FINANCIAL STATEMENTS

Transamerica Bermuda Re, Ltd.
Year Ended December 31, 2023
With Report of Independent Auditors

Transamerica Bermuda Re, Ltd.

Financial Statements

Year Ended December 31, 2023

Contents

Report of Independent Auditors

To the Board of Directors of Transamerica Bermuda Re, Ltd.

Opinion

We have audited the accompanying financial statements of Transamerica Bermuda Re, Ltd. (the "Company"), which comprise the balance sheet, statement of comprehensive income (loss), statement of changes in stockholder's equity, and statement of cash flows as of December 31, 2023 and for the year then ended, including the related notes (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 (US GAAS). Our responsibilities under those standards are further described in the Auditors' 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.

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 the financial statements are available to be issued.

Auditors' 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 auditors' 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 US 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 US GAAS, we:

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- 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.

PricewaterhouseCoopers LLP

Chicago, Illinois
May 14, 2024

Transamerica Bermuda Re, Ltd.

Balance Sheet

(Dollars in Thousands, Except Per Share Amounts)

	Year Ended December 31, 2023
Assets	
Investments:	
Fixed maturity available-for-sale securities, at fair value	$ 620,723
Cash	12,883
Total cash and investments	633,606
Accrued investment income	6,980
Deferred loss on assumption of reinsurance	89,682
Funds withheld by ceding company	4,113,530
Deferred tax asset, net	40,695
Total assets	$ 4,884,494
Liabilities and stockholder's equity	
Liabilities:	
Fixed annuity contract deposits	$ 4,341,212
Income taxes payable	41,237
Total liabilities	$ 4,382,448
Stockholder's equity:	
Common stock, $1 per share par value, 250,000 shares authorized, 250,000 shares issued and outstanding	$ 250
Additional paid-in capital	499,750
Retained earnings (accumulated deficit)	752
Accumulated Other Comprehensive Income	1,293
Total stockholder's equity	502,045
Total liabilities and stockholder's equity	$ 4,884,494

See Notes to Financial Statements.

Transamerica Bermuda Re, Ltd.

Statement of Comprehensive Income (Loss)

(Dollars in Thousands)

	Year Ended December 31, 2023
Revenues:	
Net realized investment gains (losses):	
Other-than-temporary-impairment gains (losses)	$ (328)
Net realized investment gains (losses):	(328)
Net investment income (loss)	1,285
Total revenues	957
Benefits and expenses:	
Other	$ 7
Total benefits and operating expenses	7
Income (loss) before income taxes	950
Income tax (benefit) expense	198
Net income (loss)	752
Other comprehensive income (loss), before tax:	
Unrealized investment gains (losses) on AFS securities	1,637
Other comprehensive income (loss), before tax	1,637
Income tax expense (benefit) related to other comprehensive income (loss)	344
Other comprehensive income (loss)	1,293
Comprehensive income (loss)	$ 2,045

See Notes to Financial Statements.

Transamerica Bermuda Re, Ltd.

Statement of Changes in Stockholder’s Equity

(Dollars in Thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive income (loss)	Total Stockholder's Equity
Balance at January 1, 2023	$ 250	$ 9,750	$ –	$ –	$ 10,000
Capital contribution from Parent	–	490,000	–	–	490,000
Net income (loss)	–	–	752	–	752
Comprehensive income (loss)	–	–	–	1,293	1,293
Balance at December 31, 2023	$ 250	$ 499,750	$ 752	$ 1,293	$ 502,045

See Notes to Financial Statements.

Transamerica Bermuda Re, Ltd.

Statement of Cash Flows

(Dollars in Thousands)

	Year Ended December 31, 2023
Cash flows from operating activities	
Net income (loss)	$ 752
Adjustments to reconcile net income to net cash used in operating activities:	
Net realized investment (gains) losses	328
Amortization of fixed maturity securities	20
Deferred income taxes	(41,039)
Changes in operating assets and liabilities:	
Income taxes payable	41,237
Accrued investment income	(6,980)
Net cash provided by (used in) operating activities	(5,682)
Cash flows from investing activities	
Fixed maturity available-for-sale securities, purchases	(619,435)
Net cash provided by (used in) investing activities	(619,435)
Cash flows from financing activities	
Capital contribution from parent	490,000
Cash consideration provided by ceding company, deferred	138,000
Net cash provided by (used in) financing activities	628,000
Net increase (decrease) in cash	2,883
Cash at beginning of the year	10,000
Cash at end of year	$ 12,883
Supplemental Disclosures:	
Non-cash transactions	
Deposits on investment-type contracts through reinsurance agreement	$ 4,113,530

See Notes to Financial Statements.

