

FGH Parent, L.P.

Consolidated Financial Statements

**As of December 31, 2025 and 2024 and for the years ended December 31,
2025, 2024 and 2023**

FGH Parent, L.P.
Consolidated Financial Statements
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Report of Independent Auditors

To the Board of Directors of FGH Parent, L.P.

Opinion

We have audited the accompanying consolidated financial statements of FGH Parent, L.P. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income (loss), of comprehensive income (loss), of changes in owners' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the incurred and paid claims development information for the years ended December 31, 2018 to December 31, 2024, and the average annual percentage payout of incurred losses by age, net of reinsurance, as of December 31, 2025, on pages 71–72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

Nashville, Tennessee

March 13, 2026

FGH Parent, L.P.
Consolidated Balance Sheets
(in millions, except units data)

	December 31,	
	2025	2024
Assets:		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value (amortized cost: \$19,684 and \$18,091 as of December 31, 2025 and 2024, respectively) (allowance for credit losses of \$64 and \$108 as of December 31, 2025 and 2024, respectively)	\$ 19,777	\$ 17,842
Fair value option	14,085	10,587
Mortgage loans, at fair value	6,057	3,626
Funds withheld - directly managed, at fair value	37,150	38,649
Other invested assets (includes \$2,222 and \$354 of assets measured at fair value as of December 31, 2025 and 2024, respectively)	4,083	1,986
Short term investments	347	178
Total investments	81,499	72,868
Cash and cash equivalents	1,907	1,997
Deferred cost of reinsurance contracts and deferred acquisition costs ⁽¹⁾	3,600	3,752
Deferred income taxes, net ⁽¹⁾	1,893	1,749
Reinsurance recoverables (includes \$1,946 and \$527 of assets measured at fair value as of December 31, 2025 and 2024, respectively)	5,074	683
Other assets	897	781
Separate account assets, at fair value	22,273	22,857
Total assets	\$ 117,143	\$ 104,687

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12. See Note 2 for further information.

See accompanying Notes to Consolidated Financial Statements.

FGH Parent, L.P.
Consolidated Balance Sheets (continued)
(in millions, except units data)

	December 31,	
	2025	2024
Liabilities and Equity		
Liabilities:		
Future policy benefits ⁽¹⁾	\$ 42,036	\$ 37,108
Policyholder contract deposits (includes \$154 and \$182 of liabilities measured at fair value as of December 31, 2025 and 2024, respectively) ⁽¹⁾	25,703	26,168
Insurance liabilities, at fair value	7,379	4,380
Unpaid losses and loss adjustment expenses	2,370	2,639
Funds withheld payable, at fair value	4,532	—
Value of business acquired	3,169	3,406
Debt	1,637	1,494
Deferred gain from reinsurance contracts ⁽¹⁾	740	685
Repurchase agreements	1,431	1,449
Accrued and other liabilities (includes \$567 and \$427 of liabilities measured at fair value as of December 31, 2025 and 2024, respectively) ⁽¹⁾	3,279	2,168
Separate account liabilities, at fair value	22,273	22,857
Total liabilities	114,549	102,354
Contingencies and commitments (Note 14)		
Equity:		
Owners' equity - 2,120,572 units issued and outstanding as of December 31, 2025 and 2024	5,322	5,305
Retained earnings (deficit) ⁽¹⁾	(5,955)	(6,437)
Accumulated other comprehensive income ⁽¹⁾	3,227	3,465
Total equity	2,594	2,333
Total liabilities and equity	\$ 117,143	\$ 104,687

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12. See Note 2 for further information.

See accompanying Notes to Consolidated Financial Statements.

FGH Parent, L.P.
Consolidated Statements of Income (Loss)
(in millions)

	Year Ended December 31,		
	2025	2024	2023
Revenues:			
Premiums	\$ 24	\$ 243	\$ 245
Policy charges and fee income	1,250	1,358	722
Net investment income	4,244	4,143	2,523
Change in fair value of funds withheld agreements	888	(1,228)	1,996
Investment losses	(739)	(1,548)	(933)
Foreign exchange losses ⁽¹⁾	(265)	(182)	(98)
Other income	169	179	176
Total revenues	5,571	2,965	4,631
Benefits and expenses:			
Policyholder benefits and changes in fair value of insurance liabilities ⁽¹⁾	2,892	2,161	2,156
Policyholder liability remeasurement (gain) loss ⁽¹⁾	(87)	102	28
Interest credited to policyholder account balances	803	852	449
Amortization of deferred cost of reinsurance contracts and deferred acquisition costs	238	219	88
General operating and other expenses ⁽¹⁾	676	684	610
Goodwill Impairment	—	—	93
Interest expense	113	126	66
Total benefits and expenses	4,635	4,144	3,490
Income (loss) before income tax expense (benefit)	936	(1,179)	1,141
Income tax expense (benefit) ⁽¹⁾	154	(283)	235
Net income (loss)	\$ 782	\$ (896)	\$ 906

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12. See Note 2 for further information.

See accompanying Notes to Consolidated Financial Statements.

FGH Parent, L.P.
Consolidated Statements of Comprehensive Income (Loss)
(in millions)

	Year Ended December 31,		
	2025	2024	2023
Net income (loss)	\$ 782	\$ (896)	\$ 906
Other comprehensive income (loss), before income taxes:			
Change in unrealized investment gains (losses) on fixed maturity securities available-for-sale	371	(657)	864
Change in own-credit risk related to insurance liabilities	(97)	19	(223)
Change in additional insurance liability ⁽¹⁾	(58)	251	(301)
Change in discount rate assumption on future policy benefits ⁽¹⁾	(542)	1,628	(819)
Total other comprehensive income (loss), before income taxes	(326)	1,241	(479)
Income tax (expense) benefit related to other comprehensive income (loss)	88	(246)	113
Total other comprehensive income (loss), net of income taxes	(238)	995	(366)
Comprehensive income (loss)	\$ 544	\$ 99	\$ 540

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12. See Note 2 for further information.

See accompanying Notes to Consolidated Financial Statements.

FGH Parent, L.P.
Consolidated Statements of Changes in Owners' Equity
(in millions)

	Owners' Equity	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Owners' Equity (Deficit)
Balance, December 31, 2022	\$ 4,234	\$ (6,179)	\$ (349)	\$ (2,294)
Cumulative effect of adoption of ASU 2016-13, <i>Current Expected Credit Loss</i>	—	(35)	35	—
Cumulative effect of adoption of ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts ⁽¹⁾	—	(33)	3,150	3,117
Adjusted Balance, January 1, 2023	4,234	(6,247)	2,836	823
Contributed capital	1,050	—	—	1,050
Net income (loss) ⁽¹⁾	—	906	—	906
Share-based compensation	7	—	—	7
Other comprehensive income (loss) ⁽¹⁾	—	—	(366)	(366)
Balance, December 31, 2023	5,291	(5,341)	2,470	2,420
Net income (loss) ⁽¹⁾	—	(896)	—	(896)
Dividends	—	(200)	—	(200)
Share-based compensation	14	—	—	14
Other comprehensive income (loss) ⁽¹⁾	—	—	995	995
Balance, December 31, 2024	5,305	(6,437)	3,465	2,333
Net income (loss)	—	782	—	782
Dividends	—	(300)	—	(300)
Share-based compensation	17	—	—	17
Other comprehensive income (loss)	—	—	(238)	(238)
Balance, December 31, 2025	\$ 5,322	\$ (5,955)	\$ 3,227	\$ 2,594

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12. See Note 2 for further information.

See accompanying Notes to Consolidated Financial Statements.

FGH Parent, L.P.
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2025	2024	2023
Cash flows provided by (used in) operating activities			
Net income (loss)	\$ 782	\$ (896)	\$ 906
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization of value of business acquired	(168)	(211)	(207)
Amortization of deferred gain from reinsurance contracts	(57)	(39)	(32)
Amortization of deferred cost of reinsurance contracts and deferred acquisition costs ⁽¹⁾	238	219	88
Policyholder liability remeasurement (gain) loss ⁽¹⁾	(87)	102	28
Change in fair value, other invested assets	(85)	(176)	(144)
Change in fair value of funds withheld agreements	(888)	1,228	(1,996)
Investment losses	578	1,390	331
Deferred income tax expense (benefit) ⁽¹⁾	(33)	(360)	263
Net foreign exchange losses ⁽¹⁾	264	182	98
Goodwill impairment	—	—	93
Share-based compensation	16	14	7
Gain on recapture of reinsurance contract	(99)	—	—
Other, net ⁽¹⁾	(45)	(69)	(92)
Changes in operating assets and liabilities:			
Funds withheld - directly managed, at fair value	2,173	1,673	2,120
Funds withheld payable	(13)	—	—
Future policy benefits ⁽¹⁾	1,471	177	1,406
Policyholder contract deposits ⁽¹⁾	(1,355)	(1,662)	(537)
Insurance liabilities, at fair value	78	(392)	(568)
Deposit asset, at fair value	77	74	169
Unpaid losses and loss adjustment expenses	(258)	(522)	(408)
Deferred gain from reinsurance contracts ⁽¹⁾	25	4	7
Deferred cost of reinsurance contracts ⁽¹⁾	(22)	11	126
Reinsurance receivable and payable, net ⁽¹⁾	71	1	712
Derivatives, net	(1,398)	(1,588)	(930)
Other, net ⁽¹⁾	32	202	(216)
Net cash provided by (used in) operating activities	1,297	(638)	1,224
Cash flows provided by (used in) investing activities			
Proceeds from the sale, maturities, and prepayments of:			
Fixed maturity securities, available for sale	7,894	11,012	2,356
Fixed maturity securities, fair value option	3,840	2,230	2,751
Mortgage loans	1,722	881	225
Other invested assets	549	716	542
Short term investments	968	89	382
Purchases of:			
Fixed maturity securities, available for sale	(7,088)	(9,069)	(4,141)
Fixed maturity securities, fair value option	(7,141)	(2,816)	(4,383)
Mortgage loans	(4,110)	(3,190)	(1,236)
Other invested assets	(1,422)	(420)	(810)
Short term investments	(959)	(212)	(135)
Derivatives, net	(125)	—	—
Other, net	(1)	(4)	3
Net cash used in investing activities	(5,873)	(783)	(4,446)

FGH Parent, L.P.
Consolidated Statements of Cash Flows (continued)
(in millions)

	Year Ended December 31,		
	2025	2024	2023
Cash flows provided by (used in) financing activities			
Capital contributions	—	—	1,050
Dividends paid to owners	(299)	(200)	—
Debt issuance proceeds	963	—	887
Repayment of debt obligations	(824)	—	(141)
Cash collateral for loaned securities	3	—	(106)
Deposits received for investment-type policyholder contract deposits	6,698	2,279	2,631
Withdrawals from investment-type policyholder contract deposits	(1,916)	(2,558)	(883)
Net proceeds related to secured borrowing arrangements - repurchase agreements with maturities three months or less	(38)	543	204
Proceeds related to secured borrowing arrangements - repurchase agreements with maturities greater than three months	300	511	500
Repayments related to secured borrowing arrangements - repurchase agreements with maturities greater than three months	(300)	(510)	(100)
Net proceeds from (repayments of) other secured borrowings	(79)	319	—
Other, net	7	(21)	19
Net cash provided by financing activities	4,515	363	4,061
Effect of foreign exchange rate changes on cash and cash equivalents	(29)	(9)	9
Net increase (decrease) in cash and cash equivalents during the year	(90)	(1,067)	848
Cash and cash equivalents at the beginning of the year	1,997	3,064	2,216
Cash and cash equivalents at the end of the year	\$ 1,907	\$ 1,997	\$ 3,064

