Pacific Life Re International Limited

Consolidated Financial Statements
for the years ended December 31, 2023 and December 31, 2022

Deloitte & Touche LLP
695 Town Center Drive
Suite 1000
Costa Mesa, CA 92626
USA

Tel: 714 436 7100
Fax: 714 436 7200
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

Pacific Life Re International Limited and Subsidiaries:

Opinion

We have audited the consolidated financial statements of Pacific Life Re International Limited and subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of operations, comprehensive income (loss), shareholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Predecessor Auditor's Opinion on 2022 Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 were audited by other auditors whose report, dated April 19, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Report on Required Supplementary Information

Management has omitted the incurred and paid claims development tables for short-duration contracts that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Deloitte & Touche LLP

April 19, 2024

Pacific Life Re International Limited

Consolidated Statements of Financial Condition

As at December 31

(in thousands)

	Note	December 31, 2023	December 31, 2022
Assets:		**$**	**$**
Investments:			
Fixed maturity securities available for sale, at fair value (amortized cost 2023: $3,108,311, allowance for credit losses 2023: nil)	*3,4*	2,916,448	1,962,188
Total investments		2,916,448	1,962,188
Cash, cash equivalents and restricted cash	*12*	278,381	487,703
Accrued investment income		29,781	19,040
Negative reserves	6	552,074	431,873
Funds withheld assets		142,140	93,358
Reinsurance receivables		661,024	524,631
Retrocession recoverables	*6*	619,284	231,183
Tax recoverables	*9*	6,812	4,474
Cost of reinsurance asset	*8*	10,440	—
Deferred tax benefits	*9*	104,195	76,311
Deferred policy acquisition costs	*5*	925,593	823,516
Other assets		29,061	38,064
Total assets		**6,275,233**	**4,692,341**
Liabilities and shareholder's equity			
Liabilities:			
Future policy benefits	*6*	4,295,168	2,867,273
Reinsurer's share of negative reserves	*6*	425,580	324,643
Funds withheld liability		351,633	364,160
Loans payable	*7*	106,353	114,399
Reinsurance payable		207,371	132,838
Amounts due to affiliates		20,409	19,315
Income taxes payable		6,519	7,961
Cost of reinsurance liability	*8*	66,710	—
Deferred tax liabilities	*9*	14,350	11,174
Accounts payable and other liabilities		42,814	27,775
Total liabilities		**5,536,907**	**3,869,538**
Shareholder's equity:			
Common stock - $.01 par value, 100,000 shares issued		1,000	1,000
Additional paid-in capital		1,191,472	1,394,120
Retained earnings (deficit)		(14,921)	3,580
Accumulated other comprehensive (loss) income	*10*	(439,225)	(575,897)
Total shareholder's equity		**738,326**	**822,803**
Total liabilities and shareholder's equity		**6,275,233**	**4,692,341**

These Consolidated Financial Statements have been approved by the Board of Directors on April 18, 2024.

DocuSigned by:

Court Post

3019DB41C9074E8...

Director

See accompanying notes to Consolidated Financial Statements.

Pacific Life Re International Limited

Consolidated Statements of Operations

For the years ended December 31

(in thousands)

	Note	December 31, 2023	December 31, 2022
		$	**$**
Revenues:			
Net premiums	*8*	2,111,013	1,702,303
Net investment income	*3*	94,997	55,332
Net investment (loss) gain	*3*	(43,106)	34,327
Fee and other income		7,726	6,099
Realized foreign currency gains		2,309	—
Total revenues		**2,172,939**	**1,798,061**
Benefits and expenses:			
Claims and other policy benefits		1,783,258	1,353,413
Acquisition costs and other insurance expenses		41,657	30,423
Commission expenses		138,494	136,945
Operating expenses		218,019	186,455
Interest and other expenses		731	936
Realized foreign currency losses		—	3,356
Total benefits and expenses		**2,182,159**	**1,711,527**
(Loss) profit before (provision) benefit for income taxes		**(9,220)**	**86,534**
(Provision) benefit for income taxes	*9*	(8,872)	2,773
Net (loss) income		**(18,092)**	**89,307**

See accompanying notes to Consolidated Financial Statements.

Pacific Life Re International Limited

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31

(in thousands)

	December 31, 2023	December 31, 2022
	$	**$**
Net (loss) income	(18,092)	89,307
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on securities	138,519	(388,420)
Net foreign currency translation and other adjustments	(1,847)	(79,477)
Other comprehensive income (loss)	**136,672**	**(467,897)**
Total comprehensive income (loss)	**118,580**	**(378,590)**

See accompanying notes to Consolidated Financial Statements.

Pacific Life Re International Limited

Consolidated Statements of Shareholder's Equity

For the years ended December 31

(in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Shareholder's Equity
	$	**$**	**$**	**$**	**$**
Balance at January 1, 2022	**1,000**	**1,669,120**	**(85,727)**	**(108,000)**	**1,476,393**
Comprehensive income/(loss):					
Net income			89,307		89,307
Other comprehensive loss				(467,897)	(467,897)
Total comprehensive loss					(378,590)
Distribution to Pacific Life Re Global Limited		(275,000)			(275,000)
Balance at December 31, 2022	**1,000**	**1,394,120**	**3,580**	**(575,897)**	**822,803**
Balance at January 1, 2023	**1,000**	**1,394,120**	**3,580**	**(575,897)**	**822,803**
Cumulative effect of adoption of accounting change re: ASU 2016-13 Expected Credit Losses			(409)		(409)
Revised balance at 1 January 2023	**1,000**	**1,394,120**	**3,171**	**(575,897)**	**822,394**
Comprehensive income/(loss):					
Net income			(18,092)		(18,092)
Other comprehensive income				136,672	136,672
Total comprehensive income					118,580
Distribution to Pacific Life Re Global Limited		(202,648)			(202,648)
Balance at December 31, 2023	**1,000**	**1,191,472**	**(14,921)**	**(439,225)**	**738,326**

See accompanying notes to Consolidated Financial Statements.

Pacific Life Re International Limited

Consolidated Statements of Cash Flows

For the years ended December 31

(in thousands)

	2023	2022
Cash flows from operating activities	**$**	**$**
Net (loss) income	(18,092)	89,307
Adjustment to reconcile net income (loss) from continuing operations to net cash provided by operating activities:		
Net accretion on fixed maturity securities	(3,017)	(2,010)
Net change in deferred income taxes	(25,620)	(27,797)
Net change in tax liabilities (recoverables)	(3,081)	6,967
Net investment loss	14,824	54,362
Net change in reinsurance receivables	(136,393)	(42,968)
Net change in accrued investment income	(10,141)	(238)
Net change in deferred policy acquisition costs	(77,112)	(66,988)
Net change in other assets	7,544	(67,104)
Net change in future policy benefits, negative reserves, and other reinsurance balances	853,758	540,735
Net change in funds withheld	(83,763)	(22,448)
Net change in loans payable	—	(86,080)
Net change in reinsurance payable	80,878	(99,689)
Net change in accounts payable and other liabilities	19,331	15,635
Net cash provided (used) in operating activities	619,116	291,684
Cash flows from investing activities		
Available for sale securities:		
Purchases	(849,407)	(656,510)
Sales	112,920	464,560
Maturities and repayments	108,652	313,692
Net cash provided (used) in investing activities	(627,835)	121,742
Cash flows from financing activities		
Distribution to Pacific Life Re Global Limited	(202,648)	(275,000)
Net cash used in financing activities	(202,648)	(275,000)
Net change in cash, cash equivalents and restricted cash	(211,367)	138,426
Change in cash, cash equivalents and restricted cash due to foreign currency	2,045	(16,992)
Cash, cash equivalents and restricted cash, beginning of year	487,703	366,269
Cash, cash equivalents and restricted cash, end of year	**278,381**	**487,703**
Supplemental disclosures of cash flow information		
Income taxes paid, net	23,472	18,571
Non-cash transactions		
Available for sale securities received as premium from a related party	156,074	—

See accompanying notes to Consolidated Financial Statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND DESCRIPTION OF BUSINESS

Pacific Life Re International Limited (RIBM), including its wholly owned and controlled subsidiaries, Pacific Life Re (Australia) Pty Limited (PLRA), Pacific Life Re Holdings Limited (PLRH) and Pacific Life Re Limited (PLRL), is a wholly owned subsidiary of Pacific Life Re Global Limited (RGBM). RGBM is a wholly owned subsidiary of Pacific Life Re Holdings LLC (PLRH LLC), which is in turn wholly owned by Pacific LifeCorp (PLC). PLRH LLC is a limited liability company organized under the laws of Delaware. PLC is an intermediate Delaware stock holding company. PLC is a wholly owned subsidiary of Pacific Mutual Holding Company (PMHC), a Nebraska mutual holding company (and ultimate parent of the Company). Unless the context indicates otherwise, the terms “the Company” or “our” means RIBM and its consolidated subsidiaries. The Company provides life reinsurance solutions to its customers.

