significant to the VIE. Typically, only one entity is expected to be the primary beneficiary although more than one entity is obliged to absorb losses or receive benefits.

Where the Company determines that it is the primary beneficiary of a VIE, held outside of funds withheld and Modco arrangements, the Company will consolidate its interest in that entity. If the Company is not the primary beneficiary, the Company will account for its interest in that VIE at the fair value of its proportionate share of the entity.

Through funds withheld and Modco arrangements, the Company has an economic interest in investments in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures ("investment funds"). For investment funds where the Company has determined it is not the primary beneficiary, and therefore not required to consolidate, the Company uses equity method of accounting. For equity method investments, the Company records its proportionate share of investment fund income within net investment income on the Consolidated Statements of Operations and Comprehensive Income (Loss) which can be on a lag of up to three months when investee information is not received in a timely manner.

Recognition of Premium Revenue, Fees, and Related Policyholder benefits and Interest Credited
Life insurance and disability income products consist principally of products whereby the premiums and benefits are fixed by the Company. Premiums from these products are recognized as revenue when due from policyholders. Surrenders on investment contracts are reflected in interest credited to policyholder account balances.

Immediate annuities with significant mortality risk provide insurance protection over a period that extends beyond the period during which premiums are collected. Premiums from these products are recognized as revenue when received. Benefits and expenses are recognized in relation to premiums. Interest-sensitive life contracts, such as universal life and single premium life, are insurance contracts whose terms are not fixed and guaranteed. The terms that may be changed include premiums paid by the policyholder, interest credited to the policyholder account balance and contract charges assessed against the policyholder account balance. Premiums from these contracts are reported as policyholder account balances. Fee income from policyholders consists of fees assessed against the policyholder account balance for the cost of insurance (mortality risk), contract administration and surrender of the policy prior to contractually specified dates. These charges are recognized as revenue when assessed against the policyholder account balance. Policyholder benefits include life-contingent benefit payments in excess of the policyholder account balance.

Contracts that do not subject the Company to significant risk arising from mortality or morbidity are referred to as investment contracts. Investment accounts and annuities without significant mortality risk are considered investment contracts. Consideration received for such contracts is reported as policyholder account balance deposits. Policy fees for investment contracts consist of fees assessed against the contract holder account balance for maintenance, administration and surrender of the contract prior to contractually specified dates and are recognized when assessed against the policyholder account balance.

Funds Withheld Assets and Liabilities
Funds withheld by ceding companies, including those withheld under modco contracts, consist mainly of amounts retained by the ceding company for business written on a funds withheld basis. Funds withheld assets are assets that would normally be paid to the Company but are withheld by the cedant to reduce the potential credit risk of the reinsurer.

Funds withheld assets and liabilities represent the receivable or payable for the amounts withheld in accordance with the reinsurance agreement in which the Company acts as the reinsurer or the cedant. While the assets in modco trusts are legally owned by the ceding company, the assets are legally segregated from the general accounts of the cedants and all economic rights and obligations on the assets accrue to the Company. The Company periodically settles interest accruing to those assets and investment gains, as defined by the terms of the agreements. The underlying agreements contain embedded derivatives as defined by the ASC 815, Derivatives and Hedging, and as a result the carrying value of the funds withheld assets and liabilities are equal to the fair value of the underlying assets. The change in the fair value of the embedded derivatives related to the change in unrealized gain or loss on the underlying securities is recorded in net investment related gains (losses), net on the Consolidated Statements of Operations.

Reinsurance

Reinsurance accounting is applied to both business ceded and assumed where the risk transfer provisions of ASC 944-40 Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts have been met. To meet risk transfer requirements, a long-duration reinsurance contract must transfer mortality or morbidity risks and subject the reinsurer to a reasonable possibility of a significant loss due to insurance risk. Those contracts that do not meet risk transfer requirements are accounted for using deposit accounting. The fair value of the consideration received for business assumed which meets risk transfer requirements is included in the premiums line of the Consolidated Statements of Operations. Changes to assumed reserves, interest credited and benefits paid are presented net in the policyholder benefits line on the Consolidated Statements of Operations. With respect to ceded reinsurance, the Company values reinsurance recoverables on reported claims at the time the underlying claim is recognized in accordance with contract terms. For future policy benefits, the Company estimates the amount of reinsurance recoverables based on the terms of the reinsurance contracts and historical reinsurance recovery information. The reinsurance recoverables are based on what the Company believes are reasonable estimates and the balance is reported as an asset in the Consolidated Balance Sheets. However, the ultimate amount of the reinsurance recoverable is not known until all claims are settled.

Reinsurance contracts do not relieve the Company from its obligations to policyholders, and failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible.

Value of Business Acquired

We establish VOBA through the pushdown accounting election. Reserves are initially established using our best estimate assumptions and best estimate cashflows are discounted using best estimate book yield plus a provision for adverse deviation where applicable, as of the pushdown election date. VOBA is the difference between the fair value of the liabilities and the insurance reserves. VOBA should be positive at an entity level and if negative VOBA arises, additional liabilities would be established such that zero VOBA would result. Positive VOBA is recorded in Value of business acquired on the consolidated balance sheets. We perform periodic tests to determine if the VOBA remains recoverable. Loss Recognition Testing is also performed periodically to ensure that the GAAP reserves established are sufficient to cover the best estimate liabilities and value of business acquired.

VOBA amortization associated with paid-up whole of life contracts is amortized based on the expected pattern of insurance in force, which is determined based on sum assured. VOBA associated with structured settlement contracts with significant life contingent benefits is amortized on a straight-line basis based on the reserve run-off. VOBA associated with traditional endowment contracts is amortized based on present value of gross premiums, which is the generally accepted method for FAS60 products. For fixed index annuity contracts, VOBA is required to be amortized using the earnings received over the life of the product, which is determined based on the present value of estimated gross profits using methods consistent with those used to amortize DAC.

Goodwill
Goodwill arises from pushdown election. Goodwill is tested annually for impairment or more frequently if circumstances indicate impairment may have occurred. The impairment test is performed at the reporting unit level.

Future policy benefits and other policyholder liabilities
Life insurance contracts reinsured by the Company include traditional fixed annuities in the accumulation phase, single premium immediate annuities, structured settlements, traditional whole life, endowments and fixed-indexed annuities with significant mortality risk or insurance risk. Policy liabilities are established for future policy benefits, which include death benefits, to meet the estimated future obligations of policies in-force. Changes in policy and contract claims are recorded in policyholder benefits in the Consolidated Statements of Operations and Comprehensive Income (Loss).

For the ASC 944-20 Financial Services – Insurance Activities products, such as individual life and annuities (including life contingent structured settlements and single premium immediate annuities), reserves are computed using the net level premium method and are based on estimates as to future investment yields and mortality that include provisions for adverse deviation as at the date of acquisition or underwriting. Mortality assumptions are based on the Company's initial determination of best estimate mortality and may include an evaluation of a ceding company's historical experience as well as industry standards.

The policyholder liabilities are calculated based on the estimates and assumptions discussed above and the amount of the policyholder liabilities could be revised if these estimates and assumptions are revised to reflect current experience.

