FINANCIAL STATEMENTS (STATUTORY BASIS)

Security Benefit Life Insurance Company
Years Ended December 31, 2024 and 2023
With Reports of Independent Auditors

Security Benefit Life Insurance Company

Financial Statements
(Statutory Basis)

Years Ended December 31, 2024 and 2023

Contents

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Report of Independent Auditors

The Board of Directors
Security Benefit Life Insurance Company

Opinion

We have audited the statutory-basis financial statements of Security Benefit Life Insurance Company (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in capital and surplus and cash flow for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company at December 31, 2024 and 2023, or the results of its operations or its cash flows for the years then ended.

Basis for Opinion

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Kansas Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Kansas Insurance Department. Management is also responsible 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.

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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.

Ernst & Young LLP

April 15, 2025

Security Benefit Life Insurance Company

Balance Sheets
(Statutory Basis)

	December 31 2024	December 31 2023
	(In Thousands, Except Share & Par Amounts)	
Admitted assets		
Investments:		
Bonds	**$ 23,983,174**	$ 27,326,134
Preferred stocks	**185,991**	417,723
Common stocks		
Affiliated	**52,414**	43,415
Unaffiliated	**672**	102,702
Mortgage loans	**2,763,247**	790,468
Home office properties, less accumulated depreciation and encumbrances	**24,465**	25,879
Policy loans	**44,365**	45,186
Short-term investments	**91,020**	159,876
Short-term notes receivable from related parties	**2,079,394**	985,715
Cash and cash equivalents	**3,713,362**	1,470,729
Notes receivable from related parties	**12,768,298**	11,788,466
Derivatives	**859,834**	547,198
Receivable from securities	**76,380**	101,088
Other invested assets	**2,331,617**	2,381,687
Total investments	**48,974,233**	46,186,266
Investment income due and accrued	**596,616**	705,138
Income tax receivable	**—**	47,666
Net deferred income tax asset	**296,805**	294,755
Other assets	**365,093**	368,390
Separate account assets	**6,749,125**	5,988,726
Total admitted assets	**$ 56,981,872**	$ 53,590,941

See accompanying notes.

Security Benefit Life Insurance Company

Balance Sheets (continued)

(Statutory Basis)

	December 31	
	2024	**2023**
	(In Thousands, Except Share & Par Amounts)	
Liabilities and capital and surplus		
Liabilities:		
Policy and contract liabilities:		
Life and annuity reserves	**$ 30,799,915**	$ 29,408,582
Funding agreements	**509,859**	998,776
Other policyholders' funds and claims	**45,695**	66,962
Total policy and contract liabilities	**31,355,469**	30,474,320
Funds withheld and held under reinsurance treaties	**9,362,736**	8,010,638
Option collateral	**894,549**	647,922
Repurchase agreements	**328,443**	1,012,497
Income tax payable	**36,360**	—
Net transfers due from separate accounts	**(10,015)**	(10,816)
Asset valuation reserve	**1,051,607**	944,907
Interest maintenance reserve	**129,639**	140,384
Other liabilities	**917,717**	452,939
Separate account liabilities	**6,749,125**	5,988,726
Total liabilities	**50,815,630**	47,661,517
Capital and surplus:		
Common stock, $10 par value:		
Authorized - 1,000,000 shares;		
Outstanding - 700,000 shares	**7,000**	7,000
Contingency surplus	**900**	900
Surplus notes	**99,932**	99,925
Paid in capital	**3,551,896**	3,551,896
Unassigned surplus	**2,506,514**	2,269,703
Total capital and surplus	**6,166,242**	5,929,424
Total liabilities and capital and surplus	**$ 56,981,872**	$ 53,590,941

See accompanying notes.

Security Benefit Life Insurance Company

Statements of Operations
(Statutory Basis)

	Year Ended December 31	
	2024	**2023**
	(In Thousands)	
Revenues:		
Direct annuity considerations and deposits	**$ 6,288,450**	$ 6,739,278
Assumed annuity considerations and deposits	**17,693**	14,754
Ceded annuity considerations and deposits	**(2,021,986)**	(2,516,937)
Net annuity considerations and deposits	**4,284,157**	4,237,095
Net investment income	**3,165,980**	2,651,187
Rider fee income	**201,258**	204,105
Asset-based fees	**59,864**	56,770
Other income	**488,594**	422,997
Total revenues	**8,199,853**	7,572,154
Benefits and expenses:		
Increase (decrease) in reserves and funds for all policies	**1,049,666**	710,154
Surrender benefits	**3,954,053**	3,961,725
Annuity benefits	**474,716**	472,779
Other benefits and reinsurance activity	**312,392**	83,722
Commissions	**536,545**	551,533
Option amortization	**80,240**	87,084
Other insurance operating expenses	**281,965**	263,434
Total benefits and expenses	**6,689,577**	6,130,431
Income from operations before federal income taxes	**1,510,276**	1,441,723
Federal income tax expense	**342,259**	285,320
Income from operations before net realized gains (losses)	**1,168,017**	1,156,403
Net realized gains (losses), net of capital gains tax	**13,811**	46,048
Net income	**$ 1,181,828**	$ 1,202,451

See accompanying notes.

Security Benefit Life Insurance Company

Statements of Changes in Capital and Surplus
(Statutory Basis)

	Common Stock	Contingency Surplus	Surplus Notes	Paid in Capital	Unassigned Surplus	Total Capital and Surplus
	(In Thousands)					
Balance at January 1, 2023	7,000	900	99,917	3,551,896	1,486,424	5,146,137
Net income	—	—	—	—	1,202,451	1,202,451
Change in asset valuation reserve	—	—	—	—	131,812	131,812
Change in net deferred income taxes	—	—	—	—	19,415	19,415
Change in unrealized gain or loss on investments, net of tax	—	—	—	—	(132,155)	(132,155)
Change in unrealized gain or loss on foreign exchange	—	—	—	—	(85,885)	(85,885)
Change in nonadmitted assets	—	—	—	—	2,813	2,813
Change due to reinsurance	—	—	—	—	(5,172)	(5,172)
Change in surplus notes	—	—	8	—	—	8
Dividend to parent	—	—	—	—	(350,000)	(350,000)
Balance at December 31, 2023	7,000	900	99,925	3,551,896	2,269,703	5,929,424
Net income	—	—	—	—	**1,181,828**	**1,181,828**
Change in asset valuation reserve	—	—	—	—	**(106,700)**	**(106,700)**
Change in net deferred income taxes	—	—	—	—	**33,826**	**33,826**
Change in unrealized gain or loss on investments, net of tax	—	—	—	—	**15,288**	**15,288**
Change in unrealized gain or loss on foreign exchange	—	—	—	—	**1,681**	**1,681**
Change in nonadmitted assets	—	—	—	—	**(28,940)**	**(28,940)**
Change due to reinsurance	—	—	—	—	**(5,172)**	**(5,172)**
Change in surplus notes	—	—	**7**	—	—	**7**
Dividend to parent	—	—	—	—	**(855,000)**	**(855,000)**
Balance at December 31, 2024	**$ 7,000**	**$ 900**	**$ 99,932**	**$ 3,551,896**	**$ 2,506,514**	**$ 6,166,242**

See accompanying notes.

Security Benefit Life Insurance Company

Statements of Cash Flow
(Statutory Basis)

	Year Ended December 31	
	2024	**2023**
Operations	*(In Thousands)*	
Revenues:		
Premiums and annuity considerations	**$ 4,290,379**	$ 4,240,159
Net investment income	**3,221,542**	2,526,928
Other income	**749,715**	683,873
Benefits and expenses:		
Benefits and surrenders	**(4,439,858)**	(4,453,475)
Net transfers from separate accounts	**342,806**	292,009
Commissions, expenses, and other deductions	**(1,276,905)**	(882,715)
Dividends paid to policyholders	**(373)**	(340)
Federal income taxes paid	**(258,430)**	(322,884)
Net cash provided by (used in) operations	**2,628,876**	2,083,555
Investment activities		
Proceeds from sales, maturities, or repayments of investments:		
Bonds	**14,479,982**	6,782,725
Stocks	**466,241**	190,300
Officer mortgage loans	**470**	450
Mortgage loans	**339,088**	108,355
Other invested assets	**8,167,271**	4,801,567
Other proceeds	**429,991**	66,533
Cost of investments acquired		
Bonds	**(11,199,347)**	(10,738,310)
Stocks	**(100,449)**	(288,757)
Officer mortgage loans	**(767)**	(290)
Mortgage loans	**(2,160,001)**	(98,218)
Other invested assets	**(9,621,504)**	(5,725,419)
Other applications	**(325,557)**	(234,865)
Net decrease (increase) in policy loans	**820**	1,383
Net cash provided by (used in) investment activities	**476,238**	(5,134,546)

Security Benefit Life Insurance Company

Statements of Cash Flow (continued)
(Statutory Basis)

	Year Ended December 31	
	2024	**2023**
	(In Thousands)	
Financing and miscellaneous activities		
Cash provided:		
Capital contribution from parent	**$ —**	$ 435,000
Change in funds held and funds withheld	**1,352,097**	1,842,322
Net withdrawals from deposit-type contracts	**(509,291)**	(156,673)
Cash used:		
Dividend to parent	**(355,000)**	(350,000)
Other cash (used) provided	**(325,464)**	323,941
Net cash provided by (used in) financing and miscellaneous activities	**162,342**	2,094,590
(Decrease) increase in cash, cash equivalents, short-term investments, and short-term notes receivable from related parties	**3,267,456**	(956,401)
Cash, and cash equivalents, short-term investments, and short-term notes receivable from related parties at beginning of year	**2,616,320**	3,572,721
Cash, cash equivalents, short-term investments, and short-term notes receivable from related parties at end of year	**$ 5,883,776**	$ 2,616,320

Supplemental disclosure of non-cash information

In 2024, the Company made $500 million of ordinary in-kind dividends to its parent

See accompanying notes.

1. Significant Accounting Policies

Organization

Security Benefit Life Insurance Company (the Company) offers a diversified portfolio of individual annuities through a multiple channel distribution structure throughout 49 states (excluding New York). The Company is owned entirely by SBL Holdings, Inc. (SBLH), a holding company domiciled in the State of Kansas.

Basis of Presentation

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Kansas Department of Insurance (KDOI).

The Kansas Insurance Commissioner (the Commissioner) recognizes only statutory accounting practices that the Commissioner prescribes or permits for determining and reporting the financial condition and results of operations of an insurance company for purposes of determining its solvency under Kansas Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the State of Kansas.

Permitted/Prescribed Practices

The Company sells fixed index annuity (FIA) contracts which credit interest to the policyholder based on a percentage of the gain in a specified market index. The Company uses a portion of the premium received on these policies to purchase one year and multi-year call options depending on the index crediting option specified by the policyholder. The call options are economic hedges used to fund the index credits to the policyholder. The call options are not considered to be effective hedges for accounting purposes under the NAIC Accounting Practices and Procedures Manual, SSAP No. 86 – Derivatives (SSAP No. 86). Derivative instruments used in hedging transactions that do not meet or no longer meet the criteria of an effective hedge shall be accounted for at fair value and the changes in fair value shall be recorded as unrealized gains or unrealized losses. The options, therefore, would be valued at fair value with changes in the fair value recorded as unrealized gains or losses.

1. Significant Accounting Policies (continued)

The reserving requirement for the aforementioned policies falls under Actuarial Guideline (AG) 35, which provides the manner in which current and future index credits are valued. Changes in the reserve liability are reported through operations.

Kansas statutes prescribe accounting for one year call options and multi-year call options in a manner that differs from NAIC statutory accounting practices and procedures. This differing accounting practice is conditioned on the hedging program referenced above being economically effective and allows the Company to report call options at amortized cost. It also allows the reserve calculation to assume the fair value of the call options associated with the current index crediting term is zero and index interest credited to FIA contracts is reflected when realized.

1. Significant Accounting Policies (continued)

The impact of the prescribed practice, including the impact of income taxes, is reflected in the table below.

	As of or for the Year Ended December 31, 2024	As of or for the Year Ended December 31, 2023
	(in thousands)	
NET INCOME		
(1) Company state basis net income	**$ 1,181,828**	$ 1,202,451
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:		
Call options at amortized cost	**62,087**	115,470
Impact to FIA reserves and related funds withheld liability	**249,096**	261,942
Related income tax effect	**(65,348)**	(79,256)
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP: None	**—**	—
(4) NAIC SAP (1-2-3=4)	**935,993**	904,295
Increase/(decrease) in net income due to prescribed practice	**$ 245,835**	$ 298,156
SURPLUS		
(5) Company state basis surplus	**$ 6,166,242**	$ 5,929,423
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:		
Call options held at amortized cost instead of fair value	**(340,638)**	(280,540)
Impact to FIA reserves and related funds withheld liability	**707,173**	458,077
Related deferred tax effect	**(76,972)**	(37,283)
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP: None	**—**	—
(8) NAIC SAP (5-6-7=8)	**5,876,679**	5,789,169
Increase/(decrease) in surplus due to prescribed practice	**$ 289,563**	$ 140,254

1. Significant Accounting Policies (continued)

Statutory accounting practices differ from U.S. generally accepted accounting principles (GAAP) and are presumed to be material. The more significant variances from GAAP are as follows:

Investments

Investments in bonds and redeemable preferred stocks are carried at amortized cost or market value based on the NAIC designation. Unaffiliated common stock is carried at market value with changes in market value charged directly to surplus. Under GAAP, equity investments with determinable fair value (except those under equity method of accounting or that require consolidation) are carried at fair value with changes in fair value recorded in earnings. GAAP requires that debt securities be classified as held to maturity, trading, or available for sale. Under GAAP, debt securities classified as held to maturity are carried at cost or amortized cost, and debt securities classified as trading or available for sale are carried at fair value with unrealized holding gains and losses reported in income for those debt securities classified as trading or as a separate component of stockholder's equity for those debt securities classified as available for sale. Credit impairments are recognized in earnings. For statutory purposes, bonds and redeemable preferred stocks that are other-than-temporarily impaired are written down to fair value.

For statutory purposes, loan-backed and structured securities are adjusted for the effects of defaults, loss severity of defaulted collateral, and changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets other than high credit quality securities are adjusted using the prospective method when there is a change in estimated future cash flows. For high credit quality securities, the retrospective method is used when there is a change in estimated future cash flows. To the extent the Company determines an unrealized loss is due to credit related risk, an allowance for expected credit losses is recognized through a reduction to net income. For statutory purposes, loan-backed and structured securities that are other-than-temporarily impaired are written down to the present value of discounted estimated future cash flows.

Investments in real estate are reported net of related obligations rather than on a gross basis as under GAAP. Real estate owned and occupied by the Company is included in investments rather

1. Significant Accounting Policies (continued)

than reported as an operating asset as under GAAP, and investment income and operating expenses for statutory reporting include rent for the Company's occupancy of those properties.

In accordance with Statements of Statutory Accounting Principles (SSAP) No. 86, *Derivatives*, derivative instruments used in hedging transactions that meet the highly effective hedge criteria are recorded and reported in a manner that is consistent with the hedged asset or liability. As indicated previously, certain derivative instruments may be carried at amortized cost based upon prescribed practices. Changes in the fair value of other derivative instruments are recorded as unrealized capital gains or losses and reported as changes in surplus. Under GAAP, changes in fair value of the derivative financial instruments are either recognized periodically in income or in stockholder's equity as a component of accumulated other comprehensive income or loss, depending on whether the derivative financial instrument qualifies for hedge accounting and, if so, whether it qualifies as a fair value hedge or cash flow hedge.

Variable Interest Entities, Subsidiaries, Partnerships, Limited Liability Companies and Joint Ventures

For statutory purposes, investments in Variable Interest Entities (VIEs) are reported as a single investment and carried at the value required by the guidelines issued by the NAIC. Under GAAP, certain VIEs are consolidated under Accounting Standards Codification (ASC) 810, *Consolidation,* when the Company is considered to be the primary beneficiary. Investments related to the operations of subsidiaries, partnerships, limited liability companies and joint ventures are not consolidated with the accounts and operations of the Company as may be required under GAAP. Statutory accounting requires earnings of such investments to be reflected as changes in unrealized gains or losses in surplus until earnings are distributed, which would then be reflected as investment income to the extent there are undistributed accumulated earnings attributable to the Company

Valuation Reserves

As prescribed by the NAIC, the asset valuation reserve (AVR) is computed in accordance with a prescribed formula and represents a provision for possible fluctuations in the value of fixed maturity securities, equity securities, mortgage loans, real estate, and other invested assets. Changes to the AVR are charged or credited directly to unassigned surplus. AVR is not recognized under GAAP.

1. Significant Accounting Policies (continued)

As also prescribed by the NAIC, the Company reports an interest maintenance reserve (IMR) that represents the net accumulated unamortized realized capital gains and losses attributable to changes in the general level of interest rates on sales of fixed maturity investments, principally bonds. Such gains or losses, net of tax, are amortized into income using the grouped method, with groupings in five year bands based on the expected maturity of the investment sold, with the exception of investments with one calendar year to expected maturity, which are grouped separately from those with two to five calendar years to expected maturity. Under GAAP, realized gains and losses are recorded in net income in the period that the gains or losses are incurred.