RIBM is a reinsurance carrier participating in PMHC’s global life reinsurance division (Pacific Life Re, PL Re or the Division). During the year, the Division operated through a Division Centre, UnderwriteMe (UM) and four business units (BUs or Business Unit) based on geographic location and/or business channel, as follows: Pacific Life Re Europe (Europe), Pacific Life Re Asia (Asia), Pacific Life Re Australia (Australia) and Pacific Life Re Retro (Retro). In early 2024, PL Re moved from this geographical-based structure for BUs to a product-based management structure with three lines of business: Protection, Savings & Retirement (S&R), and Capital Solutions.

RIBM was incorporated in Bermuda on November 22, 2019, and is licensed as a Class E long-term insurer by the Bermuda Monetary Authority (BMA). RIBM provides reinsurance services, including via its branches which are regulated in the UK, Canada, Singapore and South Korea.

PLRH, a UK domiciled holdings company, is a wholly owned and direct subsidiary of RIBM. PLRL is a UK wholly owned direct subsidiary of PLRH. By January 1, 2023, PLRL had completed transfers of all reinsurance business to RIBM consequently, its regulatory permissions were cancelled in the UK on September 14, 2023. On December 18, 2023, each of the Boards of PLRL and PLRH appointed, effective January 1, 2024, insolvency practitioners to enable a member's voluntary liquidation of each of PLRL and PLRH in 2024.

PLRA is a wholly owned Australia domiciled reinsurance company that is regulated and authorized by the Australian Prudential Regulation Authority (APRA), engaged in providing traditional reinsurance which includes individual and group life and health, disability, and critical illness and income protection reinsurance in Australia.

Business Transfers and Restructuring

PL Re commenced a project (Project Valentine) in 2019 to move the Division’s headquarters to Bermuda and created two new regulated entities in Bermuda, RGBM and RIBM. On June 25, 2021, a Business Transfer Agreement was signed governing the transfer of business between PLRL and RIBM.

On July 1, 2021, two treaties written in the Singapore branch of PLRL were transferred to RIBM by means of individual novation of treaties. On January 1, 2022, the remaining reinsurance business written by the Singapore branch of PLRL was transferred to RIBM by means of individual novation of treaties. On the same day, the reinsurance business governed by English law was transferred to RIBM by means of an insurance business transfer under Part VII of the Financial Services and Markets Act 2000 (Part VII) and an additional business transfer under a Guernsey insurance business transfer scheme was completed with an effective date of January 1, 2022. The remaining Europe treaties not written under English law were transferred to RIBM by means of individual novation of treaties with an effective date of January 1, 2022. The retrocession contract with PLRA was also novated to RIBM on January 1, 2022. Loan notes were issued by RIBM to PLRL as consideration for the transfers that occurred on January 1, 2022.

On January 1, 2022, the retrocession treaties between Pacific Life Insurance Company (PLIC) and PLRL were novated to UK branch of RIBM.

On January 1, 2022, the retrocession treaty between RGBM and PLRL was novated to the UK branch of RIBM. On January 1, 2022, the retrocession treaty was recaptured.

On January 1, 2022, the retrocession treaty between PLRA and PLRL was novated to RIBM. PLRL has no further obligations under that treaty, and all investment management and custody arrangements in relation to that business have also been contractually transferred to RIBM. APRA has designated RIBM as an ‘appropriate retrocessionaire’ of PLRA.

On January 1, 2023, the PLRL Canada branch business was transferred to the Canada branch of RIBM by way of individual novation of treaties. Loan notes were issued by RIBM to PLRL as consideration for the Canada business transfers. On January 1, 2023, the majority of Canadian market reinsurance business in RGBM was transferred to RIBM Canada branch through novation of individual treaties. On the same day the retrocession arrangement between PLRL Canada branch and PLIC was recaptured. Also on January 1, 2023, RIBM Canada branch set up two new 75% retrocession treaties with RGBM, one for Protection and the other for Longevity business.

On January 1, 2023, the PLRL Korea branch business was transferred to the Korea branch of RIBM by way of a South Korean law portfolio transfer for cash.

Having transferred all the business out of PLRL during the period, PLRL and its branches were fully deauthorized by September 14, 2023. On December 18, 2023, each of the Boards of PLRL and PLRH appointed, effective January 1, 2024, insolvency practitioners to enable a member's voluntary liquidation of each of PLRL and PLRH in 2024.

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of RIBM and its wholly owned and controlled subsidiaries. All significant intercompany transactions and balances have been eliminated on consolidation.

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In developing these estimates, management makes subjective and complex judgments that are inherently uncertain and subject to material change as facts and circumstances develop. Management has identified the following estimates as critical, as they involve a higher degree of judgment and are subject to a significant degree of variability:

1. Expected credit losses on financial assets
2. The capitalization and amortization of deferred policy acquisition costs (DAC)
3. The liability for future policy benefits and negative reserves
4. Income taxes
5. Reinsurance transactions
6. Litigation and other contingencies

For the purpose of these financial statements, “affiliated” and “related parties” refers to entities that are under common control of RIBM’s ultimate parent, PMHC.

Certain reclassifications have been made to the 2022 Consolidated Financial Statements to conform to the 2023 Consolidated Financial Statement Presentation.

The Company has evaluated events subsequent to December 31, 2023 through the date the Consolidated Financial Statements were available to be issued, see Note 13.

Recent Adopted Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 that provides guidance on the measurement of credit losses for certain financial assets. This ASU replaces the incurred loss impairment methodology with one that reflects expected credit losses. The measurement of expected credit losses should be based on historical loss information, current conditions, and reasonable and supportable forecasts. The Company adopted this ASU on January 1, 2023 applying a modified retrospective approach. The impact of this adoption on January 1, 2023 resulted in a $409,000, net of tax, decrease to retained earnings and decrease to retrocession receivables.

Investments

Fixed maturity securities available for sale (AFS) are reported at fair value, with unrealized gains and losses, net of deferred income taxes, recognized as a component of other comprehensive income (loss) (OCI).

Amortization of premium and accretion of discount on fixed maturity securities is recorded using the effective interest method. For asset-backed securities included in fixed maturity securities AFS, the Company recognizes income using a constant effective yield based on anticipated prepayments and the estimated economic life of the securities. When estimates of prepayments change, the effective yield is recalculated to reflect actual payments to date and anticipated future payments.

Net Investment income consists primarily of interest income net of investment management expenses. Interest is recognized on an accrual basis.

The Company regularly reviews its fixed maturity AFS securities for declines in fair value that are determined to be impairment-related by evaluating extent of the decline, the reasons for the decline in value (credit events, currency or interest-rate related including general credit spread widening) and the financial condition of the issuer. As part of the evaluation, the Company also considers the ability and intent to sell the security prior to a recovery in value. If the Company does have the intent to sell the security, the amortized cost basis of the security is written down to fair value and a realized loss is recorded to net investment (loss) gain. Estimated fair value becomes the new amortized cost of the security. Subsequent decisions on securities sales are made within the context of assessing relative value to other comparable securities, portfolio maintenance and overall risk monitoring. Any subsequent decisions are consistent with the classification of the investment portfolio as AFS.

Prior to January 1, 2023 if an other-than-temporary impairment (OTTI) was identified on an AFS security, the cost basis of the security was written down to the net pre,sent value (NPV) of projected future cash flows discounted at the effective interest rate (NPV) and a loss was recognized in earnings.

Effective January 1, 2023, the Company adopted ASU 2016-13, which modified the OTTI guidance for AFS securities. The new model establishes an allowance for credit losses (ACL), representing expected credit losses over the life of the financial asset, rather than a direct write-down of the investment. In determining the amount of ACL, the Company calculates the NPV and compares this value to the amortized cost of the security. If the NPV is less than the amortized cost, the Company recognizes an

ACL in net investment (loss) gain for the difference, but not for more than the unrealized loss. Any amount of unrealized loss not recorded as an ACL is recorded through OCI.

In periods subsequent to the recognition of an initial ACL on a security, the Company reassesses credit losses quarterly. Subsequent increases or decreases in the expected cash flow from the security result in corresponding decreases or increases in the ACL, which are recognized in net investment (loss) gain. However, the Company does not reduce the previously recorded ACL to an amount below zero.

The Company determines realized gains and losses on investment transactions on a specific identification basis at trade date and includes them in net investment (loss) gain.