1. Organization and Nature of Business

Transamerica Bermuda Re, Ltd. (Company, TBRe) was incorporated under the laws of Bermuda on November 17, 2022. The Company is a wholly-owned subsidiary of Transamerica Life Insurance Company (TLIC), which is an indirect, wholly-owned subsidiary of Aegon Ltd., a holding company organized under Bermuda law.

The Company engages in the business of reinsuring TLIC's fixed deferred annuity business.

2. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

Use of Estimates

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact amounts reported and disclosed herein.

Investments

Investments in fixed maturity available for sale (AFS) securities are reported at fair value with unrealized gains and losses reported as a separate component of accumulated other comprehensive income (AOCI), net of deferred income taxes, in shareholders' equity. Investments in fixed maturity securities are recorded on a trade-date basis.

Investment income is recognized on an accrual basis. Investment income on fixed maturity securities includes coupon interest, as well as amortization of premium and accretion of discount, net of investment management expenses.

For fixed maturity AFS securities in an unrealized loss position, for which the Company deems an impairment necessary, the amortized cost may be written down to fair value through net realized investment gains (losses), or an allowance for credit loss (ACL) may be recorded along with a charge to net realized investment gains (losses).

Cash

Cash includes cash on hand and deposit.

Deferred Loss on Assumption of Reinsurance

Deferred loss on assumption of reinsurance (Deferred Loss) represents the initial loss arising from the assumption of deferred fixed annuity contracts ceded by TLIC under a funds withheld reinsurance agreement effective December 31, 2023. Deferred Loss is calculated as the difference between the consideration received and the contract liabilities assumed. Deferred Loss will be amortized using the effective yield method.

Reinsurance

The Company assumes deferred fixed annuity contracts from TLIC on a coinsurance with funds withheld basis. The Company has determined that the contracts under the reinsurance agreement do not transfer significant insurance risk therefore deposit accounting applies. Assets and liabilities assumed under funds withheld are presented gross on the balance sheet.

Funds Withheld by Ceding Company and Embedded Derivative

The Company reports a funds withheld by ceding company asset which reflects funds held by TLIC pursuant to the coinsurance agreement. The funds withheld balance represents the fair value of assets segregated by TLIC with a book value equal to statutory reserves. The Company has determined that right to receive or obligation to pay the total return on the assets supporting the funds withheld asset represents an embedded derivative. The fair value of the embedded derivative is computed as the unrealized gain (loss) on the underlying assets included in the funds withheld by ceding company asset. The value of the embedded derivative at December 31, 2023 was $0.

Fixed Annuity Contract Deposits

Fixed annuity contract deposit liabilities include traditional fixed annuities in the accumulation phase assumed under the coinsurance agreement with TLIC. The liabilities are carried at account balances with reduction for potential surrender or withdrawal charges.

Deferred Income Taxes

Deferred federal income taxes have been provided in the financial statements to recognize temporary differences between the financial reporting and tax bases of assets and liabilities measured using enacted tax rates and laws.

3. Changes in Accounting Guidance

Pending Accounting Guidance

Income Taxes – Improvements to Income Tax Disclosures (ASU 2023-09)

FASB issued ASU 2023-09 on December 13, 2023, which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. ASU 2023-09 requires entities to use specific categories and provide greater disaggregation of information in the rate reconciliation, as well as to provide additional disaggregated information related to income taxes paid.

This standard is effective for annual periods beginning after December 15, 2025. The Company continues to evaluate the potential impacts of this standard to its financial statements and related disclosures.

4. Fair Values of Financial Instruments

Fair value measurements

FASB ASC 820 *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

Fair value hierarchy

The Company has categorized its financial instruments into the three-level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Level 1 - Unadjusted quoted prices for identical assets in an active market.

Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in non-active markets
- Inputs other than quoted market prices that are observable
- Inputs that are derived principally from or corroborated by observable market data through correlation or other means

Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3. The circumstances for using unobservable measurements include those in which there is little, if any, market activity for the assets. Therefore, the Company must make assumptions about the assumptions a market participant would use in pricing the assets.

The Company recognizes transfers between levels at the beginning of the quarter.