The Company reinsures fixed indexed annuity contracts which contain guaranteed lifetime withdrawal benefit ("GLWB") riders. The Company establishes future policy benefits by estimating the expected value of withdrawal benefits in excess of the projected policyholder account balances. We recognize the excess proportionally over the accumulation period based on total and expected assessments. Assumptions about policyholder behavior are used in the estimate, including lapses, withdrawals, utilization of benefit riders, mortality, expected yield on investments and market conditions.

Policyholders' Account Balances
Investment-type contracts reinsured by the Company include fixed indexed annuities, traditional fixed annuities in the accumulation phase, single premium immediate annuities and structured settlements without significant mortality risk. The liability for fixed annuities reflects the account balance and guaranteed returns, without reduction for potential surrender or withdrawal charges. The liability for immediate annuities and structured settlements without significant mortality risk are calculated as the present value of future liability cash flows and maintenance expenses discounted at locked-in interest rates.

Policyholders' account balances for fixed indexed annuity policies with returns linked to the performance of a specified market index are equal to the excess of the sum of the fair value of the embedded derivatives and the host (or guaranteed) component over the policyholder account balance. The change in the fair value of the embedded derivative is linked to the performance of the equity option. The host value is established as of the date of acquisition and is equal to the account value, plus the value of the unexpired options at the date of acquisition, less the embedded derivative, and accreted over the policy's life at a constant rate of interest.

Changes in policyholders' account balances, excluding deposits and withdrawals, are recorded in interest credited to policyholders' account balances in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Other Assets, Accrued Expenses and Other Liabilities

Other assets consist primarily of receivables resulting from sales of securities that had not yet settled at the balance sheet date. Accrued expenses and other liabilities consist primarily of accrued expenses and payables resulting from purchases of securities that had not yet been settled at the balance sheet date.

Foreign Exchange

The Company's functional currency is the U.S. dollar. The Company's obligations are denominated in Swiss Franc, Japanese Yen, British Pound and U.S dollars. Strengthening or weakening of the Swiss Franc, Japanese Yen and British Pound spot rates compared to U.S dollar spot rate impacts the Company's total Shareholder's Equity.

Monetary assets and liabilities denominated in currencies other than the functional currency of the Company are revalued into the Company's functional currency at the prevailing exchange rate on the balance sheet date. Revenues and expenses denominated in a currency other than the Company's functional currency are translated at average rates of exchange for the relevant period. All changes in foreign exchange rates, with the exception of non-U.S. dollar AFS investments, are recognized in our Consolidated Statements of Operations and Comprehensive Income (Loss). Changes in foreign exchange rates relating to non-U.S. dollar AFS investments are recorded in AOCI in Shareholder's Equity.

Income Taxes

On December 27, 2023, the Bermuda Corporate Income Tax Act 2023 was enacted and passed into law. The corporate income tax applies to Bermuda tax resident entities that are part of a multinational entity group, and the Company is expected to be an in-scope entity. The statutory tax rate is fifteen percent and will be effective for fiscal years beginning on or after January 1, 2025. For details of the deferred tax balances established as at December 31, 2023, refer to Note 7.

The Company's income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial statement and income tax bases of assets and liabilities.

The Company's deferred tax assets and liabilities resulting from temporary differences between financial reporting and tax bases of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. Deferred tax assets represent the tax benefit of future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards. The Company evaluates and tests the recoverability of its deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

In evaluating the need for a valuation allowance, the Company considers many factors, including: (i) the nature, frequency and severity of income or losses in recent years; (ii) the nature and character of the deferred tax assets and liabilities; (iii) projected future taxable income; (iv) prudent and feasible tax planning strategies the Company would employ to avoid a tax benefit from expiring unused; and (v) tax rules that would impact the utilization of the deferred tax assets.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Accounting standards adopted in the current year.

Accounting Standards Codification (ASC)	Description	Date of Adoption	Impact on Consolidated Financial Statements
ASC 326 "Financial Instruments – Credit Losses"	This update amended the guidance on the impairment of financial instruments. The update added an impairment model known as the current expected credit loss model that is based on expected losses rather than incurred losses and will generally result in earlier recognition of allowances for losses. The current expected credit loss model applies to financial instruments such as mortgage loans, fixed maturity securities classified as held-to-maturity, and certain receivables. The update also modified the other-than-temporary impairment model used for available-for-sale fixed maturity securities such that credit losses are recognized as an allowance rather than as a reduction in the amortized cost of the security. The reversal of previously recognized credit losses on available for-sale fixed maturity securities is allowed under specified circumstances. Additional disclosures are also required, including information used to develop the allowance for losses. The guidance will be using a modified retrospective approach through a cumulative effect adjustment to Retained Earnings as of the beginning of the period of adoption. For available-for-sale fixed maturity securities, the update will be applied prospectively. Other-than-temporary impairment losses recognized on available-for-sale fixed maturity securities prior to adoption of the update cannot be reversed. This guidance will be applied in the period of adoption.	January 1, 2023	The Company has developed credit loss models for its available-for-sale fixed maturity securities and reinsurance receivable balances. The development of these credit loss models has resulted in changes to data input validation checks, and enhancements to internal controls and policies. The impact of transitioning to the new credit loss model was not material.

Accounting standards issued but not yet effective.

Accounting Standards Codification (ASC)	Description	Date of Adoption	Impact on Consolidated Financial Statements
ASC 944 "Financial Services – Insurance"	This update revises key elements of the measurement model used to estimate the liability for future policy benefits for traditional and limited-payment contracts as well as disclosure requirements. These key elements are: • The cash flow assumptions used to measure the liability for future policy benefits are required to be updated at least annually, which differs to the current 'locked-in' approach, and no longer allows a provision for adverse deviation. The remeasurement of the liability due to the update of assumptions is required to be recognized in net income. • The discount rate used to measure the liability for future policy benefits is required to be discounted using an upper-medium grade fixed-income instrument yield that reflects the characteristics of the liability, rather than the invested assets that supports the liability. The discount rate is required to be updated quarterly with the impact to the benefit liability being recognized in other comprehensive income. • Simplification of the amortization of VOBA, deferred acquisition costs and other balances amortized in proportion to premiums, gross profits or gross premiums, requiring such balances to be amortized on a constant level basis over the expected life of the contract. Deferred costs are not subject to impairment testing but instead will be amortized as long as the related contracts remain outstanding. • Extensive additional disclosures of the liability for future policy benefits, policyholder account balances, VOBA and deferred acquisition costs. This includes disaggregated rollforwards of these balances and information about significant inputs, judgements, assumptions and methods used in their measurement.	January 1, 2025	The Company is currently evaluating the impact on the consolidated financial statements and evaluating an implementation date.

3. Goodwill

Per ASC Topic 350, Goodwill and Other Intangibles, goodwill is treated as an indefinite-lived intangible asset. As part of the change of control event effective October 2, 2023, a portion of the purchase price recorded at RLGH was allocated to the Company based on the Company's net identifiable assets relative to RLGH's consolidated net identifiable assets. This has resulted in $159 million goodwill recognized at October 2, 2023, and an assumed purchase price allocation of $2,722 million.

The calculation of goodwill was carried out as detailed in the following table:

($ in thousands)		**Fair value and goodwill calculation**
Assets		
Investments	$	20,198,681
Cash and cash equivalents		1,275,222
Value of business acquired		3,043,746
Other		38,979
Estimated fair value of total assets	$	24,556,628
Estimated fair value of total liabilities		21,993,151
Purchase price allocation		2,722,339
Goodwill	**$**	**158,862**

The fair value measurements for the assets acquired and liabilities assumed were determined based on the market values as of the acquisition date, following the fair value hierarchy levels described in ASC Topic 820, Fair Value Measurement.