The Company excludes accrued interest receivable from the measurement of the ACL and reverses any previously accrued interest through interest income once placing a security on nonaccrual. The Company elects not to measure an ACL on accrued interest receivable amounts because the Company writes-off the uncollectible accrued interest receivable balance in a timely manner in accordance with its nonaccrual policy. The Company will continue to present accrued interest receivable separately from the related financial asset balance on the Consolidated Statements of Financial Condition.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include all short-term, highly liquid investments with a maturity of three months or less from purchase date. Cash and cash equivalents consist primarily of cash in bank, money market funds and liquidity funds. Restricted cash primarily consists of liquidity reserves related to security deposits, commitment fees, cash collateral and cash held in trusts.

Deferred Policy Acquisition Costs

The direct and incremental costs associated with the successful acquisition of new or renewal business, have been deferred to the extent that such costs are deemed recoverable from future premiums or gross profits and recorded as an asset referred to as DAC. Such costs include commissions and allowances as well as certain costs of policy issuance and underwriting. Management of the Company performs periodic tests to determine that the cost of business acquired remains recoverable, and if financial performance significantly deteriorates to the point where a premium deficiency exists, the cumulative amortization is re-estimated and adjusted by a cumulative charge or credit to current operations. DAC related to internally replaced contracts is immediately written off to expense and any new deferrable expenses associated with the replacement are deferred if the contract modification substantially changes the contract. However, if the contract modification does not substantially change the contract, the existing DAC asset remains in place and any acquisition costs associated with the modification are immediately expensed.

DAC related to traditional life insurance contracts, substantially all of which relate to long-duration contracts, are amortized over the premium-paying period of the related policies in proportion to the ratio of individual period premium revenues to total anticipated premium revenues over the life of the policy. Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

The development, and amortization, of DAC for the Company’s products requires management to make estimates and assumptions. Actual results could differ materially from those estimates. Management of the Company monitors actual experience, and should circumstances warrant, will revise its assumptions and the related estimates.

Retrocession Recoverables

In the ordinary course of business, the Company has entered into ceded retrocession agreements with other insurance companies or affiliated companies to limit potential losses and reduce exposure arising from larger risks. The ceding of risk does not discharge the Company from its primary obligations to cedents. To the extent that the retrocessionaires become unable to meet their obligations under retrocession contracts, the Company remains contingently liable. Each retrocessionaire is reviewed to evaluate its financial stability before entering into each reinsurance contract and throughout the period that the retrocession contract is in place.

As part of its risk management process, the Company routinely evaluates its retrocession programs and may change retention limits, retrocessionaires, or other features at any time. The Company along with its affiliate, PLIC, manage retention across all affiliated entities on a group basis.

The Company utilizes reinsurance accounting for ceded retrocession transactions when risk transfer provisions have been met. To meet risk transfer requirements, a retrocession contract must transfer significant insurance risk, consisting of both underwriting and timing risk, and a reasonable possibility of a significant loss to the retrocessionaire. Retrocession recoverables will be recognized consistent with the liabilities relating to the underlying reinsured contracts. Assumptions used in estimating retrocession recoverables are consistent with those used in estimating the underlying contracts. Retrocession recoverables includes an asset for claims to be reimbursed to the Company and is established based on the retroceded portion of the Company's estimated cost of settling all claims. When underlying reinsured contracts are in negative reserve positions, retrocession recoverable is recognized as a liability, Reinsurer's share of negative reserves in the Consolidated Statements of Financial Condition.

Other Assets

Other assets include balances due from affiliates, marketing advances, value of business acquired, accounts receivable, prepayments, property, plant and equipment, value of business acquired and leases.

Future Policy Benefits

The liability for future policy benefits includes a liability for unpaid claims, established based on the Company’s estimated cost of settling all claims. Unpaid claims include estimates of claims reported and those that the Company believes have been incurred but have not yet been reported as of the Consolidated Statements of Financial Condition date. The estimates used to determine the liability for unpaid claims are derived principally from the Company’s historical experience.

Insurance reserves are composed of benefit reserves and additional liabilities. Benefit reserves are valued using the net level premium method on the basis of actuarial assumptions appropriate at policy issue, including a margin for possible unfavorable deviations. Mortality, morbidity, and persistency assumptions are generally based on the Company's experience, which, together with interest and expense assumptions, are “locked in” upon the issuance of new business. Although certain assumptions are “locked in”, significant changes in experience or assumptions may require us to provide for expected future losses on a product by establishing premium deficiency reserves. Premium deficiency reserves are determined based on best estimate assumptions that exist at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

Profit sharing exists in some contracts in the form of an experience refund provision. Where applicable, projected future experience refund payments net of past losses carried over from prior period, to the extent these losses are deemed recoverable from future profits, are included in the calculation of reserve for future policy benefits.

Estimates of future policy benefit reserves and liabilities are continually reviewed and, as experience develops, are adjusted as necessary. The Company may also identify and implement actuarial modelling refinements to projection models that may result in increases and decreases to the liability for future policy benefits. Such changes in estimates are included in earnings for the period in which such changes occur.

Where future policy benefits are in an asset position they are recognized as negative reserves in the Consolidated Statements of Financial Condition.

Cost of Reinsurance

The difference, if any, between amounts paid or received for a reinsurance contract and the amount of the liabilities for policy benefits ceded relating to the underlying reinsured contracts arising from reinsurance of existing in-force blocks of long-duration contracts that transfer significant insurance risk is the cost of reinsurance. The cost of reinsurance may be a net asset or liability and is amortized over the premium-paying period of the related policies Such anticipated premium revenues are estimated using the same assumptions used for computing liabilities for future policy benefits.

Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist primarily of various expense accruals and other payables and are typically measured at amortized cost. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

The Company recognizes a deferred fee income in relation to fee income received up front by RIBM for acquisition related activities it performs. See section, *Revenue, Benefits and Expenses*, for details on the fee income.

Foreign Currency

The reporting currency for these Consolidated Financial Statements is the United States Dollar (USD). The Company, due to its subsidiaries and branches, uses a number of functional currencies; USD, Great British Pound (GBP), Canadian Dollars (CAD), Australian Dollar (AUD) and South Korean won (KRW). A functional currency is defined as the currency of the primary economic environment in which an entity operates. The translation of the functional currencies into USD is performed for asset and liability accounts using current exchange rates in effect as of the last day of the year and for revenue and benefit and expense accounts using the quarterly average rates. Gains or losses, net of applicable deferred income taxes, resulting from such translation are recognized in OCI in the Consolidated Statements of Comprehensive Income (Loss) and accumulated in AOCI in the Consolidated Statements of Financial Condition.

Gains or losses from foreign currency transactions, including the effect of remeasurement of foreign-denominated monetary assets and liabilities to the appropriate functional currency, are recognized in realized foreign currency gains (losses) in the Consolidated Statements of Operations in the period in which they occur.

Revenues, Benefits and Expenses

Reinsurance premiums from long-duration life policies and health policies with life contingencies are recognized as revenue when due from cedents. Life policies include those contracts with fixed, variable and guaranteed premiums and benefits, and consist principally of whole life, universal life and term insurance policies. Health policies consist of individual critical illness and disability risk coverages. Retrocession premiums and retrocession recoveries on benefits and claims incurred are deducted from their respective revenue, benefit and expense accounts.

Benefits and expenses are provided for as premiums are earned so as to result in the recognition of profits over the life of the contracts. This is achieved by means of the provision for future policy benefits and deferral and subsequent amortization of DAC and VOBA.

Fee income is recognized as revenue, in line with Accounting Standards Codification (ASC) 606 Revenue Recognition, such that the performance obligations are satisfied over time whereby on execution of the contract, the Company shall recognize a percentage of the fee which is considered to be the stand-alone transaction price for acquisition related activities it performs. Thereafter, annually, it shall recognize a percentage of the fees, which is considered to be the stand-alone transaction price for maintenance related activities it performs.

Income Taxes

Under the provisions of the Bermuda Exempted Undertakings Tax Protection Act of 1966, the Company is exempt from paying any taxes on Bermuda profits during its first fifteen years of operation. This exemption will expire in March 2035.

PLRA is subject to tax in Australia. PLRL and PLRH are subject to tax in the UK, as well as Canada (until October 24, 2023) and South Korea (until September 20, 2023, through its branches until they ceased to exist).

PLRL made a branch profits exemption election (BPE) which was notified to Her Majesty's Revenue and Customs (HMRC) on December 22, 2020, with an effective date of January 1, 2021. The overseas branches of PLRL were subject to tax in the UK prior to the election, but are no longer subject to UK tax after the election. The Canada, and South Korea branches were subject to tax in their local jurisdictions up until the transfers to RIBM on January 1, 2023.

RIBM through its branches is subject to tax in the UK and Singapore. RIBM is also subject to Canada and South Korea taxation through its branches since the business transfers were completed to these branches as of January 1, 2023.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Consolidated Financial Statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the Consolidated Financial Statements and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company recognizes deferred tax assets to the extent that these assets are more likely than not to be realized.