Related Parties Transactions

Gains on certain economic transactions with related parties and affiliates, defined as arm's-length transactions, resulting in the transfer of risks and rewards of ownership and considered permanent, are recognized under SAP. Under GAAP, transactions between affiliates are deferred until the assets are sold to third parties.

Policy Acquisition, Sales Inducement Costs and Value of Business Acquired

The costs of successfully acquiring new business are expensed when incurred, rather than being deferred and amortized as required under GAAP. Expense allowances received or paid in connection with reinsurance are recognized as income or expense when due, rather than deferred and amortized as required under GAAP. For GAAP purposes, the value of business acquired is amortized in a similar manner to the amortization of deferred policy acquisition costs. No amounts are recognized for statutory accounting purposes.

Nonadmitted Assets

For statutory accounting purposes, certain assets designated as nonadmitted (principally furniture, equipment, leasehold improvements, intangible assets, prepaid expenses, certain deferred income tax assets, certain derivative instruments, and miscellaneous receivables over 90 days old) are excluded from the balance sheets and charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets to the extent those assets are not impaired.

Premiums and Benefits

1. Significant Accounting Policies (continued)

Revenues for life and annuity policies with mortality or morbidity risk, except for guaranteed interest contracts, consist of the entire premium received, and benefits incurred represent the total of benefits paid and the change in policy reserves. Premiums received for annuity policies without mortality or morbidity risk and for guaranteed interest contracts are recorded using deposit accounting and credited directly to an appropriate policy reserve account without recognizing premium income. Under GAAP, premiums received in excess of policy charges are not recognized as premium revenue. Also under GAAP, benefits incurred represent the excess of benefits paid over the policy account value and interest credited to the account values.

Policy Reserves

Reserves are based on statutory mortality, morbidity, and interest requirements, with consideration of future withdrawals. Virtually all annuity reserves are calculated on the prescribed reserve basis, which partially offsets the effect of immediately charging policy acquisition costs for commissions to expense. As indicated previously, the Company utilizes certain prescribed accounting practices that differ from NAIC statutory accounting practices and principles by allowing for a reserve calculation on its fixed index annuities so that the account value is assumed to be increased by the index interest credit on the policy anniversary. As a result of these prescribed practices, reserves were recorded under the prescribed practice rather than under AG35.

Under GAAP, fixed and variable annuity reserves are carried at account value plus reserves associated with guarantees provided by the Company to the contract holders. Policy reserves for fixed index annuities are equal to the sum of the fair value of the embedded derivatives of the index options, the host (or guaranteed) components of the index account, and the fixed account accumulated with interest and without reduction for potential surrender charges, plus the benefit reserves.

Reinsurance

The Company reports reinsurance receivables and prepaid reinsurance premiums as reductions of policy and contract liabilities rather than reporting such amounts as assets as required under GAAP.

Funds Withheld

1. Significant Accounting Policies (continued)

The Company maintains a funds withheld reinsurance liability equal to the statutory carrying value of the assets segregated to support certain reinsurance agreements. For GAAP purposes, the funds withheld reinsurance liability contains an embedded derivative in which the change in fair value of the derivative is bifurcated from funds withheld into earnings based upon the change in the fair value of the underlying segregated assets.

Separate Accounts

The Company reports variable annuity, variable life, certain funding agreements, and certain group fixed annuity products within its separate account on the balance sheets. Under GAAP, the Company's variable annuity, variable life products, and certain funding agreements are reported within its separate account, but the group fixed annuity products are reported in the general account under ASC 944-80, *Financial Services – Insurance,* due to investment performance not being passed through to the contract holder.

For statutory accounting purposes, separate account surplus is created through the use of the Commissioners' Annuity Reserve Valuation Method and is reported as an unsettled transfer from the separate account to the general account.

Surplus Notes

The Company classifies surplus notes as surplus rather than as a liability as required under GAAP. Interest expense on the surplus notes is recognized when payment is approved by the Commissioner and paid.

Deferred Income Taxes

For statutory accounting purposes, deferred income tax assets (DTAs) are limited to (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent three calendar years; plus (2) the lesser of the remaining gross DTAs expected to be realized within three years of the statement of admitted assets, liabilities, and surplus date or 15% of surplus excluding any net deferred income tax assets, electronic data processing equipment and operating software, and any net positive goodwill; plus (3) the amount of remaining gross DTAs that can be offset against

1. Significant Accounting Policies (continued)

existing gross deferred tax liabilities (DTLs). The remaining DTAs are nonadmitted. Deferred income taxes do not include amounts for state income taxes.

Under GAAP, state income taxes are included in the computation of deferred income taxes, a DTA is recorded for the amount of gross DTAs expected to be realized in future years, and a valuation allowance is established for DTAs that are not realizable.

Embedded Derivatives

Embedded derivatives for statutory accounting are not bifurcated from the host instrument, whereas GAAP accounting requires the embedded derivative to be bifurcated from the host instrument if it is not clearly and closely related to the economic characteristics of the host instrument, in which the change in fair value of the derivative would be recorded through earnings.

Cash, Cash Equivalents and Short-Term Investments

The statutory basis statements of cash flow reconcile to changes in cash and cash equivalents, certificates of deposit, short-term investments with original maturities of one year or less, and short-term notes receivable from related parties with original maturities of one year or less. Under GAAP, the statements of cash flow reconcile to changes in cash and cash equivalents, whereby cash equivalents are financial instruments with an original maturity period of 90 days or less.

Capital Contribution

Statutory accounting principles allow for the recording of a receivable for a capital contribution upon approval of the same by the Commissioner, while for GAAP the transaction is not recorded until the contribution is paid.

Goodwill

Goodwill, for GAAP purposes, is recognized for the excess of the purchase price over the fair value of identifiable net assets acquired. Goodwill is not amortized, but is reviewed annually for

1. Significant Accounting Policies (continued)

indications of impairment. Statutory accounting does not allow recognition of goodwill resulting from a change of control.

Other significant statutory accounting policies include the following:

Investments

Investments are valued as prescribed by the NAIC. Bonds with NAIC designations of 1 to 5 are reported principally at cost, adjusted for amortization of premiums and accrual of discounts using the effective interest method. For loan-backed and structured securities, defaults, loss severity of defaulted collateral, and anticipated prepayments are considered using market consensus prepayment speeds when determining the amortization of premiums and accrual of discounts. Adjustments to discounts or premiums resulting when actual defaults, loss severity of defaulted collateral, and prepayments differ substantially from estimates are determined using the retrospective or prospective methods. Redeemable preferred stocks with NAIC designations 1 to 3 are valued at amortized cost. All other redeemable preferred stocks (NAIC designations 4 to 6) are reported at the lower of amortized cost or fair value. All perpetual preferred stocks are valued at fair value, not to exceed any currently effective call price.

Unaffiliated common stocks are valued at fair value. Stocks of subsidiaries are generally carried at net GAAP or statutory equity value, depending on the type of subsidiary, and included in affiliated common stocks on the balance sheets.

Realized capital gains and losses on sales of investments are determined using the specific identification method. For any decline in the market value of an investment that is determined to be other than temporary, the amortized cost basis of the investment is written down to the market value as of the date of the determination, except for loan-backed and structured securities where the investment is written down to its discounted expected future cash flows, and the amount of the write-down is accounted for as a realized loss.

Real estate occupied by the Company is reported at depreciated cost, net of encumbrances, and investment properties, including property acquired in satisfaction of debt, are reported at the lower of depreciated cost or estimated market value. Depreciation is calculated on a straight-line basis over the estimated useful life of the property.

1. Significant Accounting Policies (continued)

Mortgage loans on real estate originated by the Company are reported at the outstanding principal balance, less allowance for credit losses. Mortgage loans purchased by the Company are reported at cost adjusted for amortization of premiums and accrual of discounts, less allowance for credit losses.

The Company has ownership interests in joint ventures, limited partnerships, and limited liability companies. The Company carries these investments based on its interest in the underlying audited GAAP equity of the investee.

Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

Short-term notes receivable from related parties include investments with related parties with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.

Policy loans are stated at the aggregate unpaid balance.

Notes receivable from related parties include investments with related parties with remaining maturities of greater than one year at the time of acquisition and are principally stated at amortized cost.

The operations of the Company are subject to the risk of interest rate fluctuations to the extent that there is a difference between the amount of the Company's interest-earning assets and interest-bearing liabilities that reprice or mature in specified periods. The principal objective of the Company's asset-liability management activities is to provide maximum levels of net interest income while maintaining acceptable levels of interest rate and liquidity risk and to facilitate the funding needs of the Company. The Company periodically may use derivative financial instruments to modify its interest sensitivity to levels deemed to be appropriate based on the Company's current economic outlook.

The most common types of derivatives used by the Company are call options, foreign currency forwards, exchange traded futures, equity total return swaps, interest rate options, and interest rate swaps. Call options are reported at amortized cost in accordance with the prescribed practice previously discussed. Derivative instruments used in hedging transactions that meet the criteria

1. Significant Accounting Policies (continued)

of a highly effective hedge and are designated in a hedge accounting relationship, are reported in a manner that is consistent with the hedged items. All other derivative instruments are carried at fair value.

Business-Owned Life Insurance

The Company has invested in business-owned life insurance. The investment is carried in other assets at net policy value of $26.4 million and $24.9 million at December 31, 2024 and 2023, respectively. Investment earnings of $2.0 million and $1.8 million in 2024 and 2023, respectively, were included in other income. Benefits of $0.5 million and $1.2 million in 2024 and 2023, respectively, were received in cash and directly offset to the account value.

Company-Owned Life Insurance

The Company has invested in company-owned life insurance. The investment is carried in other assets at net policy value of $51.2 million and $48.6 million at December 31, 2024 and 2023, respectively, with the change in net policy value recorded in other benefits of $2.6 million and $5.1 million for the years ended December 31, 2024 and 2023, respectively.

Property and Equipment

Real estate occupied by the Company is depreciated using the straight-line method over a period of 39 years and is reported at depreciated cost, net of encumbrances. Electronic data processing equipment and operating software are depreciated using the straight-line method over the lesser of the useful life or three years, while nonoperating software, a nonadmitted asset, is depreciated using the straight-line method over the lesser of its useful life or five years. Other furniture and equipment are depreciated using the straight-line method over their estimated useful lives and are nonadmitted assets. Depreciation expense charged to operations was $0.6 million and $0.6 million for the years ended December 31, 2024 and 2023, respectively, and is included in the statements of operations in other insurance operating expenses. Real estate depreciation expense was $1.4 million and $1.4 million for the years ended December 31, 2024 and 2023, respectively, and is included in the statements of operations in net investment income. Real estate accumulated depreciation was $30.9 million and $30.4 million at December 31, 2024, and 2023, respectively. There were no encumbrances in 2024 and 2023 on real estate occupied by the Company.

1. Significant Accounting Policies (continued)

Reserves for Life and Annuity Policies

The reserves for life and annuity policies are developed by actuarial methods, and the life reserves are established and maintained on the basis of published mortality tables. Life and annuity reserves are computed using assumed interest rates and valuation methods that will provide, in the aggregate, reserves that are greater than the minimum valuation required by law or allowed by permitted practice and greater than the guaranteed policy cash values.

For life policies, the 1941, 1958, 1980, 2001 and 2017 CSO mortality tables have been used principally, and interest assumptions range from 2% to 7%. For annuity contracts, 1971 IAM, 1983 IAM, 1994 MGDB, Annuity 2000, and 2012 IAR mortality tables have been used principally, and interest assumptions range from 1.5% to 9%.

Recognition of Revenues

Life and accident and health premiums are recognized as revenue when due. Premiums for annuity policies with mortality and morbidity risk, except for guaranteed interest contracts, are also recognized as revenue when due. Premiums received for annuity policies without mortality or morbidity risk and for guaranteed interest contracts are recorded as deposits, with revenues consisting of policy charges for the cost of insurance, policy administrative charges, and surrender charges against account balances during the period.

Dividends and interest income, recorded in net investment income, are recognized when earned. Amortization of premiums and accretion of discounts on investments in fixed maturity securities are reflected in net investment income over the contractual terms of the investments in a manner that produces a constant effective yield. For loan-backed and structured securities that are of high credit quality, the retrospective method is used when there is a change in estimated future cash flows. The prospective method is used for loan-backed and structured securities that are not of high credit quality.

Reinsurance

Reinsurance premiums and benefits paid or provided are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

1. Significant Accounting Policies (continued)

Separate Accounts

The separate accounts are established in conformity with Kansas insurance laws and are not chargeable with liabilities that arise from any other business of the Company. Premiums designated for investment in the separate accounts are included in revenues with corresponding liability increases included in benefits. Assets and liabilities of the separate accounts, representing net deposits and accumulated net investment earnings held primarily for the benefit of contract holders, are shown as separate captions on the balance sheets. Assets held in the separate accounts are carried at fair market value. The Company generally receives administrative and risk fees relating to amounts invested in the separate accounts.

The Company issued to certain related parties funding agreements through separate accounts whereby the contract holders elected to invest in various investment options offered under the policy. As of December 31, 2024 and 2023, separate account investments funded through these agreements were held in the amount of $3,042.2 million and $2,386.9 million, respectively, and are reported in separate account assets and liabilities on the balance sheets. Investment income and gains or losses arising from the investments in the separate account funding agreements accrue directly to the contract holders and, therefore, are not included in investment earnings in the accompanying statements of operations. Revenues to the Company from the separate account funding agreements consisted primarily of administrative fees paid upon the issuance of the funding agreements.

FHLB Funding Agreements

The Company had no outstanding general account funding agreements with the Federal Home Loan Bank of Topeka (FHLB) at December 31, 2024 and 2023. The Company's funding agreements with the FHLB would be included in guaranteed investment contracts in the balance sheets. Selected financial data related to the general account is as follows:

1. Significant Accounting Policies (continued)

		2024		2023
		(In Thousands)		
FHLB stock owned:				
Membership stock - class A	**$**	**500**	$	500
Activity stock		**—**		—
Excess stock		**159**		175
Funding capacity available		**370,882**		451,227

The membership stock is not eligible for redemption.

	December 31, 2024		
	Fair Value	**Carrying Value**	**Aggregate Total Borrowing**
	(In Thousands)		
Collateral pledged	**$ —**	**$ —**	**$ —**
Maximum collateral pledged	**471,195**	**473,966**	**375,000**

As of December 31, 2024 and 2023 there were no general account funding agreements. The maximum amount of general account funding agreements in place with the FHLB in 2024 was $375.0 million with aggregate reserves pledged of $474.0 million. The Company also has funding agreements with parties other than the FHLB.

Use of Estimates

The preparation of financial statements and accompanying notes requires management to make estimates and assumptions that affect the amounts reported and disclosed. Significant estimates and assumptions include the valuation of investments; determination of OTTI of investments; calculation of liabilities for future policy benefits; and calculation of income taxes and the recognition of DTAs and DTLs. Actual results could differ from those estimates.

Quasi – Reorganization

The KDOI, effective December 31, 2016, granted the Company approval to reset unassigned surplus to zero in accordance with SSAP No. 72, *Surplus and Quasi – Reorganizations* (SSAP No. 72) related to its change of control on January 31, 2017.

1. Significant Accounting Policies (continued)

Future Adoption of Accounting Pronouncements

In August 2023, the NAIC revised SSAP No. 26R, Bonds (“SSAP No. 26R”) and SSAP No. 43R, Loan-Backed and Structured Securities (“SSAP No.43R”), effective January 1, 2025. The revisions adopt a principles-based bond definition for determining the investments eligible for bond accounting and reporting as issuer credit obligations and asset-backed securities. In December 2024, the NAIC revised SSAP No. 26R to reinstate disclosure language and reporting category provisions. The revisions specify that, in the financial statements, for each annual balance sheet presented, disclosures for assets receiving bond treatment should be categorized and subcategorized as reported in Annual Statement Schedule D-Part 1, Section 1 (Issuer Credit Obligations) and Section 2 (Asset-Backed Securities). The Company will adopt the revised guidance for periods starting on January 1, 2025.