Impairment Testing:
Goodwill is not amortized but instead is tested for impairment annually or more frequently if circumstances indicate potential impairment. The impairment testing compares the reporting unit's fair value to its carrying amount, including goodwill, with any impairment loss recognized in the income statement and not subject to reversal.

The next scheduled impairment test for goodwill is on September 2024, in line with ASC Topic 350. This process underscores our commitment to transparency and accurate financial reporting, as mandated by ASC Topics 350 and 805.

The fair value and weighted average estimated useful life of identifiable intangible assets as of October 2, 2023 consists of the following:

	Fair value (in millions)	Weighted average useful life (years)
VOBA	$3,044	11.8

4. Investments

The amortized cost, gross unrealized gains, gross unrealized losses, fair value and allowance for credit losses for AFS investments by asset type as of December 31, 2023 (Successor) and 2022 (Predecessor) were as follows:

December 31, 2023 (Successor) *($ in thousands)*	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturity securities -AFS				
U.S. government	$ 692,096	$ 5,123	$ —	$ 697,219
Foreign government	403,642	31,608	(312)	434,938
Corporate	1,480,956	138,033	(916)	1,618,073
Asset backed securities	71,870	1,281	(164)	72,987
Residential mortgage-backed securities	12,856	150	—	13,006
Commercial mortgage-backed securities	38,210	919	(458)	38,671
Total fixed maturity securities - AFS	$ 2,699,630	$ 177,114	$ (1,850)	$ 2,874,894

December 31, 2022 (Predecessor) *($ in thousands)*	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturity securities -AFS				
U.S. government	$ 61,270	$ —	$ (14,933)	$ 46,337
Foreign government	492,105	11,625	(22,954)	480,776
Corporate	1,275,419	395	(163,729)	1,112,085
Asset backed securities	45,576	—	(3,837)	41,739
Residential mortgage-backed securities	43,548	—	(7,024)	36,524
Commercial mortgage-backed securities	1,604	—	(147)	1,457
Total fixed maturity securities -AFS	$ 1,919,522	$ 12,020	$ (212,624)	$ 1,718,918

The net unrealized gains on Fixed maturity securities which has been included in accumulated other comprehensive income for the three months ended December 31, 2023, nine months ended October 1, 2023 and year ended December 31, 2022 was $175,270, $(299,585) and $(200,604), respectively.

Unrealized Investment Gains and Losses

The following table presents available-for-sale fixed maturities, including securities pledged, for which an allowance for credit losses has not been recorded by market sector and duration as of December 31, 2023 (Successor) and 2022 (Predecessor):

December 31, 2023 (Successor) *(in thousands)*	**Less than 12 months** Fair Value	Gross Unrealized Losses	**Greater than 12 months** Fair Value	Gross Unrealized Losses	**Total** Fair Value	Gross Unrealized Losses
Fixed maturity securities						
U.S. government	$ —	$ —	$ —	$ —	$ —	$ —
Foreign government	29,865	(312)	—	—	29,865	(312)
Corporate	26,842	(916)	—	—	26,842	(916)
Asset backed securities	2,639	(164)	—	—	2,639	(164)
Residential mortgage-backed securities	—	—	—	—	—	—
Commercial mortgage-backed securities	11,494	(458)	—	—	11,494	(458)
Total fixed maturity securities	$ 70,840	$ (1,850)	$ —	$ —	$ 70,840	$ (1,850)

December 31, 2022 (Predecessor) *(in thousands)*	**Less than 12 months** Fair Value	Gross Unrealized Losses	**Greater than 12 months** Fair Value	Gross Unrealized Losses	**Total** Fair Value	Gross Unrealized Losses
Fixed maturity securities						
U.S. government	$ 46,337	$ (14,933)	$ —	$ —	$ 46,337	$ (14,933)
Foreign government	472,905	(20,019)	7,871	(2,935)	480,776	(22,954)
Corporate	1,035,901	(144,556)	55,890	(19,173)	1,091,791	(163,729)
Asset backed securities	30,960	(2,723)	10,779	(1,114)	41,739	(3,837)
Residential mortgage-backed securities	465	(35)	992	(112)	1,457	(147)
Commercial mortgage-backed securities	13,443	(1,997)	23,081	(5,027)	36,524	(7,024)
Total fixed maturity securities	$ 1,600,011	$ (184,263)	$ 98,613	$ (28,361)	$ 1,698,624	$ (212,624)

The Company did not recognize an allowance for credit losses on securities in an unrealized loss position included in the tables above. Based on a qualitative and quantitative review of the issuers of the securities, the Company believes the decline in fair value is largely due to recent market volatility and is not indicative of credit losses. The issuers continue to make timely principal and interest payments. For all securities in an unrealized loss position, the Company expects to recover the amortized cost based on management's estimate of the amount and timing of cash flows to be collected. The Company does not intend to sell nor does it expect that it will be required to sell these securities prior to recovering its amortized cost.

Allowance for Credit Losses
In determining when a decline in fair value below amortized cost of a fixed maturity security represents a credit loss, we evaluate the following factors:

- Whether we expect to recover the entire amortized cost basis of the security
- Whether we intend to sell the security or will be required to sell the security before the recovery of its amortized cost basis
- Whether the security is current as to principal and interest payments
- The significance of the decline in value
- Current and future business prospects and trends of earnings
- The valuation of the security's underlying collateral
- Relevant industry conditions and trends relative to their historical cycles
- Market conditions
- Rating agency and governmental actions
- Bid and offering prices and the level of trading activity
- Adverse changes in estimated cash flows for securitized investments
- Changes in fair value subsequent to the balance sheet date • Any other key measures for the related security

While determining whether a credit loss exists is a judgmental area, we utilize a formal, well-defined, and disciplined process to monitor and evaluate our fixed income investment portfolio, supported by issuer specific research and documentation as of the end of each period. The process results in a thorough evaluation of problem investments and the recording of credit losses on a timely basis for investments determined to have a credit loss. We calculate the allowance for credit losses of fixed maturity securities based on the present value of our best estimate of cash flows expected to be collected, discounted using the effective interest rate implicit in the security at the date of acquisition. When estimating future cash flows, we analyze the strength of the issuer's balance sheet, its debt obligations and near-term funding arrangements, cash flow and liquidity, the profitability of its core businesses, the availability of marketable assets which could be sold to increase liquidity, its industry fundamentals and regulatory environment, and its access to capital markets. As of December 31, 2023 (Successor), there were no allowances for credit losses.

Scheduled Maturities

The scheduled maturities for fixed maturity securities AFS as of December 31, 2023 (Successor) were as follows:

($ in thousands)	Amortized Cost	Fair Value
Fixed maturity securities - AFS		
Due within one year	$ 701,447	$ 701,603
Due after one year through five years	295,032	302,302
Due after five years through ten years	168,718	179,347
Due after ten years	1,411,497	1,566,978
Subtotal	$ 2,576,694	$ 2,750,230
Structured securities (ABS, RMBS, CMBS)	122,936	124,664
Total fixed maturities – AFS	$ 2,699,630	$ 2,874,894

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Asset-backed, commercial mortgage-backed and residential mortgage-backed securities are shown separately in the table above, as they do not have a single maturity date.