FGH Parent, L.P.
Consolidated Statements of Cash Flows (continued)
(in millions)

Supplemental Disclosures of Cash Flow Information	Year Ended December 31,		
	2025	2024	2023
Cash paid during the period for:			
Interest	\$ 89	\$ 114	\$ 62
Taxes, net of refunds	199	65	47
Non-cash transactions:			
Premiums and deposits on policies reinsured through funds withheld arrangements	\$ 249	\$ 290	\$ 364
Premiums and deposits on policies ceded through funds withheld arrangements	(91)	—	—
Claims, withdrawals and surrenders on policies reinsured through funds withheld arrangements	(2,658)	3,010	2,874
Claims, withdrawals and surrenders on policies ceded through funds withheld arrangements	219	—	—
Funds withheld assets received at inception of reinsurance agreements	—	—	(8,860)
Investments including accrued interest income received at inception of reinsurance agreements	(3,272)	—	(15,537)
Insurance and other liabilities assumed at inception of reinsurance agreements ⁽¹⁾	3,272	—	28,164
Investments including accrued interest income ceded at inception through reinsurance agreements on a funds withheld basis	4,646	—	—
Insurance and other liabilities ceded at inception of reinsurance agreements on a funds withheld basis	(4,684)	—	—
Deferred cost of reinsurance contracts at inception of reinsurance agreements ⁽¹⁾	(38)	—	(3,766)
Deferred gain from reinsurance contracts at inception of reinsurance agreements	76	—	—
Reduction in investments including accrued interest income relating to recapture of reinsurance agreement on a funds withheld basis	346	—	—
Reduction in insurance and other liabilities relating to recapture of reinsurance agreement on a funds withheld basis ⁽²⁾	(387)	—	—
Non-cash dividend payment	(1)	—	—
Net transfer of securities from (to) funds withheld arrangements ⁽³⁾	—	97	131
Novation activity on certain ceded investments ⁽⁴⁾	—	—	491

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12. See Note 2 for further information.

⁽²⁾ See Notes 7 and 12 for further information regarding the recapture of a reinsurance agreement by a U.S. based life insurance company.

⁽³⁾ Balance includes \$619 million of other invested assets transferred into funds withheld arrangements at inception of reinsurance agreements for the year ended December 31, 2023.

⁽⁴⁾ See Note 6 for further information regarding the novation program associated with Pruco Life Insurance Company ("Pruco Life").

See Note 4 for disclosures regarding non-cash activity regarding collateral transferred under repurchase agreements.

See accompanying Notes to Consolidated Financial Statements.

FGH Parent, L.P.
Notes to Consolidated Financial Statements

1. Nature of Operations, Basis of Presentation and Summary of Significant Accounting Policies

FGH Parent, L.P. (together with its subsidiaries, "FGP" or the "Company") is a Bermuda limited partnership. The Company is a multiline reinsurer that works with the world's leading insurance companies, through its subsidiaries, to execute comprehensive, transformational reinsurance solutions for legacy life, annuity and property and casualty ("P&C") products and provides current flow reinsurance business for the Company's customers and shareholders. In addition, the Company administers legacy life and annuity contracts that were issued to the individual market in the United States.

As of December 31, 2025, 2024 and 2023, Carlyle FRL, L.P. ("Carlyle FRL"), an investment fund advised by an affiliate of The Carlyle Group Inc. ("Carlyle"), an SEC-registered global investment firm, a sovereign wealth fund ("SWF"), T&D United Capital Co., Ltd. ("T&D"), a wholly-owned subsidiary of T&D Holdings, Inc., a listed Japanese insurance group, and Corebridge Financial, Inc. ("Corebridge") an SEC-registered company, owned undiluted interests in the Company of 38.53%, 32.64%, 26.37% and 2.46% respectively.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S.") ("GAAP"). The accompanying consolidated statements include entities over which the Company exercises control, including majority-owned subsidiaries, in which the Company has a controlling financial interest and variable interest entities ("VIEs") for which the Company is considered the primary beneficiary. See Note 4 for additional information regarding the Company's VIEs. All intercompany transactions have been eliminated. All amounts are presented in U.S. dollars ("USD").

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions when applying accounting policies that often involve a significant degree of judgment. The Company's accounting policies that are most dependent on the application of estimates and assumptions are those related to the determination of:

- Fair value measurements of investments, including derivatives and the Company's interest in funds withheld and the measurement of the allowance for credit losses;
- Valuation of future policy benefits liabilities, including additional insurance liabilities ("AIL") for universal life-type contracts, extent of loss recognition, if applicable and insurance liabilities, at fair value;
- Estimates of unpaid losses and loss adjustment expenses; and
- Estimates with respect to income taxes, including the valuation and recoverability of deferred income tax assets.

To the extent actual experience differs from the assumptions used, the Company's consolidated financial condition, results of operations and cash flows could be materially affected.

Business Risks and Uncertainties

The Company's operations are affected by a range of factors, including general economic conditions, regulatory developments, market risks, the financial condition of cedants, and risks related to insurance liabilities. The Company is subject to oversight by various state, federal, and international regulators, and changes in regulatory requirements could have unforeseen effects on its business.

Key market risks include liquidity, interest rate, foreign exchange, and credit spread risks, all of which arise from mismatches between assets and liabilities and can influence the valuation of investments and insurance-related obligations. The Company manages these exposures through an asset-liability management framework that measures sensitivities and conducts stress testing across multiple risk factors to assess potential impacts on both assets and liabilities.

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Notes to Consolidated Financial Statements

In addition to market risk, the Company is exposed to policyholder behavior and mortality or longevity risk, which it manages through continuous monitoring of experience and periodic updates to mortality, morbidity and persistency assumptions.

Reclassifications

The Company reclassified certain policyholder balances between other assets, future policy benefits, policyholder contract deposits, accrued and other liabilities on the consolidated balance sheet to conform with the revised presentation upon adoption of ASU 2018-12 as well as certain additional reclassifications between other assets and reinsurance recoverables. The Company also reclassified amortization of deferred costs of reinsurance and deferred acquisition costs from policyholder benefits and changes in fair value of insurance liabilities and general operating expenses, respectively, to amortization of deferred costs of reinsurance and deferred acquisition costs on the consolidated statements of income (loss). The Company also reclassified deferred acquisition costs from other assets to deferred cost of reinsurance contracts and deferred acquisition costs (previously deferred cost of reinsurance contracts) on the consolidated balance sheets.

Prior period amounts related to the above reclassifications have been updated to conform to the current period presentation, which includes updates to the consolidated statements of cash flows and certain disclosures contained in our notes to consolidated financial statements.

Change in Accounting Principle

Effective January 1, 2025, the Company updated its accounting policy for determining the locked-in discount rate used to measure the liability for future policy benefits. Previously, for certain cohorts, the Company applied a single equivalent discount rate ("SEDR") based on the weighted-average duration of the liability. Under the updated policy, the Company's default approach is to lock in and apply a full discount rate curve at contract inception (based on the upper-medium grade fixed-income instrument yield), and to use a SEDR only when the curve approach would not best reflect the underlying economics.

The Company determined this represents a change in accounting principle. The effect of the change was an increase in pre-tax net income of \$31 million for the year ended December 31, 2025. This change did not have an impact on the Company's consolidated financial position or results of operations for the years ended December 31, 2024 or 2023.

Summary of Significant Accounting Policies

The following summarizes the Company's significant accounting policies.

Fair Value Option

The fair value option ("FVO") provides entities with an option to use fair value as the initial and subsequent accounting measurement for assets and liabilities that meet the definition of a financial asset or liability. The decision to elect the FVO is determined on an instrument-by-instrument basis and is applied to an entire instrument. The decision is irrevocable once elected. The Company has made this election for certain investments, insurance contracts and reinsurance contracts, as it improves operational efficiency and better aligns the recognition and measurement of those investments and contracts. Refer to Note 3 for more information on the Company's FVO elections.

Investments

Funds withheld - directly managed, at fair value: Funds withheld - directly managed represents a reinsurance receivable collateralized by segregated portfolios of investments contractually maintained by the ceding companies. It is carried at fair value because it represents the aggregate of the funds held at cost and the value of the related embedded derivative. The Company is entitled to all economic rights and obligations on the collateral as if the Company held the investments directly.

FGH Parent, L.P.
Notes to Consolidated Financial Statements

The reinsurance agreements contain embedded derivatives which are required to be separated from their host contracts and reported as derivatives. The embedded derivative relates to the contractual rights to receive the return on the segregated portfolio of investments and the performance risk of the individual assets supporting the funds withheld agreement. The embedded derivative is valued as a total return swap with a floating leg and is computed as the change in fair value of the underlying assets. Changes in the fair value of the embedded derivative are included in change in fair value of funds withheld agreements in the consolidated statements of income (loss).

The change in the fair value of the funds withheld excludes the change in fair value of alternative investments collateralizing the funds withheld - directly managed, which is recorded within net investment income.

Fixed maturity securities available for sale, at fair value: Fixed maturity securities designated as available for sale ("AFS") are carried at fair value. Unrealized gains and losses from AFS fixed maturity securities are reported as a separate component of accumulated other comprehensive income (loss) ("AOCI"), net of deferred income taxes, with changes in estimated credit losses recognized in investment gains (losses).

Fixed maturity securities, fair value option: The Company's fixed maturity securities for which the FVO has been elected are reported on the consolidated balance sheets as fixed maturity securities, fair value option. Realized and unrealized gains and losses are reported in investment gains (losses) on the consolidated statements of income (loss).

Both AFS and FVO fixed maturity securities are recorded on a trade-date basis, with any unsettled trades recorded in other assets or other liabilities on the consolidated balance sheets. Interest income, including amortization of premium and accretion of discount, is determined using the effective yield method. Interest income, amortization of premium, accretion of discount, and prepayment premiums are reported in net investment income in the consolidated statements of income (loss).

Yields on both AFS and FVO fixed maturity securities are determined based on the fixed maturity type and, for structured securities, are determined using estimates of future cash flows. Premiums and discounts arising from the purchase of bonds are treated as yield adjustments over their estimated holding periods, until maturity, or call date, if applicable.

On a quarterly basis, the Company reviews its AFS fixed maturity securities portfolio to determine whether a decline in fair value below amortized cost (i.e., impairment) of an AFS debt security is due to credit-related or non credit-related factors. Any impairment that is not credit-related is recognized in other comprehensive income (loss). Credit related impairment is recognized in earnings through a contra-asset allowance account, unless the Company intends to sell before recovery. If the Company intends to sell the debt security, or it is more likely than not the Company will be required to sell the security before recovery of its amortized cost basis, any allowance for credit losses is written off and the amortized cost basis is written down to the debt security's fair value. Accrued interest is excluded from the measurement of the allowance for credit losses.

When determining whether a credit loss exists, the Company estimates the expected credit losses based on a discounted cash flow method, using effective interest rates to discount the expected cash flows associated with each debt security to determine its fair value, which is then compared with its amortized cost basis to derive the credit loss on the security. The methodology and inputs used to determine the credit loss by security type are as follows:

For corporate, municipal and sovereign fixed maturity securities, the Company considers: Expected default rates and the timing of such defaults, loss severity and the timing of any recovery and scenarios specific to the issuer and the security, which may also include estimates of outcomes of corporate restructurings, political and macroeconomic factors, stability and financial strength of the issuer, the value of any secondary sources of repayment and the disposition of assets.