2. Investments

The carrying amount, gross unrealized gains and losses, and fair value of investments in bonds and equity securities are summarized as follows:

	December 31, 2024			
	Carrying Amount	**Gross Unrealized Gains**	**Gross Unrealized (Losses)**	**Fair Value**
	(In Thousands)			
Bonds:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	**$ 30,683**	**$ 125**	**$ (2,543)**	**$ 28,265**
Obligations of government-sponsored enterprises	**560,162**	**2,597**	**(8,153)**	**554,606**
Corporate[1]	**10,450,387**	**134,093**	**(186,834)**	**10,397,646**
Municipal governments	**8,776**	**—**	**(43)**	**8,733**
Commercial mortgage-backed	**29,710**	**1,815**	**(4,239)**	**27,286**
Residential mortgage-backed	**7,675**	**122**	**(294)**	**7,503**
Collateralized loan obligations	**10,820,852**	**67,051**	**(79,659)**	**10,808,244**
Collateralized debt obligations	**5,412**	**3**	**(305)**	**5,110**
Other asset backed	**2,069,517**	**4,575**	**(26,497)**	**2,047,595**
Total bonds	**$ 23,983,174**	**$ 210,381**	**$ (308,567)**	**$ 23,884,988**
Preferred stocks:				
Financial	**$ 47,163**	**$ —**	**$ —**	**$ 47,163**
Consumer	**138,828**	**—**	**—**	**138,828**
Total preferred stocks	**$ 185,991**	**$ —**	**$ —**	**$ 185,991**

[1] Includes corporate debt investment with a carrying amount and fair value of $49.1 million and $46.7 million, respectively, which have exposure to collateralized loan obligations.

2. Investments (continued)

	December 31, 2023			
	Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Bonds:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 32,010	$ 229	$ (2,205)	$ 30,034
Obligations of government-sponsored enterprises	486,035	5,363	(5,852)	485,546
Corporate[1]	11,506,380	148,223	(418,134)	11,236,469
Municipal governments	10,676	37	(221)	10,492
Commercial mortgage-backed	33,207	697	(5,241)	28,663
Residential mortgage-backed	8,593	100	(297)	8,396
Collateralized loan obligations	12,875,950	36,189	(363,967)	12,548,172
Collateralized debt obligations	8,234	1	(374)	7,861
Other asset backed	2,365,049	4,195	(73,449)	2,295,795
Total bonds	$ 27,326,134	$ 195,034	$ (869,740)	$ 26,651,428
Preferred stocks:				
Financial	$ 61,917	$ —	$ —	$ 61,917
Consumer	355,806	—	(716)	355,090
Total preferred stocks	$ 417,723	$ —	$ (716)	$ 417,007

[1] Includes corporate debt investment with a carrying amount and fair value of $1,343.8 million and $1,268.6 million, respectively, which have exposure to collateralized loan obligations.

2. Investments (continued)

The carrying amount and fair value of bonds at December 31, 2024, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because lenders may have the right to call and borrowers may have the right to prepay obligations with or without penalties.

	Carrying Amount	Fair Value
	(In Thousands)	
Due in one year or less	$ 2,902,947	$ 2,891,558
Due after one year through five years	4,202,845	4,205,591
Due after five years through ten years	1,948,341	1,944,354
Due after ten years	1,435,713	1,393,141
Structured securities with variable principal payments	13,493,328	13,450,344
	$ 23,983,174	$ 23,884,988

2. Investments (continued)

For bonds and equity securities with unrealized losses as of December 31, 2024 and 2023, the gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are summarized as follows:

	December 31, 2024					
	Less Than 12 Months		Greater Than or Equal to 12 Months		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
	(In Thousands)					
Bonds:						
U.S. Treasury securities and obligations of US gov't corp and agencies	$ —	$ —	$ 20,775	$ (2,543)	$ 20,775	$ (2,543)
Obligations of government-sponsored enterprises	219,735	(1,612)	42,616	(6,541)	262,351	(8,153)
Corporate securities	2,081,665	(27,592)	2,672,324	(159,242)	4,753,989	(186,834)
Municipal obligations	8,734	(43)	—	—	8,734	(43)
Commercial mortgage backed securities	279	(26)	16,647	(4,213)	16,926	(4,239)
Residential mortgage-backed securities	452	(4)	1,087	(290)	1,539	(294)
Collateralized loan obligation	487,984	(3,175)	881,237	(76,484)	1,369,221	(79,659)
Collateralized debt obligation	—	—	4,937	(305)	4,937	(305)
Other asset backed	423,064	(2,888)	598,416	(23,609)	1,021,480	(26,497)
Total bonds	$ 3,221,913	$ (35,338)	$ 4,238,039	$ (273,225)	$ 7,459,952	$ (308,567)
Number of securities investment grade with unrealized losses		352		207		559
Percent investment grade						
(NAIC investment grade 1 and 2)		83 %		84 %		83 %
Number of securities below investment grade with unrealized losses		71		40		111
Percent below investment grade						
(NAIC below investment grade 3 and below)		17 %		16 %		17 %
Equity securities (unaffiliated)						
Common stocks						
Consumer	$ —	$ —	$ —	$ —	$ —	$ —
Preferred stocks						
Consumer	—	—	—	—	—	—
Total equities	$ —	$ —	$ —	$ —	$ —	$ —

2. Investments (continued)

	December 31, 2023					
	Less Than 12 Months		Greater Than or Equal to 12 Months		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
			(In Thousands)			
Bonds:						
U.S. Treasury securities and obligations of US gov't corp and agencies	$ —	$ —	$ 22,492	$ (2,205)	$ 22,492	$ (2,205)
Obligations of government-sponsored enterprises	99,688	(431)	49,940	(5,421)	149,628	(5,852)
Corporate securities	2,984,344	(115,630)	4,327,087	(302,504)	7,311,431	(418,134)
Municipal obligations	—	—	1,509	(221)	1,509	(221)
Commercial mortgage backed securities	524	(17)	17,548	(5,224)	18,072	(5,241)
Residential mortgage-backed securities	—	—	1,581	(297)	1,581	(297)
Collateralized loan obligation	401,443	(4,912)	6,227,520	(359,055)	6,628,963	(363,967)
Collateralized debt obligation	—	—	4,126	(374)	4,126	(374)
Other asset backed	156,807	(1,794)	797,522	(71,655)	954,329	(73,449)
Total bonds	$ 3,642,806	$(122,784)	$ 11,449,325	$(746,956)	$ 15,092,131	$(869,740)
Number of securities investment grade with unrealized losses		82		509		591
Percent investment grade						
(NAIC investment grade 1 and 2)		87%		83 %		84 %
Number of securities below investment grade with unrealized losses		12		103		115
Percent below investment grade						
(NAIC below investment grade 3 and below)		13 %		17 %		16 %
Equity securities (unaffiliated)						
Common stocks						
Consumer	$ 5,275	$ (225)	$ —	$ —	$ 5,275	$ (225)
Preferred stocks						
Consumer	—	—	23,313	(716)	23,313	(716)
Total equities	$ 5,275	$ (225)	$ 23,313	$ (716)	$ 28,588	$ (941)

The unrealized losses on these securities can primarily be attributed to changes in market interest rates and changes in credit spreads since the bonds were acquired. At present, the Company

2. Investments (continued)

cannot ascertain the duration of the current market conditions and the resulting impact on such positions, but believes these losses to be temporary.

Included in net realized gains (losses) are OTTIs with the following characteristics for the years ended December 31:

	2024	2023
	(In Thousands)	
Loan-backed and structured OTTIs:		
Present value of cash flows	**$ —**	$ —
Intent to sell	**—**	3,169
Non-loan backed and structured OTTIs:		
Present value of cash flows	**—**	—
Intent to sell	**—**	—
Fair value	**46,451**	3,959
Total OTTIs included in net realized gains	**$ 46,451**	$ 7,128

The Company closely monitors those securities where impairment concerns may exist. The Company considers relevant facts and circumstances to evaluate whether the impairment of a security is other than temporary. This process involves monitoring market events that could affect issuers' credit ratings, business climate, management changes, litigation and government actions and other similar factors. This process also involves monitoring late payments, pricing levels, downgrades by rating agencies, key financial ratios, financial statements, revenue forecasts and cash flow projections as indicators of credit issues. To the extent that the Company determines that a security is other-than-temporarily impaired, the difference between amortized cost and fair value, or for loan-backed and structured securities, the difference between amortized cost and discounted expected future cash flows, is charged to earnings.

2. Investments (continued)

The Company had no OTTI for 2024 as a result of the intent to sell or inability or lack of intent to retain the security for a period of time sufficient to recover the amortized cost basis of the security.

The Company had no OTTI for 2024 related to loan-backed and structured securities, where the present value of cash flows expected to be collected is less than the amortized cost basis of the security.

Loan-backed and structured securities (those whose fair value is less than cost or amortized cost) currently held by the Company, for which an OTTI has not been recognized in earnings as a realized loss, aggregated by length of time that the individual securities have been in a continuous unrealized loss position, is as follows as of December 31, 2024:

	Unrealized (Loss)	Fair Value
	(In Thousands)	
Continuous unrealized loss for less than 12 months	**$ (7,715)**	**$ 1,132,323**
Continuous unrealized loss for greater than or equal to 12 months	**(116,164)**	**1,569,913**

2. Investments (continued)

Major categories of net investment income for the years ended December 31, 2024 and 2023, are summarized as follows:

	2024	2023
	(In Thousands)	
Bonds	**$ 2,333,908**	$ 2,125,995
Common and preferred stock	**31,814**	32,597
Real estate	**4,923**	4,923
Policy loans	**2,647**	2,621
Mortgage loans	**231,768**	64,937
Notes receivable from related parties	**937,880**	827,468
Call option realized gain	**407,309**	(79,491)
Other long-term investments	**132,433**	403,564
Total investment income	**4,082,682**	3,382,614
IMR amortization	**26,556**	26,331
Less:		
Investment expenses	**(316,541)**	(257,400)
Ceded to reinsurer	**(626,717)**	(500,358)
Net investment income	**$ 3,165,980**	$ 2,651,187

Investment income recognized as a result of prepayment penalties and/or acceleration fees for the years ended December 31, 2024 and 2023 is as follows:

	2024		2023	
	General Account	Separate Account	General Account	Separate Account
	(Dollars in Thousands)			
Number of CUSIPs	**4**	**4**	1	5
Aggregate amount of investment income	**$1,070**	**$5**	$173	$243

The Company excludes due and accrued investment income from surplus by nonadmitting if it is over 90 days past due with the exception of mortgage loan investment income which is nonadmitted after 180 days or if the underlying loan is in the process of foreclosure. The

2. Investments (continued)

Company did not have any nonadmitted investment income as of December 31, 2024. Gross and admitted investment income due and accrued was $596.6 million as of December 31, 2024. The Company did not have any aggregate deferred interest income as of December 31, 2024. The cumulative amount of paid-in-kind interest included in the principal balance of securities was $19.8 million as of December 31, 2024.

Proceeds from sales of bonds and equity securities and related realized gains and losses, including valuation adjustments, for the years ended December 31, 2024 and 2023, are as follows:

	2024	2023
	(In Thousands)	
Proceeds from sales	**$ 5,537,944**	$ 2,967,276
Gross realized gains	**70,567**	20,931
Gross realized (losses)	**(130,423)**	(52,815)

Realized gains (losses), net of amounts transferred to the interest maintenance reserve and applicable taxes, for the years ended December 31, 2024 and 2023, consisted of the following:

	2024	2023
	(In Thousands)	
Bonds	**$ (46,712)**	$ (35,486)
Common and preferred stock	**(22,507)**	(10,857)
Other investments	**113,250**	109,382
Total realized gains, net	**44,031**	63,039
Income tax expense	**(197)**	(23,948)
Transferred to the interest maintenance reserve, net of tax	**(30,023)**	6,957
Net realized gains	**$ 13,811**	$ 46,048

There were no outstanding agreements to sell securities as of December 31, 2024.

2. Investments (continued)

Restricted assets, including pledged assets at December 31, 2024, consist of the following:

	Total General Account (GA)	GA Supporting Separate Account (SA) Activity	Total SA Restricted Assets	SA Assets Supporting GA Activity	Total	Total from Prior Year	Increase/ (Decrease)	Total Current-Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
	(In Thousands)									
Subject to repurchase agreements	$ 344,733	$ —	$ —	$ —	$ 344,733	$1,063,985	$ (719,252)	$ 344,733	0.6 %	0.6 %
FHLB capital stock	659	—	—	—	659	675	(16)	659	—	—
On deposit with states	3,338	—	—	—	3,338	3,333	5	3,338	—	—
Pledged as collateral to FHLB	—	—	—	—	—		—	—	—	—
Pledged as collateral not captured in other categories	333,376	—	—	—	333,376	421,993	(88,617)	333,376	0.6	0.6
Other restricted assets	16,845	—	—	—	16,845	27,047	(10,202)	16,845	—	—
Total restricted assets	$ 698,951	$ —	$ —	$ —	$ 698,951	$1,517,033	$ (818,082)	$ 698,951	1.2 %	1.2 %

Detail of assets pledged as collateral not captured in other categories at December 31, 2024, consists of the following:

	Total General Account (GA)	GA Supporting Separate Account (SA) Activity	Total SA Restricted Assets	SA Assets Supporting GA Activity	Total	Total from Prior Year	Increase/ (Decrease)	Total Current-Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
	(In Thousands)									
Cash and bonds related to reinsurance agreements	$ 210,963	$ —	$ —	$ —	$ 210,963	$ 253,522	$ (42,559)	$ 210,963	0.4 %	0.4 %
Extra collateral pledged related to repurchase agreements	27,073	—	—	—	27,073	87,883	(60,810)	27,073	—	—
Derivative cash pledged	95,340	—	—	—	95,340	80,588	14,752	95,340	0.2	0.2
Total	$ 333,376	$ —	$ —	$ —	$ 333,376	$ 421,993	$ (88,617)	$ 333,376	0.6 %	0.6 %

Detail of other restricted assets at December 31, 2024, consists of the following:

	Total General Account (GA)	GA Supporting Separate Account (SA) Activity	Total SA Restricted Assets	SA Assets Supporting GA Activity	Total	Total from Prior Year	Increase/ (Decrease)	Total Current-Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
	(In Thousands)									
Bonds related to other funding agreements	$ 16,845	$ —	$ —	$ —	$ 16,845	$ 27,047	$ (10,202)	$ 16,845	— %	— %
Total	$ 16,845	$ —	$ —	$ —	$ 16,845	$ 27,047	$ (10,202)	$ 16,845	— %	— %

2. Investments (continued)

Detail of collateral received and reflected as assets at December 31, 2024, consists of the following:

	Carrying Value	Fair Value	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets (1)
	(In Thousands)			
Cash and short-term investments	**$ 1,222,992**	**$ 1,222,992**	**2.4 %**	**2.4 %**
Total	**$ 1,222,992**	**$ 1,222,992**	**2.4 %**	**2.4 %**

	Amount	Liability to Total Liabilities (2)
	(In Thousands)	
Recognized obligation to return	**$ 1,222,992**	**2.8 %**
Total	**$ 1,222,992**	**2.8 %**

(1) Admitted assets are equal to total assets less separate account assets.

(2) Liabilities are equal to total liabilities less separate account liabilities.

Mortgage Loans

Mortgage loans consist of commercial and residential mortgage loans. The Company evaluates risks inherent in the brick and mortar commercial mortgage loans based on the property's operational results supporting the loan. The Company also evaluates the risks inherent in its residential mortgage loan portfolio. The carrying amount of the Company's mortgage loan portfolio was as follows:

	2024	2023
	(In Thousands)	
Commercial mortgage loans	**$ 2,759,222**	$ 786,096
Residential mortgage loans	**4,025**	4,372
Total carrying value	**$ 2,763,247**	$ 790,468

2. Investments (continued)

The commercial mortgage loan portfolio consists primarily of non-recourse, fixed-rate mortgages.

The commercial mortgage loan portfolio diversification by geographic region and specific collateral property type as follows at December 31:

	2024		2023	
	Carrying Amount	**Percent of Total**	**Carrying Amount**	**Percent of Total**
	(In Thousands)			
Geographic distribution				
East North Central	**$ 1,650,750**	**60 %**	$ 418,622	52 %
International	**425,545**	**15 %**	—	—
Pacific	**398,563**	**14 %**	—	—
South Atlantic	**242,537**	**9 %**	—	—
Mountain	**18,000**	**1 %**	24,233	4
West North Central	**16,419**	**1 %**	37,715	5
New England	**7,408**	**— %**	18,000	2
Other	**—**	**— %**	279,411	36
West South Central	**—**	**— %**	8,115	1
Middle Atlantic	**—**	**— %**	—	—
East South Central	**—**	**— %**	—	—
Total	**$ 2,759,222**	100 %	$ 786,096	100 %
Property type distribution				
Mixed Use	**$ 1,579,899**	**57 %**	$ 527,779	67 %
Office	**589,722**	**22 %**	—	—
Industrial	**380,110**	**14 %**	119,413	15
Student Housing	**117,236**	**4 %**	73,888	9
Apartments/Multifamily	**55,993**	**2 %**	45,101	6
Retail	**36,262**	**1 %**	—	—
Hotel/Motel	**—**	**— %**	19,915	3
Total	**$ 2,759,222**	100 %	$ 786,096	100 %

2. Investments (continued)

The Company actively monitors and manages its commercial mortgage loan portfolio. All commercial mortgage loans are analyzed regularly and assigned an internal risk designation which are updated at least annually and potentially more often for certain loans with material changes in collateral value or occupancy and for loans on an internal "watch list".