FASB ASC 825, *Financial Instruments,* requires disclosure of fair value information about financial instruments for which it is practicable to estimate that value. ASC 825 excludes certain financial instruments and all non-financial instruments from its disclosure requirements.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

(a) Fixed maturity securities: The fair values of fixed maturity securities are determined by management after taking into consideration several sources of data. When available, the Company uses quoted market prices in active markets to determine the fair value of its fixed maturity securities. The Company's valuation policy utilizes a pricing hierarchy that dictates that publicly available prices are initially sought from indices and third party pricing services. In the event that pricing is not available from these sources, securities are submitted to brokers to obtain quotes. The majority of brokers' quotes are non-binding. As part of the pricing process, the Company assesses the appropriateness of each quote (i.e., whether the quote is based on observable market transactions) to determine the most appropriate estimate of fair value. Lastly, securities are priced using internal cash flow modeling techniques. These valuation methodologies commonly use the following inputs: reported trades, bids, offers, issuer spreads, benchmark yields, estimated prepayment speeds, and/or estimated cash flows.

Third-party pricing services and brokers will often determine prices using recently reported trades for identical or similar securities. The third-party pricing services and brokers make adjustments for the elapsed time from the trade date to the Balance Sheet date to take into account available market information. Lacking recently reported trades, third-party pricing services and brokers will use modeling techniques to determine a security price where expected future cash flows are developed based on the performance of the underlying collateral and discounted using an estimated market rate.

Periodically, the Company performs an analysis of the inputs obtained from third-party pricing services and brokers to ensure that the inputs are reasonable and produce a reasonable estimate of fair value. The Company's asset specialists and investment valuation specialists consider both qualitative and quantitative factors as part of this analysis. Several examples of analytical procedures performed include, but are not limited to, recent transactional activity for similar fixed maturity securities, review of pricing statistics and trends and consideration of recent relevant market events. Other controls and procedures over pricing received from indices, third-party pricing services, or brokers include validation checks, such as exception reports that highlight significant price changes, stale prices or un-priced securities.

(Dollars in Thousands)

Financial assets and liabilities measured at fair value on a recurring basis

The following table provides information as of December 31, 2023 about the Company's financial assets measured at fair value:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 12,883	$ -	$ -	$ 12,883
Fixed Maturity Securities:				
Corporate securities	-	514,500	-	514,500
Asset-backed securities	-	29,469	-	29,469
Commercial mortgage-backed securities	-	46,644	-	46,644
Government and government agencies				
Treasury	28,951	-	-	28,951
Agency	1,159	-	-	1,159
Total Fixed Maturity Securities	30,110	590,613	-	620,723
Total Fair Value Assets	$ 42,993	$ 590,613	$ -	$ 633,606

Assets Measured at Fair Value on a Non-Recurring Basis

During 2023, the Company did not report any financial instruments at fair value on a non-recurring basis.

5. Investments

The amortized cost, allowance for credit loss, gross unrealized gains and losses, and estimated fair value of fixed maturity securities classified as AFS at December 31, 2023 were:

	December 31, 2023				
	Amortized Cost	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate securities	$ 513,361	$ (314)	$ 1,503	$ (51)	$ 514,500
Asset-backed securities	29,438	-	31	-	29,469
Commercial mortgage-backed securities	46,525	-	120	-	46,644
Government and government agencies					
Treasury	28,931	(13)	34	-	28,951
Agency	1,160	(1)	-	-	1,159
Total Fixed Maturity Securities	$ 619,414	$ (328)	$ 1,688	$ (51)	$ 620,723

(Dollars in Thousands)

All of the Company's fixed maturity AFS securities in a gross unrealized loss position as of December 31, 2023, have been in a continuous unrealized loss position for less than 12 months.

A summary of the amortized cost and estimated fair value of the Company's investments in fixed maturity AFS securities at December 31, 2023, by contractual maturity, is as follows:

	December 31, 2023	
	Amortized Cost	**Fair Value**
Due in one year or less	$ -	$ -
Due after one year through five years	**36,258**	**36,380**
Due after five years through ten years	**177,639**	**178,024**
Due after ten years	**329,228**	**330,205**
Subtotal	**543,124**	**544,610**
Mortgage and other asset-backed securities	**75,962**	**76,113**
Total Fair Value Assets	**$ 619,086**	**$ 620,723**

Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The Company regularly monitors industry sectors and individual fixed maturity securities for evidence of impairment. This evidence may include one or more of the following: 1) deteriorating market to book ratio, 2) increasing industry risk factors, 3) deteriorating financial condition of the issuer, 4) covenant violations of the issuer, 5) high probability of bankruptcy of the issuer, 6) nationally recognized credit rating agency downgrades, and/or 7) intent or requirement to sell before a debt security's anticipated recovery. Additionally, for structured securities, cash flow trends and underlying levels of collateral are monitored.