For structured fixed maturity securities (e.g., residential mortgage backed securities ("RMBS"), commercial mortgage backed securities ("CMBS"), collateralized debt obligations ("CDO") and asset-backed securities ("ABS")), the Company evaluates a combination of qualitative and quantitative factors, including the historical performance of underlying assets and available market information as well as bond-specific structural considerations, such as credit enhancement and the priority of payment structure of the security. In addition, the process of estimating future cash flows may consider, among other factors, the following critical inputs, which vary by asset class: Current

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delinquency rates, expected default rates and the timing of such defaults, loss severity and the timing of any recovery, and expected prepayment speeds.

Mortgage loans, at fair value: The Company has elected the FVO on the entirety of the residential and commercial mortgage loans portfolio. Realized and unrealized gains and losses on these investments are reported in investment gains (losses) on the consolidated statements of income (loss).

Other invested assets - Private equity funds, limited partnerships and limited liability companies ("LP/LLCs"): LPs/LLCs are recorded within other invested assets on the consolidated balance sheets. The Company uses the net asset value ("NAV"), a permitted practical expedient, as an estimate of fair value when the fair value is not readily available for the Company's LPs/LLCs. The Company uses financial information provided by the investee, generally on a one to three-month lag which may be adjusted for market events, if necessary. The Company consolidates LPs/LLCs in certain other instances where it is deemed to exercise control, or is considered the primary beneficiary of a VIE (See Note 4). Contributions to and distributions from these investments are recorded in the period in which the transaction occurred. Changes in fair value of other invested assets are reported in net investment income in the consolidated statements of income (loss).

Other invested assets - loans: These investments represent consumer and middle market corporate loans for which the Company has elected the FVO and which are reported within other invested assets on the consolidated balance sheets. Changes in fair value of other invested assets – loans are reported in investment gains (losses) in the consolidated statements of income (loss).

Other invested assets - Policy loans: These investments represent funds loaned to policyholders up to the cash surrender value of the associated insurance policies and are carried at the unpaid principal balances due to the Company from the policyholders. Policy loans are recorded within other invested assets on the consolidated balance sheets. Interest income on policy loans is recognized in net investment income at the contract interest rate when earned. Policy loans are fully collateralized by the cash surrender value of the associated insurance policies.

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

The Company uses currency derivatives to reduce exposure to foreign currency and equity risks associated with assets held or expected to be purchased or sold, and liabilities incurred or expected to be incurred.

The Company does not elect to apply hedge accounting for derivative instruments. Accordingly, all realized and unrealized changes in fair value of derivatives are recorded in investment gains (losses) or foreign exchange gains (losses) on the consolidated statements of income (loss). Cash flows from derivatives are reported as operating activities or investing activities in the consolidated statements of cash flows depending on the nature of the underlying hedged item.

Derivatives are recorded either as assets, within other invested assets, or as liabilities, within accrued and other liabilities on the consolidated balance sheets. The Company nets the fair value of all derivative financial instruments on the balance sheet where there is a master netting arrangement that has been executed and if the Company has the right of offset (See Note 4). Cash collateral posted in excess of derivative liabilities and cash collateral received in excess of derivative assets are recorded within other invested assets and accrued and other liabilities, respectively.

Short term investments: These investments primarily consist of highly liquid debt instruments with a maturity of twelve months or less and greater than three months when purchased. These investments are generally carried at fair value and include short term debt securities issued by government sponsored or corporate entities.

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Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts due from banks, certain money market investments, funds managed similar to regulated money market funds and other debt instruments with maturities of three months or less when purchased.

Reinsurance

The Company assumes short duration and long duration insurance and investment contracts under funds withheld, coinsurance and modified-coinsurance funds withheld arrangements. Certain of the Company's long duration insurance and investment contracts are also ceded to third-party reinsurers. The Company follows reinsurance accounting for assumed and ceded transactions that provide indemnification against loss or liability relating to insurance risk (risk transfer). To meet risk transfer requirements, a reinsurance agreement must include both insurance risk consisting of both underwriting and timing risks, and a reasonable possibility of a significant loss.

If the Company determines that a contract lacks significant mortality risk and thus could not achieve risk transfer, the Company records the contract using the deposit method of accounting. Any net amount receivable is reflected as an asset within reinsurance receivables, recorded within other assets, and any net amount payable reflected as a liability within reinsurance payables, recorded within accrued and other liabilities. Deposits received on investment-oriented products are not recognized as revenues, because they are recorded directly to policyholder contract deposits upon receipt. Short duration contracts qualify to be accounted for as retroactive reinsurance.

The Company cedes insurance contracts that transfer significant insurance risk and investment-type contracts (deposit assets) under coinsurance, modified coinsurance, and funds withheld arrangements. Ceded amounts are determined using assumptions consistent with those used to measure the underlying insurance liabilities. For reinsurance of in-force contracts that pass risk transfer, the issue year used for purposes of measuring the reinsurance recoverable is determined based on the effective date of the reinsurance agreement, which may differ from the issue year of the assumed contract. The issue year determines the locked-in discount rate used for interest accretion, which may result in different discount rates being applied to the assumed reserves and the ceded reserves when ceding an in-force block of insurance contracts.

Estimated recoveries for contracts that are ceded are presented as reinsurance recoverables on the consolidated balance sheets. Changes in reinsurance recoverables and the related insurance liabilities are recognized in policyholder benefits and changes in fair value of insurance liabilities or policyholder liability remeasurement (gain) loss in the consolidated statements of income (loss), except any changes related to the discount rate remeasurement for insurance contracts are presented net in other comprehensive income.

The Company has elected the FVO for certain ceded reinsurance agreements, which are measured in a consistent manner with the fair value of the associated insurance liabilities. For these contracts, all reinsurance recoverables and deposit assets are presented as reinsurance recoverables on the consolidated balance sheets, except for certain modified coinsurance agreements, for which the related modified coinsurance recoverables and payables are presented on a net basis within other assets or accrued and other liabilities, depending on the net position at the reporting date. Changes in reinsurance recoverables, the net modified coinsurance recoverable or payable, and the related insurance liabilities for the ceded arrangements under the FVO are recognized in policyholder benefits and changes in fair value of insurance liabilities in the consolidated statements of income (loss). For additional information about these reinsurance arrangements see Note 6.

The fair value of modified coinsurance payables and funds withheld payables generally corresponds to the fair value of the assets supporting the ceded insurance liabilities and is measured consistently with those assets. Funds withheld payables either contain embedded derivatives, because the amounts due under the contract are linked to the performance of a referenced portfolio of assets, or are recorded at fair value under the FVO. In each case, fair value changes in the funds withheld payable are reflected within change in fair value of funds withheld agreements in the consolidated statements of income (loss) excluding changes in the fair value of alternative investments which is recorded within net investment income in the consolidated statements of income (loss).

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Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty risks. The Company attempts to minimize counterparty risk through the structuring of the terms of the reinsurance agreements, including the use of trusts and the monitoring of credit ratings of the counterparties for signs of declining credit quality.

As the Company actively runs off its reinsurance business, it may seek to mitigate exposure through early settlement of its obligations to ceding companies by entering into novations. A novation results in full and final settlement of all current and future policy obligations due from the Company to the ceding company. Gains and losses on novations are recorded as either a decrease or increase respectively in policyholder benefits in the consolidated statements of income (loss).

Deferred Cost of Reinsurance Contracts ("Deferred Costs") and Deferred Acquisition Costs ("DAC")

For the reinsurance of existing in-force blocks, the excess of the liabilities assumed that exceeds the fair value of assets received is recognized as Deferred Costs at the inception of the reinsurance agreement.

The premium charged to, or fair value of assets received from, ceding companies may be lower than the estimate of liabilities as these liabilities may not be settled for many years. As premium is received at inception, the Company expects to generate a profit from these reinsurance contracts as the Company may invest the premium for many years, thereby generating investment income.

Deferred Costs - long duration: The Deferred Costs are grouped into cohorts consistent with those used for the calculation of future policyholder benefits and amortized over the lives of the reinsured policies on a constant-level basis that approximates straight-line amortization. Amortization is calculated in relation to expected benefit payments or insurance in-force for life and annuity insurance contracts. The amortization is included within amortization of deferred cost of reinsurance contracts and deferred acquisition costs within the consolidated statements of income (loss). The portion of Deferred Costs that are included within the net carrying amount of future policy benefit liabilities for universal life-type contracts are subject to loss recognition testing, as described in further detail below.

Deferred Costs - short duration: The Deferred Costs are amortized into income over the settlement period of the assumed reserves using an effective interest rate method. In applying the interest method an effective interest rate is derived and locked in for these retroactive reinsurance contracts based on the expected timing and amount of the loss and loss adjustment expense payments such that the present value of these estimated payments equals the consideration received.

The Company performs periodic tests, including at issuance, to determine if the Deferred Costs for short duration contracts are recoverable. If the Company determines that the Deferred Costs are not recoverable, the Company records a cumulative charge to the current period in amortization of deferred cost of reinsurance contracts and deferred acquisition costs on the consolidated statements of income (loss).

DAC: DAC represents the deferred costs that are directly related to the successful acquisition or renewal of an insurance (or reinsurance) contract. Each cost is analyzed to assess whether it is fully deferrable. If deferrable, these costs have been recorded as an asset. DAC related to investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized on a constant-level basis for a cohort of contracts using policy count or account value. The amortization is included within amortization of deferred cost of reinsurance contracts and deferred acquisition costs within the consolidated statements of income (loss).

Other Assets

Other assets primarily consist of accrued investment income, other investment-related receivables, policyholder receivables, other intangibles and current income tax receivable.

Accrued investment income: Accrued investment income primarily includes accruals of interest and dividend income from investments that have been earned but not yet received.

Goodwill: Goodwill represents the excess of cost over the fair value of identifiable net assets of an acquired

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business. Goodwill is tested annually for impairment or more frequently if circumstances indicate impairment may have occurred. The Company fully impaired the goodwill balance during the year ended December 31, 2023.

Separate Account Assets and Liabilities

The Company has elected the fair value option on insurance contracts that hold both segregated assets, which are invested for certain contractholders, and segregated liabilities, which are equal and offsetting to the segregated assets, and represent the contractholders' account balance in those segregated assets, and to a lesser extent, borrowings of the separate account. These assets and liabilities are reported at fair value and separately disclosed on the consolidated balance sheet. With respect to the separate account assets, the contractholder has the option of directing funds to a wide variety of investment options, most of which invest in mutual funds. The investment risk on the variable portion of a contract is borne by the contractholder, except to the extent of minimum guarantees by the Company, which are not recorded within separate account liabilities. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. See Note 11 for further information.

The investment income and realized investment gains or losses from separate account assets generally accrue to the contractholders and are not included in the Company's consolidated statements of income (loss).

Future Policy Benefits

Future policy benefits include obligations for insurance products that are long-duration and are primarily comprised of the following: U.S. and non-U.S. traditional life products, U.S. and non-U.S. life contingent payout annuities, accident and health products, secondary guarantee features on universal life-type contracts, and participating insurance contracts.