Commercial mortgage loans that require more frequent and detailed attention than other loans in the portfolio are identified and placed on an internal "watch list." Among the criteria that would indicate a potential problem are imbalances in ratios of loan to value or contract rents to debt service, major tenant vacancies or bankruptcies, borrower sponsorship problems, late payments, delinquent taxes, and loan relief/restructuring requests.

The Company's commercial mortgage loan portfolio, consisting of brick and mortar loans, by credit risk was as follows at December 31:

	2024	2023
	(In Thousands)	
CM1	**$ 43,670**	$ 53,217
CM2	**339,369**	84,643
CM3	**364,800**	469,239
CM4	**2,011,383**	178,997
In default	**—**	—
Total carrying value	**$ 2,759,222**	$ 786,096

Commercial and residential mortgage loans are placed on non-accrual status if the Company has concerns regarding the collectability of future payments or if a loan has matured without being paid off or extended. Factors considered may include conversations with the borrower, loss of major tenant, bankruptcy of borrower or major tenant, decreased property cash flows for commercial mortgage loans or number of days past due for residential mortgage loans. When a loan is determined to be in default in accordance with its contractual terms, the accrued interest is recorded as investment income due and accrued if deemed collectible. If a loan in default has any investment income due and accrued that is 180 days past due and collectible, the investment income continues to accrue, but all interest related to the loan is reported as a nonadmitted asset. Accrued interest on a mortgage loan in default that is deemed not collectible is written off and no further interest is accrued.

2. Investments (continued)

An age analysis of the Company's residential and commercial loan portfolios aggregated by type is as follows:

2. Investments (continued)

	Residential			Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. December 31, 2024				*(In Thousands)*			
1. Recorded investment (All)							
(a) Current	**$ —**	**$ —**	**$ 4,025**	**$ —**	**$ 822,909**	**$ 1,936,312**	**$ 2,763,247**
(b) 30-59 days past due	—	—	—	—	—	—	—
(c) 60-89 days past due	—	—	—	—	—	—	—
(d) 90-179 days past due	—	—	—	—	—	—	—
(e) 180+ days past due	—	—	—	—	—	—	—
2. Accruing Interest 90–179 Days Past Due							
(a) Recorded investment	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
(b) Interest Accrued	—	—	—	—	—	—	—
3. Accruing Interest 180+ Days Past Due							
(a) Recorded investment	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
(b) Interest Accrued	—	—	—	—	—	—	—
4. Interest Reduced							
(a) Recorded investment	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
(b) Number of Loans	—	—	—	—	—	—	—
(c) Percent Reduced	—	—	—	—	—	—	—
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded investment	**$ —**	**$ —**	**$ —**	**$ —**	**$ 319,287**	**$ 138,712**	**$ 457,999**
b. December 31, 2023							
1. Recorded investment							
(a) Current	$ —	$ —	$ 4,372	$ —	$ 429,626	$ 356,470	$ 790,468
(b) 30-59 days past due	—	—	—	—	—	—	—
(c) 60-89 days past due	—	—	—	—	—	—	—
(d) 90-179 days past due	—	—	—	—	—	—	—
(e) 180+ days past due	—	—	—	—	—	—	—
2. Accruing Interest 90–179 Days Past Due							
(a) Recorded investment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
(b) Interest Accrued	—	—	—	—	—	—	—
3. Accruing Interest 180+ Days Past Due							
(a) Recorded investment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
(b) Interest Accrued	—	—	—	—	—	—	—
4. Interest Reduced							
(a) Recorded investment	$ —	$ —	$ —	$ —	$ —	$ —	$ —
(b) Number of Loans	—	—	—	—	—	—	—
(c) Percent Reduced	—	—	—	—	—	—	—
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded investment	$ —	$ —	$ —	$ —	$ 166,250	$ 313,036	$ 479,286

2. Investments (continued)

The Company had no impaired mortgage loans at December 31, 2024 and 2023.

The Company reviews the mortgage loan portfolio and analyzes the need for a valuation allowance. The Company did not have a valuation allowance as of December 31, 2024 and 2023, on the mortgage portfolio.

Repurchase Agreements

The Company enters into repurchase agreements, whereby the Company borrows cash from a counterparty at an agreed-upon interest rate for an agreed-upon time frame and pledges collateral in the form of securities. At the end of the agreement, the loan amount is repaid by the Company along with the additional agreed-upon interest, and the securities pledged by the Company are released back to the Company. The Company's policy requires that, at all times during the term of the repurchase agreement, cash or other forms of collateral provided is sufficient to pay the Company's obligation to the counterparty. The risks associated with the repurchase agreement program are primarily related to declines in the value of the securities sold for cash, which, if occurred, results in cash needing to be returned to the original purchasing party or additional securities needing to be posted as collateral. The Company has multiple sources of additional liquidity including additional sources of institutional funding, retail funding, contractual cash flows from the asset portfolio, and sales of investment assets. The Company has approved a Liquidity Risk Policy and associated Liquidity Guidelines to manage the aggregate liquidity risk of the Company. The carrying value of the securities pledged for the repurchase agreements was $344.7 million as of December 31, 2024. The repurchase obligation was $328.4 million as of December 31, 2024.

The securities sold and quarterly activity as a result of repurchase agreements for 2024 is as follows:

	1st Quarter (unaudited)			2nd Quarter (unaudited)			3rd Quarter (unaudited)			4th Quarter (audited)		
	Securities Sold	Cash Collateral Received	Liability to Return Collateral	Securities Sold	Cash Collateral Received	Liability to Return Collateral	Securities Sold	Cash Collateral Received	Liability to Return Collateral	Securities Sold	Cash Collateral Received	Liability to Return Collateral
	(In Thousands)											
Maximum	**$1,494,841**	**$ 1,425,276**	**$ 1,425,276**	**$ 1,733,324**	**$ 1,955,865**	**$ 1,955,865**	**$ 1,636,042**	**$ 1,218,234**	**$ 1,218,234**	**$ 769,232**	**$ 693,690**	**$ 693,690**
Ending balance	**1,494,841**	**1,425,276**	**1,425,276**	**1,193,436**	**1,218,048**	**690,410**	**728,363**	**686,860**	**686,860**	**344,733**	**328,443**	**328,443**
Ending balance BACV	**1,503,134**	XXX	XXX	**1,198,370**	XXX	XXX	**552,466**	XXX	XXX	**344,733**	XXX	XXX

2. Investments (continued)

The securities sold and quarterly activity as a result of repurchase agreements for 2023 is as follows:

	1st Quarter (unaudited)			2nd Quarter (unaudited)			3rd Quarter (unaudited)			4th Quarter (audited)		
	Securities Sold	Cash Collateral Received	Liability to Return Collateral	Securities Sold	Cash Collateral Received	Liability to Return Collateral	Securities Sold	Cash Collateral Received	Liability to Return Collateral	Securities Sold	Cash Collateral Received	Liability to Return Collateral
	(In Thousands)											
Maximum	$ 968,037	$ 900,379	$ 900,379	$ 425,748	$ 398,378	$ 398,378	$ 476,204	$ 451,674	$ 451,674	$ 1,059,102	$ 1,012,497	$ 1,012,497
Ending balance	426,256	398,378	398,378	262,492	250,191	250,191	476,204	451,674	451,674	1,059,102	1,012,497	1,012,497
Ending balance BACV	459,389	XXX	XXX	281,706	XXX	XXX	502,131	XXX	XXX	1,063,985	XXX	XXX

5 GI Securities

5GI securities are unrated by the NAIC, but are current on principal and interest payments.

The Company held no 5 GI securities as of December 31, 2024.

The Company held the following 5 GI securities as of December 31, 2023.

Reporting Period	Investment Type	Number of securities designated as 5 GI	Book/Adjusted Carrying Value	Fair Value
			(in thousands)	
12/31/2023	Preferred Stock	1	$ 19,446	$ 19,446

2. Investments (continued)

Collateral Loans

The Company held the following collateral loans aggregated by the type of qualifying investment that secures the loan as of December 31, 2024. The collateral classifications are based on the primary collateral source and can contain multiple types of qualifying investments in one collateral loan.

Collateral Type	Aggregate Collateral Loan	Admitted	Nonadmitted
		(In Thousands)	
Bonds			
a. Affiliated	$ **3,286,244**	$ **3,286,244**	$ —
b. Unaffiliated	—	—	—
Loan-Backed and Structured Securities			
a. Affiliated	**1,253,000**	**1,253,000**	—
b. Unaffiliated	**155,710**	**155,710**	—
Joint Ventures, Partnerships, LLC			
a. Affiliated	**8,229,054**	**8,229,054**	—
b. Unaffiliated	—	—	—
Total	$ **12,924,008**	$ **12,924,008**	$ —

3. Derivative Instruments

The Company is exposed to certain risks relating to its ongoing business operations, which it may seek to manage through the use of derivatives. The Company's risk of loss on its derivative investments is typically limited to the fair value of its derivative instruments and not to the notional or contractual amounts of these derivatives. Risk arises from changes in the fair value of the underlying instruments. Such changes in value are generally offset by opposite changes in the value of the hedged item. For non-exchange traded derivative instruments, the Company is exposed to credit losses in the event of nonperformance of the counterparties. This credit risk is minimized by purchasing such agreements from financial institutions with high credit ratings, daily exchange of collateral, and by establishing and monitoring of transfer threshold amounts.

The primary risks managed by using derivative instruments (regardless of whether favorable hedge accounting treatment is obtained) are equity market risk, foreign currency risk and interest rate risk. The most common types of derivatives used by the Company are call options, foreign

3. Derivative Instruments (continued)

currency forwards, exchange traded futures, equity total return swaps, interest rate options, and interest rate swaps.

Equity Market Risk Management: The Company purchases and sells call options to manage the equity and market risk associated with products in which the interest credited is tied to an external equity or other market index. The Company sells and cedes FIA contracts where interest is credited to policyholders based on a percentage of the gain in a specified market index, which cannot be less than zero. Most of the premium received is invested in fixed income securities and a portion is used to purchase derivatives, typically call options, consisting of a range of maturities up to five years to fund the index credits due to the FIA policyholders. On the applicable anniversary dates of the FIA, the index crediting option is reset and new call options are purchased to fund the next index credit. These call options are highly correlated to the portfolio allocations of the policyholders, such that the Company is economically hedged with respect to equity and/or market returns for the period covering the current policyholder crediting period. Although the call options are designed to be effective hedges from an economic standpoint, they do not meet the requirements for hedge accounting under SSAP No. 86. In addition to the call options, equity total return swaps, and futures are used to hedge the equity and market risk associated products in which interest credited is tied to these risks.

Foreign Currency Risk Management: The Company uses foreign currency forwards to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets denominated in foreign currencies. In a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made in a different currency at the specified future date. No cash is exchanged at the time the agreement is entered into.

Interest Rate Risk Management: The Company uses interest rate swaps and interest rate options to reduce market risks from changes in interest rates and to manage interest rate exposure arising from duration mismatches between assets and liabilities. In a swap, the Company agrees with counterparties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional amount. The Company currently uses interest rate swaps to synthetically convert fixed rate liabilities to floating rate liabilities. Additionally, the Company currently uses interest rate swaps to synthetically convert variable interest on existing financial instruments to fixed interest.

3. Derivative Instruments (continued)

Call options, futures, and equity total return swaps: According to the guidance in SSAP No. 86, options, futures and total return swaps used for hedging the equity index crediting feature of the FIA product do not meet the effective hedge criteria. The guidance states that the options, futures, and equity total return swaps, therefore, must be carried at fair value. A Kansas prescribed practice allows the call options to be held at amortized cost. Upon maturity gains or losses on the call options are recognized in investment income through operations. Under the statute, the Company must demonstrate that the economic hedges are and are expected to continue to be highly effective.

The foreign currency exposure of forwards is represented by the fair value (market value) at the reporting date.

Interest rate swaps that are designated in a hedge accounting relationship and highly effective are recorded in a manner that is consistent with the hedged asset or liability, in accordance with SSAP No. 86. Qualifying interest rate swaps used in fair value hedges on certain liabilities are carried at amortized cost. Qualifying interest rate swaps used in cash flow hedges on forecasted transactions related to variable interest on existing financial instruments are carried at amortized cost to match the hedged item. If during the life of the interest rate swap it is no longer effective as a hedge, valuation ceases to mirror the hedged item and the interest rate swap will be valued at current fair value. All other interest rate swaps not designated in a hedge accounting relationship are carried at current fair value as of the reporting date.

Cash flows associated with derivative instruments are presented in the other proceeds section of the cash flow statement. Related gains and losses on call options are presented in net investment income and all remaining derivatives in other applications of the cash flow statement.

Notional amounts are used to express the extent of the Company’s involvement in derivative financial instruments and represent a standard measurement of the volume of the derivative activity. Notional amounts represent those amounts used to calculate contractual flows to be exchanged and are not paid or received. Credit exposure represents the gross amount owed to the Company under the derivative contracts as of the valuation date.

The notional amount, fair value, and carrying value of the Company's call options, swaps and currency forwards by counterparty as of December 31 are as follows:

3. Derivative Instruments (continued)

			2024				
				Fair Value		Carry Value	
Counterparty	**Credit Rating (S&P)**	**Credit Rating (Moody's)**	**Notional Amount**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
					(In Thousands)		
Barclays Bank PLC	A	A1	**$ 3,293,198**	**$ 124,751**	**$ —**	**$ 112,876**	**$ —**
BNP Paribas	A +	Aa3	**2,045,880**	**76,428**	**—**	**55,981**	**—**
Bank of America, N.A.	A +	Aa1	**513,147**	**21,365**	**—**	**13,300**	**—**
Bank of Montreal	A +	Aa2	**4,042,195**	**197,227**	**—**	**131,652**	
Canadian Imperial Bank of Commerce	A +	Aa2	**2,691,287**	**49,856**	**—**	**44,312**	**—**
Citibank, N.A.	A +	Aa3	**3,823,561**	**67,540**	**—**	**65,886**	**—**
Deutsche Bank AG	A	A1	**721,050**	**5,294**	**—**	**5,294**	**—**
Goldman Sachs International	A +	A1	**585,347**	**67,819**	**—**	**41,842**	**—**
ICE	A -	A3	**10,000**	**—**	**798**	**—**	**798**
Jefferies Financial Services, Inc.	BBB	Baa2	**212,757**	**7,904**	**—**	**5,639**	**—**
JPMorgan Chase Bank, NA	AA- -	Aa2	**633,147**	**22,260**	**—**	**10,836**	**—**
Morgan Stanley & Co International PLC	A +	Aa3	**2,425,843**	**37,890**	**3,507**	**32,002**	**3,507**
Morgan Stanley Capital Services LLC	A +	Aa3	**100,000**	**1,379**	**—**	**159**	**—**
Natixis, SA	A +	A1	**268,423**	**16,271**	**—**	**16,271**	**—**
NatWest Markets PLC	A -	A1	**—**	**—**	**—**	**—**	**—**
Nomura Bank International PLC	BBB +	Baa1	**211,395**	**4,790**	**—**	**5,698**	**—**
Royal Bank of Canada	AA -	Aa1	**1,857,340**	**67,868**	**—**	**47,418**	**—**
Societe Generale	A	A1	**2,307,229**	**90,199**	**—**	**63,238**	**—**
UBS AG	A +	Aa3	**1,520,104**	**23,390**	**—**	**28,565**	**—**
Exchange Traded	N/A	N/A	**4,358,876**	**241,802**	**—**	**176,180**	**—**
Centrally Cleared	N/A	N/A	**7,282,480**	**9,739**	**—**	**2,685**	**—**
			$ 38,903,259	**$ 1,133,772**	**$ 4,305**	**$ 859,834**	**$ 4,305**

3. Derivative Instruments (continued)

			2023				
				Fair Value		Carry Value	
Counterparty	Credit Rating (S&P)	Credit Rating (Moody's)	Notional Amount	Assets	Liabilities	Assets	Liabilities
				(In Thousands)			
Barclays Bank PLC	A	A1	$ 2,483,929	$ 100,353	$ —	$ 74,170	$ —
BNP Paribas	A +	Aa3	1,712,584	50,197	—	37,916	—
Bank of America, N.A.	A +	Aa2	691,080	27,016	—	18,690	—
Bank of Montreal	A +	Aa2	2,953,050	142,529		97,480	
Canadian Imperial Bank of Commerce	A +	Aa2	1,902,428	15,207	—	15,280	—
Citibank N.A.	A +	Aa3	5,484,123	45,182	—	27,575	—
Goldman Sachs International	A +	A1	293,400	8,860	—	4,278	—
JPMorgan Chase Bank, NA	A +	Aa2	1,119,322	32,976	—	14,840	—
Merrill Lynch International	A +	N/A	—	—	—	—	—
Morgan Stanley & Co International PLC	A +	Aa3	2,868,661	64,497	—	40,341	—
Morgan Stanley Capital Services LLC	A +	Aa3	58,708	375	—	375	—
Natixis, SA	A	A1	723,191	6,641	4,069	6,641	4,069
NatWest Markets PLC	A -	A1	22,911	1,963	—	1,963	—
Royal Bank of Canada	AA -	A1	1,125,830	52,962	—	36,659	—
Societe Generale	A	A1	1,742,639	60,169	—	48,833	—
UBS AG	A +	Aa3	1,979,534	29,650	—	38,844	—
Exchange Traded	N/A	N/A	9,449,883	129,073	—	83,313	—
			$ 34,611,273	$ 767,650	$ 4,069	$ 547,198	$ 4,069

The Company is party to both bilateral and tri-party agreements with certain derivative instrument counterparties which require the posting of collateral when the market value of the derivative instrument exceeds the cost of the instrument, subject to certain thresholds agreed upon with the counterparties. This collateral serves to mitigate any potential losses the Company could incur should a counterparty fail to perform according to the terms of the derivative contract. Collateral posted by counterparties at December 31, 2024 and 2023, applicable to derivative instruments was $891.3 million and $647.9 million, respectively, and is reflected in the balance sheets in cash and cash equivalents and short-term investments. The obligation to

3. Derivative Instruments (continued)

repay the collateral is reflected in the balance sheets in option collateral liability. The Company also maintains a margin account at its clearing broker applicable to exchange traded and cleared derivatives. At December 31, 2024 and 2023, the balance of this account was $95.3 million and $80.6 million, respectively, and is reflected in the balance sheets in other invested assets. At December 31, 2024 and 2023, $111.0 million and $194.8 million, respectively, of derivative assets and liabilities were offset in the balance sheets in accordance with SSAP No. 64, *Offsetting and Netting of Assets and Liabilities*.