The Company records uncertain tax positions in accordance with the ASC 740 Income Taxes Topic on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. As of December 31, 2023, the Company had no liability for uncertain tax positions.

The Company recognizes interest and penalties related to unrecognized tax benefits in the provision (benefit) for income taxes in the Consolidated Statements of Operations. Accrued interest and penalties are included in other liabilities in the Consolidated Statements of Financial Condition.

The Company is treated as a controlled foreign corporation for U.S. federal income tax purposes, and elected to be treated as a disregarded entity for U.S. federal income tax purposes before 2021. Its activities are reflected in the tax calculation of RGBM, which is an includible member of the consolidated Federal income tax return of PMHC. RGBM and other members of PMHC consolidated U.S. tax return allocate tax expense or benefit based principally on the effect of including their operations in the return under a tax sharing agreement. PLRA, PLRH and PLRL are treated as controlled foreign corporations for U.S. federal income tax purposes.

RGBM considers the earnings in the foreign subsidiaries to be indefinitely invested outside the U.S. on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and specific plans for reinvestment of those subsidiary earnings. Accordingly, deferred income taxes have not been recorded for any excess of the amount for financial reporting over the tax basis in its non-U.S. subsidiaries, including undistributed earnings.

The Company has elected to release the deferred tax impacts that remain in Accumulated Other Comprehensive Income under the portfolio approach.

In 2022, the Korean National Assembly officially passed the 2022 Tax Revision Bill, decreasing the corporate tax rate by 1% from 25% to 24%. The new tax rate is applicable to years 2023 and onward. Utilization of tax loss is limited to 70% of taxable income for years beginning on or after January 1, 2018 and to 60% of taxable income from years beginning on or after January 1, 2019.

The UK passed tax legislation applicable to the Company in 2022. Beginning on April 1, 2023, the tax corporate tax rate increased from 19% to 25%.

On December 27, 2023, Bermuda enacted a 15% corporate income tax regime (Bermuda CIT) that applies to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more and is effective for tax years beginning on or after January 1, 2025. See additional detail in Note 9 Income Taxes.

The Organization for Economic Co-operation and Development (OECD) released its framework for Pillar 2 global minimum tax at 15% rate in December 2022 and effective dates vary as jurisdictions enact legislation to adopt the Pillar 2 framework. See additional detail in Note 9 Income Taxes.

Contingencies

The Company evaluates all identified contingent matters on an individual basis. A loss is recorded if the contingent matter is probable of occurring and reasonably estimable. The Company establishes reserves for these contingencies at the best estimate, or, if no one amount within the range of possible losses is more probable than any other, the Company records an estimated reserve at the low end of the range of losses. For matters where a loss may be reasonably possible, but not probable, or is probable or not reasonably estimable, no accrual is established but the matter, if potentially material, is disclosed.

Future Adoption of Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, which together with all subsequent amendments, provides guidance on facilitation of the effects of reference rate reform on financial reporting. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. If certain criteria are met, an entity will not be required to remeasure or reassess certain contract modifications that result from the discontinuation of the London Inter-Bank Offered Rate (LIBOR) or another reference rate. Changes to the critical terms of a hedging relationship affected by reference rate reform will not require entities to de-designate the relationship if certain criteria are met. Optional expedients also allow derivative instruments impacted by changes in the interest rate used for margining, discounting, or contract price alignment to qualify for certain optional relief. This standard may be elected and applied to contract modifications made between March 12, 2020 through December 31, 2024. The Company has evaluated the impact of the discontinued use of LIBOR in its contract obligations and taken actions to update contracts where necessary.

In 2018, the FASB issued targeted improvements to the accounting for long-duration insurance contracts, ASU 2018-12. The objective of this guidance is to make improvements to the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The new guidance improves the timeliness of recognizing changes in the liability for future policy benefits for traditional long-duration contracts by requiring that underlying cash flow assumptions be reviewed and updated at least annually. The rate used to discount future cash flows must be based on an upper-medium grade fixed income investment yield. The change in the reserve estimate as a result of updating cash flow assumptions will be recognized in net income. The change in the reserve estimate as a result of updating the discount rate assumption will be recognized in OCI.

The new guidance simplifies the amortization of deferred policy acquisition costs and other similar capitalized balances, i.e. Unearned Revenue Reserves (URR), by requiring such costs to be amortized on a constant-level basis that approximates the straight-line method. Lastly, the new guidance increases and enhances the disclosures related to long-duration insurance contracts. The new guidance is effective for fiscal years beginning after December 15, 2024 and interim periods within fiscal years beginning after December 15, 2025. Early adoption is permitted.

2. CAPITAL MANAGEMENT (unaudited)

RIBM DIVIDEND AND DISTRIBUTION RESTRICTIONS

The payment of dividends by RIBM to its shareholder's is subject to restrictions set forth in the regulations of insurance business in Bermuda. RIBM may declare dividends subject to it continuing to meet the minimum levels of solvency, liquidity, and its risk-based capital requirements. For Bermuda regulatory purposes no dividend payments shall be made which would result in the Enhanced Capital Requirement (ECR) falling below 135%. The ECR is calculated using the Bermuda Solvency Capital Requirement model which is a risk-based capital model.

Proposed dividends cannot exceed 25% of total unconsolidated statutory capital and surplus reported in the Company's statutory Statements of Financial Condition in the previous financial year unless at least 7 days before payment of those dividends it files with the BMA an affidavit signed by at least two directors of RIBM (one of whom must be a director resident in Bermuda), and by RIBM's principal representative in Bermuda, which states that in the opinion of those signing, declaration of those dividends has not caused the entity to fail to meet its solvency margin requirements. Any dividend payable would also require certification by RIBM's approved actuary. The actuary shall ensure that the value of the Company's assets in excess of its liabilities is greater than the ECR and that the amount of any such dividend shall not exceed that excess. The BMA will be notified of the payment of any dividends as part of normal communications with the supervisory team.

At December 31, 2023, the maximum dividend that RIBM could pay out of retained earnings, based on the aforementioned regulatory requirements, was $ 240.6 million. The statutory financial return and capital and solvency return of the Company as at, and for the year ended, December 31, 2023 are due to be submitted to the BMA by April 30, 2024. The statutory financial return and capital and solvency return are subject to the review of the BMA.

Restrictions to reduction of capital

Capital reduction cannot exceed 15% of unconsolidated statutory capital reported in the Company's statutory Statement of Financial Condition in the previous financial year unless the Company seeks for an approval from BMA. An application must include: an affidavit signed by at least two directors of RIBM (one of whom must be a director resident in Bermuda), and by RIBM's principal representative in Bermuda, which states that in the opinion of those signing, the proposed reduction of capital will not cause the entity to fail to meet its relevant margins. The BMA will be notified of any reduction in the capital as part of the Company's normal communications with the supervisory team.

At December 31, 2023, the maximum reduction in capital which RIBM could pay out of unconsolidated statutory capital without BMA approval is $210.6 million.

In addition to the required statutory capital and surplus requirements the Company assesses its own solvency capital needs taking into account factors which may not be fully reflected in the BMA statutory requirements. The Company's solvency capital requirements determined under these self-assessments may also impact the level of dividends and distributions paid to its parent, RGBM.

PLRA DIVIDEND RESTRICTIONS

PLRA is subject to minimum regulatory capital requirements in accordance with APRA Prudential Standards relevant to life insurers, in respect of the principal risks to which PLRA is exposed. In particular, minimum capital requirements in this context is the minimum capital base required to meet the Prudential Capital Amount (PCA) and, where different, the Prudential Capital Requirement (PCR) as defined in the Prudential Standards.

PLRA monitors and maintains capital in accordance with its Board adopted Internal Capital Adequacy Assessment Process (ICAAP). This ensures that there is a low likelihood that PLRA will breach its regulatory requirements, and that PLRA will have sufficient capital to manage its near term business prospects and be able to take necessary action to deal with reasonably foreseeable adverse events that may impact the business.

Surplus capital above the PCA at December 31, 2023 was $142.6 million.

PLRL DIVIDEND RESTRICTIONS

PLRL was required to hold sufficient capital to meet Solvency II regulatory requirements. A regulatory solvency ratio, which is the ratio of eligible capital resources to Solvency Capital Requirement (SCR), is used to report PLRL's solvency position to the Prudential Regulatory Authority (PRA) on a quarterly basis, in accordance with the Solvency II regime. This was relevant up until the point of deauthorization for PLRL and its branches.

Solvency monitoring was performed quarterly and presented to the Chief Financial Officer and the Approved Actuary using three levels of triggers to determine when additional capital or other action would be required.

Surplus capital can be distributed to shareholder's subject to restrictions with regard to the level of distributable profits that are available in accordance with the Companies Act 2006 (UK).