Net Investment Income

Net investment income for the three months ended December 31, 2023, nine months ended October 1, 2023 and year ended December 31, 2022 were as follows:

($ in thousands)	Three Months Ended December 31, 2023 (Successor)	Nine Months Ended October 1, 2023 (Predecessor)	Year Ended December 31, 2022 (Predecessor)
Fixed maturity securities, available for sale	$ 38,137	$ 74,054	$ 86,381
Cash and cash equivalents	3,129	18,741	12,679
Equity securities at fair value	6,310	4,249	5,698
Funds withheld assets, net	255,627	535,481	765,028
Investment expenses	(14,409)	(29,224)	(35,325)
Net investment income	$ 288,794	$ 603,301	$ 834,461

Investment Related Gains (Losses), Net

Investment related gains (losses) for the three months ended December 31, 2023, nine months ended October 1, 2023 and year ended December 31, 2022 were as follows:

($ in thousands)	Three Months Ended December 31, 2023 (Successor)	Nine Months Ended October 1, 2023 (Predecessor)	Year Ended December 31, 2022 (Predecessor)
Fixed maturity securities, available for sale	$ 2,401	$ (12,196)	$ (19,476)
Equity securities			
Net gains (losses) on sales and disposals	(548)	(1,100)	2,158
Change in estimated fair value	1,441	(5,526)	(22,353)
Derivatives			
Derivatives - Investment related gains (losses)	(1,778)	15,970	(265,380)
Derivatives - Embedded derivative change	63,621	(20,106)	—
Funds withheld assets			
Realized gains (losses) on trading activity	13,791	(297,094)	(532,548)
Change in embedded derivative	1,037,665	(91,282)	(4,288,990)
Investment related gains (losses), net	$ 1,116,593	$ (411,334)	$ (5,126,589)

Proceeds from sales of fixed maturities and gross realized investment gains and losses for the three months ended December 31, 2023, nine months ended October 1, 2023 and year ended December 31, 2022 were as follows:

($ in thousands)	Three Months Ended December 31, 2023 (Successor)	Nine Months Ended October 1, 2023 (Predecessor)	Year Ended December 31, 2022 (Predecessor)
Fixed maturity securities, available for sale			
Proceeds from sales	$ 72,387	$ 117,822	$ 275,271
Gross investment gains from sales	2,957	566	2,959
Gross investment losses from sales	(556)	(12,761)	(22,435)

5. Derivative Instruments

The Company is exposed to various risks relating to its ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. The Company uses a variety of derivative instruments to manage risks, primarily interest rate, foreign currency, equity and market volatility. See Note 2 - Significant Accounting Policies for a description of the Company's accounting policies for derivatives and Note 6 – Fair Value for information about the fair value hierarchy for derivatives.

Interest Rate Contracts

The Company uses forward starting interest rate swaps to reduce its future reinvestment risk. Under the terms of these swaps, the Company agrees to exchange the difference between a fixed and a floating interest rate calculated on a notional amount at a specified future date.

Interest rate swaps are used by the Company to reduce risks from changes in interest rates, manage interest rate exposures arising from mismatches between assets and liabilities and to hedge against changes in their values it owns or anticipates acquiring or selling.

Swaps may be attributed to specific assets or liabilities or to a portfolio of assets or liabilities.

Where appropriate the Company treats outstanding interest rate swaps as settled to market and therefore, has no open fair value at the balance sheet date. As at December 31, 2023 (Successor) and 2022 (Predecessor), swaps with a notional value of $3,115 million and $2,878 million, respectively, were treated as settled to market.

Foreign Exchange Contracts
Currency derivatives, including currency swaps and forwards, are used by the Company to reduce risks from changes in currency exchange rates with respect to investments denominated in foreign currencies that the Company either holds or intends to acquire or sell.

Under currency forwards, the Company agrees with counterparties to deliver a specified amount of an identified currency at a specified future date. Typically, the price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. The Company executes forward sales of the hedged currency in exchange for U.S. dollars at a specified exchange rate. The maturities of these forwards correspond with the future periods in which the non-U.S. dollar-denominated earnings are expected to be generated.

Under currency swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between one currency and another at an exchange rate and calculated by reference to an agreed principal amount. Generally, the principal amount of each currency is exchanged at the beginning and termination of the currency swap by each party.

Where appropriate the Company treats outstanding currency forwards as settled to market and therefore has no open fair value at the balance sheet date. As at December 31, 2023 (Successor) and 2022 (Predecessor), swaps with a notional value of $2,421 million and $2,359 million respectively, were treated as settled to market.

The table below provides a summary of the gross notional amount and fair value of derivative contracts, excluding embedded derivatives and associated reinsurance recoverables. The fair value amounts below represent the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral.

	December 31, 2023 (Successor)		
		Gross Fair Value	
($ in thousands)	**Notional**	**Assets**	**Liabilities**
Derivatives Not Designated as Hedging Instruments			
Foreign currency forwards	$ 2,420,616	$ —	$ —
Interest rate swaps	3,115,060	—	—
Swaptions	638,252	—	—
Embedded derivatives			
Funds withheld assets	—	1,034,344	—
Fixed indexed annuity contracts	—	—	943,826
Total derivatives not designated as hedging instruments	$ 6,173,928	$ 1,034,344	$ 943,826
Total Derivatives	$ 6,173,928	$ 1,034,344	$ 943,826

	December 31, 2022 (Predecessor)		
		Gross Fair Value	
($ in thousands)	Notional	Assets	Liabilities
Derivatives Not Designated as Hedging Instruments			
Foreign currency forwards	$ 2,358,670	$ —	$ —
Interest rate swaps	2,877,583	—	—
Embedded derivatives			
Funds withheld assets	—	(5,860,683)	(2,121,898)
Equity indexed annuity contracts	—	—	1,591,694
Total derivatives not designated as hedging instruments	$ 5,236,254	$ (5,860,683)	$ (530,204)
Total Derivatives	$ 5,236,254	$ (5,860,683)	$ (530,204)

The cumulative net (losses) gains recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) for changes in the fair value and of derivative instruments for the three months ended December 31, 2023, nine months ended October 1, 2023 and year ended December 31, 2022 were as follows:

($ in thousands) **Derivative Instruments**	**Consolidated Statement of Operations and Comprehensive Income (Loss) Line**	**Three Months Ended December 31, 2023 (Successor)**	**Nine Months Ended October 1, 2023 (Predecessor)**	**Year Ended December 31, 2022 (Predecessor)**
Interest rate swap agreements	Investment related gains (losses), net	$ 61,842	$ (4,136)	$ (265,380)
Foreign currency forwards	Foreign exchange (gains) losses	(87,008)	21,150	32,094
Swaptions	Foreign exchange (gains) losses	(5,160)	(51,658)	—

Embedded Derivatives

The Company reinsures certain annuity products that contain embedded derivatives for which the market value is determined by reference to the performance of a market index. Additionally, the Company also has embedded derivatives related to reinsurance contracts that are accounted for on a modco and funds withheld basis. An embedded derivative exists because the arrangement exposes the reinsurer to third-party credit risk.