The Company held $8.4 million and $5.7 million of derivative financial instruments for other than hedging purposes at fair value as of December 31, 2024 and December 31, 2023, respectively. Pursuant to SSAP No. 86, these derivative financial instruments are considered "Other" derivatives and do not qualify as admitted assets.

4. Separate Account Transactions

The Company's separate accounts are established in conformity with the state of Kansas Statute, K.S.A. 40-436. Under applicable insurance law, the assets and liabilities of the separate accounts are clearly identified and distinguished from the Company's other assets and liabilities. The portion of the separate account assets applicable to variable life and variable annuity contracts, certain fixed annuity contracts, and separate account funding agreements held in the separate accounts is not chargeable with liabilities arising out of any other business the Company may conduct.

The separate account assets considered legally insulated from the general account as of December 31 are as follows:

Product	2024	2023
	(In Thousands)	
Variable annuities	**$ 3,369,680**	$ 3,234,325
Separate account funding agreements	**3,042,200**	2,386,900
Group fixed annuities	**332,333**	363,220
Variable life	**4,912**	4,281
Total	**$ 6,749,125**	$ 5,988,726

4. Separate Account Transactions (continued)

The separate accounts held by the Company relate primarily to individual and group variable annuity contracts of a non-guaranteed return nature. The net investment experience of the separate account is credited directly to the policyholder and can be positive or negative. The variable annuity contracts generally provide an incidental death benefit, and some contracts may have a guaranteed minimum living benefit. The minimum death benefit and living benefit reserves are recorded in the Company's general account. The assets and liabilities of these separate accounts are carried at market value. Certain separate account liabilities are guaranteed by the general account.

Benefit payments by the general account for those guaranteed liabilities of the separate account for the previous five years ending December 31 are as follows (in thousands):

2024	**$**	**3,248**
2023		5,993
2022		4,013
2021		4,839
2020		4,413

To compensate the general account for the risks taken, the separate account paid risk charges to the general account for the five years ending December 31 as follows:

	Explicit Charges	Imputed Charges	Total
	(In Thousands)		
2024	**$ 2,034**	**$ 4,132**	**$ 6,166**
2023	2,002	3,825	5,827
2022	2,229	4,006	6,235
2021	2,755	4,633	7,388
2020	2,546	3,881	6,427

Imputed rider charges on older variable annuity products are not explicitly identified, but are embedded in the mortality and expense charges.

4. Separate Account Transactions (continued)

Information regarding the separate accounts by risk-based capital (RBC) groupings as of December 31, 2024 and 2023 is as follows:

	December 31, 2024			
	Non-Indexed Guarantee Less Than or Equal to 4%	Non-Indexed Guarantee More Than 4%	Non-Guaranteed Separate Accounts	Total
	(In Thousands)			
Premium	**$ 84,966**	**$ —**	**$ 136,094**	**$ 221,060**
Reserves for accounts with assets at:				
Fair value	**$ 330,149**	**$ —**	**$ 6,404,848**	**$ 6,734,997**
Amortized cost	**—**	**—**	**—**	**—**
Total	**$ 330,149**	**$ —**	**$ 6,404,848**	**$ 6,734,997**
Reserves for accounts by withdrawal characteristics:				
Discretionary withdrawal at fair value	**$ 330,149**	**$ —**	**$ 3,311,176**	**$ 3,641,325**
Not subject to discretionary withdrawal	**—**	**—**	**3,093,672**	**3,093,672**
Total	**$ 330,149**	**$ —**	**$ 6,404,848**	**$ 6,734,997**

	December 31, 2023			
	Non-Indexed Guarantee Less Than or Equal to 4%	Non-Indexed Guarantee More Than 4%	Non-Guaranteed Separate Accounts	Total
	(In Thousands)			
Premium	$ 37,573	$ —	$ 123,487	$ 161,060
Reserves for accounts with assets at:				
Fair value	$ 360,481	$ —	$ 5,612,390	$ 5,972,871
Amortized cost	—	—	—	—
Total	$ 360,481	$ —	$ 5,612,390	$ 5,972,871
Reserves for accounts by withdrawal characteristics:				
Discretionary withdrawal at fair value	$ 360,481	$ —	$ 3,181,474	$ 3,541,955
Not subject to discretionary withdrawal	—	—	2,430,915	2,430,915
Total	$ 360,481	$ —	$ 5,612,389	$ 5,972,870

4. Separate Account Transactions (continued)

A reconciliation of the summary of operations of the Company's separate accounts to the net transfers as recorded in the general account for the year ended December 31 is as follows:

	2024	2023
	(In Thousands)	
Transfers as reported in the separate accounts:		
Transfers to separate accounts	**$ 221,060**	$ 161,060
Transfers from separate accounts	**(530,525)**	(419,980)
Net Transfers as reported in the separate accounts	**(309,465)**	(258,920)
Reconciling adjustments:		
Net reinsurance activity	**(38,818)**	(30,644)
Other	**6,279**	(2,136)
Net transfers as reported in the general account as a decrease in reserves and funds for all policies	**$ (342,004)**	$ (291,700)

5. Related-Party Transactions

There are numerous transactions between the Company and entities related to the Company. Following are those the Company considers material (0.5% of admitted assets for investment related transactions) that are not otherwise discussed (see Notes 1, 2 and 7).

As of December 31, 2024 and 2023, the Company had investments in collateral loans of $12.8 billion and $11.8 billion, respectively, issued by related parties. These investments are included in notes receivable from related parties on the balance sheets, and are fully secured through the assets of each borrower. As of December 31, 2024 and 2023, $10.1 billion and $9.6 billion, respectively, of these loans were subject to cross-collateralization agreements and a separate master guaranty. Through the cross-collateralization agreements, the Company has the ability to exercise remedies against the assets of any related borrower to satisfy a loan in default. Under the master guaranty, collateral must be retained by the related party borrowers and certain of their parent entities, providing additional credit enhancement to the Company. The Company had the following individually material investments in collateral loans:

5. Related-Party Transactions (continued)

	2024	2023
	(In Thousands)	
Brook Creek Portfolio Trust LLC	**$ 255,000**	$ 255,000
Cain International LP	**283,037**	261,198
Eldridge Equipment Finance LLC	**200,000**	296,391
Eldridge Media Holdings LLC	**262,469**	242,058
EMH AH LLC	**325,000**	325,000
Gladstone Portfolio Trust LLC	**208,627**	238,744
Monterey Portfolio Trust LLC	**206,000**	234,000
Parkville Portfolio Trust LLC	**—**	244,814
PME AH LLC	**275,000**	275,000
PME-DCP Borrower LLC	**275,000**	—
Stonebriar Holdings LLC	**—**	561,900
Three L Finance Holdings LLC	**200,000**	268,350

As of December 31, 2024 and 2023, the Company had the following material investments in related parties with interest rates ranging from 7.5% to 9.5% and maturity dates ranging from January 2025 through December 2025. These investments are included in short-term notes receivable from related parties on the balance sheets:

	2024	2023
	(In Thousands)	
Auburndale, LLC	**$ 402,000**	$ 60,000
Holliday Park, LLC	**565,000**	372,000
Nicodemus Place, LLC	**347,000**	77,000
Other	**765,394**	476,715

5. Related-Party Transactions (continued)

As of December 31, 2024 and 2023, the Company had the following individually material investments in other related parties. These investments are included in bonds, common stocks, preferred stocks, mortgage loans, short-term investments and other invested assets on the balance sheets.

	2024	2023
	(In Thousands)	
American Media Productions, LLC	**$ 408,237**	$ 408,811
Banner Creek Bridge, LLC	**684,000**	150,000
Bentley Park, LLC	**476,084**	172,902
Binney Park Capital, LLC	**—**	489,134
BH Luxury Residences, LLC	**—**	646,775
Cain PE LLC	**250,000**	300,000
Cain RE LLC	**269,122**	801,227
Chisholm Trail, LLC	**458,027**	278,522
FHI Investor, LLC	**—**	269,811
Hawk Trail, LLC	**621,119**	244,449
Laisah, LLC	**431,327**	580,106
SB ISH LLC	**289,491**	—
Oasis BH, LLC	**—**	403,678
OBH Holdco, LLC	**1,579,899**	—
Ripley Park, LLC	**—**	476,976
Other	**1,403,975**	1,090,968

The Company holds investments, either directly or indirectly, in certain securitizations in which affiliated parties act as collateral managers. The repayment of these investments is dependent upon the performance of the borrowers of the underlying assets held by the securitization vehicle. The borrowers are not affiliated with the Company and the Company does not have recourse to the affiliated collateral manager in the case of non-performance of the unaffiliated borrower. The total carrying value of these investments was $4,669.4 million and $6,724.6 million as of the years ended December 31, 2024 and December 31, 2023, respectively. The affiliated collateral managers earn fees for such services. The Company is not directly liable for such fees, but, insofar as the Company directly or indirectly owns any portion of the most subordinate or residual tranche of a securitization, the Company may be considered to bear a portion of such fees indirectly. The aggregate of such portions of such fees borne by the Company indirectly for periods in which any such manager was an affiliated or related party were $0.5 million and $7.2 million for the years ended December 31, 2024 and 2023, respectively.

5. Related-Party Transactions (continued)

Additionally, the Company has investments into non-securitized investment vehicles that do not have any affiliated credit exposure, but for which certain decisions can be made by the Company or an affiliate with regard to asset purchases and sales. These investments are reported in other invested assets on the balance sheets and had a total carrying value of $1,845.8 million and $1,514.0 million as of the years ended December 31, 2024 and 2023, respectively.

During 2023, the Company executed several transactions with affiliates related to investments each of which were separate transactions. Additional information regarding these transactions are as follows. The Company acquired $489 million of rated securities from Binney Park Capital, LLC. The Company sold $136.1 million of LP investments to Binney Park Capital, LLC for a realized gain of $12.6 million. In addition, wholly-owned subsidiaries of the Company sold $533.6 million of LP investments to Binney Park Capital, LLC. In a separate related party transaction, the Company acquired a LP investment from an in-kind distribution valued at $269.8 million from a wholly-owned subsidiary.

Security Benefit Business Services, LLC provides certain management and administrative services to the Company. For the years ended December 31, 2024 and 2023, the Company incurred $241.5 million and $214.0 million, respectively, for such services.

SE2, LLC provides certain administrative services to the Company. For the years ended December 31, 2024 and 2023, the Company incurred $29.3 million and $25.0 million, respectively, for such services.

The Company paid $152.3 million and $140.1 million for the years ended December 31, 2024 and 2023, respectively, to Eldridge Business Services, LLC for providing investment services and business development services related to investment strategy, asset origination, developing new and differentiated products, enhancing existing or developing new marketing and distribution strategies, and assisting in capital planning and rating agency support.

The Company paid $355.0 million and $350.0 million in ordinary cash dividends to its parent during 2024 and 2023, respectively and ordinary in-kind dividends in 2024 totaling $500.0 million.

The Company received no capital contributions from its parent, SBLH, in 2024 or 2023.

5. Related-Party Transactions (continued)

The Company had $4.7 million and $5.0 million in receivables from its parent and related parties and payables in the amounts of $24.1 million and $21.1 million on the balance sheets at December 31, 2024 and 2023, respectively, for normal business transactions that are settled on a current basis.

The Company has a wholly owned subsidiary Sixth Avenue Reinsurance Company (SARC), a special purpose financial insurance company domiciled in the state of Vermont.

The Company entered into a reinsurance agreement (Reinsurance Agreement) with an effective date of January 1, 2018, with SARC. Under the Reinsurance Agreement the Company ceded, on a 100% quota share basis, the payment obligation under guaranteed lifetime withdrawal benefits (GLWB) provided under certain of its annuity contracts, typically through an optional rider on business issued in 2018, 2019 and the first half of 2020. SARC's obligation under the Reinsurance Agreement is to make GLWB payments when the account value of the corresponding annuity contract under which the GLWB rider was issued is reduced to zero. Gross reserves of $2,285.1 million and $2,463.7 million were recorded in 2024 and 2023, respectively, related to the fixed index annuity blocks of business reinsured under this agreement. The Company ceded reserves of $556.8 million and $587.6 million related to its GLWB riders and paid reinsurance premiums of $24.0 million and $24.4 million to SARC as of and for the years ended December 31, 2024 and 2023, respectively. The reserve credits taken were secured by a funds withheld liability recorded by the Company and an excess of loss reinsurance agreement between SARC and a United States domiciled professional reinsurance company which represents a form of security acceptable to the Commissioner. During the second quarter of 2020, the Company stopped offering GLWB riders on substantially all products, including all products subject to this reinsurance agreement.

The Company recorded no capital contribution in 2024 and $35.0 million payable to SARC at December 31, 2023. The 2023 capital contribution payable was subsequently paid in February 2024.

The Company's investment in SARC, a U.S. insurance SCA (per SSAP No. 97), reflects a departure from the NAIC statutory accounting practices and procedures (e.g., permitted or prescribed practices). SARC, with permission from the state of Vermont Department of Financial Regulation, has obtained a permitted practice to account for the excess of loss reinsurance agreement with its reinsurance counterparty as an admitted asset to the extent of the difference

5. Related-Party Transactions (continued)

between the reserves held by SARC (i.e., those reserves held in the funds withheld account) and those required by statutory accounting principles adopted by the state of Vermont. The monetary effect on net income and surplus as a result of using an accounting practice that differs from NAIC statutory accounting practice and procedures, the amount of the investment in the insurance SCA per statutory equity and amount of the investment in the insurance SCA had the Company completed its statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual* are in the following table:

SCA Entity (Investment in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase	Surplus Increase	Per Statutory Equity	If the Insurance SCA had Completed Statutory Financial Statements
			(In Thousands)	
Sixth Avenue Reinsurance Company	**$ —**	**$ 513,664**	**$ 52,414**	**$ (461,250)**

The RBC of SARC would have triggered a regulatory event had it not used the permitted practice.

6. Reinsurance

The Company assumes and cedes reinsurance with other companies to provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. Life insurance in force ceded at December 31, 2024 and 2023, was $1.7 billion and $1.7 billion, respectively.

Principal reinsurance assumed amounts are summarized as follows for the years ended December 31:

	2024	2023
	(In Thousands)	
Reinsurance assumed:		
Premiums	**$ 17,693**	$ 14,754
Commissions	**2,371**	3,486
Claims	**18,303**	16,627
Surrenders	**93,059**	80,382

Principal reinsurance ceded amounts are summarized as follows for the years ended December 31:

	2024	2023
	(In Thousands)	
Reinsurance ceded:		
Premiums	**$ 2,021,986**	$ 2,516,937
Commissions	**168,012**	212,152
Claims	**159,929**	147,758
Surrenders	**984,968**	898,062

The Company remains liable to policyholders if the reinsurers are unable to meet their contractual obligation under the applicable reinsurance agreements. However, statutory accounting practices treat risks that have been reinsured, to the extent of reinsurance, as though they were not risks for which the original insurer is liable. Therefore, in financial statement presentations, policy reserves and policy and contract claim liabilities are presented net of that portion of risk reinsured. Accordingly, policy reserves and policy and contract claim liabilities have been shown net of reinsurance credits of $10,619.6 million and $1.3 million, respectively, at December 31, 2024, and $9,401.4 million and $1.4 million, respectively, at December 31, 2023.