Utilizing the net premium model, a liability for future policy benefits is established to meet the estimated future benefits to be paid on assumed life and health reinsurance in force less the present value of estimated future net premiums. The liability is estimated using the Company's mortality, morbidity, and persistency assumptions that reflect the Company's historical experience, industry data, cedant specific experience, and discount rates based on the current yields of upper-medium grade fixed income instruments.

These assumptions may vary with the characteristics of the reinsurance contract, the year the risk was assumed, age of the insured and other appropriate factors. The Company reviews actual and anticipated experience compared to the assumptions used to establish policy benefits on a quarterly basis. The Company completes its annual assumption review and any necessary updates of cash flow assumptions used to calculate the liability for future policy benefits during the third quarter of each financial year. Assumptions may be updated in other quarters if information becomes available during the quarter that indicates this is necessary.

Liabilities for future benefits for life contingent annuities in the payout phase have been established in an amount adequate to meet the estimated future obligations on policies in force using expected mortality, discount rates and other assumptions. These assumptions may vary with the characteristics of the plan of insurance, year of issue, age of insured, and other appropriate factors. The Company's mortality assumptions are based on the Company's historical experience, industry data and cedant specific experience.

An assumed or ceded deferred profit liability ("DPL") is established under the limited-payment model when the reinsurance benefit extends beyond the period in which premiums are collected, and the gross premium exceeds the net premium. The DPL is amortized in proportion to insurance in force for traditional life insurance and expected future benefits for annuity contracts. The assumed DPL is recorded in the liability for future policy benefits and the DPL associated with ceded contracts is recorded in reinsurance recoverable in the consolidated balance sheet. The amortization of both the assumed and ceded DPL is recognized as a reduction or increase, respectively, in policyholder benefits and changes in fair value of insurance liabilities on the consolidated statements of income (loss). When the net premium ratio for the corresponding future policy benefit is updated for actual experience and changes to projected cash flow assumptions, the DPL is retrospectively recalculated from the contract issuance date through the beginning of the current reporting period. The revised DPL is compared to the beginning of the period carrying amount to determine the change to be recognized as a remeasurement gain or loss within policyholder liability remeasurement (gain) loss.

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For the purpose of calculating the liability for future policy benefits, the Company's reinsurance contracts are grouped into annual cohorts based upon (1) how the reinsurance contracts are priced and managed (2) the effective date of the reinsurance agreement (3) the ceding company and other factors. To the extent the present value of future benefits and expenses exceeds the present value of gross premiums, the Company caps the net premium ratio at 100% at the cohort level by increasing the corresponding liability and recognizing an immediate loss through the consolidated statements of income (loss). All changes thereafter, both favorable and unfavorable, in expected benefits resulting from both actual experience deviations and changes in future assumptions are recognized immediately as a gain or loss, respectively. The liability is never recorded at an amount less than zero for the cohort.

Each quarter, the Company updates its estimate of cash flows expected over the entire life of a group of contracts using actual historical experience. On an annual basis, or more frequently if evidence suggests that this is required, the Company updates its cash flow assumptions by reviewing actual and anticipated experience compared to the prior assumptions used. These updated cash flows, discounted using the original contract issuance discount rates at transition, or the upper-medium grade fixed-income Single-A discount rate at the time of issuance post-transition, are used to calculate the revised net premium ratio, as of the beginning of the current reporting period. The present value of these updated cash flows is compared to the carrying amount of the liability as of that same date, before updating estimated cash flows, to determine the current period change in the liability's estimate, reflected in policyholder liability remeasurement (gain) loss. The Company has elected to lock-in claims expense assumptions at contract inception for each cohort.

The discount rates used to measure the liability for future policy benefits are based on market observable yields on upper-medium grade fixed-income instruments (A- rated corporate debt instrument) aligned to the characteristics of the liability, including the duration and currency of the underlying cash flows. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change reflected in other comprehensive income (loss). For unobservable discount rates, the Company uses estimates consistent with fair value guidance, maximizing the use of relevant, observable market prices and minimizing the use of unobservable inputs.

The Company utilizes the discount rate curve at contract inception for purposes of interest accretion and updating the net premium ratio. Interest accretion is recognized in policyholder benefits and changes in fair value of insurance liabilities on the consolidated statements of income (loss). Contracts entered into after the transition date of ASU 2018-12 utilize the full locked-in discount rate curve or a single equivalent discount rate (for cohorts with certain characteristics) based on the upper-medium grade fixed-income instrument yield at inception of the reinsurance contract. Contracts entered into prior to the transition date of ASU 2018-12 utilize the discount rate assumptions which were used prior to the adoption, which were based on estimates of expected investment yields.

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

For universal-life type contracts that are determined to have profits in earlier years and losses in subsequent years from the insurance benefits, an AIL is established in addition to the fund value to recognize the portion of amounts assessed against the contract holder (costs of insurance and all other charges and margins) that compensates the Company for benefits to be provided in future periods.

The AIL for the universal life-type contracts is calculated by dividing the present value of total expected benefit payments over the life of the contract from inception, less the AIL at inception, by the present value of assessments at the inception date to calculate a benefit ratio. The benefit ratio is then multiplied by the cumulative assessments recorded from the contract inception through the balance sheet date less the cumulative excess benefit payments plus accrued interest on the liability. Assessments are the aggregate of all charges, including those for

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administration, mortality, expense, and surrender, regardless of how characterized, including investment margins. As experience or assumption changes result in a change in expected benefit payments or assessments, the benefit ratio is recalculated using the updated expected benefit payments and assessments over the life of the contract since inception. The revised benefit ratio is then applied to the liability calculation described above, with the resulting change in liability reported in policyholder benefits and changes in fair value of insurance liabilities on the consolidated statements of income (loss) except that, to the extent that the change in liability calculation is driven by a change in unrealized investment margins arising from securities classified as AFS, then the resulting change in liability is reported as a component of AOCI.

When estimates used to establish the AIL are updated for actual experiences and changes to projected cash flow assumptions, the AIL is retrospectively recalculated from the contract issuance date through the beginning of the current reporting period. The revised AIL is compared to the beginning of the period carrying amount to determine the change to be recognized as a remeasurement gain or loss within policyholder liability remeasurement (gain) loss.

The Company assumes participating insurance contracts which were issued by ceding companies that are stock life insurance companies. The Company has elected to account for these contracts in accordance with ASC 944-20. The assumptions used to estimate benefit liabilities are set when a contract is issued and do not change with changes in actual experience unless a loss recognition event occurs. These locked-in assumptions include mortality, morbidity, persistency, maintenance expenses, and investment returns and include margins for adverse deviation to reflect uncertainty given that actual experience might deviate from these assumptions.

For universal life-type and participating insurance contracts, a loss recognition event occurs when the net carrying amount of future policy benefit liabilities is less than the amount determined using current best estimate assumptions. The net carrying amount includes Deferred Costs, VOBA, and Deferred Gains. When a loss recognition event is identified, the Company records additional liabilities through policyholder benefits and changes in fair value of insurance liabilities in the consolidated statement of income (loss). To the extent that a loss recognition event is triggered by decreased interest rates stemming from assets designated as AFS, the additional liability would be recorded as a component of accumulated other comprehensive income (loss).

Following a loss recognition event, the Company updates these assumptions to current best estimates, adjusting reserves and related items as necessary—including unearned premiums, IBNR claims, and disabled life reserves. Groupings for loss recognition testing are consistent with the Company's manner of acquiring, servicing and measuring the profitability of the business and applied by line of business.

Policyholder Contract Deposits

The liability for policyholder contract deposits is recorded at accumulated or fund value (deposits received, plus accrued interest credited, less withdrawals, surrender charges and fees). Policyholder contract deposits are primarily comprised of the following: U.S. and non-U.S. deferred annuity products, fixed indexed annuity products ("FIA"), funding agreements, universal life-type products ("UL"), and U.S. non-life contingent payout annuities.

The liability for the non-life contingent payout products represents an estimate of the present value of future benefits using an interest rate determined at the treaty inception date.

The equity market option associated with the FIA product is an embedded derivative accounted for at fair value. The embedded derivative cash flows are discounted at a rate that reflects the Company's own credit risk. Changes in the fair value of the embedded derivative are recorded in investment gains and losses in the consolidated statements of income (loss). The host contract is established as the account value less the embedded derivative and is accreted over the underlying product's life.

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Insurance Liabilities, at Fair Value

The Company has elected the FVO on certain insurance and annuity contracts as discussed more fully in Note 9. Changes in the fair value of insurance liabilities are reported in policyholder benefits and changes in fair value of insurance liabilities on the consolidated statements of income (loss). As a result of this election, the Company does not separately disclose on the consolidated balance sheets or provide any associated disclosures regarding market risk benefits or DAC as required under ASU 2018-12 associated with the Company's insurance liabilities, at fair value.

The assumptions used in establishing insurance liabilities are generally based on the Company's experience, industry experience, market observable data, and/or other factors, as applicable. The Company evaluates its actuarial assumptions at least annually and updates them as appropriate, unless a material change that the Company feels is indicative of a long-term trend is observed in an interim period. Generally, the Company does not expect trends to change significantly in the short-term and, to the extent these trends may change, the Company expects such changes to be gradual over the long-term.

Unpaid Losses and Loss Adjustment Expenses

The unpaid losses and loss adjustment expenses represent estimates of unpaid claims on short duration contracts, including estimates for claims incurred but not reported ("IBNR") and loss adjustment expenses ("LAE"), less applicable discount. The Company regularly reviews and updates the methods used to determine loss reserve estimates. Because these estimates are subject to the outcome of future events, changes in estimates are common given that loss trends vary and time is often required for changes in trends to be recognized and confirmed.

Reserve changes that increase or decrease previous estimates are referred to as unfavorable or favorable development, respectively. Prior year loss development is recorded after taking into consideration the results from actuarial analyses that are performed for each reserving line of business as well as on-going review of actual vs. expected results performed during the course of each calendar year.

The Company discounts total workers' compensation liabilities using a locked-in discount rate of 2.31%, based on U.S. Treasury yields plus a liquidity premium.

Value of Business Acquired ("VOBA") and Deferred Gain from Reinsurance Contracts ("Deferred Gains")

VOBA: The negative VOBA intangible represents the difference between estimated fair value of future best estimate liability cash flows and the Company's liability for future policyholder benefits and contract deposits after adjusting for current assumptions measured on the Company's acquisition date. The negative VOBA is amortized over the lives of the reinsured policies in relation to expected benefit payments or insurance in-force amounts for insurance contracts. The amortization is included within policyholder benefits and changes in fair value of insurance liabilities within the consolidated statements of income (loss).

Deferred Gains - long duration: The difference between the consideration received in excess of the liabilities assumed under a reinsurance contract (other than contracts within the limited-payment model) are recorded as a deferred gain from reinsurance contracts in the consolidated balance sheets. Deferred Gains are amortized over the lives of the reinsured policies in relation to expected benefit payments or insurance in-force for life insurance contracts. The amortization is included within policyholder benefits and changes in fair value of insurance liabilities within the consolidated statements of income (loss).

Deferred Gains - short duration: For these contracts, the difference between the consideration received in excess of the liabilities assumed under the reinsurance contract is recorded as a deferred gain from reinsurance contracts in the consolidated balance sheets. The deferred gain is amortized into income over the settlement period of the assumed reserves using an effective interest rate method. In applying the interest method an effective interest rate is derived and locked in for these retroactive reinsurance contracts based on the expected timing and amount of the loss and loss adjustment expense payments such that the present value of these estimated payments equals the consideration received.