The embedded derivatives related to reinsurance contracts are included in funds withheld asset and funds withheld liability on the Consolidated Balance Sheets, with changes in the fair value of the embedded derivative being recognized within Investment related gains (losses), net on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The embedded derivatives related to the annuity products are included in Policyholder account balances, with changes in the fair value of the embedded derivative being recognized within Interest credited to policyholder account balances on the Consolidated Statements of Operations and Comprehensive Income (Loss)

The estimated fair value and the location on the Consolidated Balance Sheets of the Company's embedded derivatives as of December 31, 2023 (Successor) and 2022 (Predecessor) were as follows:

($ in thousands)	**Balance Sheet Line**	**December 31, 2023 (Successor)**	**December 31, 2022 (Predecessor)**
Embedded derivatives on modco reinsurance contracts	Funds withheld asset	$ 1,034,344	$ (5,860,683)
Embedded derivatives on modco retrocession contracts	Funds withheld liabilities	—	2,121,898
Embedded derivatives on fixed- indexed annuity contracts	Future policy benefits and other policyholder liabilities	(943,826)	(1,591,694)
		$ 90,518	$ (5,330,479)

The change in the value of the embedded derivatives recorded within Investment related losses, net for the years ended December 31, 2023 and 2022 were as follows:

($ in thousands)	**Consolidated Statement of Operations and Comprehensive Income (Loss) Line**	**December 31, 2023 (Successor)**	**December 31, 2022 (Predecessor)**
Change in embedded derivatives on modco reinsurance contracts	Investment related gains (losses), net	$ 1,034,344	$ (4,288,990)
Derivatives embedded in life and annuity contracts			
Fixed indexed annuity contracts	Interest credited to policyholders' account balances	$ 67,143	$ (321,184)

6. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy for inputs used in determining fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Assets and liabilities recorded on the Consolidated Balance Sheets at fair value are categorized in the fair value hierarchy based on the observability of inputs to the valuation techniques as follows:

Level 1 Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.

Level 2 Assets and liabilities whose values are based on the following:
- (a) Quoted prices for similar assets or liabilities in active markets;
- (b) Quoted prices for identical or similar assets or liabilities in markets that are not active; or
- (c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

The availability of observable inputs varies by instrument. In situations where fair value is based on internally developed pricing models or inputs that are unobservable in the market, the determination of fair value requires more judgment. The degree of judgment exercised by the Company in determining fair value is typically greatest for instruments categorized in Level 3. In many instances, valuation inputs used to measure fair value fall into different levels of the fair value hierarchy. The category level in the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments.

The Company is responsible for the determination of fair value and the supporting assumptions and methodologies. The Company gains assurance that assets and liabilities are appropriately valued through the execution of various processes and controls designed to ensure the overall reasonableness and consistent application of valuation methodologies, including inputs and assumptions, and compliance with accounting standards. For fair values received from third parties or internally estimated, the Company's processes and controls are designed to ensure that the valuation methodologies are appropriate and consistently applied, the inputs and assumptions are reasonable and consistent with the objective of determining fair value, and the fair values are accurately recorded. For example, the Company assesses the reasonableness of individual fair values provided by investment managers which, when compared to fair values received from third party valuation service providers or derived from internal models, exceed certain thresholds. The Company performs procedures to understand and assess the methodologies, processes and controls of valuation service providers.

The index-crediting feature in the reinsured fixed indexed annuity ("FIA") is an embedded derivative that is required to be accounted for separately from the host contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are produced by market implied assumptions. These derivatives are classified as Level 3 liabilities in the fair value hierarchy.

When fair value determinations are expected to be more variable, the Company validates them through reviews by members of management who have relevant expertise and who are independent of those charged with executing investment transactions.The Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 (Successor) and 2022 (Predecessor) were as follows.

December 31, 2023 (Successor)

($ in thousands)	Level 1	Level 2	Level 3	Total
Fixed maturity securities, available for sale				
U.S. government	$ —	$ 697,219	$ —	$ 697,219
Foreign government	—	434,938	—	434,938
Corporate	—	1,618,073	—	1,618,073
Asset backed securities	—	72,987	—	72,987
Residential mortgage-backed securities	—	38,671	—	38,671
Commercial mortgage-backed securities	—	13,006	—	13,006
Total fixed maturity securities, available for sale	$ —	$ 2,874,894	$ —	$ 2,874,894
Equity securities	$ —	$ 93,755	$ —	$ 93,755
Cash and cash equivalents	979,597	—	—	979,597
Embedded derivatives on funds withheld assets	—	—	1,034,344	1,034,344
Total assets measured at fair value	$ 979,597	$ 2,968,649	$ 1,034,344	$ 4,982,590
Liabilities				
Policyholder account balances				
Fixed indexed annuity contracts	$ —	$ —	$ 943,826	$ 943,826
Total liabilities measured at fair value	$ —	$ —	$ 943,826	$ 943,826

December 31, 2022 (Predecessor)

($ in thousands)	Level 1	Level 2	Level 3	Total
Fixed maturity securities, available for sale				
U.S. government	$ —	$ 46,337	$ —	$ 46,337
Corporate	—	1,112,085	—	1,112,085
Foreign government	—	480,776	—	480,776
Asset backed securities	—	41,739	—	41,739
Residential mortgage-backed securities	—	1,457	—	1,457
Commercial mortgage-backed securities	—	36,524	—	36,524
Total fixed maturity securities, available for sale	$ —	$ 1,718,918	$ —	$ 1,718,918
Equity securities	$ —	$ 118,029	$ —	$ 118,029
Cash and cash equivalents	1,440,858	—	—	1,440,858
Embedded derivatives on funds withheld assets	—	—	(5,860,683)	(5,860,683)
Total assets measured at fair value	$ 1,440,858	$ 1,836,947	$ (5,860,683)	$ (2,582,878)
Liabilities				
Funds withheld liability - embedded derivative	$ —	$ —	$ (2,121,898)	$ (2,121,898)
Policyholder account balances				
Fixed indexed annuity contracts	—	—	1,591,694	1,591,694
Total liabilities measured at fair value	$ —	$ —	$ (530,204)	$ (530,204)

Fair Value Valuation Methods – we used the following valuation methods and assumptions to estimate fair value:

Publicly traded fixed maturity securities

The fair values of the Company's public fixed maturity securities are generally based on prices obtained from independent pricing services. Prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type. The pricing hierarchy is updated for new financial products and recent pricing experience with various vendors. Consistent with the fair value hierarchy described above, securities with validated 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. U.S. Treasury securities are included within Level 1 due to the market activity. Typical inputs used by these pricing services include but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, and/or estimated cash flow, prepayment speeds, and default rates. If the pricing information received from third party pricing services is deemed 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 or classify the securities as Level 3. If the pricing service updates the price to be more consistent with the presented market observations, the security remains within Level 2.

Indicative broker quotes are also used to determine fair value in circumstances where vendor pricing is not available, or where the Company ultimately concludes that pricing information received from independent pricing services is not reflective of market activity. If the Company concludes the values from both pricing services and brokers are not reflective of market activity, it may override the information with an internally developed valuation. Pricing service overrides, internally-developed valuations and indicative broker quotes are generally included in Level 3 in the fair value hierarchy.

Non-publicly traded fixed maturity securities

Privately placed fixed maturity securities are priced based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. The valuation models used by the investment managers to price these securities consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security, the net worth of the borrower and value of the collateral.