The SCR and total available capital resources as at December 31, 2022 was $244.2 million and $387.3 million, respectively, and the surplus capital above the SCR was $143.1 million. This is not required for 2023 due to PLRL having transferred all the business out during the period. PLRL and its branches were fully deauthorized by September 14, 2023. On December 18, 2023, each of the Boards of PLRL and PLRH appointed, effective January 1, 2024, insolvency practitioners to enable a member's voluntary liquidation of each of PLRL and PLRH in 2024.

3. INVESTMENTS

The following table shows the net carrying amount, gross unrealized gains and losses, and fair value of the Company's available for sale investment assets. See Note 4 for information on the Company's fair value measurements and disclosure.

		Gross Unrealized		
As of December 31, 2023:	**Net Carrying Amount**	**Gains**	**Losses**	**Fair Value**
(in thousands)	**$**	**$**	**$**	**$**
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	51,520	6,700	(1,341)	56,879
Debt securities issued by foreign governments	1,480,177	13,211	(218,277)	1,275,111
Corporate debt securities	1,575,512	91,153	(83,030)	1,583,635
Residential mortgage-backed securities	1,102	72	(351)	823
Total fixed maturity securities	**3,108,311**	**111,136**	**(302,999)**	**2,916,448**

		Gross Unrealized		
As of December 31, 2022:	**Net Carrying Amount**	**Gains**	**Losses**	**Fair Value**
(in thousands)	**$**	**$**	**$**	**$**
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	14,881	—	(1,161)	13,720
Debt securities issued by foreign governments	1,227,596	3,296	(219,600)	1,011,292
Corporate debt securities	1,035,077	12,132	(110,890)	936,319
Residential mortgage-backed securities	1,155	65	(363)	857
Total fixed maturity securities	**2,278,709**	**15,493**	**(332,014)**	**1,962,188**

The amount of investments included in this caption which have been non-income producing for the twelve months preceding the Consolidated Statements of Financial Condition date is nil (2022: nil).

The net carrying amount and fair value of fixed maturity securities available for sale as of December 31, 2023 and December 31, 2022, by contractual repayment date of principal, are shown below. Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of December 31, 2023:	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)	**$**	**$**	**$**	**$**
Due in one year or less	106,306	8	(1,364)	104,950
Due after one year through five years	634,993	3,053	(25,749)	612,297
Due after five through ten years	579,777	10,498	(29,667)	560,608
Due after ten years	1,786,133	97,505	(245,868)	1,637,770
Sub-total	**3,107,209**	**111,064**	**(302,648)**	**2,915,625**
Residential mortgage-backed securities	1,102	72	(351)	823
Total fixed maturity securities	**3,108,311**	**111,136**	**(302,999)**	**2,916,448**

As of December 31, 2022:	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)	**$**	**$**	**$**	**$**
Due in one year or less	112,242	8	(771)	111,479
Due after one year through five years	651,975	1,182	(39,762)	613,395
Due after five through ten years	449,868	1,603	(50,513)	400,958
Due after ten years	1,063,469	12,635	(240,605)	835,499
Sub total	**2,277,554**	**15,428**	**(331,651)**	**1,961,331**
Residential mortgage-backed securities	1,155	65	(363)	857
Total fixed maturity securities	**2,278,709**	**15,493**	**(332,014)**	**1,962,188**

At December 31, 2023, the Company has $2,916 million of fixed maturity securities. Of this total, $894 million, or 31%, were with counterparties that exceeded 10% of shareholder's equity as of December 31, 2023. As of December 31, 2022, the company had $1,962 million of fixed maturity securities. Of this total, $639 million, or 33%, were with counterparties that exceeded 10% of shareholder's equity as of December 31, 2022.

Year ended December 31:	2023	2022
(in thousands)	**$**	**$**
Government of Australia	474,495	394,562
United Kingdom of Great Britain	245,195	244,359
Republic of Korea	98,381	—
Singapore Government	75,774	—

The following tables present the fair value and gross unrealized losses on investments where the fair value has declined and remained continuously below the net carrying amount for less than twelve months and for twelve months or greater.

	Less than 12 Months		12 Months or Greater		Total	
As of December 31, 2023:	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
(in thousands)	**$**	**$**	**$**	**$**	**$**	**$**
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	0	0	13,517	(1,341)	13,517	(1,341)
Debt securities issued by foreign governments	77,557	(1,029)	869,925	(217,248)	947,482	(218,277)
Corporate debt securities	18,875	(156)	596,065	(82,874)	614,940	(83,030)
Residential mortgage-backed securities	—	—	694	(351)	694	(351)
Total fixed maturity securities	**96,432**	**(1,185)**	**1,480,201**	**(301,814)**	**1,576,633**	**(302,999)**

	Less than 12 Months		12 Months or Greater		Total	
As of December 31, 2022:	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
(in thousands)	**$**	**$**	**$**	**$**	**$**	**$**
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	13,719	(1,161)	—	—	13,719	(1,161)
Debt securities issued by foreign governments	736,116	(159,003)	192,745	(60,597)	928,861	(219,600)
Corporate debt securities	505,715	(63,656)	216,864	(47,234)	722,579	(110,890)
Residential mortgage-backed securities	723	(118)	—	(245)	723	(363)
Total fixed maturity securities	**1,256,273**	**(223,939)**	**409,609**	**(108,076)**	**1,665,882**	**(332,014)**

The number of securities in the Company's portfolio with an unrealized loss position for less than 12 months as of December 31, 2023 were 30 (2022: 307). The number of securities in an unrealized loss position for 12 months or greater as of December 31, 2023 were 354 (2022: 121).

In accordance with its policy described in Note 1, the Company concluded that an adjustment to earnings for credit losses related to these fixed maturity securities was not warranted as of December 31, 2023. The Company has evaluated fixed maturity securities available for sale with gross unrealized losses and has determined that the unrealized losses are primarily attributable to interest rate movements and credit spreads. The Company does not intend to sell the investments and it is more likely than not that the Company will not be required to sell the investments before recovery of their amortized cost basis.

Certain assets related to RIBM's reinsurance business (Note 8) are held as collateral. If the fair market value of the assets in these trusts falls below a minimum value, the Company is required to deposit additional funds to account for any shortfall. As of December 31, 2023, fixed maturity securities available for sale and restricted cash (including accrued investment income) with a fair value of $1,502.2 million and $37.5 million (2022: $738.6 million and $20.7 million), respectively, were held in these trusts. See note 12.

Major categories of the Company's investment income and related investment expense are summarized as follows:

Year ended December 31:	**2023**	**2022**
(in thousands)	**$**	**$**
Fixed maturity securities	86,520	59,409
Other	12,486	82
Total investment income	**99,006**	**59,491**
Reinsurer's share of interest on custody assets	(1,258)	(1,286)
Investment expense	(2,751)	(2,873)
Net investment income	**94,997**	**55,332**

The components of net investment gain are as follows:

Year ended December 31:	**2023**	**2022**
(in thousands)	**$**	**$**
Gross gains on sale of fixed maturity securities	1,803	14,969
Gross losses on sale of fixed maturity securities	(34,738)	(27,990)
Fair value movement on funds withheld	(10,171)	47,348
Net investment (loss) gain	**(43,106)**	**34,327**

RIBM UK branch has retrocession contracts ceding business to PLIC. There is one block of Annuity business and two blocks of Longevity Swap business for which the retrocession gives PLIC a security interest in the underlying custody assets held by the Company. The custody assets are measured at fair value with movements in fair value recognized in OCI. The Company recognizes a corresponding funds withheld liability at fair value in accordance with U.S. GAAP ASC 820 Fair Value Measurement, with movements in fair value recognized in the Consolidated Statements of Operations.

The funds withheld liability increases or decreases in line with the fair value of the custody assets.

A fair value loss of $(10.2) million (2022: $47.3 million gain) was recognized in the Consolidated Statements of Operations during the year.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Codification's Fair Value Measurements and Disclosures Topic establishes a hierarchy that prioritizes the inputs of valuation methods used to measure fair value for financial assets and financial liabilities that are carried at fair value. The determination of fair value requires the use of observable market data when available. The hierarchy consists of the following three levels that are prioritized based on observable and unobservable inputs.

Level 1 Unadjusted quoted prices for identical instruments in active markets. Level 1 financial instruments include securities that are traded in an active exchange market.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; and model-derived valuations for which all significant inputs are observable market data.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not market observable.

The following tables present, by fair value hierarchy level, the Company's financial assets and liabilities that are carried at fair value as of December 31, 2023 and December 31, 2022.