6. Reinsurance (continued)

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers, monitors concentrations of credit risk arising from similar activities or economic characteristics of the reinsurers, and requires collateralization of balances where allowable by contract. As of December 31, 2024 and 2023, the recorded value of the Company’s funds withheld liability under the various reinsurance agreements was $9,052.2 million and $7,733.9 million, respectively. The Company also had funds held related to overcollateralization on its reinsurance agreement with SkyRidge Re Limited in the amount of $310.5 million and $276.7 million as of December 31, 2024 and 2023, respectively. The Company had $656.7 million and $741.6 million of reserves that were uncollateralized by the reinsurers as of December 31, 2024 and 2023, respectively.

7. Insurance Liabilities

The following is a summary of the account values and net amount at risk, net of reinsurance, for FIA contracts with guaranteed minimum death benefit (GMDB) invested in the general account at December 31:

	2024			2023		
	Account Value	Net Amount at Risk	Weighted-Average Attained Age	Account Value	Net Amount at Risk	Weighted-Average Attained Age
	(Dollars in Millions)					
Rollup GMDB	**$ 366**	**$ 184**	**79**	$ 429	$ 203	78

As of December 31, 2024 and 2023, the reserve liability for the GLWB guarantee was $3,724.7 million (less reinsurance credits of $556.8 million) and $3,710.2 million (less reinsurance credits of $587.6 million), respectively, and the reserve liability for the GMDB guarantee was $60.6 million and $65.8 million, respectively.

7. Insurance Liabilities (continued)

The following is a summary of the account values and net amount at risk, net of reinsurance, for variable annuity contracts with GMDB invested in both general and separate accounts as of December 31:

	2024			2023		
	Account Value	**Net Amount at Risk**	**Weighted-Average Attained Age**	**Account Value**	**Net Amount at Risk**	**Weighted-Average Attained Age**
			(Dollars in Millions)			
Return of premium	**$ 1,156**	**$ 8**	**68**	$ 1,176	$ 10	67
Reset	**144**	**—**	**63**	139	—	62
Roll-up	**87**	**38**	**75**	86	42	74
Step-up	**3,533**	**29**	**71**	3,596	34	71
Combo	**63**	**11**	**77**	66	14	76
Subtotal	**4,983**	**86**	**70**	5,063	100	70
Enhanced	**4**	**—**	**73**	3	—	72
Total GMDB	**$ 4,987**	**$ 86**	**70**	$ 5,066	$ 100	70

The Company holds reserves for GMDB, guaranteed minimum income benefit (GMIB), guaranteed minimum accumulation benefit (GMAB) and guaranteed minimum withdrawal benefit (GMWB) guarantees it provides for the benefit of variable annuity contract holders. The liability for GMDB, GMIB, GMAB, and GMWB on variable annuity contracts reflected in the balance sheets as of December 31, 2024 and 2023 was $0.0 million and $0.3 million, respectively, less reinsurance credits of $0.0 million and $0.0 million, respectively. The Company’s GMDB, GMIB, GMAB, and GMWB reserves are calculated following the assumptions and methodologies prescribed by VM 21.

8. Income Taxes

The Company is included in a consolidated Non-Life/Life federal income tax return filed by Eldridge Wealth Solutions (EWS), f/k/a Security Benefit Corporation. Under the Company’s tax sharing agreement, federal income taxes are allocated to the Company as if it filed a separate return. The Company is no longer subject to U.S. federal and state examinations by tax authorities for the years before 2019. The Internal Revenue Service completed its examination of the Company's federal tax returns for tax years 2013 through 2018 resulting in minimal adjustments. The State of Illinois completed its examination of the Security Benefit Corporation

8. Income Taxes (continued)

and Subsidiaries' state tax returns for tax years 2019 and 2020 resulting in no adjustments. The State of Florida has commenced auditing the Company's 2020 through 2022 Florida income tax returns. There are no known adjustments in the years under audit.

The provision for income taxes includes current federal income tax expense or benefit. Deferred income taxes due to temporary differences between the financial reporting and income tax bases of assets and liabilities are reflected as a change to capital and surplus, subject to limitations. Such deferred income taxes relate principally to reserves, deferred policy acquisition costs, and investments.

The application of SSAP No. 101, *Income Taxes* requires a company to evaluate the recoverability of deferred tax assets (DTAs) and to establish a valuation allowance if necessary to reduce the DTA to an amount that is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, the Company considers many factors, including the following: (1) the nature of the DTAs and deferred tax liabilities (DTLs); (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carryback years as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the DTAs; and (7) any tax-planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Although the realization is not assured, management believes it is more likely than not that the DTAs, net of valuation allowances, will be realized. The Company did not record a valuation allowance as of December 31, 2024. The Company recorded a valuation allowance of $0.5 million as of December 31, 2023.

The Inflation Reduction Act of 2022 implemented a new corporate alternative minimum tax ("CAMT") based on average adjusted financial statement income and is effective for tax years beginning after December 31, 2022. To the extent the CAMT (15% of adjusted GAAP pretax income) exceeds the U.S. regular corporate tax (21% of taxable income), an additional current tax expense will be recorded in the period the liability is incurred. A corresponding CAMT credit carryforward will be established as a DTA and will have an indefinite carryover life recoverable when the regular corporate tax exceeds the CAMT in a given year. While the Company is considered an applicable corporation, and thus is subject to the CAMT, this provision had no impact on the results of operations for years end December 31, 2024 and 2023. Furthermore, the

8. Income Taxes (continued)

Company does not expect to be a perpetual CAMT taxpayer. The Company made an accounting policy election to disregard the CAMT in evaluating recoverability of its DTAs established under the U.S. regular corporate tax system.

The Company recorded net DTAs of $296.8 million as of December 31, 2024 and net DTAs of $294.8 million as of December 31, 2023. The main components of deferred taxes are as follows:

	December 31, 2024		
	Ordinary	**Capital**	**Total**
	(In Thousands)		
a. Gross deferred tax assets	**$ 404,440**	**$ 92,437**	**$ 496,877**
b. Statutory valuation allowance	**—**	**—**	**—**
c. Adjusted gross deferred tax asset (a-b)	**404,440**	**92,437**	**496,877**
d. Deferred tax nonadmitted	**43,997**	**—**	**43,997**
e. Subtotal - net deferred tax asset (liabilities) (c-d)	**360,443**	**92,437**	**452,880**
f. Deferred tax liabilities	**76,364**	**79,711**	**156,075**
g. Net admitted deferred tax assets (liabilities (e-f)	**$ 284,079**	**$ 12,726**	**$ 296,805**

	December 31, 2023		
	Ordinary	**Capital**	**Total**
	(In Thousands)		
a. Gross deferred tax assets	$ 389,754	$ 147,710	$ 537,464
b. Statutory valuation allowance	470	—	470
c. Adjusted gross deferred tax asset (a-b)	389,284	147,710	536,994
d. Deferred tax nonadmitted	412	17,492	17,904
e. Subtotal - net deferred tax asset (liabilities) (c-d)	388,872	130,218	519,090
f. Deferred tax liabilities	111,064	113,271	224,335
g. Net admitted deferred tax assets (liabilities (e-f)	$ 277,808	$ 16,947	$ 294,755

	Change between December 31, 2024 and 2023		
	Ordinary	**Capital**	**Total**
	(In Thousands)		
a. Gross deferred tax assets	$ 14,686	$ (55,273)	$ (40,587)
b. Statutory valuation allowance	(470)	—	(470)
c. Adjusted gross deferred tax asset (a-b)	15,156	(55,273)	(40,117)
d. Deferred tax nonadmitted	43,585	(17,492)	26,093
e. Subtotal - net deferred tax asset (liabilities) (c-d)	(28,429)	(37,781)	(66,210)
f. Deferred tax liabilities	(34,700)	(33,560)	(68,260)
g. Net admitted deferred tax assets (liabilities) (e-f)	$ 6,271	$ (4,221)	$ 2,050

8. Income Taxes (continued)

The Company has met the necessary RBC levels to be able to admit the increased amount of DTAs under SSAP No. 101 and an election has been made to admit DTAs pursuant to SSAP No. 101. Such election has not changed from prior year. The amount of each component of the calculation by tax character is as follows:

	December 31, 2024		
	Ordinary	**Capital**	**Total**
		(In Thousands)	
a. Federal income taxes paid in prior years recoverable through loss carrybacks	**$ —**	**$ 7,088**	**$ 7,088**
b. Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from (a) above) after application of the threshold limitation	**269,254**	**20,463**	**289,717**
1. Adjusted gross DTAs expected to be realized following the balance sheet date	**269,254**	**20,463**	**289,717**
2. Adjusted gross DTAs allowed per limitation threshold	**xxxx**	**xxxx**	**880,416**
c. Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTLs	**91,190**	**64,885**	**156,075**
d. DTAs admitted as a result of SSAP No. 101	**$ 360,444**	**$ 92,436**	**$ 452,880**

	December 31, 2023		
	Ordinary	**Capital**	**Total**
		(In Thousands)	
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ —	$ 16,947	$ 16,947
b. Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from (a) above) after application of the threshold limitation	277,808	—	277,808
1. Adjusted gross DTAs expected to be realized following the balance sheet date	277,808	—	277,808
2. Adjusted gross DTAs allowed per limitation threshold	xxxx	xxxx	845,200
c. Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTLs	111,064	113,271	224,335
d. DTAs admitted as a result of SSAP No. 101	$ 388,872	$ 130,218	$ 519,090

8. Income Taxes (continued)

	Change between December 31, 2024 and 2023		
	Ordinary	Capital	Total
		(In Thousands)	
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ —	$ (9,859)	$ (9,859)
b. Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from (a) above) after application of the threshold limitation	(8,554)	20,463	11,909
1. Adjusted gross DTAs expected to be realized following the balance sheet date	(8,554)	20,463	11,909
2. Adjusted gross DTAs allowed per limitation threshold	xxxx	xxxx	35,216
c. Adjusted gross DTAs (excluding the amount of DTAs from (a) and (b) above) offset by gross DTLs	(19,874)	(48,386)	(68,260)
d. DTAs admitted as a result of SSAP No. 101	$ (28,428)	$ (37,782)	$ (66,210)

	December 31,	
	2024	2023
	(In Thousands)	
Ratio percentage used to determine recovery period and threshold limitation amount	**783 %**	786 %
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	**$ 5,869,436**	$ 5,634,668

The Company has no deferred tax liabilities that have not been recognized.

The impact of tax planning strategies, which includes the use of reinsurance, is as follows:

	December 31, 2024		
	Ordinary	Capital	Total
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	**— %**	**29.8 %**	**5.5 %**
b. Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	**34.5 %**	**29.8 %**	**33.6 %**

8. Income Taxes (continued)

	December 31, 2023		
	Ordinary	**Capital**	**Total**
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	— %	11.5 %	3.2 %
b. Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	35.9 %	13.0 %	30.1 %

	Change between December 31, 2024 and 2023		
	Ordinary	**Capital**	**Total**
a. Adjusted gross DTAs (% of total adjusted gross DTAs)	— %	18.3 %	2.3 %
b. Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	(1.4)%	16.8 %	3.5 %

Current income taxes incurred and deferred income taxes consist of the following major components as of December 31:

	2024	**2023**	**Change**
		(In Thousands)	
1. Current income tax:			
a. Federal	**$ 342,259**	$ 285,320	$ 56,939
b. Federal income tax on capital gains	**197**	23,948	(23,751)
c. Other	**—**	—	—
d. Federal income taxes incurred	**$ 342,456**	$ 309,268	$ 33,188

8. Income Taxes (continued)

	2024	2023	Change
		(In Thousands)	
2. Deferred tax assets:			
a. Ordinary			
1. Policyholder reserves	**$ 251,401**	$ 261,842	$ (10,441)
2. Investments	**76,342**	48,958	27,384
3. Deferred acquisition costs	**48,354**	44,324	4,030
4. Nonadmitted assets	**1,131**	1,193	(62)
5. Origination Fees	**14,015**	16,105	(2,090)
6. Rider fee accrual	**7,973**	8,458	(485)
7. Net operating loss carryforward	**—**	—	—
8. Tax credit carry-forward	**4,476**	7,439	(2,963)
8. Other (includes items less than 5% of ordinary tax assets	**748**	1,435	(687)
Subtotal	**404,440**	389,754	14,686
b. Statutory valuation allowance adjustment	**—**	470	(470)
c. Nonadmitted	**43,997**	412	43,585
d. Admitted ordinary deferred tax asset	**360,443**	388,872	(28,429)
e. Capital:			
1. Investments	**92,437**	147,710	(55,273)
2. Net capital loss carryforward	**—**	—	—
Subtotal	**92,437**	147,710	(55,273)
f. Statutory valuation allowance adjustment	**—**	—	—
g. Nonadmitted	**—**	17,492	(17,492)
h. Admitted ordinary deferred tax asset	**92,437**	130,218	(37,781)
i. Admitted deferred tax assets	**$ 452,880**	$ 519,090	$ (66,210)

8. Income Taxes (continued)

	2024	2023	Change
		(In Thousands)	
3. Deferred tax liabilities			
a. Ordinary:			
1. Investments	**$ 57,656**	$ 63,301	$ (5,645)
2. Fixed assets	**697**	19,011	(18,314)
3. Commissions	**—**	—	—
4. Policyholder reserves	**17,863**	28,569	(10,706)
5. Other (includes items less than 5% of ordinary tax assets)	**148**	183	(35)
Subtotal	**76,364**	111,064	(34,700)
b. Capital:			
1. Investments	**79,711**	113,271	(33,560)
Subtotal	**79,711**	113,271	(33,560)
c. Deferred tax liabilities	**156,075**	224,335	(68,260)
4. Net deferred tax assets	**$ 296,805**	$ 294,755	$ 2,050

8. Income Taxes (continued)

The most significant book to tax adjustments for the year ended December 31, 2024 and 2023, were as follows:

	2024		2023	
	Amount	**Effective Tax Rate**	**Amount**	**Effective Tax Rate**
	(In Thousands)			
Provision computed at statutory rate	**$ 326,405**	**21 %**	$ 316,000	21 %
Tax exempt interest	**(420)**	**—**	(381)	—
Dividend received deduction	**(6,720)**	(1)	(4,299)	—
Change in valuation allowance	**—**	**—**	(2,493)	—
Unrealized on Fx capital gains (losses)	**353**	**—**	(18,036)	(2)
Change in non-admitted	**(1,088)**	**—**	4,350	—
Amortization of interest maintenance reserve	**(5,826)**	**—**	(5,542)	—
Reinsurance	**(1,086)**	**—**	(1,086)	—
Other adjustments	**(2,988)**	**—**	1,340	—
Total statutory income taxes	**$ 308,630**	**20 %**	$ 289,853	19 %
Federal income taxes incurred	**$ 342,456**	**22 %**	$ 309,268	20 %
Change in net deferred income taxes	**(33,826)**	**(2)**	(19,415)	(1)
Total statutory income taxes	**$ 308,630**	**20 %**	$ 289,853	19 %

The Company has general business credit carryforwards of $4.5 million, limited by IRC Section 383 to $2.5 million each year until the carryover period expires. No income taxes incurred for the years ended December 31, 2024 and 2023, will be available for recoupment in the event of future ordinary operating losses.

The Company recognizes interest and penalties accrued related to the unrecognized tax benefits in interest expense. The Company did not have any interest and penalties recorded for the years ended December 31, 2024 and 2023.

The Company did not record any tax contingencies as of December 31, 2024 and 2023.

9. Credit Arrangements

At December 31, 2024, the Company had access to a $370.9 million line of credit facility from FHLB. Overnight borrowings in connection with this line of credit bear interest at 0.24% over the Federal Funds rate (4.33% at December 31, 2024). The Company had no borrowings under this line of credit at December 31, 2024 and 2023. The amount of the line of credit is determined by the fair market value of the Company's available collateral held by FHLB, primarily mortgage-backed securities and commercial mortgage loans, not already pledged as collateral under existing contracts as of December 31, 2024.

10. Surplus Notes

The Company has outstanding a $100.0 million, 7.45% surplus note at December 31, 2024 and 2023. The note was issued in October 2003 and matures on October 1, 2033. The surplus note was issued pursuant to Rule 144A under the Securities Act of 1933. The surplus note has repayment conditions and restrictions whereby each payment of interest or principal on the surplus note may be made only with the prior approval of the Commissioner and only out of surplus funds that the Commissioner determines to be available for such payment under the Kansas Insurance Code. Interest expense paid by the Company for the years ended December 31, 2024 and 2023 was $7.5 million and $7.5 million, respectively, and is included in the statements of operations in investment expenses of net investment income. As of December 31, 2024 and 2023 there was $1.9 million of interest that had not yet been approved by the Commissioner and therefore was not reflected in the financial statements. Total interest paid from inception through December 31, 2024 was $156.5 million.

Net cash proceeds received from the issuance of the surplus notes dated October 1, 2003 were $98.9 million. Morgan Stanley & Co. Inc. and Lehman Brothers Inc. were the underwriters and Bank of New York Mellon is the fiscal agent.