Equity securities

The Company's equity securities portfolio consists exclusively of investments valued using Level 2 inputs within the fair value hierarchy. These securities, which include preferred stocks, private equities and non-exchange-traded securities, are valued based on observable market data. This includes quoted prices for similar assets in active markets, quoted prices for identical or similar assets in less active markets, or through valuation models where all significant inputs are observable in the market.

Short-term investments

The fair value of unlisted debt securities are priced using interest rate yields obtainable on comparable listed investments. These assets are classified as Level 2.

Investment Funds Supporting Funds Withheld Asset

Certain of the investments within the investment funds are priced based on market-accepted valuation models and use significant unobservable inputs, which include material non-public financial information, estimated future cash flows and demographic assumptions.

Real Estate Supporting Funds Withheld Assets

Real estate properties are valued based on third-party market valuation reports tri-annually and were last valued in 2021. On an annual basis, the fair value of the real estate properties is determined using discounted cashflow valuation models and use significant unobservable inputs, which include estimated future cash flows and market assumptions.

Funds withheld assets and liabilities (embedded derivative)

The Company estimates the fair value of the embedded derivative based on the fair value of the underlying assets supporting the funds withheld receivable under the modco agreements. The majority of the fair value is classified as Level 3 as more than an insignificant amount of the underlying assets supporting this balance are classified as Level 3 based on the valuation methods used. These primarily consists of commercial mortgage loans and other invested assets.

Cash and cash equivalents, including restricted cash

The carrying amount for cash and cash equivalents equals fair value, which has been determined based on quoted market prices. These assets are classified as Level 1.

Funds Withheld Asset and Liability (Embedded Derivative)

The Company estimates the fair value of the embedded derivative based on the difference between the fair value of the specific underlying assets supporting the funds withheld receivables and the book value of the funds withheld receivable. The fair value of the embedded derivative is classified as Level 3.

Policyholders' Account Balances

The index-crediting feature in the Company's indexed annuity and life contracts is an embedded derivative that is required to be accounted for separately from the host contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts for fixed indexed annuities and over the current indexed term for indexed life contracts. The cash flow estimates are produced by market implied assumptions. These derivatives are classified as Level 3 liabilities in the fair value hierarchy.

Level 3 Fair Value Measurements

The change in fair value measurement of assets and liabilities categorized with Level 3 of the fair value hierarchy during the three months ended December 31, 2023 (Successor), nine months ended October 1, 2023 (Predecessor) and year ended December 31, 2022 (Predecessor) were as follows:

Three Months Ended December 31, 2023 (Successor)			**Investment related gains/(losses) included in**		
($ in thousands)	**Beginning Balance**	**Issues**	**Net income**	**Settlements**	**Ending Balance**
Assets					
Funds withheld asset - embedded derivatives	$ —	$ —	$ 1,034,344	$ —	$ 1,034,344
Total Level 3 assets	$ —	$ —	$ 1,034,344	$ —	$ 1,034,344
Liabilities					
Funds withheld liability - embedded derivatives	$ —	$ —	$ —	$ —	$ —
Policyholder account balances - FIA contracts	—	—	943,826	—	943,826
Total Level 3 liabilities	$ —	$ —	$ 943,826	$ —	$ 943,826

Nine Months Ended October 1, 2023 (Predecessor)			**Investment related gains/ (losses) included in**		
($ in thousands)	**Beginning Balance**	**Issues**	**Net income**	**Settlements**	**Ending Balance**
Assets					
Funds withheld asset - embedded derivatives	$(5,860,683)	$ —	$ (91,282)	$ 2,121,898	$ (3,830,067)
Total Level 3 assets	$(5,860,683)	$ —	$ (91,282)	$ 2,121,898	$ (3,830,067)
Liabilities					
Funds withheld liability - embedded derivatives	$(2,121,898)	$ —	$ —	$ 2,121,898	$ —
Policyholder account balances - FIA contracts	1,591,694	—	(788,392)	—	803,302
Total Level 3 liabilities	$ (530,204)	$ —	$ (788,392)	$ 2,121,898	$ 803,302

Year Ended December 31, 2022 (Predecessor) *($ in thousands)*	**Beginning Balance**	**Issues**	**Investment related gains/ (losses) included in Net income**	**Settlements**	**Ending Balance**
Assets					
Funds withheld asset - embedded derivatives	$ 550,205	$ —	$(6,410,888)	$ —	$ (5,860,683)
Total Level 3 assets	$ 550,205	$ —	$(6,410,888)	$ —	$ (5,860,683)
Liabilities					
Funds withheld liability - embedded derivatives	$ —	$ —	$(2,121,898)	$ —	$ (2,121,898)
Policyholder account balances - FIA contracts	2,779,698		(1,188,004)	—	1,591,694
Total Level 3 liabilities	$ 2,779,698	$ —	$(3,309,902)	$ —	$ (530,204)

Significant Unobservable Inputs

Significant unobservable inputs occur when the Company could not obtain or corroborate the quantitative detail of the inputs. This applies to certain fixed maturity securities, equity securities, investment funds, investment property and funds withheld assets. Additional significant unobservable inputs are described below.

Fair Value	**Valuation Technique**	**Unobservable Input**
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	Discounted cash flow	Option budget; Policyholder behavior, Nonperformance risk

Fixed indexed annuity contracts: Significant unobservable inputs used in the valuation of the embedded derivative included within fixed indexed annuity ("FIA") contracts:

1. Option budget – the Company assumes future hedge costs in the derivative's fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.

2. Policyholder behavior – The liabilities cashflows are projected using actuarial determined assumptions based on Company's and cedant historical experiences. Assumptions such as full surrender are reviewed regularly.

3. Nonperformance risk – Based on Company's public crediting rating, the credit spread relative to US Treasury is used by the Company to discount cashflows. This reflects the Company's own credit risk used in the estimate of the fair value of embedded derivatives.

7. Income Taxes

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023, which will apply a 15% corporate income tax to certain Bermuda businesses in fiscal years beginning on or after January 1, 2025. The Bermuda corporate income tax regime permits tax reliefs which give rise to deductible temporary differences. The regime also gives rise to taxable temporary differences for the Company, resulting from the decision to apply pushdown accounting. The Company expects to incur taxes in Bermuda from 2025.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the successor period is lower than the standard rate of corporation tax in the Bermuda of 0%.

($ in thousands)	Three Months Ended December 31, 2023 (Successor)	Nine Months Ended October 1, 2023 (Predecessor)	Year Ended December 31, 2022 (Predecessor)
Income (loss) before income tax	$ 679,177	$ (82,078)	$ (4,421,651)
Profit on ordinary activities by rate of tax	—	—	—
Impact of law changes on deferred tax balances	(28,034)	—	—
Tax on profit	(28,034)	—	—

Deferred tax asset

Deferred tax consists of the tax effect of temporary differences in respect of:

($ in thousands)	December 31, 2023 (Successor)	December 31, 2022 (Predecessor)
Transitional adjustments	$ 536,790	$ —
Pushdown accounting	(508,756)	—
Net deferred tax asset	$ 28,034	$ —

The deferred tax asset is recognised on the basis that Company expects future profits against which the net deferred tax asset can be recovered.

Global minimum tax regime

Various jurisdictions in which the Group operates have enacted or are introducing legislation to apply a global minimum tax rate of 15% to multinational businesses, in line with the Model Rules agreed by the Organisation for Economic Co-operation and Development (OECD). These rules are expected to apply to the Company from 2025. We anticipate that the Company will be liable for local Bermudian corporate income tax at 15%, instead of top-up tax under the global minimum tax rules, on Bermudian profits.