As of December 31, 2023:	**Level 1**	**Level 2**	**Level 3**	**Total**
(in thousands)	**$**	**$**	**$**	**$**
Assets:				
Debt securities issued by the U.S. Treasury and other US government corporations and agencies	—	56,879	—	56,879
Debt securities issued by foreign governments	—	1,275,111	—	1,275,111
Corporate debt securities	—	1,583,635	—	1,583,635
Corporate mortgage-backed securities	—	823	—	823
Total fixed maturity securities	**—**	**2,916,448**	**—**	**2,916,448**

As of December 31, 2022:	**Level 1**	**Level 2**	**Level 3**	**Total**
(in thousands)	**$**	**$**	**$**	**$**
Assets:				100
Debt securities issued by the U.S. Treasury and other US government corporations and agencies	—	13,720	—	13,720
Debt securities issued by foreign governments	—	1,011,292	—	1,011,292
Corporate debt securities	—	936,319	—	936,319
Corporate mortgage-backed securities	—	857	—	857
Total fixed maturity securities	**—**	**1,962,188**	**—**	**1,962,188**

The following methods and assumptions were used to estimate the fair value of these financial instruments:

FAIR VALUE MEASUREMENT

The Codification's Fair Value Measurements and Disclosures Topic defines fair value as the price that would be received to sell the asset or paid to transfer the liability at the measurement date. This "exit price" notion is a market-based measurement that requires a focus on the value that market participants would assign for an asset or liability.

The following section describes the valuation methodologies used by the Company to measure various types of financial instruments at fair value and the controls that surround the valuation process. The Company reviews its valuation methodologies and controls on an ongoing basis and assesses whether these methodologies are appropriate based on the current economic environment.

FIXED MATURITY SECURITIES

The fair values of fixed maturity securities available for sale are determined by management after considering external pricing sources and internal valuation techniques. For securities with sufficient trading volume, prices are obtained from third-party pricing services. Fair values for mortgage-backed securities are determined by evaluating prices from third-party pricing services.

The Company's management analyzes and evaluates these prices and determines whether they are reasonable estimates of fair value. Management's analysis may include, but is not limited to, review of third-party pricing methodologies and inputs, analysis of recent trades, comparison to prices received from other third parties, and development of internal models utilizing observable market data of comparable securities. Based on this analysis, prices received from third parties may be adjusted if the Company determines that there is a more appropriate fair value based on available market information. All securities priced by a major independent third-party service have been classified as Level 2, as management has verified that the inputs used in determining their fair values are market observable and appropriate. The Company only invests in highly liquid investment grade credit. The fair values of fixed maturity securities available for sale are determined by reference to third party pricing sources.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash, cash equivalents and restricted cash are considered Level 1. The carrying amounts approximate fair values due to the short-term maturities of these instruments.

5. DEFERRED POLICY ACQUISITION COSTS

The table below shows the Company's DAC components:

	2023	2022
(in thousands)	$	$
Balance, January 1	823,516	824,413
	823,516	824,413
Additions:		
Capitalized during the year	175,220	189,747
Amortization:		
All other	(95,028)	(129,971)
Total amortization	(95,028)	(129,971)
Allocation to OCI due to translation of foreign currencies	21,885	(60,673)
Balance, December 31	**925,593**	**823,516**

6. POLICYHOLDER LIABILITIES

FUTURE POLICY BENEFITS

Components of the Company’s liability for future policy benefits are as follows:

As of December 31:	**2023**	**2022**
(in thousands)	**$**	**$**
Unpaid claims and claim expenses	1,739,799	1,493,646
Annuity and life reinsurance reserves	2,553,887	1,368,335
Unearned premiums	1,482	5,292
Total future policy benefits	4,295,168	2,867,273
Negative reserves	(552,074)	(431,873)
Retrocession recoverables	(619,284)	(231,183)
Reinsurer's share of negative reserves	425,580	324,643
Total net liability	**3,549,390**	**2,528,860**

Reinsurer's share of negative reserves consist of ceded reserves due from RIBM to PLIC in relation to the RIBM to PLIC retrocession treaty as detailed in Note 12. Interest rate assumptions used to estimate life insurance reserves ranged from 0.0% to 8.8% (2022: 0.0% to 8.8%).

Liabilities for Unpaid Claims and Claim Expenses

The liability for future policy benefits includes a liability for unpaid claims and claim expenses, established based on the Company’s estimated cost of settling all claims. Unpaid claims include estimates of claims reported and those that the Company believes have been incurred but have not yet been reported as of the Consolidated Statements of Financial Condition date. The estimates used to determine the liability for unpaid claims are derived principally from the Company’s historical experience. Expected claim methods use data such as premiums with factors applied to develop the ultimate claim amount. There were no significant changes in methodologies during 2023.

The following tables provide information on incurred and paid claims development, net of retrocession, for short-duration reinsurance contracts within Australia. Liabilities for claims and claims expenses, net of retrocession equals total incurred claims less cumulative paid claims plus outstanding liabilities prior to 2023.

The cumulative number of reported claims represent the count of individual reported claims by claim year. This includes all reported claims including claims which have been paid, in payment, withdrawn, declined or claims which are in the process of being assessed. There were no significant changes in methodologies during 2023.

Incurred Claims and Allocated Claim Expenses, Net of Retrocession		Total of Incurrent-but-Not-Reported Liabilities Plus Expected Development on Reported Claims for the year ended December 31, 2023	Cumulative Number of Reported Claims for the year ended December 31, 2023
Claim Year	**For the Year Ended December 31, 2023**		
(in thousands)	**$**	**$**	*(in thousands)*
2023	284,607	233,043	4

Cumulative Paid Claims and Allocated Claim Expenses, Net of Retrocession	
Claim Year	**For the Year Ended December 31, 2023**
(in thousands)	**$**
2023	39,723
All outstanding claims prior to 2023, net of retrocession	285,427
Liabilities for claims and claim expenses, net of retrocession	530,311

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and Claim Expenses

The reconciliation of the net incurred and paid claims to the liability for unpaid claims and claim expenses in the Consolidated Statements of Financial Condition as of December 31, 2023 is as follows:

	2023
(in thousands)	**$**
Liabilities for claims and claim expenses, net of retrocession	**530,311**
Australian short-duration business	530,311
Adjustments to reconcile to total claims and claim expenses:	
Retrocession recoverables	24,122
Effect of discounting	(23,971)
Unallocated claim expenses	—
Total adjustments	**151**
Other short-duration reinsurance contracts	15,924
Liability for unpaid claims and claim expenses – short-duration	**546,385**
Liability for unpaid claims and claim expenses – long-duration	1,193,414
Total liability for unpaid claims and claim expenses (included in future policy benefits)	**1,739,799**

The following disclosure covers the discounting impact included in the claims development information. Discounting is applied for claims incurred but not reported on Australia lump sum business for group contracts and disabled lives reserves.

	2023	2022
(in thousands)	**$**	**$**
Carrying amount of discounted claims	397,338	365,285
Aggregate amount of the discount	(23,971)	(11,903)
Interest accretion[1]	7,635	4,203
Range of interest rates	0.15%-3.95%	0.15%-3.21%

[1]Interest accretion is shown within Claims and other policy benefits on the Consolidated Statements of Comprehensive Income (Loss)

Rollforward of Unpaid Claims and Claim Expenses

The liability for unpaid claims is reported in future policy benefits within the Company's Consolidated Statements of Financial Condition. Activity associated with unpaid claims related to Australian short duration contracts is summarized below:

	2023	2022
(in thousands)	**$**	**$**
Balance, beginning of period	472,816	514,003
Less: retrocession recoverables	(34,338)	(50,521)
Net balance, beginning of period	438,478	463,482
Incurred:		
Current year	284,665	192,754
Prior years	5,686	41,275
Total incurred	290,351	234,030
Payments:		
Current year	(39,731)	(19,361)
Prior years	(170,583)	(208,861)
Total Payments	(210,314)	(228,222)
Other changes:		
Effect of discounting	(12,073)	(1,864)
Foreign exchange adjustments	(103)	(28,947)
Total other changes	(12,176)	(30,812)
Net balance, end of period	506,340	438,478
Plus: retrocession recoverables	24,122	34,338
Balance, end of period	530,462	472,816

Changes in incurred claims and claim expenses associated with prior periods are primarily due to updating assumptions which reflect changes to the claims development of short-duration business. These past claim development trends have been considered in establishing the current year liability for unpaid claims. No additional premiums or accrued premiums have been accrued as a result of these prior year effects.

7. LOANS AND PROMISSORY NOTES PAYABLE

Effective January 1, 2022, RIBM became the primary borrower under a term loan facility with a syndicate of Japanese banks and its obligations under the loan are guaranteed by PLC. Interest is calculated at the Tokyo Interbank Offered Rate plus an agreed margin. The outstanding loan balance as at December 31, 2023, was $106.4 million or JPY15 billion (2022: $114.4 million or JPY15 billion). RIBM pays PLC a guarantee fee of 0.7% on the loan amount. The guarantee fee paid for the year ended December 31, 2023, was $0.8 million.