For fixed maturity securities, an other-than-temporary impairment (OTTI) must be recognized in earnings when an entity either a) has the intent to sell the debt security or b) more likely than not will be required to sell the security before its anticipated recovery. If the Company meets either of these criteria, the OTTI is recognized in earnings in an amount equal to the entire difference between the security's amortized cost basis and its fair value at the balance sheet date. If neither criterion is met, the securities are further evaluated to determine if the cause of the decline in fair value resulted from credit losses or other factors. When a credit loss is determined to exist and the present value of cash flows expected to be collected is less than the amortized cost of the security, an allowance for credit loss is recorded along with a charge to net realized investment gains (losses), limited by the amount that the fair value is less than amortized cost. Any remaining unrealized loss after recording the allowance for credit loss is the non-credit amount and is recorded to other comprehensive income.

The allowance for credit loss for specific fixed maturity securities may be increased or reversed in subsequent periods due to changes in the assessment of the present value of cash flows that are expected to be collected. Any changes to the allowance for credit loss is recorded as a provision for (or reversal of) credit loss expense in net realized investment gains (losses).

(Dollars in Thousands)

Net investment income by source for the year ended December 31, 2023 was as follows:

	December 31, 2023
Cash	**$ 453**
Fixed maturity securities	**832**
Net investment income	**$ 1,285**

6. Reinsurance

Effective December 31, 2023, the Company entered into an affiliate reinsurance agreement under which it assumes fixed deferred annuity business from TLIC. The Company received cash consideration of $138,000 in addition to funds withheld assets at fair value of $4,113,530 and assumed policyholder contract deposit liabilities of $4,341,212 resulting in an initial loss of $89,682 which was reflected as a deferred loss on assumption of reinsurance asset on the balance sheet.

(Dollars in Thousands)

7. Income Taxes

At December 31, 2023, the Company recorded deferred tax assets of $40,695.

The provision for income tax expense (benefit) consists of the following for the year ended December 31, 2023:

		2023
Current tax expense (benefit)		
Federal	$	41,237
State		-
Total current income tax expense (benefit)	**$**	**41,237**
Deferred tax expense (benefit)		
Federal	$	(40,695)
State		-
Total deferred income tax expense (benefit)	**$**	**(40,695)**
Total income tax expense (benefit)	**$**	**542**

The Company's reported income taxes differ from the expected amount based on federal statutory rates as follows for the year ended December 31, 2023:

Loss before taxes	**$**	**950**
		21.00%
Expected income tax expense (benefit) at statutory rate	**$**	**198**
Increase (decrease) in actual tax reported resutling from:		
Deferred tax change on other items in surplus		**344**
Other		**-**
Total income tax expense (benefit)	**$**	**542**

(Dollars in Thousands)

Deferred income tax assets and liabilities consisted of the following:

		2023
2. Deferred Tax Assets		
(a) Ordinary		
(1) Policyholder reserves		189
(2) Investments		175
(3) Reinsurance Ceded		58,854
(4) Bermuda CIT NOL DTA		39,021
(99) Subtotal	$	98,239
(b) GAAP valuation allowance adjustment		39,021
(c) Ordinary deferred tax assets (2a99 - 2b)	$	59,218
(d) Capital		
(1) Investments	$	69
(2) Other		-
(99) Subtotal	$	69
(e) GAAP valuation allowance adjustment		-
(f) Capital deferred tax assets (2d99 - 2e)	$	69
(g) Total deferred tax assets (2c + 2f)	$	59,286
3. Deferred Tax Liabilities		
(a) Ordinary		
(1) Investments	$	(344)
(3) Deferred acquisition costs		(18,248)
(99) Subtotal	$	(18,591)
(b) Capital		
(1) Other		-
(99) Subtotal	$	-
(c) Total deferred tax liabilities (3a99 + 3b99)	$	(18,591)
4. Net deferred tax assets/liabilities (2g + 3c)	**$**	**40,695**

The Company's US federal income tax returns are consolidated with other includible affiliated companies. The method of allocation between the companies is subject to a written tax allocation agreement. Under the terms of the tax allocation agreement, allocations are based on separate income tax return calculations. The Company is entitled to recoup US federal income taxes paid in the event the future losses and credits reduce the greater of the Company's separately computed income tax liability or the consolidated group's income tax liability in the year generated. The Company is also entitled to recoup US federal income taxes paid in the event the losses and credits reduce the greater of the Company's separately computed income tax liability or the consolidated group's income tax liability in any carryback or carry forward year when so applied. Receivables from the Parent under the tax allocation agreement are presented gross in the Statement of Financial Condition and are settled net with other amounts due to affiliates.