8. Certain Nontraditional Long-Duration Contracts

The Company's contracts with guarantees may offer more than one type of guarantee in each contract; therefore, the amounts listed may not be mutually exclusive. The liabilities related to the net amount at risk are reflected within Future policy benefits and other policyholder liabilities or Policyholders' account balances. As of December 31, 2023 (Successor) and 2022 (Predecessor), the Company had the following guarantees associated with these contracts, by product and guarantee type:

	December 31, 2023 (Successor)	December 31, 2022 (Predecessor)
(in thousands)	In the Event of Death	In the Event of Death
Fixed Annuity Contracts		
GLWB		
General account value	$ 12,923,293	$ 14,251,047
Net amount at risk	$ 2,444,680	$ 2,576,208
Average attained age of contract holders	70 years	69 years

Liabilities for Guarantee Benefits

The Company reinsures fixed-indexed annuity contract that are issued with a guaranteed lifetime withdrawal benefit ("GLWB"). GLWB is a non-optional benefit where the policyholder is entitled to withdraw up to a specified amount of their benefit base each year.

The benefit base is defined in the contract and excess guaranteed benefits are defined as the benefits paid once the underlying account value has reached zero or any excess death benefit paid above the underlying account value. The ultimate cost of these benefits will depend on the level of market returns as well as policyholder behavior.

Reserves for the GLWB is calculated by estimating the present value of total expected excess benefit payments over the life of the contract divided by the present value of total expected assessments over the life of the contract.

The changes in the liabilities for guarantees were as follows:

	General account liabilities	
	GLWB	
(in thousands)	Fixed Annuity	
Balance as of January 1, 2022 (Predecessor)	$	1,721,218
Less: reinsurance recoverable		(764,986)
Net balance as of January 1, 2022	$	956,232
Liabilities acquired		—
Incurred guarantee benefits		14,364
Paid guarantee benefits		—
Net change	$	14,364
Net balance as of December 31, 2022 (Predecessor)		970,596
Plus reinsurance recoverable		776,477
Balance as of December 31, 2022 (Predecessor)	$	1,747,073
Less: reinsurance recoverable		—
Net balance as of January 1, 2023	$	1,747,073
Incurred guarantee benefits		(10,922)
Paid guarantee benefits		(776,477)
Net change	$	(787,399)
Net balance as of October 1, 2023, (Predecessor		959,674
Pushdown accounting		(959,674)
Balance as of October 1, 2023, (Predecessor)	$	—
Less: reinsurance recoverable		—
Net balance as of October 2, 2023	$	—
Liabilities acquired		—
Incurred guarantee benefits		412,466
Paid guarantee benefits		—
Net change	$	412,466
Net balance as of December 31, 2023 (Successor)		412,466
Plus reinsurance recoverable		—
Balance as of December 31, 2023 (Successor)	$	412,466

9. Reinsurance

The effects of reinsurance on premiums earned and fee income from policyholders for three months ended December 31, 2023, nine months ended October 1, 2023 and year ended December 31, 2022 were as follows:

($ in thousands)	**Three Months Ended December 31, 2023 (Successor)**	**Nine Months Ended October 1, 2023 (Predecessor)**	**Year Ended December 31, 2022 (Predecessor)**
Premiums and fee income			
Premiums			
Reinsurance assumed	$ 2,880,795	$ 78,093	$ 1,324,816
Fee income			
Reinsurance assumed	11,686	37,232	171,843
Reinsurance ceded	—	—	(43,041)
Total premiums and fee income, net of reinsurance	$ 2,892,481	$ 115,325	$ 1,453,618

The effects of reinsurance on changes in policyholder liabilities, return credited to policyholders' account balances and policyholder benefits for the three months ended December 31, 2023 (Successor), nine months ended October 1, 2023 (Predecessor) and year ended December 31, 2022 were as follows:

($ in thousands)	**Three Months Ended December 31, 2023 (Successor)**	**Nine Months Ended October 1, 2023 (Predecessor)**	**Year Ended December 31, 2022 (Predecessor)**
Future policy and other policy benefits			
Reinsurance assumed	$ 3,398,175	$ 282,173	$ 1,484,361
Reinsurance ceded	—	—	(67,348)
Total future policy and other policy benefits, net of reinsurance	$ 3,398,175	$ 282,173	$ 1,417,013

Reinsurance typically provides for recapture rights on the part of the ceding company for certain events of default. Additionally, some agreements require us to place assets in trust accounts for the benefit of the ceding entity.

10. Value of Business Acquired ("VOBA") and Deferred Acquisition Costs ("DAC")

The following reflects the changes to the VOBA and DAC assets during the three months ended December 31, 2023, nine months ended October 1, 2023 and year ended December 31, 2022:

	Three Months Ended December 31, 2023 (Successor)	
($ in thousands)	**VOBA**	**DAC**
Balance, beginning of period	$ —	$ —
Pushdown accounting	3,043,746	—
Amortized to expense during the year	(202,806)	—
Effect of foreign currency translation and other	31,838	—
Balance, end of period	$ 2,872,778	$ —

	Nine Months Ended October 1, 2023 (Predecessor)	
($ in thousands)	**VOBA**	**DAC**
Balance, beginning of period	$ —	$ 1,047,073
DAC capitalization	—	(1,063,377)
Amortized to expense during the year	—	16,304
Balance, end of period	$ —	$ —

	Year Ended December 31, 2022 (Predecessor)	
($ in thousands)	**VOBA**	**DAC**
Balance, beginning of period	$ —	$ 1,035,856
Interest accretion	—	16,742
Amortized to expense during the year	—	(5,525)
Balance, end of period	$ —	$ 1,047,073

The expected amortization of VOBA for the next five years is as follows:

%	**Expected Amortization**
2024	4.47 %
2025	3.59 %
2026	3.24 %
2027	2.87 %
2028	2.58 %
2029 and thereafter	83.24 %

11. Commitments and Contingencies

Commitments

The Company has commitments to make investments, primarily capital contributions to investment funds of $297 million and $386.6 million as of December 31, 2023 (Successor) and December 31, 2022 (Predecessor), respectively. These commitments will be funded from the funds withheld assets over the next three years but could become due any time upon counterparty request due to market conditions and other factors.

Regulation and Compliance

The Company is subject to changing social, economic, and regulatory conditions. The Company has established procedures and policies to facilitate compliance with laws and regulations, to foster prudent business operations, and to support financial reporting. The Company routinely reviews its practices to validate compliance with laws and regulations and with internal procedures and policies to make sure that its business complies to the latest regulations. As a result of these reviews, from time to time the Company may decide to modify some of its procedures and policies. Such modifications, and the reviews that led to them, may be accompanied by payments being made and costs being incurred. The ultimate changes and eventual effects of these actions on the Company's business, if any, are uncertain.

Letter of Credit

The Company is named as the borrower on standby letter of credit facilities issued by unrelated financial institutions in favor of third parties. The following table outlines the Company's credit facilities as of December 31, 2023 (in thousands).