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The Company monitors subsequent development on losses that occur during the retroactive period and revises the deferred gain balance on a cumulative basis, as applicable. The revised deferred gain balance is determined using the retrospective method so that the adjusted balance reflects the amount that would have existed had the revised estimates been available at the inception of the reinsurance transactions. The amortization, including any catch up adjustment recorded during the period of change, is included within policyholder benefits and changes in fair value of insurance liabilities within the consolidated statements of income (loss).

Repurchase Agreements

Securities repurchase agreements that satisfy certain criteria are treated as secured borrowing arrangements and are carried at the amounts at which the securities will be subsequently reacquired, as specified in the respective transactions. As part of securities repurchase agreements, the Company primarily transfers U.S. government and government agency securities to a third-party and receives cash as collateral, which is subsequently reinvested in higher yielding assets. The market value of the securities to be repurchased is monitored, and additional collateral is obtained where appropriate, to protect against credit exposure. The Company obtains collateral in an amount at least equal to 95% of the fair value of the securities sold. The securities to be repurchased are the same, or substantially the same, as those sold. The majority of these transactions are with highly rated financial institutions. Income and expenses related to these transactions, all of which are used to earn spread income, are reported within net investment income.

Debt

Debt is recorded within the consolidated balance sheets as proceeds received less unamortized issuance costs. Debt issuance costs are capitalized and amortized over the estimated life of the debt and included in interest expense on the consolidated statements of income (loss).

Accrued and Other Liabilities

Accrued and other liabilities primarily consist of reinsurance payables, derivatives, deposit liability, accrued expenses, technical overdrafts, current income tax payable, deferred income tax payable, deferred revenue, secured borrowings and payables resulting from purchases of securities that have not yet settled at the balance sheet date.

Reinsurance payables include unpaid claims which are based upon estimates of payments to be made for claims incurred whether reported or unreported and net settlements due to ceding companies. The Company generally has the right of offset on reinsurance contracts and has elected to present reinsurance settlement amounts due to and from the Company on a net basis.

When the Company transfers a security which does not meet the criteria for sale accounting the transferred asset continues to be recognized on the consolidated balance sheet and the proceeds received are recorded as a secured borrowing. The secured borrowing is initially recorded at the amount of cash received and is subsequently measured at amortized cost.

Income Taxes

The Company operates as a partnership for U.S. federal income tax purposes. The partners report their share of the underlying partnership's income or loss on their local country income tax returns. The Company owns a number of U.S. subsidiaries that are subject to U.S. federal and state income tax. The related tax provision attributable to these operations is reflected in the consolidated statements of income (loss).

The Company's subsidiaries also include several non-U.S. entities, including entities in Bermuda. Subsidiaries not subject to U.S. taxation are taxed under applicable foreign law. Under current Bermuda law, any Bermuda domiciled companies are not required to pay any income taxes in Bermuda on either operating income or capital gains and, as such, there is no related tax provision associated with these operations (for more information regarding the Bermuda Corporate Income Tax, see Note 15). These Bermuda subsidiaries operate in Bermuda and intend to operate the business in such a manner that they are not considered to be treated as engaged in the conduct of a trade or business in the U.S. The U.S. tax code, regulations and court decisions do not definitively identify activities

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that constitute being engaged in a trade or business in the U.S. and, as such, the Internal Revenue Service, or (“IRS”), may assert that the Company’s Bermuda subsidiaries are engaged in a trade or business in the U.S.

The income tax provision is calculated under the asset and liability method. The Company recognizes deferred income tax assets and liabilities for the expected future tax effects attributable to temporary differences between the carrying amount and tax return basis of assets and liabilities based on enacted tax rates and other provisions of the tax law.

Deferred tax assets and liabilities are recognized for the timing differences between the carrying amounts of existing assets and liabilities and the respective tax basis at the balance sheet date. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance, if necessary, to reduce the deferred tax asset to an amount that is more likely than not to be realized (a likelihood of more than 50%). The evaluation of the recoverability of the deferred tax asset and the need for a valuation allowance requires the Company to weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax asset will not be realized.

Insurance Revenue and Expense Recognition

Revenues, benefits and expenses are recorded net of amounts ceded to reinsurers on the consolidated statements of income (loss). For traditional long-duration insurance contracts, premiums are recognized and earned when due. Estimates for premiums due but not yet collected are accrued in the period they are earned. Benefits are recorded as an expense when they are incurred.

For fixed annuities, non-life contingent liabilities and universal life-type contracts, premiums are recorded as increases to policyholder contract deposits. Revenues from these contracts are reported in policy charges and fee income in the consolidated statements of income (loss) and consist mainly of administration, surrender, and cost-of-insurance charges, recognized when assessed or earned, as applicable.

For variable annuities and other non-life-contingent contracts recorded at fair value, premiums are recorded as increases to insurance liabilities, at fair value or separate account liabilities. Revenues primarily comprise mortality and expense risk charges, administration fees, and surrender charges, all recognized within policy charges and fee income as incurred.

Interest credited to policyholder account balances is presented as a separate line item in the consolidated statements of income (loss).

Foreign Exchange Gains (Losses)

Foreign currency assets and liabilities that are considered monetary items are remeasured at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are remeasured at average exchange rates for the reporting period. These exchange gains and losses are recognized in foreign exchange gains (losses) within the consolidated statements of income (loss). Foreign exchange gains (losses) also include fair value changes related to foreign currency derivative contracts.

Other Income

Other income is primarily comprised of asset management and services fees and third party administration fees. Asset management and services fees principally include asset-based asset management fees, which are recognized in the period in which the services are performed. Fees assessed that represent compensation to the Company for services to be provided in future periods and certain other fees are generally recorded when earned. Performance based fees are recognized once the contractual performance obligations have been fulfilled and it is unlikely that there will be a significant reversal of these fees.

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Share-Based Compensation

The Company measures share-based compensation for restricted stock units ("RSUs") and performance stock units ("PSUs") under its Equity Incentive Plan at the estimated fair value of its partnership units on the grant date. Compensation expense is recognized ratably over the vesting period within general operating and other expenses, with graded vesting awards measured separately by tranche. The Company records forfeitures as they occur. The Company also assesses the likelihood that performance criteria associated with performance-based awards will be met. If it is determined that it is more likely than not that performance criteria will not be achieved, the Company revises its estimate of the number of shares it believes will ultimately vest. Refer to Note 17, Owners' Equity, for additional information.

Accounting Standard Updates ("ASUs") Adopted During 2025

ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI")

The Company adopted ASU 2018-12 by applying the modified retrospective transition method on January 1, 2025 with a transition date of January 1, 2023. ASU 2018-12 updates certain requirements for the accounting for long-duration insurance contracts.

- Cash flow assumptions and the measurement of the liability for future policy benefits: ASU 2018-12 requires the Company to review its cash flow assumptions at least annually and update, if necessary, with the impact recognized in net income in the period of the change. The liability for future policy benefits includes required adjustments at the cohort level to cap the net premium ratio at 100% and eliminate negative reserves.
- Discount rate: The discount rate assumption is prescribed by ASU 2018-12 as an upper-medium (low credit risk) fixed-income yield and is required to be updated every reporting period. The change in the liability as a result of updating the discount rate assumption is recognized in other comprehensive income (loss) ("OCI"). Upon adoption, an adjustment was recorded to AOCI as a result of remeasuring in force contract liabilities using the current upper-medium grade fixed-income instrument yields as of the date of transition. The adjustment reflects the difference between discount rates locked-in at contract inception versus current discount rates at transition.
- Deferred policy acquisition costs and similar balances: DAC and other capitalized costs are required to be amortized on a constant level or straight-line basis over the expected term of the contracts. Such costs are not subject to separate impairment testing.

Refer to Note 2, Transition Impact of ASU 2018-12 for the transition impact of ASU 2018-12.

Future Adoption of Accounting Standard Updates

ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU is expected to enhance the transparency and decision usefulness of income tax disclosures by requiring disclosure of specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold and certain information about income taxes paid. This revised guidance is effective for financial statements issued for fiscal years beginning after December 15, 2025. The update is expected to expand the Company's disclosures but will not have an impact on the Company's financial position or results of operations.

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2. Transition Impact of ASU 2018-12

The liability for future policy benefits was remeasured using the modified retrospective approach applied to all outstanding contracts at January 1, 2023 and was recognized in the opening balance of retained earnings. The impact of remeasuring the future policy benefits liability for the discount rate changes was recorded through AOCI. The following tables detail the January 1, 2023 transition adjustments by providing a rollforward of the previously reported balances as of December 31, 2022 to the opening balances as of January 1, 2023.

At transition, there was a pre-tax charge to retained earnings (deficit) of \$42 million for certain Payout Annuity - Non U.S. cohorts where the net premiums exceeded gross premiums (loss contracts). This required an immediate loss to be recognized in opening retained earnings (deficit) to offset the increase in liability.

Equity

	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)
	(in millions)	
Balance, end of year December 31, 2022	\$ (6,179)	\$ (349)
Cumulative effect of adoption of ASU 2016-13, <i>Current Expected Credit Loss</i> , net of tax	(35)	35
Effect of changes in cash flow assumptions of loss contracts	(42)	—
Effect of changes in discount rate assumptions	—	3,988
Tax impacts of adoption of ASU 2018-12	9	(838)
Adjusted balance, beginning of year January 1, 2023	\$ (6,247)	\$ 2,836

Future Policy Benefits

	Balance, end of year December 31, 2022	Effect of changes in discount rate assumptions	Change in cash flow assumptions, effect of net premiums exceeding gross premiums	Reclassification of certain reserve and policyholder balances⁽²⁾	Adjusted balance, beginning of year January 1, 2023
	(in millions)				
Payout Annuities - U.S.	\$ 19,501	\$ (2,627)	\$ —	\$ —	\$ 16,874
Payout Annuities - Non-U.S.	1,295	(615)	42	21	743
Traditional Life - U.S.	3,535	(657)	—	53	2,931
Accident and Health	780	(89)	—	—	691
Other Products ⁽¹⁾	1,884	—	—	92	1,976
	\$ 26,995	\$ (3,988)	\$ 42	\$ 166	\$ 23,215

⁽¹⁾ Primarily represents participating insurance contracts issued by ceding companies that are stock life insurance companies. The Company has elected to account for these contracts in accordance with ASC 944-20.

⁽²⁾ Amount includes reclassification of certain reserve and policyholder balances to conform with the revised presentation upon adoption of ASU 2018-12.

As part of the adoption of ASU 2018-12, the Company did not record any transition adjustments to VOBA, DAC, Deferred Gain or Deferred Costs.

The following tables present amounts as previously reported in 2024 and 2023 prior to the adoption of ASU 2018-12 (the "As Reported" column), the effect of adoption (the "Adoption of LDTI" column), and the adjusted amounts after adoption (the "As Adjusted" column). In conjunction with the adoption of ASU 2018-12, management reclassified certain prior period amounts to conform with the revised presentation upon adoption of ASU 2018-12. The reclassifications have been included within the effects from Adoption of LDTI as shown below.

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The Company had previously restated the consolidated financial statements as of and for the year ended December 31, 2024 to (i) correct an error in the consolidated statement of cash flows and (ii) to correct certain previously known errors that were immaterial, individually and in aggregate, to the consolidated financial statements (“the Previous Restatement”). The effect of the Previous Restatement and the subsequent financial statements are noted in the tables below (the “Effect of Previous Restatement”), where applicable, for 2024.