11. Fair Value Information

In accordance with SSAP No. 100R, *Fair Value Measurements*, the Company groups its financial assets and liabilities measured and reported at fair value in three levels based on the inputs and assumptions used to determine the fair value. These levels are as follows:

Level 1 – Valuations are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – Valuations are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, model-based valuation techniques and option pricing models using inputs observable in the market.

Level 3 – Valuations are generated from techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company's assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of discounted cash flow models, spread-based models, and similar techniques, using the best information available in the circumstances.

Determination of Fair Value

Under SSAP No. 100R, the Company bases fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements in accordance with the fair value hierarchy in SSAP No. 100R.

Bonds

Bonds include fixed maturity and asset-backed securities. For fixed maturities not actively traded, the Company's top priority is to obtain fair values from independent pricing services. The Company has regular interactions with its investment advisors to understand the pricing methodologies used and to confirm the prices are utilizing observable inputs. The pricing methodologies will vary based on the asset class and include inputs such as estimated cash flows, reported trades, broker quotes, credit quality, industry, and economic events. Fixed maturities with fair values obtained from pricing services, applicable market indices, or internal models with substantially all observable inputs are included in Level 2.

11. Fair Value Information (continued)

The Company will obtain a broker quote or utilize an internal pricing model specific to the asset utilizing relevant market information if the Company is not able to utilize Level 1 or 2 sources. These assets are included in Level 3.

Common Stocks

Common stock fair values are determined using quoted prices in active markets for identical assets when available, which are included in Level 1. When quoted prices are not available, the Company utilizes internal valuation methodologies appropriate for the specific asset that use observable inputs such as underlying share prices; therefore, the assets are included in Level 2. Fair values might also be determined using broker quotes or through the use of internal models or analysis that incorporate significant assumptions deemed appropriate given the circumstances and consistent with what other market participants would use when pricing such securities. These assets are included in Level 3.

Preferred stocks

Fair value of preferred stocks are valued using pricing for similar securities, recently executed transactions, broker/dealer quotes, and other pricing models utilizing market observable inputs. These assets are included in Level 2 and Level 3.

Cash Equivalents

Cash equivalents include money market mutual funds. Fair values are determined using unadjusted quoted prices for identical instruments traded in active markets and are included in Level 1.

Separate Account Assets

Separate account assets include equity securities, bonds and investments in private notes and investments in partnerships. The fair value of the equity securities within the separate accounts is determined using quoted prices in active markets for identical assets and is reflected in Level 1. Investments in bonds are included in Level 2 or Level 3, using valuation methodologies described above in Bonds. The fair value of the investments in private notes within the separate accounts was determined using internal pricing models using inputs unobservable in the market. The fair value for partnerships within the separate accounts was determined through the use of an

11. Fair Value Information (continued)

external third party pricing specialist through the use of the market approach, income approach, and underlying assets approach. The investments in private notes and partnerships are reflected in Level 3.

Other Invested Assets

Other invested assets include investments with characteristics of common stock. Fair values obtained from pricing services are included in Level 2. Fair values for Level 3 securities utilize internal pricing models specific to the asset where significant inputs may be unobservable in the market place.

Derivatives

Fair value of exchange traded derivatives are valued using quoted prices in active markets for identical assets when available and are included in Level 1. Fair values of call options are valued with models that use market observable inputs and are included in Level 2. Fair values of forwards and swaps are obtained from pricing services and are included in Level 2.

11. Fair Value Information (continued)

The following table presents categories measured and reported at fair value for the year ended December 31, 2024:

	2024			
		Fair Value Hierarchy Level		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
		(In Thousands)		
Assets:				
Bonds:				
Corporate	$ 3,242	$ —	$ 3,242	$ —
Other asset backed	—	—	—	—
Total bonds	3,242	—	3,242	—
Cash equivalents:	22,550	22,550	—	—
Common stocks:				
Consumer	14	—	14	—
Government	658	—	—	658
Preferred stocks:				
Consumer	185,991	—	113,112	72,879
Total Equities:	186,663	—	113,126	73,537
Other invested assets	—	—	—	—
Derivative assets	96,767	(6,590)	103,357	
Separate account assets	6,749,125	3,412,433	282,598	3,054,094
Total assets	$ 7,058,347	$ 3,428,393	$ 502,323	$ 3,127,631
Liabilities:				
Derivative liabilities	$ 4,305	$ —	$ 4,305	$ —
Total liabilities	$ 4,305	$ —	$ 4,305	$ —

11. Fair Value Information (continued)

The following table presents categories measured and reported at fair value for the year ended December 31, 2023:

	2023			
		Fair Value Hierarchy Level		
	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)			
Assets:				
Bonds:				
Corporate	$ —	$ —	$ —	$ —
Other asset backed	3,825	—	3,825	—
Total bonds	3,825	—	3,825	—
Cash equivalents:	3,550	3,550	—	—
Common stocks:				
Consumer	102,027	—	102,027	—
Government	675	—	—	675
Preferred stocks:				
Consumer	393,694	—	100,822	292,872
Total equities:	496,396	—	202,849	293,547
Other invested assets	1	—	—	1
Derivatives assets[1]	799,090	10,633	788,457	—
Separate account assets	5,988,726	3,276,147	314,590	2,397,989
Total assets	$ 7,291,588	$ 3,290,330	$ 1,309,721	$ 2,691,537
Liabilities:				
Derivatives liabilities	$ 4,069	$ —	$ 4,069	$ —
Total liabilities	$ 4,069	$ —	$ 4,069	$ —

[1] Derivatives presented in the table above represent only those derivatives that are carried at estimated fair value. Accordingly, the amounts above exclude derivatives carried at amortized cost.

11. Fair Value Information (continued)

The changes for all Level 3 assets and liabilities measured and reported at fair value using significant unobservable inputs for the year ended December 31, 2024 is as follows:

		Total Realized/Unrealized Gains and Losses					
	Balance at January 1, 2024	Included in Net Income [1]	Included in Surplus	Purchases, Issuances, Sales, and Settlements	Transfers	Balance at December 31, 2024	Change in Unrealized Gains (Losses) in Net Income for Positions Still Held
	(In Thousands)						
Assets:							
Bonds:							
Corporate	$ —	$ 952	$ —	$ (952)	$ —	$ —	$ —
Total bonds	—	952	—	(952)	—	—	—
Common stocks:							
Government	675	201	33	(229)	(21)	659	—
Preferred stocks:							
Consumer	292,872	3,189	21,802	(244,985)	—	72,878	—
Total equities	293,547	3,390	21,835	(245,214)	(21)	73,537	—
Other invested assets	1	76	(6,302)	(10)	6,235	—	
Separate account assets [2]	2,397,989	(49)	655,401	1,171	(418)	3,054,094	—
Total assets	$ 2,691,537	$ 4,369	$ 670,934	$ (245,005)	$ 5,796	$ 3,127,631	$ —

[1] Realized gains (losses) are generally reported in net realized gains (losses) in the statements of operations.

[2] Gains and losses for separate account assets do not impact net income, as the change in the value of separate account assets is offset by a change in the value of separate account liabilities.

11. Fair Value Information (continued)

The separation of the Level 3 purchases, issuances, sales, and settlements for the year ended December 31, 2024 is as follows:

	Purchases	Issuances	Sales	Settlements	Totals
			(In Thousands)		
Assets:					
Bonds:					
Corporate	$ —	$ 248	$ —	$ (1,200)	$ (952)
Common stocks:					
Government	45,248	—	(45,477)	—	(229)
Preferred stocks:					
Consumer	—	—	(222,096)	(22,889)	(244,985)
Other invested assets	—	—	—	(10)	(10)
Separate account assets	2,549	—	—	(1,378)	1,171
Total assets	$ 47,797	$ 248	$ (267,573)	$ (25,477)	$ (245,005)

11. Fair Value Information (continued)

The changes for all Level 3 assets and liabilities measured and reported at fair value using significant unobservable inputs for the year ended December 31, 2023 is as follows:

		Total Realized/Unrealized Gains and Losses					
	Balance at January 1, 2023	Included in Net Income [1]	Included in Surplus	Purchases, Issuances, Sales, and Settlements	Transfers	Balance at December 31, 2023	Change in Unrealized Gains (Losses) in Net Income for Positions Still Held
	(In Thousands)						
Assets:							
Bonds:							
Corporate	$ 1,014	$ (804)	$ 369	$ (3,144)	$ 2,565	$ —	$ —
Total bonds	1,014	(804)	369	(3,144)	2,565	—	—
Common stocks:							
Government	7,123	331	(234)	(6,545)	—	675	—
Preferred stocks:							
Consumer	246,688	—	(12,084)	58,268	—	292,872	—
Total equities	253,811	331	(12,318)	51,723	—	293,547	—
Other invested assets	118	—	(59)	(58)	—	1	
Separate account assets [2]	2,113,403	202	281,600	2,382	402	2,397,989	—
Total assets	$ 2,368,346	$ (271)	$ 269,592	$ 50,903	$ 2,967	$ 2,691,537	$ —

[1] Realized gains (losses) are generally reported in net realized gains (losses) in the statements of operations.

[2] Gains and losses for separate account assets do not impact net income, as the change in the value of separate account assets is offset by a change in the value of separate account liabilities.

11. Fair Value Information (continued)

The separation of the Level 3 purchases, issuances, sales, and settlements for the year ended December 31, 2023 is as follows:

	Purchases	Issuances	Sales	Settlements	Totals
			(In Thousands)		
Assets:					
Bonds:					
Corporate	$ —	$ 265	$ (3,409)	$ —	$ (3,144)
Common stocks:					
Government	11,326	—	(17,871)	—	(6,545)
Preferred stocks:					
Consumer	58,268	—	—	—	58,268
Other invested assets	—	—	—	(58)	(58)
Separate account assets	3,501	—	(738)	(381)	2,382
Total assets	$ 73,095	$ 265	$ (22,018)	$ (439)	$ 50,903

Transfers into and out of the various levels for the year ended December 31, 2024 are as follows:

	Transfers into Level 3	Transfers Out of Level 3	Total
		(In Thousands)	
Assets:			
Bonds:			
Common stocks:			
Government	**$ —**	**$ (21)**	**$ (21)**
Preferred stocks:			
Consumer	**—**	**—**	**—**
Other invested assets	**13,229**	**(6,994)**	**6,235**
Separate account assets	**730**	**(1,148)**	**(418)**
Total assets	**$ 13,959**	**$ (8,163)**	**$ 5,796**

11. Fair Value Information (continued)

Transfers into and out of the various levels for the year ended December 31, 2023 are as follows:

	Transfers Into Level 3	Transfers Out of Level 3	Total
	(In Thousands)		
Assets:			
Bonds:			
Corporate	$ 2,565	$ —	$ 2,565
Separate account assets	726	(324)	402
Total assets	$ 3,291	$ (324)	$ 2,967

The transfers between levels include those assets that the Company was or was not subsequently able to obtain a price from a recognized third-party pricing vendor or for which the carrying value of the asset changes between fair value and amortized cost.

The transfers between levels are determined as of the end of the year for which the transfer is completed.

11. Fair Value Information (continued)

Quantitative Information about Level 3 Fair Value Measurements

The following table provides quantitative information about the significant unobservable inputs used for fair value measurements categorized within Level 3, excluding assets and liabilities for which significant unobservable inputs primarily consist of those valued using broker quotes.

	As of December 31, 2024			
	Fair Value Hierarchy Level			
	Assets/ Liabilities measured at Fair Value	**Valuation Technique(s)**	**Unobservable Input Description**	**Input/Range of Inputs (Weighted Average)**
	(In Thousands)			
Assets:				
Common stocks:				
Government	**$ 659**	See Note (1)		
Preferred stocks:				
Consumer	**72,878**	Market Comparables	Price, Market Cap, P/B Ratio	.81x
Total equity securities	**73,537**			
Separate account assets	**3,042,200**	Revenue Multiples	Projected Revenues	6.5x
Total assets	**$ 3,115,737**	See Note (2)		

(1) FHLB common stock positions are valued at par as a proxy for fair value, as the stock can only be redeemed by the bank.
(2) The tables above exclude certain securities for which the fair value of $11.9 million as of December 31, 2024 was based on non-binding broker quotes.

11. Fair Value Information (continued)

	As of December 31, 2023			
		Fair Value Hierarchy Level		
	Assets/ Liabilities measured at Fair Value	**Valuation Technique(s)**	**Unobservable Input Description**	**Input/Range of Inputs (Weighted Average)**
	(In Thousands)			
Assets:				
Common stocks:				
Government	$ 675	See Note (1)		
Preferred stocks:				
Consumer	19,446	Discount Model	Credit Spread	284 basis points (bps)
Consumer	77,656	Market Comparables	Price, Market Cap, P/B Ratio	.86x
Total equity securities	97,777			
Other invested assets	1	Residual Equity	Residual Equity	
Separate account assets	1,712	Discount Model	Yield	5.92%
	1,489		Credit Spread	238 bps
	2,386,900	Revenue Multiples	Projected Revenues	6.5x
Total assets	$ 2,487,879	See Note (2)		

(1) FHLB common stock positions are valued at par as a proxy for fair value, as the stock can only be redeemed by the bank.
(2) The tables above exclude certain securities for which the fair value of $203.7 million as of December 31, 2023 was based on non-binding broker quotes.

Market comparable discount rates are used as the base rate in the discounted cash flows used to determine the fair value of certain assets. Increases or decreases in the credit spreads on the comparable assets could cause the fair value of assets to significantly decrease or increase, respectively. Additionally, the Company may adjust the base discount rate or the modeled price by applying an illiquidity premium given the highly structured nature of certain assets. Increases or decreases in this illiquidity premium could cause significant decreases or increases, respectively, in the fair value of the asset.

11. Fair Value Information (continued)

SSAP No. 100R requires disclosures of fair value information about financial instruments, whether recognized or not recognized in a company's balance sheet, for which it is practicable to estimate that value.

SSAP No. 100R excludes certain insurance liabilities and nonfinancial instruments from its disclosure requirements. However, the liabilities under all insurance contracts are taken into consideration in the Company's overall management of interest rate risk that minimizes exposure to changing interest rates through the matching of investment maturities with amounts due under insurance contracts. The fair value amounts presented herein do not include an amount for the value associated with customer or agent relationships, the expected interest margin (interest earnings in excess of interest credited) to be earned in the future on investment-type products, or other intangible items. Accordingly, the aggregate fair value amounts presented herein do not necessarily represent the underlying value of the Company; likewise, care should be exercised in deriving conclusions about the Company's business or financial condition based on the fair value information presented herein.

Financial Instruments Not Reported at Fair Value

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments not measured at fair value but for which fair value is disclosed:

> *Bonds* - Fair values of bond investment are determined using methodologies where the information is generated by market transactions involving identical or comparable assets, as well as discounted cash flow methodologies. Common inputs include prices from recently executed transactions of similar securities, broker/dealer quotes, benchmark yields, spreads off benchmark yields, interest rates and U.S. Treasury or swap curves. Specifically for loan-backed securities, key inputs include CPR, CDR and severity on defaults based on past performance of the underlying collateral and current market data. Level 2 securities include securities where the significant inputs are observable in the marketplace. Securities are generally assigned to Level 3 in cases where internal models with unobservable inputs are utilized or where broker/dealer quotes are significant inputs to the valuation and there is a lack of transparency as to whether these quotes are based on information that is observable in the marketplace.

11. Fair Value Information (continued)

Common stocks - affiliated – Investments in affiliated common stocks are recorded based upon the audited statutory equity of the investee, adjusted for unamortized goodwill under SSAP No. 68, *Business Combination and Goodwill*, if any. These assets are included in Level 3.

Short-term investments – Fair values of short-term investments are determined using broker quotes, or through internal models that incorporate significant assumptions deemed appropriate given the circumstances and consistent with what other market participants would use when pricing such investments. These assets are included in Levels 2 and 3.

Preferred stocks – Fair value of preferred stocks are valued using pricing for similar securities, recently executed transactions, broker/dealer quotes, and other pricing models utilizing market observable inputs. These assets are included in Level 2. and 3

Cash equivalents – Cash equivalents include highly liquid securities with an original maturity of 90 days or less and money market accounts. The cash equivalents based on quoted market prices are included in Level 1 assets. The carrying amount for other cash equivalent investments approximate fair value due to their short-term nature and are generally classified as Level 2.

Derivatives – Fair value of exchange traded derivatives are valued using quoted prices in active markets for identical assets and are included in Level 1. Fair values of call options are valued with models that use market observable inputs, which are included in Level 2.

Business-owned life insurance, company-owned life insurance, and short-term notes receivable from related parties – The carrying amounts reported on the balance sheets for these instruments approximate their fair value, which are included in Level 3. Business-owned life insurance and company-owned life insurance are included in other assets on the balance sheets. The fair value of business-owned life insurance and company-owned life insurance approximates the cash surrender value of the policies. The carrying amounts of certain short-term notes receivable from related parties reported on the balance sheets for these investments approximate their fair value due to their short term nature. Fair values of certain short-term notes receivable from related parties are valued with models that use market observable inputs.