The Company classifies interest and penalties related to income taxes as interest expense and penalty expense, respectively. These amounts are included in other operating expenses on the Statement of Operations. The company recognized no penalty or interest expense in its financial statements for the year ended December 31, 2023.

The Company has made a §953(d) election with the IRS and filed as part of the affiliated Transamerica Corporation consolidated tax return beginning in 2023. The affiliated Transamerica Corporation consolidated tax return filed in 2022 remains open subject to potential future examination. The Company believes there are adequate defenses against, or sufficient provisions established related to any open tax positions.

TBRe has elected to be treated as a United States corporation under Section 953(d) of the United Sates Internal Revenue Code of 1986, as amended. Therefore, the Insurer is a United States domestic insurance company for United States federal income tax purposes.

TBRe is a Bermuda entity and under current law, Bermuda imposes no income, withholding or capital gains taxes, pursuant to the Bermuda Exempted Undertaking Protection Act 1966, as amended. However, on December 27, 2023 Bermuda passed the Corporate Income tax Act of 2023 which implements a new Corporate Income tax beginning in January of 2025. This provision subjects high earning corporate taxpayers to additional tax expense when they might have otherwise had no tax liability. The new provision is expected to apply to the Company and therefore the Company has used the asset and liability method to record deferred income taxes as of the effective date. After establishment of deferred taxes the insurer evaluated the deferred taxes for recoverability. As part of this analysis, the Company concluded that the deferred tax asset provides no incremental tax benefit since US foreign tax credits generated in future years will be displaced by the related temporary differences. Therefore, Bermuda deferred taxes of $39,021 have been offset entirely by a valuation allowance resulting in zero impact to the financial statements.

8. Stockholders' Equity

On December 21, 2022, the Company received $250 in consideration for Company's stock and a $9,750 capital contribution from TLIC, the sole shareholder of the Company.

The Company had 250,000 shares of authorized, issued, and outstanding share capital is 250,000 common shares with a par value of $1 per share at December 31, 2023.

Following the BMA's approval of the Company's license filing, TLIC provided an additional capital contribution to the Company in the amounts $490,000 on December 27, 2023.

9. Statutory Requirements

The Company is registered as a Class E insurer under the Insurance Act of 1978 (Insurance Act), amendments thereto and related regulations, and is required to prepare and file statutory financial statements with the Bermuda Monetary Authority (BMA). Certain adjustments are required from US GAAP to arrive at the BMA statutory financial statements.

Under the Insurance Act, a Class E insurer is prohibited from declaring or paying any dividends of more than 25% of its total statutory capital and surplus as shown on its previous financial year's statutory balance sheet unless it certifies to the BMA that it will continue to meet its minimum solvency margin and minimum liquidity ratio. As the Company carries on long-term business, it shall not declare or pay a dividend to any person other than a policyholder unless the value of the assets of such insurer, as certified by the Company's approved actuary, exceeds its liabilities by the greater of its margin of solvency or, if applicable, its enhanced capital requirement and the amount of any such dividend shall not exceed that excess. In addition, a Class E reinsurer may not reduce their total statutory capital as set out in their previous financial year's financial statements by 15% or more unless they have received the prior approval from the BMA.

The Company did not pay any dividends during 2023. The maximum dividend payout that may be made in 2024 without prior approval of the BMA is $125,511.

Under the Bermuda Insurance (Prudential Standards) Rules, the Company is required to maintain a minimum margin of solvency for conducting its long-term business. The minimum margin of solvency is defined as a prescribed amount by which the value of the long-term assets of an insurer (defined as long-term statutory capital and surplus) must exceed its long-term business liabilities and is greater of a minimum defined amount or a percentage of assets. The minimum solvency requirement was met at December 31, 2023.

10. Related-Party Transactions

The Company shares certain officers, employees and general expenses with affiliated companies. The Company is party to a shared services agreement with Transamerica (Bermuda) Services Center LTD (TBSC). During 2023, the Company did not incur any expenses under this agreement.

The Company has entered into an Investment Management Agreement with Aegon USA Investment Management, LLC, providing investment management services to the Company. During 2023, the Company did not incur expenses under this agreement.

Information regarding the Company's affiliated reinsurance transactions is available in Note 6, Reinsurance.

Information regarding the Company's affiliated tax allocation agreement is available in Note 7, Income Taxes.

Information regarding the Company's capital contributions is available in Note 8, Stockholders' Equity.

11. Subsequent Events

The financial statements are adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements are issued, provided they give evidence of conditions that existed at the balance sheet date. Events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statements themselves. No subsequent events have been identified through May 14, 2024, that require adjustments to or disclosure in the Financial Statements.