Consolidated Balance Sheets - Impacted Lines Only

	December 31, 2024			
	As Reported	Adoption of LDTI	Effect of Previous Restatement	As Adjusted
	(in millions)			
Assets:				
Deferred cost of reinsurance contracts ⁽¹⁾	\$ 3,544	\$ 76	\$ —	\$ 3,620
Deferred income taxes, net	2,716	(948)	(19)	1,749
Other assets ⁽¹⁾	1,584	12	—	1,596
Total assets	\$ 105,566	\$ (860)	\$ (19)	\$ 104,687
Liabilities and Equity				
Liabilities:				
Future policy benefits	\$ 41,668	\$ (4,458)	\$ (102)	\$ 37,108
Policyholder contract deposits	26,118	50	—	26,168
Value of business acquired	3,434	(28)	—	3,406
Deferred gain from reinsurance contracts	763	(78)	—	685
Accrued and other liabilities	2,235	(80)	13	2,168
Total liabilities	107,037	(4,594)	(89)	102,354
Equity:				
Retained earnings (deficit)	(6,386)	(66)	15	(6,437)
Accumulated other comprehensive income (loss)	(390)	3,800	55	3,465
Total equity (deficit)	(1,471)	3,734	70	2,333
Total liabilities and equity	\$ 105,566	\$ (860)	\$ (19)	\$ 104,687

⁽¹⁾ See reclassifications within Note 1 for updates made to prior period amounts to conform to current period presentation within the consolidated balance sheets.

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	December 31, 2023		
	As Reported	Adoption of LDTI	As Adjusted
	(in millions)		
Assets:			
Deferred cost of reinsurance contracts	\$ 3,832	\$ 5	\$ 3,837
Deferred income taxes, net	2,235	(627)	1,608
Other assets	1,842	32	1,874
Total assets	\$ 110,513	\$ (590)	\$ 109,923
Liabilities and Equity			
Liabilities:			
Future policy benefits	\$ 41,647	\$ (2,797)	\$ 38,850
Policyholder contract deposits	28,300	(99)	28,201
Deferred gain from reinsurance contracts	800	(89)	711
Accrued and other liabilities	1,656	(34)	1,622
Total liabilities	110,522	(3,019)	107,503
Equity:			
Retained earnings (deficit)	(5,257)	(84)	(5,341)
Accumulated other comprehensive income (loss)	(43)	2,513	2,470
Total equity (deficit)	(9)	2,429	2,420
Total liabilities and equity	\$ 110,513	\$ (590)	\$ 109,923

Consolidated Statements of Income (Loss) - Impacted Lines Only

	Year Ended December 31, 2024			
	As Reported	Adoption of LDTI	Effect of Previous Restatement	As Adjusted
	(in millions)			
Revenues:				
Investment gains (losses)	\$ (1,468)	\$ —	\$ (80)	\$ (1,548)
Foreign exchange gains (losses)	(192)	10	—	(182)
Total revenues	3,035	10	(80)	2,965
Benefits and expenses:				
Policyholder benefits and changes in fair value of insurance liabilities ⁽¹⁾	2,489	(93)	(30)	2,366
Policyholder liability remeasurement (gain) loss	—	100	2	102
Interest credited to policyholder account balances	923	—	(71)	852
General operating and other expenses ⁽¹⁾	711	(13)	—	698
Total benefits and expenses	4,249	(6)	(99)	4,144
Income (loss) before income tax expense (benefit)	(1,214)	16	19	(1,179)
Income tax expense (benefit)	(285)	(2)	4	(283)
Net income (loss)	\$ (929)	\$ 18	\$ 15	\$ (896)

⁽¹⁾ See reclassifications within Note 1 for updates made to prior period amounts to conform to current period presentation within the consolidated statements of income (loss).

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	Year Ended December 31, 2023		
	As Reported	Adoption of LDTI	As Adjusted
	(in millions)		
Revenues:			
Foreign exchange gains (losses)	\$ (103)	\$ 5	\$ (98)
Total revenues	4,626	5	4,631
Benefits and expenses:			
Policyholder benefits and changes in fair value of insurance liabilities ⁽¹⁾	2,193	45	2,238
Policyholder liability remeasurement (gain) loss	—	28	28
Total benefits and expenses	3,417	73	3,490
Income (loss) before income tax expense (benefit)	1,209	(68)	1,141
Income tax expense (benefit)	252	(17)	235
Net income (loss)	\$ 957	\$ (51)	\$ 906

⁽¹⁾ See reclassifications within Note 1 for updates made to prior period amounts to conform to current period presentation within the consolidated statements of income (loss).

Consolidated Statement of Comprehensive Income (Loss) - Impacted Lines Only

	Year Ended December 31, 2024			
	As Reported	Adoption of LDTI	Effect of Previous Restatement	As Adjusted
	(in millions)			
Net income (loss)	\$ (929)	\$ 18	\$ 15	\$ (896)
Other comprehensive income (loss), before income tax expense (benefit):				
Change in additional insurance liability	200	(19)	70	251
Change in discount rate assumptions on future policy benefits	—	1,628	—	1,628
Total other comprehensive income (loss), before income tax expense (benefit)	(438)	1,609	70	1,241
Income tax expense (benefit) related to other comprehensive income (loss)	91	(322)	(15)	(246)
Total other comprehensive income (loss), net of income tax expense (benefit)	(347)	1,287	55	995
Comprehensive income (loss)	\$ (1,276)	\$ 1,305	\$ 70	\$ 99

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	Year Ended December 31, 2023		
	As Reported	Adoption of LDTI	As Adjusted
	(in millions)		
Net income (loss)	\$ 957	\$ (51)	\$ 906
Other comprehensive income (loss), before income tax expense (benefit):			
Change in discount rate assumptions on future policy benefits	—	(819)	(819)
Total other comprehensive income (loss), before income tax expense (benefit)	340	(819)	(479)
Income tax expense (benefit) related to other comprehensive income (loss)	(69)	182	113
Total other comprehensive income (loss), net of income tax expense (benefit)	271	(637)	(366)
Comprehensive income (loss)	\$ 1,228	\$ (688)	\$ 540

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Consolidated Statement of Cash Flows - Impacted Lines Only

	Year Ended December 31, 2024			
	As Reported	Adoption of LDTI	Effect of Previous Restatement	As Adjusted
	(in millions)			
Cash flows provided by (used in) operating activities				
Net income (loss)	\$ (929)	\$ 18	\$ 15	\$ (896)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Amortization of value of business acquired	(183)	(28)	—	(211)
Amortization of deferred gain (cost) from reinsurance contracts	227	(60)	—	167
Policyholder liability remeasurement (gain) loss	—	100	2	102
Deferred income tax expense (benefit)	(362)	(2)	4	(360)
Investment (gains) losses	1,310	—	80	1,390
Net foreign exchange (gains) losses	192	(10)	—	182
Other, net	(44)	(12)	—	(56)
Changes in operating assets and liabilities:				
Future policy benefits	353	(141)	(35)	177
Policyholder contract deposits	(269)	149	(1,542)	(1,662)
Reinsurance receivable and payable, net	(34)	(11)	46	1
Other, net	205	(3)	—	202
Net cash provided by operating activities	792	—	(1,430)	(638)
Cash flows provided by (used in) financing activities				
Deposits received for investment-type policyholder contract deposits	2,318	—	(39)	2,279
Withdrawals from investment-type policyholder contract deposits	(4,027)	—	1,469	(2,558)
Net cash provided by (used in) financing activities	\$ (1,067)	\$ —	\$ 1,430	\$ 363
Non-cash transactions:				
Premiums and deposits on policies reinsured through funds withheld arrangements	\$ 249	\$ —	\$ 41	\$ 290
Claims, withdrawals and surrenders on policies reinsured through funds withheld arrangements	2,766	—	244	3,010

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	Year Ended December 31, 2023		
	As Reported	Adoption of LDTI	As Adjusted
	(in millions)		
Cash flows provided by (used in) operating activities			
Net income (loss)	\$ 957	\$ (51)	\$ 906
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization of deferred gain (cost) from reinsurance contracts	48	3	51
Policyholder liability remeasurement (gain) loss	—	28	28
Deferred income tax expense (benefit)	280	(17)	263
Net foreign exchange (gains) losses	103	(5)	98
Changes in operating assets and liabilities:			
Future policy benefits	1,235	171	1,406
Policyholder contract deposits	(543)	6	(537)
Deferred gain from reinsurance contracts	106	(99)	7
Deferred cost of reinsurance contracts	154	(28)	126
Other, net	(208)	(8)	(216)
Net cash provided by (used in) operating activities	\$ 1,224	\$ —	\$ 1,224

3. Fair Value Measurements

Fair Value Measurements on a Recurring Basis

Fair value is defined as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The degree of judgment used in measuring the fair value of financial instruments generally inversely correlates with the level of observable valuation inputs. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when determining fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

Fair Value Hierarchy

Assets and liabilities recorded at fair value in the consolidated balance sheets are measured and classified in accordance with a fair value hierarchy consisting of three levels based on the observability of valuation inputs as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities.
- Level 2: Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, and other market observable inputs.
- Level 3: Fair value is based on at least one significant unobservable input for the asset or liability. The assets and liabilities in this category may require significant judgment or estimation in determining fair value.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets and liabilities carried at fair value. These methodologies are applied to assets and liabilities across the levels discussed above, and it is the observability of the inputs used that determines the appropriate level in the fair value hierarchy for the respective asset or liability.

Valuation of Financial Instruments Measured at Fair Value

Funds withheld - directly managed and funds withheld payable

The fair value of the underlying assets collateralizing the funds withheld - directly managed and funds withheld payable, inclusive of the associated embedded derivative, are generally based on market observable inputs using industry standard valuation techniques but also require certain significant unobservable inputs for specific asset classes. The level in the fair value hierarchy assigned to the funds withheld - directly managed and funds withheld payable is based upon the observability of inputs used to value the underlying investment assets held at fair value within the funds withheld portfolio.

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Fixed maturity securities

Whenever available, the Company obtains quoted prices in active markets for identical assets at the balance sheet date to measure the fair value of fixed maturity securities. Market price data is generally obtained from dealer markets. The Company employs multiple independent third-party valuation service providers that gather, analyze, and interpret market information to derive fair value estimates for individual investments, based upon market-accepted methodologies and assumptions. The methodologies used by these independent third-party valuation service providers are reviewed and understood by management, through periodic discussion with and information provided by the independent third-party valuation service providers, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type. The pricing hierarchy is updated, as needed, for new financial products.

When observable price quotations are not available, indicative broker quotes, asset manager pricing, or third-party valuation specialist pricing is used for valuation. Fair value can be determined based on discounted cash flow models using discount rates based on credit spreads, yields or price levels of comparable securities, adjusted for illiquidity and structure. The significant unobservable inputs used in the fair value measurement of these investments are liquidity discount rates applied to each of the net tangible book value multiples used in the internal valuation models, and discount rates applied to the expected cash flows of the underlying entities in various scenarios. These unobservable inputs in isolation can cause significant increases or decreases in fair value. Generally, an increase in the liquidity discount rate or discount rates would result in a decrease in the fair value of these private investments. Asset manager overrides and indicative broker quotes are generally included in Level 3 in the fair value hierarchy.