The 1-year term promissory note of $100 million from PLIC to RIBM had an initial draw down of $70 million, which was repayable as of September 30, 2022. Interest on the loan was calculated at a fixed rate of 0.7% on the drawn amount and 0.2% on the undrawn facility. The total interest paid for the year ended December 31, 2022 was $0.2 million, with an undrawn fee of $0.02 million. This amount was fully repaid and the note was cancelled on May 6, 2022.

On November 2, 2022, RIBM, RGBM, PLRA and Pacific Life Re Holdings Bermuda Limited (RHBM) entered into an uncommitted revolving credit facility with its ultimate parent, PMHC and various subsidiaries of PMHC, intended for short-term liquidity management purposes. The amount of credit facility will be agreed when drawdown and subject to regulatory requirements. No drawdowns have been made as of December 31, 2023.

8. REINSURANCE

The accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risk. The Company periodically reviews, and modifies as appropriate, the estimates and assumptions used to establish assets and liabilities relating to assumed and ceded reinsurance.

The components of net premiums are as follows:

Year ended December 31:	2023	2022
(in thousands)	$	$
Reinsurance assumed	2,235,817	1,777,421
Ceded retrocession	(124,804)	(75,118)
Net premiums	**2,111,013**	**1,702,303**

The cost of reinsurance arising from reinsurance of in-force blocks of long-duration contracts that transfer significant insurance risk are as follows.

Year ended December 31:	2023	2022
(in thousands)	$	$
Cost of reinsurance asset	10,440	—
Cost of reinsurance liability	(66,710)	—
Net cost of reinsurance	**(56,270)**	**—**

A cost of reinsurance liability was first recognized in 2023 for the intercompany retrocession agreement between RIBM Canada branch and RGBM detailed within Note 11. A cost of reinsurance asset was first recognized in 2023 for the intercompany retrocession agreement between RIBM Korea branch and RGBM detailed within Note 11. The amortization of the cost of reinsurance liability and cost of reinsurance asset is presented within 'Acquisition costs and other insurance expenses' on the Consolidated Statements of Operations.

At December 31, 2023, the Company has $1,422 million of Retrocession Recoverables, Reinsurance Receivables and Funds Withheld Assets. Of this total, $885 million, or 62%, were with counterparties that exceeded 10% of shareholder's equity as of December 31, 2023. As of December 31, 2022, the company had $849 million of Retrocession Recoverables, Reinsurance Receivables and Funds Withheld Assets. Of this total, $284 million, or 33%, were with counterparties that exceeded 10% of shareholder's equity as of December 31, 2022.

Year ended December 31:	2023	2022
(in thousands)	$	$
Ageas	142,464	—
Meritz Fire & Marine	83,066	—
Pacific Life Insurance Company	278,502	283,968
Pacific Life Re Global	380,987	—

9. INCOME TAXES

The Company's effective tax rate differs from its statutory tax rate in Bermuda due to tax effects attributable to the statutory rates in other jurisdictions where the Company operates.The net deferred tax liability is comprised of the following tax effected temporary differences:

Year ended December 31:	**2023**	**2022**
(in thousands)	**$**	**$**
Recoverable (payable):		
Canada	(11,378)	1,508
United Kingdom	(3,544)	(73,311)
Singapore	—	612
South Korea	(1,672)	(13)
Australia	(2,058)	(3,261)
Bermuda	—	—
Total recoverable (payable)	(18,652)	(74,465)
Deferred:		
Canada	10,547	(1,975)
United Kingdom	2,939	84,289
South Korea	(704)	6,190
Singapore	(3,002)	(11,266)
Bermuda	—	—
Total deferred	9,780	77,238
(Provision) benefit for income taxes	**(8,872)**	**2,773**

The net deferred tax asset is comprised of the following tax effected temporary differences:

As of December 31:	**2023**	**2022**
(in thousands)	**$**	**$**
Deferred tax assets:		
Tax net operating loss carryforwards	125,404	112,386
Policyholder reserves	228,529	191,076
Investments including derivatives	1,505	—
Bermuda economic transition adjustment	28,002	—
Other	9,224	14,950
Total deferred tax assets before valuation allowance	**392,664**	**318,412**
Valuation allowance	(98,310)	(94,701)
Total deferred tax assets after valuation allowance	**294,354**	**223,711**
Deferred tax liabilities:		
Policyholder reserves	(15,615)	(25,230)
Deferred acquisition costs	(169,627)	(133,913)
Deferred compensation	—	(978)
Total deferred tax liabilities	**(185,242)**	**(160,121)**
Net deferred tax asset (liability) from operations	**109,112**	**63,590**
Unrealized gain on securities available for sale	(19,267)	1,547
Net deferred tax asset (liability)	**89,845**	**65,137**

The Company has $268.7 million (2022: $265.5 million) of Australian loss carryforwards that do not expire as of December 31, 2023. Australian tax loss carryforwards have not been recognized as a deferred tax asset on the Consolidated Statements of Financial Condition as there is insufficient evidence that they will be realized through projected future taxable income.

The Company has $129.3 million of UK loss carryforwards that do not expire as of December 31, 2023. The UK loss carryforwards are recognized as a deferred tax asset on the Consolidated Statements of Financial Condition.

There are $6.1 million (2022: $26.2 million) of South Korea loss carryforwards that expire by December 31, 2037. South Korean tax loss carryforwards have not been recognized as a deferred tax asset on the Consolidated Statements of Financial Condition as there is insufficient evidence that they will be realized through projected future taxable income.

The Company has $17.5 million of Singapore loss carryforwards in RIBM Singapore branch that do not expire. Singapore tax loss carryforwards have not been recognized as a deferred tax asset on the Consolidated Statements of Financial Condition as there is insufficient evidence that they will be realized through projected future taxable income.

The Company has $51.1 million of Bermuda loss carryforwards that do not expire. Bermuda loss carryforwards have not been recognized as a deferred tax asset on the Consolidated Statements of Financial Condition as there is insufficient evidence that they will be realized.

The Company operates in multiple jurisdictions and is thus subject to tax audits and examinations from various tax authorities in the normal course of business. Each entity's tax returns remain subject to examination until either audits are completed, or the relevant statute of limitation expires.

The OECD reached agreement among various countries to implement a global minimum 15% tax rate on certain multinational enterprises, commonly referred to as Pillar Two. In December 2022, the OECD released a framework for the implementation of Pillar Two. Several jurisdictions in which the Company operates have initiated the enactment of local laws to align with the Pillar 2 framework. While we do not anticipate that this will have a material impact on our tax provision or effective tax rate, we continue to monitor evolving tax legislation in the jurisdictions in which we operate.

On December 27, 2023, Bermuda enacted a 15% corporate income tax regime (Bermuda CIT) that applies to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more and is effective for tax years beginning on or after January 1, 2025. The Company's financial statements reflect the impact of the enactment of the Bermuda CIT.

10. OTHER COMPREHENSIVE INCOME (LOSS)

The Company displays other comprehensive income and its components on the Consolidated Statements of Comprehensive Income (Loss) and Consolidated Statements of Shareholder's Equity. The balance of and changes in each component of AOCI attributable to the Company are as follows:

	Unrealized Gain (Loss) on Securities Available for Sale, Net	Foreign Currency Translation Adjustments and Other, Net	Total AOCI
(in thousands)	**$**	**$**	**$**
Balance as of January 1, 2023	(497,488)	(78,409)	(575,897)
Net change during the year before reclassifications	142,049	(193)	141,856
Income tax expense	(3,530)	(1,654)	(5,184)
Balance as of December 31, 2023	**(358,969)**	**(80,256)**	**(439,225)**

	Unrealized Gain (Loss) on Securities Available for Sale, Net	Foreign Currency Translation Adjustments and Other, Net	Total AOCI
(in thousands)	**$**	**$**	**$**
Balance as of January 1, 2022	(109,068)	1,068	(108,000)
Net change during the year before reclassifications	(468,527)	(81,731)	(550,258)
Income tax expense	80,107	2,254	82,361
Balance as of December 31, 2022	**(497,488)**	**(78,409)**	**(575,897)**

11. TRANSACTIONS WITH AFFILIATES

The Company is a wholly owned and controlled entity of the PMHC and enters into transactions with other affiliated companies. These transactions include reinsurance agreements, promissory notes, guarantee arrangements, ancillary own funds, service agreements and group relief. All transactions are made on normal commercial terms and at market rates.

Below are the descriptions of the transactions with affiliates:

(a) REINSURANCE AGREEMENTS

On January 1, 2022, the PLRL to PLIC retrocession contract transferred from PLRL to the RIBM UK Branch by way of the Part VII.