Secured / Unsecured	Committed / Uncommitted	Expiration	Currency	Max Capacity	Utilization	Unused Commitment
Unsecured	Committed	Sep. 28 2027	CHF	300,000	145,000	155,000
Unsecured	Committed	Mar. 31 2027	USD	450,000	—	450,000
Unsecured	Committed	Apr. 14 2027	JPY	14,400,000	—	14,400,000

Pledged or Restricted Assets

The Company has restricted cash and restricted cash equivalents, shown within the Cash and cash equivalents line, which has been pledged as part of the derivative arrangements.

The Company has restricted investments, shown within the Fixed maturity securities, equity securities and investment funds lines, which have been secured as part of the modco arrangements.

The carrying value of the restricted assets as of December 31, 2023 (Successor) and 2022 (Predecessor) were as follows:

($ in thousands)	**December 31, 2023 (Successor)**	**December 31, 2022 (Predecessor)**
Fixed maturities	$ 1,801,061	$ 1,351,418
Equity securities	22,272	40,833
Cash, cash equivalents and restricted cash	440,910	197,787
Total	$ 2,264,244	$ 1,590,038

12. Regulatory

The Company is licensed by the Bermuda Monetary Authority ("BMA") as a Class E long term insurer and is subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. In accordance with BMA regulations, the Company is required to submit an annual filing with the BMA.

The prescribed form of capital and solvency return primarily comprises the Insurer's Statutory Financial Return, Bermuda Solvency Capital Requirements ("BSCR"), and associated schedules including Form 4 EBS and various other schedules as prescribed by the 1978 Act, The Insurance Account Rules 2016, The Insurance (Prudential Standards) (Class C, Class D, and Class E Solvency Requirement) Rules 2011, Insurance (Eligible Capital) Rules 2012, and Insurance (Public Disclosure) Rules 2015. The BSCR includes a standardized model to measure the risk associated with an insurer's assets, liabilities and premiums, and a formula to take account of insurance related risk exposure. The Minimum Margin of Solvency ("MMS") is equal to the greater of $8 million or 2% of the first $500 million of Statutory Financial Statements ("SFS") assets plus 1.5% of SFS assets above $500 million. The MMS is subject to a floor of 25% of the Enhanced Capital Requirement ("ECR"). Additionally, in accordance with regulatory guidance, the Company is not required to recognize or account for deferred tax until 2023. Thus, the Company has not recognized any deferred taxes to date in the regulatory filings, aligning with the stipulated guidance.

The ECR is calculated as the higher of the capital requirement as measured by the BSCR and MMS. The BMA requires all Class E insurers to maintain their capital at a target level which is 120% of ECR. As of December 31, 2023 and December 31, 2022 the Company's Statutory Capital and Surplus was $2.7 billion and $2.4 billion, respectively. The Company has met all minimum regulatory requirements. The BMA has granted the Company a modification in which the Company is not required to record the effect of DIG B36 and is permitted to record the fixed income securities within the funds withheld receivable at amortized cost in the unconsolidated Statutory Financial Statements. For the year ended December 31, 2023 and for the year ended December 31, 2022 the effect of this modification on the Company's Statutory Capital and Surplus was $(914) million and $3,726 million, respectively. For the year ended December 31, 2023 and for the year ended December 31, 2022, the statutory net income (loss) was $(168) million and $(240) million, respectively.

The Company is prohibited from declaring or paying a dividend if its Class E statutory capital and surplus is less than its ECR or if it is in breach of its solvency margin or if the declaration or payment of such dividend would cause such breach. Further as a Class E insurer, the Company is prohibited from declaring or paying any dividend of more than 25% of its total statutory capital and surplus unless it files with the BMA an affidavit stating that it will continue to meet its relevant margins. The Company must obtain the BMA's prior approval for a reduction by 15% or more of the total statutory capital as set forth in its previous year's financial statements.

13. Related Parties

The Company reported the following amounts due from affiliates and due to affiliates as of December 31, 2023 (Successor) and 2022 (Predecessor):

($ in thousands)	December 31, 2023 (Successor)	December 31, 2022 (Predecessor)
Receivables/ Due from affiliates		
Resolution Life Finance (Bermuda) Ltd.	$ 1,239	$ 2,249
Resolution Re Finance (Bermuda) Ltd.	250	1,824
Total due from affiliates	$ 1,489	$ 4,073

($ in thousands)	December 31, 2023 (Successor)	December 31, 2022 (Predecessor)
Payables/ Due to affiliates		
Resolution (Brands) Limited	$ 70	$ —
Resolution Life Group Holdings Ltd.	141	54
Resolution Life Group Services Ltd.	1,739	4,204
Resolution Life Services (Bermuda) Ltd.	1,358	—
Resolution Life Services (US) Inc.	221	946
Total due to affiliates	$ 3,529	$ 5,204

Intercompany receivable and payable balances are evaluated on an individual company basis. Intercompany balances are generally settled quarterly.

Resolution Life Group Services Ltd. ("RLGS") and Resolution Life Services (US) Inc. ("RLS(US)") provide the Company with certain management and administrative services. These include legal counsel, personnel, marketing, public relations, accounts payable, investment management and managerial services. The Company reimburses RLGS and RLS(US) at cost plus markup for the services provided, pursuant to the agreement, including all direct and indirectly allocable expenses. Under the agreement, each party is required to present an invoice no less frequently than on a quarterly basis, and fees are payable within thirty days following the receipt of an invoice. For the three months ended December 31, 2023, nine months ended October 1, 2023, and for the year ended December 31, 2022, the expenses related to these agreements amounted to $3.6 million, $9.9 million and $13.7 million, respectively. As of December 31, 2023, a balance of $3.4 million and $0.2 million remains payable to RLGS and RLS(US), respectively.

The Company has an agreement with J.P. Morgan Investment Management Inc. ("JPIM"), an affiliate of JPMC Strategic Investments I Corp, to manage AFS securities. For the three months ended December 31, 2023, the nine months ended October 1, 2023, and the year ended December 31, 2022, management fees incurred were $1.2 million, $3.7 million and $3.6 million, respectively. As of December 31, 2023, $1.2 million remains payable to JPIM in relation to the investment management services.

The Company has an agreement with Kohlberg Kravis Roberts & Co. LP ("KKR"), an affiliate of KKR Radar LLC, to manage assets supporting the funds withheld asset. For the three months ended December 31, 2023, the nine months ended October 1, 2023, and the year ended December 31, 2022, management fees incurred were $nil, $0.2 million and $2.4 million, respectively. As of December 31, 2023, $nil million remains payable to KKR in relation to this agreement.

The Company has an agreement with Voya Investment Management Co. LLC ("Voya") to manage assets supporting the funds withheld asset. For the three months ended December 31, 2023, the nine months ended October 1, 2023, and the year ended December 31, 2022, management fees incurred were $0.1 million, $0.3 million and $.09 million, respectively. As of December 31, 2023, $0.1 million remains payable to Voya in relation to this agreement.

During 2023, the Company entered into an agreement with Blackstone ISG-I Advisors LLC ("Blackstone") to manage a portion of its investment portfolio. For the three months ended December 31, 2023 and the nine months ended October 1, 2023, the management fees incurred were $2.7 million and $5.9 million, respectively. As of December 31, 2023, $2.7 million remains payable to Blackstone in relation to this agreement.

14. Subsequent events

The Company's activities and financial position from the balance sheet date up until April 24, 2024, have been reviewed. Based on this review, we report that there have been no significant events that would require adjustment to the consolidated financial statements or require disclosure in the notes.