Mortgage loans

Fair value for mortgage loans is based upon the present value of the expected future cash flows discounted at the appropriate U.S. Treasury rate or foreign government bond rate (for non-U.S. dollar-denominated loans) plus an appropriate credit spread for loans of similar quality, average life and currency. The quality ratings for these loans, a primary determinant of the credit spreads and a significant component of the pricing process, are based on asset manager's internally developed methodology. Certain commercial mortgage loans are valued incorporating additional factors, including the terms of the loans and the principal exit strategies for the loans.

Derivative instruments (Other invested assets and accrued and other liabilities)

The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, credit spreads, market volatility, expected returns, NPR, liquidity and other factors.

The Company's exchange-traded futures and options include treasury and equity futures. Exchange-traded futures and options are valued using quoted prices in active markets and are classified within Level 1 in the fair value hierarchy.

The majority of the Company's derivative positions are traded in the OTC derivative market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market input from external market data providers, third-party pricing vendors and/or recent trading activity. The Company's policy is to use mid-market pricing in determining its best estimate of fair value. The fair values of most OTC derivatives, including interest rate and cross-currency swaps, currency forward contracts and credit default swaps are determined using discounted cash flow models.

The Company's cleared interest rate swaps and credit derivatives linked to an index are valued using models that utilize actively quoted or observable market inputs, including the Secured Overnight Financing Rate "SOFR", obtained from external market data providers, third-party pricing vendors, and/or recent trading activity. These derivatives are classified as Level 2 in the fair value hierarchy.

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Other invested assets - LPs/LLCs

Other invested assets include investments in private equity funds, for which the Company utilizes NAV, a permitted practical expedient, as an estimate of the fair value.

Other invested assets - Loans

Other invested assets include investments in consumer and middle-market corporate loans for which the Company has elected the FVO. Fair values are generally based on valuation information provided by the investment managers and incorporate significant unobservable inputs. As a result, these investments are generally classified as Level 3 within the fair value hierarchy.

Short term investments

Fair values of short term investments are generally based on market observable inputs and are primarily classified as Level 2.

Cash and Cash equivalents

Cash and cash equivalents, including certain money market instruments, are primarily valued using unadjusted quoted prices in active markets that are accessible for identical assets and are primarily classified as Level 1. Due to their short term nature, all other instruments are primarily classified as Level 2 as amortized cost is used as the best estimate of fair value.

Reinsurance recoverables

The Company has elected the FVO on certain reinsurance contracts that contain reinsurance recoverables and deposit assets (for certain whole life annuities, fixed indexed annuities and fixed annuities with a guaranteed lifetime withdrawal income) which are measured in a consistent manner with the associated insurance liabilities, and are also recorded at fair value. Accordingly, the fair value of the reinsurance recoverable for which the Company has elected the FVO is determined in a manner consistent with the calculation of the insurance liabilities. See discussion below of the fair value determination for insurance liabilities.

Insurance liabilities, at fair value

The Company has elected the FVO on certain insurance and reinsurance contracts. Fair values are calculated as the present value of future cash flows, including expected benefit payments to customers or cedants, anticipated future trail commissions paid to agents and certain administrative expenses, less the present value of future expected rider fees, mortality and expense charges, contract charges and the anticipated future reimbursement of certain asset management fees, as applicable to the underlying contract features.

Since there is no observable active market for the transfer of these obligations, the valuations are calculated using internally developed models, with option pricing techniques where applicable. The models are based on a risk neutral valuation framework and incorporate premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows. The determination of these risk premiums requires the use of management's judgment.

The significant inputs to the valuation models include capital market assumptions, such as interest rate levels and volatility assumptions, as well as actuarially determined assumptions, including contractholder behavior, such as lapse rates, benefit utilization rates, withdrawal rates, and mortality rates, as applicable to the underlying contract features. Since many of these assumptions are unobservable and are considered to be significant inputs to the liability valuation, the insurance liabilities have been reflected within Level 3 in the fair value hierarchy.

FIA embedded derivative

The index-crediting feature in the FIA products is an embedded derivative that is required to be accounted for separately from the host contract and is classified within policyholder contract deposits in the consolidated balance sheets. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to

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the projected cash flows over the anticipated life of the underlying policies. The cash flow estimates are produced by market implied assumptions. This embedded derivative is reflected within Level 3 in the fair value hierarchy.

Accrued and other liabilities

As discussed in Note 1, the Company has elected the FVO on certain modified coinsurance agreements which are presented on a net basis. Gross modified coinsurance recoverable represent reserve credits for insurance liabilities and are measured in a consistent manner with the associated insurance liabilities, which are also recorded at fair value. Gross modified coinsurance payables represent liabilities to the cedent regarding the fair value of the assets and associated activity backing the insurance liabilities under the reinsurance agreement and are measured in a consistent manner with the fair value of the assets and associated activity under the reinsurance agreement.

Separate account assets and liabilities

Separate account assets are comprised of mutual funds that contain various underlying investments such as fixed maturity securities, treasuries, and equity securities. These mutual funds generally transact regularly but do not typically trade in active markets because they are not publicly available, accordingly, fair values are based on transaction prices of identical fund shares and are classified within Level 2 in the fair value hierarchy. Separate account liabilities are recorded at the amount credited to the contractholder, which reflects the change in fair value of the corresponding separate account assets including contractholder deposits less withdrawals and fees.

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Assets and Liabilities Measured at Fair Value

The following table presents information about assets and liabilities measured at fair value on a recurring basis and indicates the level of the fair value measurement based on the observability of the inputs used (in millions):

	December 31, 2025					
	Level 1	Level 2	Level 3	Fair Value Based on NAV as Practical Expedient	Netting ⁽¹⁾	Total
Assets:						
Funds withheld - directly managed	\$ 1,028	\$ 22,750	\$ 10,222	\$ 3,150	\$ —	\$ 37,150
Fixed maturity securities, AFS:						
U.S. government and government sponsored entities	—	955	—	—	—	955
Obligations of states, municipalities and political subdivisions	—	612	—	—	—	612
Non-U.S. governments	—	57	—	—	—	57
Corporate debt	—	8,566	2,055	—	—	10,621
RMBS	—	853	37	—	—	890
CMBS	—	770	1	—	—	771
CDO / ABS	—	2,301	3,570	—	—	5,871
Total fixed maturity securities, AFS	—	14,114	5,663	—	—	19,777
Fixed maturity securities, FVO:						
U.S. government and government sponsored entities	—	528	—	—	—	528
Obligations of states, municipalities and political subdivisions	—	99	—	—	—	99
Non-U.S. governments	—	561	—	—	—	561
Corporate debt	—	7,627	636	—	—	8,263
RMBS	—	325	9	—	—	334
CMBS	—	192	—	—	—	192
CDO / ABS	—	2,828	1,280	—	—	4,108
Total fixed maturity securities, FVO	—	12,160	1,925	—	—	14,085
Mortgage loans	—	—	6,057	—	—	6,057
Other invested assets	141	1,346	1,599	1,773	(864)	3,995
Short term investments	—	321	26	—	—	347
Cash and cash equivalents	1,907	—	—	—	—	1,907
Reinsurance recoverable	—	—	1,946	—	—	1,946
Separate account assets	—	22,273	—	—	—	22,273
Total assets	\$ 3,076	\$ 72,964	\$ 27,438	\$ 4,923	\$ (864)	\$ 107,537
Liabilities:						
Insurance liabilities, at fair value	\$ —	\$ —	\$ 7,379	\$ —	\$ —	\$ 7,379
FIA embedded derivative ⁽²⁾	—	—	154	—	—	154
Funds withheld payable	245	3,221	941	125	—	4,532
Accrued and other liabilities	2	2,543	387	—	(2,365)	567
Separate account liabilities	—	22,273	—	—	—	22,273
Total liabilities	\$ 247	\$ 28,037	\$ 8,861	\$ 125	\$ (2,365)	\$ 34,905

⁽¹⁾ "Netting" amounts represent offsetting considerations as disclosed in Note 5.

⁽²⁾ Recorded in policyholder contract deposits on the consolidated balance sheets.

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	Level 1	Level 2	Level 3	Fair Value Based on NAV as Practical Expedient	Netting ⁽¹⁾	Total
Assets:						
Funds withheld - directly managed	\$ 430	\$ 23,791	\$ 11,059	\$ 3,369	\$ —	\$ 38,649
Fixed maturity securities, AFS:						
U.S. government and government sponsored entities	—	997	—	—	—	997
Obligations of states, municipalities and political subdivisions	—	1,148	—	—	—	1,148
Non-U.S. governments	—	36	—	—	—	36
Corporate debt	—	9,230	974	—	—	10,204
RMBS	—	608	16	—	—	624
CMBS	—	655	2	—	—	657
CDO / ABS	—	1,923	2,253	—	—	4,176
Total fixed maturity securities, AFS	—	14,597	3,245	—	—	17,842
Fixed maturity securities, FVO:						
U.S. government and government sponsored entities	—	559	—	—	—	559
Obligations of states, municipalities and political subdivisions	—	213	—	—	—	213
Non-U.S. governments	—	844	—	—	—	844
Corporate debt	—	5,443	595	—	—	6,038
RMBS	—	250	5	—	—	255
CMBS	—	208	—	—	—	208
CDO / ABS	—	1,733	737	—	—	2,470
Total fixed maturity securities, FVO	—	9,250	1,337	—	—	10,587
Mortgage loans	—	—	3,626	—	—	3,626
Other invested assets	55	1,124	—	1,545	(825)	1,899
Short term investments	—	178	—	—	—	178
Cash and cash equivalents	1,997	—	—	—	—	1,997
Reinsurance recoverable	—	—	527	—	—	527
Separate account assets	—	22,857	—	—	—	22,857
Total assets	\$ 2,482	\$ 71,797	\$ 19,794	\$ 4,914	\$ (825)	\$ 98,162
Liabilities:						
Insurance liabilities, at fair value	\$ —	\$ —	\$ 4,380	\$ —	\$ —	\$ 4,380
FIA embedded derivative ⁽²⁾	—	—	182	—	—	182
Accrued and other liabilities	10	2,213	270	—	(2,066)	427
Separate account liabilities	—	22,857	—	—	—	22,857
Total liabilities	\$ 10	\$ 25,070	\$ 4,832	\$ —	\$ (2,066)	\$ 27,846

⁽¹⁾ "Netting" amounts represent offsetting considerations as disclosed in Note 5.

⁽²⁾ Recorded in policyholder contract deposits on the consolidated balance sheets.