On January 1, 2023, the PLRL Canada Branch to PLIC retrocession contract was recaptured. From January 1, 2023, RIBM's Canada branch retrocedes protection and longevity business via two retrocession treaties for each type of business, each with a 75% quota share to RGBM.

PLRL had an outwards reinsurance arrangement in place with RGBM that was novated from PLRL to RIBM UK branch on January 1, 2022. RIBM UK branch (previously PLRL) retrocedes excess of loss on a small amount of protection business as part of a retrocession pool. RIBM (previously PLRL) further retrocedes a share of risk on certain mortality policies.

In 2021, when the first funded reinsurance transactions were written into RIBM (formerly PLRL), the business was 100% retroceded from RIBM (formerly PLRL) to PLIC. As RIBM (formerly PLRL) bore no insurance risk, funded reinsurance business was accounted for under the deposit method under this structure and this has remained the case following the transfer of all this funded reinsurance business from PLRL to RIBM UK branch. The most significant impact on the Consolidated Financial Statements under this transaction structure arises from fee income payable to the Company from PLIC, which is paid in advance as each contract incepts and is amortized annually as the fee is earned.

RIBM Canada branch entered into two 75% coinsurance retrocession contracts with RGBM (one for Protection and other for Longevity business) on January 1, 2023.

RIBM Korea branch entered into a quota share retrocession contract with RGBM for certain reinsurance business on October 1, 2023.

(b) GUARANTEE ARRANGEMENTS

PLC and PLIC, wholly owned subsidiaries of PMHC, provide guarantees to RIBM, PLRA and PLRL for the performance of its non-affiliate reinsurance obligations. The PLIC guarantee is secondary to the agreement provided by PLC and will only be triggered in the event of non-performance by PLC.

The Company pays fees to PLC and PLIC for these guarantees which are settled on an annual basis. The guarantee arrangements have an indefinite term.

Effective January 1, 2022, RIBM became the primary borrower under the term loan with a Japanese bank and its obligations under the loan are guaranteed by PLC. RIBM pays PLIC a guarantee fee of 0.7% on the loan amount which is recognised as operating expense.

(c) ANCILLARY OWN FUNDS

A share subscription agreement was entered into by RIBM, RGBM, PLRH LLC and PLC in relation to an Ancillary Own Fund arrangement (AOF), which became effective January 1, 2022 (the SSA). RIBM received approval from the BMA for the arrangement to the amount of $230 million effective from January 1, 2022. The arrangement represents unpaid shares which can be recognized as Tier 2 capital in the BMA Capital and Solvency Return.

Under the SSA, RIBM may, on demand, require that PLC initiates a share contribution to its subsidiaries to procure that RGBM subscribes for up 230 million shares in RIBM. If triggered, PLC shall make an advance to PLRH LLC which PLRH LLC shall use to subscribe for shares in RGBM of the same amount. If RIBM breaches minimum solvency requirements, it must exercise its rights under the SSA. RGBM will then in turn be required to subscribe for an equivalent amount of shares in RIBM. RIBM also entered into a fee letter with PLC relating to the payment of fees by RIBM to PLC in consideration of the obligations to be entered into by PLC under the SSA. The annual fee is calculated as 0.7% of the total unpaid shares issued.

On January 1, 2022, the PLRL AOF arrangement (which involved £165 million ($222 million) unpaid shares issued to PLC) was released and corresponding unpaid issues shares were cancelled on January 20, 2022.

(d) SERVICE AGREEMENTS

PLRA and RIBM have support service agreements with Pacific Life Re Services Limited (PLRS) and Pacific Life Services Bermuda Limited (RSBM). The services provided by PLRS and RSBM include management, IT Infrastructure and administrative services.

RIBM has a support services agreement with PSCL under which it is charged management and administrative services.

RIBM has a support service agreement with Pacific Life Re Services Singapore Pte. Limited (RSSG). The services provided include tenancy, management, finance and administrative services.

PLRA has a support services agreement with PSCL under which it is charged for selected research and development services.

UnderwriteMe Australia Pty Limited (UMAL) has entered into a support services agreement with PLRA. The services provided by PLRA include tenancy, management, finance, legal and administration services. PLRA also recharged amounts to UnderwriteMe Technology Solutions Limited.

PLRH LLC has an agreement in place with PLRA to reimburse costs directly related to Project Valentine.

All service agreement intercompany transactions are recognised as operating expenses and are settled on a monthly basis.

(e) PROMISSORY NOTES

Refer to related party promissory notes disclosed in Note 7.

The following summarizes related party activity:

Year ended December 31	**2023**	**2022**
(in thousands)	**$**	**$**
Net premiums	(107,051)	(64,035)
Claims and other policy benefits	55,582	110,115
Acquisition costs and other insurance expenses	293	(1,821)
Commission expenses	(6,631)	(1,594)
Operating expenses	174,952	135,122

The following summarizes related party balances:

As of December 31	**2023**	**2022**
(in thousands)	**$**	**$**
Reinsurance receivables	2,077	552
Retrocession recoverables	591,676	210,337
Cost of reinsurance asset	10,440	—
Other assets	852	1,690
Future policy benefits	801	93
Reinsurers share of negative reserves	425,580	324,643
Funds withheld liability	273,881	268,918
Reinsurance payable	78,759	45,652
Cost of reinsurance liability	(66,710)	—

12. COMMITMENTS AND CONTINGENCIES

LETTERS OF CREDIT

On June 29, 2017, the Company entered into a revolving bond facility of £100 million ($135.3 million) with an Australian bank, expiring June 30, 2022. On June 30, 2017, the Australian bank issued a letter of credit pursuant to this facility for £50 million ($67.6 million) to a UK insurance company with a maturity date of June 30, 2022. The facility was transferred across from PLRL to RIBM UK branch as part of the Part VII transfers. On June 29, 2022, the letter of credit was reduced from £50 million ($67.6 million) to £40 million ($54.1 million), the expiry date was extended to June 30, 2027, and the letter of credit was transferred from the expiring 2017 facility into a 2022 renewed and amended facility with the same bank.

On September 21, 2023, and December 20, 2023, the Company issued letters of credit for AUD $12.5 million (USD $8.1 million) and AUD $9.5 million (USD $6.2 million) to an external insurer with maturity dates of September 21, 2026, and December 20, 2026, respectively.

PLEDGED ASSETS

As general and continuing collateral security covering obligations under the guidelines by Office of the Superintendent of Financial Institution (OSFI), RIBM Canada branch manages its capital to meet these requirements and to maintain an optimal capital structure. Should the fair value of pledged assets fall below the minimum value, RIBM Canada branch will promptly deposit additional assets into the account to cover any shortfall. The assets are included in the investments (restricted) and restricted cash on the Consolidated Statements of Financial Condition. The restricted assets are held by a custodian in Canada. As general and continuing collateral security covering obligations under reinsurance arrangements held with certain counterparties, RIBM has pledged assets to the benefit of these counterparties. RIBM ensures that the carrying value of pledged assets is greater than or equal to the minimum value as per the reinsurance security agreements on a regular basis. Should the carrying value fall below the minimum value, RIBM deposits additional assets to cover any shortfall. The assets are included in investments and restricted cash on the Consolidated Statement of Financial Condition. Assets are held by a custodian and the amounts pledged are presented in the table below.

Year ended December 31:	**2023**	**2022**
(in thousands)	**$**	**$**
Pledged assets		
Fixed maturity securities	1,502,220	738,567
Cash, cash equivalents and accrued income	37,502	20,657
Total restricted investments	1,502,220	738,567
Total restricted cash and cash equivalents	37,502	20,657
Total restricted assets	**1,539,721**	**759,224**
Total as a percentage of investable assets	**48%**	**31%**

13. SUBSEQUENT EVENTS

On January 31, 2024 Robert Diefenbacher resigned as director of RGBM. On April 18, 2024: (i) Phillip Beach was appointed as Executive Director of RGBM; (ii) Rhys Faulkner resigned as director of RGBM; (iii) Elaine Murphy was appointed as Director of RGBM; and (iv) Elaine Murphy replaced Rhys Faulkner as Chief Actuary and Chief Pricing Officer.

RIBM declared a distribution of $70 million to RGBM, which was settled on January 12, 2024.

On March 19, 2024, RIBM entered into a replacement term loan with a syndicate of Japanese banks and repaid the existing facility (see note 7) of JPY15 billion ($106.4 million). The total loan balance under the replacement term loan facility increased to JPY18 billion ($127.7 million). At the time of entering into the replacement arrangement, RIBM drew down the additional increase. Also on March 19, 2024, the parental guarantee with Pacific LifeCorp was terminated and the outstanding fees of $891k were paid.

RIBM declared a distribution of $30 million to RGBM on 18 April 2024, which is expected to settle by end of April 2024.