11. Fair Value Information (continued)

Mortgage loans – Mortgage loans include residential and commercial mortgage loans. The carrying amounts of residential mortgage loans reported in the balance sheets approximate their fair values, which are included in Level 3. The fair value of commercial mortgage loans is determined through the use of internal models or analysis that incorporates significant assumptions deemed appropriate given the circumstances and are consistent with what other market participants would use when pricing such securities.

Policy loans – Fair values for policy loans are estimated using discounted cash flow analyses based on market interest rates for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. These assets are included in Level 3.

Other invested assets – Other invested assets include surplus notes, unaffiliated collateral loans, and other invested assets with characteristics of fixed income. The fair value of these instruments is based on the methodology described above for bonds. Other invested assets also include investments with characteristics of common stock and securities receivable. Investments with characteristics of common stock are accounted for under the equity method of accounting, based on the audited GAAP equity of the investee, and are included in Level 3. The carrying value for securities receivable approximates fair value due to their short-term nature.

Investment income due and accrued - The Company believes there is minimal risk of material changes in both credit of the issuer and interest rates such that the carrying value of investment income due and accrued approximates fair value. Generally, investment income due and accrued is classified as Level 2.

Notes receivable from related parties – The carrying amounts of certain notes receivable from related parties reported on the balance sheets for these instruments approximate their fair value. Fair values of certain notes receivable from related parties are valued with models that use market observable inputs and are included in Level 2. Fair values of certain notes receivable from related parties are valued with models that use unobservable inputs and are included in Level 3.

Supplementary contracts without life contingencies – The fair values of the Company's reserves and liabilities for investment-type insurance contracts are estimated using

11. Fair Value Information (continued)

discounted cash flow analyses based on risk-free rates, nonperformance risk, and a risk margin. Investment-type insurance contracts include insurance, annuity, and other policy contracts that do not involve significant mortality or morbidity risk and are only a portion of the policyholder liabilities appearing on the balance sheets. Insurance contracts include insurance, annuity, and other policy contracts that do involve significant mortality or morbidity risk. The fair values for insurance contracts, other than investment-type contracts, are not required to be disclosed.

Individual and group annuities – The fair values of the Company's reserves and liabilities for investment-type insurance contracts are estimated using discounted cash flow analyses based on risk-free rates, nonperformance risk, and a risk margin. Investment-type insurance contracts include insurance, annuity, and other policy contracts that do not involve significant mortality or morbidity risk and are only a portion of the policyholder liabilities appearing on the balance sheets.

Mortgage debt – Fair values for mortgage debt are estimated using discounted cash flow analyses based on current borrowing rates for similar types of borrowing arrangements.

Separate account liabilities – The fair values of the separate account liabilities are estimated based on the fair value of the related separate account assets. As the applicable separate account assets are already reflected at fair value, any adjustment to the fair value of the block is an assumed adjustment to the separate account liabilities.

11. Fair Value Information (continued)

The following table provides the carrying amount, estimated fair value, and level within the fair value hierarchy of the Company's financial instruments as of:

	December 31, 2024				
			Fair Value Hierarchy		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Assets (liabilities)					
Bonds	$ 23,979,931	$ 23,881,747	$ 75,948	$ 11,143,639	$ 12,662,160
Preferred stocks	—	—	—	—	—
Mortgage loans	2,763,247	2,727,114	—	—	2,727,114
Cash equivalents	1,261,892	1,261,892	1,261,892	—	—
Short-term investments	91,020	91,020	—	91,020	—
Short-term notes receivable from related parties	2,079,394	2,079,394	—	2,079,394	—
Policy loans	44,365	44,430	—	—	44,430
Derivative assets	763,067	1,017,620	6,590	1,011,030	—
Other invested assets	2,331,617	2,343,777	—	7,517	2,336,260
Investment income due and accrued	596,616	596,616	—	596,616	—
Notes receivable from related parties	12,768,298	12,609,508	—	—	12,609,508
Business-owned life insurance	26,421	26,421	—	—	26,421
Company-owned life insurance	51,169	51,169	—	—	51,169
Supplementary contracts without life contingencies	(39,640)	(43,368)	—	—	(43,368)
Individual and group annuities	(5,442,063)	(5,308,370)	—	—	(5,308,370)
Separate account liabilities	(6,749,125)	(6,749,125)	(3,412,433)	(282,598)	(3,054,094)

11. Fair Value Information (continued)

	December 31, 2023				
			Fair Value Hierarchy		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)				
Assets (liabilities)					
Bonds	$ 27,322,309	$ 26,641,674	$ —	$ 10,753,379	$ 15,888,295
Preferred stocks	24,029	23,313	—	—	23,313
Mortgage loans	790,468	746,089	—	—	746,089
Cash and cash equivalents	101,247	101,247	101,247	—	—
Short-term investments	159,876	160,879	—	100,348	60,531
Short-term notes receivable from related parties	985,715	985,715		887,200	98,515
Policy loans	45,186	45,249	—	—	45,249
Derivative assets	(251,892)	—	—	—	
Other invested assets	2,381,735	2,436,579	—	50,955	2,385,624
Investment income due and accrued	705,138	705,138	—	705,138	—
Notes receivable from related parties	11,788,466	11,645,696		1,489,256	10,156,440
Business-owned life insurance	24,919	24,919	—	—	24,919
Company-owned life insurance	48,558	48,558	—	—	48,558
Supplementary contracts without life contingencies	(40,558)	(41,237)	—	—	(41,237)
Individual and group annuities	(5,734,262)	(5,857,934)	—	—	(5,857,934)
Separate account liabilities	(5,988,726)	(5,988,726)	(3,276,147)	(314,590)	(2,397,989)

12. Commitments and Contingencies

In connection with its investments in certain limited partnerships, the Company is committed to invest additional capital of $181.3 million, of which none is with related parties, as of December 31, 2024, as required by the general partner. The Company had committed up to $3,955.2 million in unfunded bridge loans, unfunded revolvers, and other private investments as of December 31, 2024, of which $1,552.4 million is with related parties or securitizations in which related parties act as collateral managers.

The portion of the total unfunded commitments that are considered to be on-demand funding obligations not controlled by the Company or its affiliated parties was $1,956.9 million as of December 31, 2024.

12. Commitments and Contingencies (continued)

The Company may not, without notice to the Commissioner and (A) the expiration of 30 days without disapproval by the Commissioner or (B) the Commissioner's earlier approval, pay a dividend or distribution of cash or other property whose fair market value together with that of other dividends or distributions made within the preceding 12 months exceeds the greater of (1) 10% of its surplus as regards to policyholders as of the preceding December 31 or (2) the net gain from operations, not including realized capital gains, for the 12-month period ending on the preceding December 31. Any dividends paid must be paid from unassigned surplus. The Company paid $355.0 million and $350.0 million in ordinary cash dividends in 2024 and 2023, respectively. The Company also issued $500.0 million in ordinary in-kind dividends in 2024.

Other legal and regulatory matters: The Company is a defendant in a putative class action, Ella Clinton, et al., v. Security Benefit Life Insurance Company, initially filed in the United States District Court, Southern District of Florida, on November 20, 2019. A First Amended Class Action Complaint ("FAC") that includes additional named plaintiffs and causes of action was filed on January 21, 2020. The action was transferred to the United States District Court, District of Kansas. The allegations of the FAC arise out of the marketing and sale of the Company's leading FIA products at the time. In their FAC, Plaintiffs assert claims for violation of the federal Racketeer Influenced and Corrupt Organizations Act, violations of California's, Illinois', and Arizona's respective unfair competition, consumer fraud, and/or deceptive business practices acts, and common law fraud under the laws of Florida, California, Illinois and Arizona. The Company's motion to dismiss was granted by the District Court on February 12, 2021, but the dismissal was reversed by the United States Court of Appeals for the Tenth Circuit on March 28, 2023 in a split decision. The Tenth Circuit's decision to reverse and remand the case was not based on the merits of any issue, but rather assumed that the allegations were correct and held that the allegations were adequate to require that an evidentiary record be developed with respect to them before the District Court. On February 7, 2025, the District Court issued an amended scheduling order setting a June 13, 2025 deadline for plaintiffs' motion for class certification, an August 15, 2025, deadline for defendant's opposition to the motion for class certification and an October 17 2025 deadline for plaintiffs' reply in support of the motion for class certification. The Court has ordered the parties to engage in mediation no later than June 6, 2025. The parties have agreed to in-person mediation on May 22, 2025. Although potential liability is reasonably possible for the Company from this lawsuit, no reasonable estimate can be made at this time regarding the amount or range of any possible loss that may result. The Company believes that it has substantial defenses to the claims alleged and intends to continue to defend itself vigorously in the action.

12. Commitments and Contingencies (continued)

The Company is periodically party to legal and arbitral proceedings and subject to complaints, and the like, and is periodically examined by its regulators and may discuss certain matters with its regulators that come up during such examinations or otherwise. Management currently does not believe that any of the foregoing matters, will, alone or collectively, materially adversely affect the Company's results of operations or financial condition.

13. Premium and Annuity Considerations Due & Deferred

Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2024 were as follows:

Type of Business	Gross	Net of Loading
	(In Thousands)	
Industrial	$ 1	$ 1
Ordinary renewal	2,770	1,747
Group life	2	1
Total	$ 2,773	$ 1,749

14. Annuity and Deposit Liabilities

The withdrawal characteristics of the liability for future policy benefits for annuities and supplementary contracts and deposits were as follows:

	December 31, 2024			
	General Account	Separate Account	Total	Percentage
		(In Thousands)		
Subject to discretionary withdrawal:				
With fair value adjustment	$ 19,940,214	$ —	$ 19,940,214	42 %
At book value, less current surrender charge of 5% or more	5,094,941	—	5,094,941	11
At fair value	—	3,636,414	3,636,414	7
Total with adjustment	25,035,155	3,636,414	28,671,569	60
Subject to discretionary withdrawal at book value with minimal or no charge or adjustment	10,177,416	—	10,177,416	21
Not subject to discretionary withdrawal	6,032,945	3,093,672	9,126,617	19
Subtotal	41,245,516	6,730,086	47,975,602	100 %
Less reinsurance ceded	(10,050,570)	—	(10,050,570)	
Totals (net of reinsurance)	$ 31,194,946	$ 6,730,086	$ 37,925,032	
Amount that will move to book value with minimal or no charge in the year after the statement date	$ 1,309,259	$ —	$ 1,309,259	

14. Annuity and Deposit Liabilities (continued)

	December 31, 2023			
	General Account	**Separate Account**	**Total**	**Percentage**
	(In Thousands)			
Subject to discretionary withdrawal:				
With fair value adjustment	$ 18,241,565	$ —	$ 18,241,565	40 %
At book value, less current surrender charge of 5% or more	5,238,645	—	5,238,645	12
At fair value	—	3,537,674	3,537,674	8
Total with adjustment	23,480,210	3,537,674	27,017,884	60
Subject to discretionary withdrawal at book value with minimal or no charge or adjustment	9,600,895	—	9,600,895	21
Not subject to discretionary withdrawal	6,062,112	2,430,915	8,493,027	19
Subtotal	39,143,217	5,968,589	45,111,806	100 %
Less reinsurance ceded	(8,833,803)	—	(8,833,803)	
Totals (net of reinsurance)	$ 30,309,414	$ 5,968,589	$ 36,278,003	
Amount that will move to book value with minimal or no charge in the year after the statement date	$ 2,034,234	$ —	$ 2,034,234	

A reconciliation of total annuity actuarial reserves and deposit fund liabilities as of December 31, is as follows:

	2024	**2023**
	(In Thousands)	
Life and Accident and Health Annual Statement:		
Annuity reserves, total net	**$ 30,640,716**	$ 29,245,835
Supplementary contracts with life contingencies, total net	**624**	682
Deposit-type contracts, total net	**553,606**	1,062,897
	31,194,946	30,309,414
Separate Account Annual Statement:		
Annuities (excluding supplementary contracts)	**3,687,886**	3,581,689
Guaranteed interest contracts	**3,042,200**	2,386,900
Total annuity actuarial reserves and deposit fund liabilities	**$ 37,925,032**	$ 36,278,003

14. Annuity and Deposit Liabilities (continued)

The Company completed an asset adequacy analysis of the statutory reserves for funding agreements, fixed, fixed indexed, and variable deferred annuities, and payout contracts. This analysis was accomplished by running seven deterministic scenarios and 100 stochastic equity and interest rate scenarios in the cash flow testing model. The Company concluded that statutory reserves and assets are adequate under moderately adverse conditions based on its criteria for asset adequacy.

15. Life Actuarial Reserves

The withdrawal characteristics of the liability for life insurance were as follows:

	December 31, 2024					
	General Account			Separate Account - Guaranteed and Nonguaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
	(In Thousands)					
Subject to discretionary withdrawal, surrender values, or policy loans:						
Term Polices with Cash Value	$ —	$ 2,182	$ 3,450	$ —	$ —	$ —
Universal Life	83,163	83,163	84,738	—	—	—
Universal Life with Secondary Guarantees	560	479	538	—	—	—
Indexed Universal Life	—	—	—	—	—	—
Indexed Universal Life with Secondary Guarantees	—	—	—	—	—	—
Indexed Life	—	—	—	—	—	—
Other Permanent Cash Value Life Insurance	—	505,097	608,907	—	—	—
Variable Life	—	—	—	—	—	—
Variable Universal Life	16,042	16,042	21,391	4,912	4,912	4,912
Miscellaneous Reserves	—	—	—	—	—	—
Not subject to discretionary withdrawal or no cash values:						
Term Policies without Cash Value	—	—	2,865	—	—	—
Accidental Death Benefits	—	—	197	—	—	—
Disability - Active Lives	—	—	714	—	—	—
Disability - Disabled Lives	—	—	2,048	—	—	—
Miscellaneous Reserves	—	—	2,653	—	—	—
Total (gross: direct + assumed)	99,765	606,963	727,501	4,912	4,912	4,912
Reinsurance Ceded	82,264	471,280	569,120	—	—	—
Total (net)	$ 17,501	$ 135,683	$ 158,381	$ 4,912	$ 4,912	$ 4,912

15. Life Actuarial Reserves (continued)

	December 31, 2023					
	General Account			Separate Account - Guaranteed and Nonguaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
	(In Thousands)					
Subject to discretionary withdrawal, surrender values, or policy loans:						
Term Polices with Cash Value	$ —	$ 2,087	$ 3,375	$ —	$ —	$ —
Universal Life	86,876	86,877	88,402	—	—	—
Universal Life with Secondary Guarantees	554	450	521	—	—	—
Indexed Universal Life	—	—	—	—	—	—
Indexed Universal Life with Secondary Guarantees	—	—	—	—	—	—
Indexed Life	—	—	—	—	—	—
Other Permanent Cash Value Life Insurance	—	501,459	607,117	—	—	—
Variable Life	—	—	—	—	—	—
Variable Universal Life	15,662	15,639	21,161	4,281	4,281	4,281
Miscellaneous Reserves	—	—	—	—	—	—
Not subject to discretionary withdrawal or no cash values:						
Term Policies without Cash Value	—	—	3,185	—	—	—
Accidental Death Benefits	—	—	219	—	—	—
Disability - Active Lives	—	—	755	—	—	—
Disability - Disabled Lives	—	—	2,170	—	—	—
Miscellaneous Reserves	—	—	2,827	—	—	—
Total (gross: direct + assumed)	103,092	606,512	729,732	4,281	4,281	4,281
Reinsurance Ceded	86,195	468,128	567,668	—	—	—
Total (net)	$ 16,897	$ 138,384	$ 162,064	$ 4,281	$ 4,281	$ 4,281

15. Life Actuarial Reserves (continued)

	2024	2023
Amount	*(In Thousands)*	
Life Insurance Section, Total (net)	**$ 154,964**	$ 158,401
Accidental Death Benefits Section, Total (net)	**194**	215
Disability - Active Lives Section, Total (net)	**154**	165
Disability - Disabled Lives Section, Total (net)	**929**	1,006
Miscellaneous Reserves Section, Total (net)	**2,140**	2,277
Subtotal	**158,381**	162,064
Separate Accounts Annual Statement:		
Life Insurance Section, Total (net)	**4,912**	4,281
Accident and Health Contracts Section, Total (net)	**—**	—
Miscellaneous Reserves, Total (net)	**—**	—
Subtotal	**4,912**	4,281
Combined Total	**$ 163,293**	$ 166,345

16. Subsequent Events

Subsequent events have been evaluated through April 15, 2025, which is the date the financial statements were issued.

On March 18, 2025, the Company paid a $350.0 million ordinary cash dividend to its parent company SBLH.

On April 10, 2025, the Company declared a $70.0 million ordinary cash dividend to its parent company SBLH to be paid on or after May 12, 2025.