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Quantitative Information About Level 3 Fair Value Measurements

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level 3 assets and liabilities, which includes only those financial instruments for which information about the inputs is reasonably available to the Company. Weighted averages are calculated by weighting each input by the relative fair value of the respective category of assets and liabilities (in millions):

December 31, 2025					
	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)	Impact of Increase in the Input on Fair Value
Assets:					
Fixed maturity securities:					
Corporate debt	\$ 1,516	Discounted Cash Flow	Discount rate	1.99% - 15.40% (6.86%)	Decrease
	120	Trade price	Trade price	N/A	Increase
CDO / ABS	1,859	Discounted Cash Flow	Discount rate	1.99% - 15.73% (6.48%)	Decrease
	207	Consensus Pricing	Indicative Quotes (% of Par)	97.63% - 647.14% (103.39%)	Increase
	747	Trade price	Trade price	N/A	Increase
Short Term Investments	26	Trade price	Trade price	N/A	Increase
Mortgage loans	79	Discounted Cash Flow	Discount rate	5.49% - 6.39% (6.13%)	Decrease
	5,630	Level yield	Market yield	4.26% - 12.69% (6.73%)	Increase
	348	Trade Price	Trade Price	N/A	Increase
Other invested assets	1,057	Discounted Cash Flow	Discount rate	2.13% - 11.79% (5.88%)	Decrease
	532	Trade Price	Trade Price	N/A	Increase
Reinsurance recoverables	1,946	Fair values are determined using the same unobservable inputs as insurance liabilities, at fair value.			
Liabilities:					
Insurance liabilities, at fair value ⁽¹⁾	\$ 7,379	Discounted Cash Flow	Equity volatility curve	15.13% - 25.93%	Increase
			Lapse rate	0.10% - 13.00%	Decrease
			Spread over risk-free	0.24% - 1.87%	Decrease
			Utilization rate	87.50% - 100.00%	Increase
			Withdrawal rate	0.10% - 98.50%	Increase
			Mortality rate	0.00% - 15.97%	Decrease
FIA embedded derivative	154	Discounted Cash Flow	Lapse rate	3.56% - 28.67%	Decrease
			Spread over risk-free	0.24% - 1.87%	Decrease
			Withdrawal rate	2.50% - 3.26%	Decrease
			Mortality rate	0.01% - 1.66%	Decrease
Accrued and other liabilities:					
Net modified coinsurance payable	150	Fair values are determined using the same unobservable inputs as insurance liabilities, at fair value.			

⁽¹⁾ See Note 9 for further information regarding significant inputs to the valuation models for insurance liabilities, at fair value

Excluded from the above chart are certain Level 3 assets and liabilities that were valued by an external vendor and for which the unobservable inputs were not readily available. As of December 31, 2025, \$10,222 million of funds withheld - directly managed, \$2,651 million of fixed maturity securities, AFS, \$488 million of fixed maturity securities, FVO and \$10 million of other invested assets were excluded from assets under this criteria. As of December 31, 2025, \$237 million of accrued and other liabilities and \$941 million of funds withheld payable were excluded from liabilities under this criteria.

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	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)	Impact of Increase in the Input on Fair Value
Assets:					
Fixed maturity securities:					
Corporate debt	\$ 1,156	Discounted Cash Flow	Discount rate	1.95% - 20.00% (6.91%)	Decrease
CDO / ABS	2,010	Discounted Cash Flow	Discount rate	3.33% - 21.50% (8.88%)	Decrease
	529	Trade price	Trade price	N/A	Increase
Mortgage loans	78	Discounted Cash Flow	Discount rate	6.04% - 8.49% (6.90%)	Decrease
	3,548	Level yield	Market yield	3.77% - 12.15% (7.33%)	Increase
Reinsurance recoverables	527	Fair values are determined using the same unobservable inputs as insurance liabilities, at fair value.			
Liabilities:					
Insurance liabilities, at fair value ⁽¹⁾	\$ 4,380	Discounted Cash Flow	Equity volatility curve	16.00% - 26.00%	Increase
			Lapse rate	0.65% - 13.00%	Decrease
			Spread over risk-free	0.46% - 2.10%	Decrease
			Utilization rate	87.50% - 100.00%	Increase
			Withdrawal rate	84.00% - 100.00%	Increase
			Mortality rate	0.00% - 16.00%	Decrease
FIA embedded derivative	182	Discounted Cash Flow	Lapse rate	3.42% - 30.65%	Decrease
			Spread over risk-free	0.46% - 2.10%	Decrease
			Withdrawal rate	2.50% - 3.17%	Decrease
			Mortality rate	0.01% - 1.52%	Decrease
Accrued and other liabilities:					
Net modified coinsurance payable	145	Fair values are determined using the same unobservable inputs as insurance liabilities, at fair value.			

⁽¹⁾ See Note 9 for further information regarding significant inputs to the valuation models for insurance liabilities, at fair value

Excluded from the above chart are certain Level 3 assets and liabilities that were valued by an external vendor and for which the unobservable inputs were not readily available. As of December 31, 2024, \$11,059 million of funds withheld - directly managed, \$722 million of fixed maturity securities, AFS and \$165 million of fixed maturity securities, FVO were excluded from assets under this criteria. As of December 31, 2024, \$125 million of accrued and other liabilities were excluded from liabilities under this criteria.

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Transfers into or out of Level 3

The following is a reconciliation for all the Level 3 assets measured at fair value on a recurring basis (in millions):

	December 31, 2025							
	Assets							
	Funds Withheld - Directly Managed	Fixed Maturity Securities, AFS	Fixed Maturity Securities, FVO	Mortgage Loans	Short Term Investments	Other Invested Assets	Reinsurance Recoverable	Total Assets
Balance, beginning of year	\$ 11,059	\$ 3,245	\$ 1,337	\$ 3,626	\$ —	\$ —	\$ 527	\$ 19,794
Purchases	—	3,100	651	4,089	26	987	—	8,853
Effect of reinsurance transactions	—	—	—	—	—	—	1,715	1,715
Sales, maturities, redemptions	—	(433)	(217)	(1,657)	—	(83)	—	(2,390)
Total realized and unrealized gains (losses) included in net income (loss) ⁽¹⁾	—	5	30	19	—	6	(296)	(236)
Unrealized gains (losses) included in other comprehensive income (loss)	—	63	—	—	—	—	—	63
Change in fair value of funds withheld - directly managed included in net income (loss)	(837)	—	—	—	—	—	—	(837)
Transfers into Level 3	—	338	123	—	—	2	—	463
Transfers out of Level 3	—	(65)	—	—	—	—	—	(65)
Other ⁽²⁾	—	(590)	1	(20)	—	687	—	78
Balance, end of year	\$ 10,222	\$ 5,663	\$ 1,925	\$ 6,057	\$ 26	\$ 1,599	\$ 1,946	\$ 27,438

⁽¹⁾ Fixed maturity securities, FVO includes changes in unrealized gains (losses) of \$17 million included in the consolidated statements of income (loss) for instruments still held as of December 31, 2025.

⁽²⁾ Includes \$622 million of fixed maturity securities, AFS held in variable interest entities that were consolidated by the Company during 2025 which resulted in a reclassification to other invested assets.

	December 31, 2024							
	Assets							
	Funds Withheld - Directly Managed	Fixed Maturity Securities, AFS	Fixed Maturity Securities, FVO	Mortgage Loans	Short Term Investments	Reinsurance Recoverable	Total Assets	
Balance, beginning of year	\$ 11,412	\$ 638	\$ 1,685	\$ 1,318	\$ 4	\$ 566	\$ 15,623	
Purchases	—	2,803	486	3,190	6	—	6,485	
Sales, maturities, redemptions	—	(164)	(96)	(897)	(10)	—	(1,167)	
Total realized and unrealized gains (losses) included in net income (loss) ⁽¹⁾	—	(6)	(8)	33	—	(114)	(95)	
Unrealized gains (losses) included in other comprehensive income (loss)	—	25	—	—	—	—	25	
Change in fair value of funds withheld - directly managed included in net income (loss)	(353)	—	—	—	—	—	(353)	
Transfers into Level 3	—	47	19	—	—	—	66	
Transfers out of Level 3	—	(83)	(742)	—	—	—	(825)	
Other	—	(15)	(7)	(18)	—	75	35	
Balance, end of year	\$ 11,059	\$ 3,245	\$ 1,337	\$ 3,626	\$ —	\$ 527	\$ 19,794	

⁽¹⁾ Fixed maturity securities, FVO includes changes in unrealized gains (losses) of \$(9) million included in the consolidated statements of income (loss) for instruments still held as of December 31, 2024.

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The following is a reconciliation for all the Level 3 liabilities measured at fair value on a recurring basis (in millions):

	December 31, 2025				
	Liabilities				
	Insurance Liabilities, at Fair Value	FIA Embedded Derivative	Funds withheld payable	Accrued and other liabilities ⁽¹⁾	Total Liabilities
Balance, beginning of year	\$ 4,380	\$ 182	\$ —	\$ 270	\$ 4,832
Effect of reinsurance transactions	4,411	—	927	—	5,338
Incurred losses:					
Reduction in estimates of ultimate losses	(1,362)	—	—	—	(1,362)
Increase in estimates of ultimate losses	1,003	—	—	—	1,003
Total realized and unrealized gains (losses) included in net income (loss)	—	—	—	117	117
Change in fair value (discount rate)	112	(28)	4	—	88
Paid losses net of fees	(1,012)	—	—	—	(1,012)
Other	(153)	—	10	—	(143)
Balance, end of year	\$ 7,379	\$ 154	\$ 941	\$ 387	\$ 8,861

⁽¹⁾ Represents derivative liabilities associated with repackaging vehicles and the net modified coinsurance payable for which FVO has been elected.

	December 31, 2024			
	Liabilities			
	Insurance Liabilities, at Fair Value	FIA Embedded Derivative	Accrued and other liabilities ⁽¹⁾	Total Liabilities
Balance, beginning of year	\$ 5,004	\$ 252	\$ —	\$ 5,256
Incurred losses:				
Reduction in estimates of ultimate losses	(1,134)	—	—	(1,134)
Increase in estimates of ultimate losses	835	—	—	835
Total realized and unrealized gains (losses) included in net income (loss)	—	—	136	136
Change in fair value (discount rate)	(498)	(70)	—	(568)
Paid losses net of fees	173	—	—	173
Other	—	—	134	134
Balance, end of year	\$ 4,380	\$ 182	\$ 270	\$ 4,832

⁽¹⁾ Represents derivative liabilities associated with repackaging vehicles and the net modified coinsurance payable for which FVO has been elected.

The Company's policy is to recognize transfers into and out of levels within the fair value hierarchy at the beginning of the year in which the actual event or change in circumstances that caused the transfer to occur.

Change in Fair Value of Insurance Contracts

Change in fair value of insurance contracts within revenues and benefits and expenses on the consolidated statements of income (loss) were as follows (in millions):

	Year Ended December 31,		
	2025	2024	2023
Revenue:			
Premiums	\$ 31	\$ 35	\$ 27
Policy charges and fee income	421	452	456
Other income	87	93	91
Benefits and expenses:			
Policyholders' benefits and changes in fair value of insurance liabilities	\$ 356	\$ (83)	\$ 340
General operating and other expenses	83	91	90

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Policyholders' benefits and changes in fair value of insurance liabilities includes the following changes in fair value of the assets and liabilities for which the Company has elected the FVO (in millions):

	December 31,	
	2025	2024
Assets:		
Reinsurance recoverables ⁽¹⁾	\$ (296)	\$ (117)
Other assets	143	87
Liabilities:		
Insurance liabilities, at fair value ⁽¹⁾	\$ (1,411)	\$ (623)

⁽¹⁾ Changes in fair value for reinsurance recoverables and insurance liabilities, at fair value above excludes effects of reinsurance transactions of \$1,715 million and \$4,411 million, respectively, shown earlier in the reconciliations of level 3 assets and liabilities.

Changes in insurance liabilities attributable to the Company's own-credit risk are recorded in other comprehensive income (loss). Changes in the modified coinsurance payable are reported in Policyholder benefits and changes in fair value of insurance liabilities, however, they are not included in the above chart as they relate to the investment portfolio within the modified coinsurance agreement.

Fair Value Information About Financial Instruments Not Measured at Fair Value

The following table presents the carrying amounts and estimated fair values of financial instruments not measured at fair value and indicates the level in the fair value hierarchy of the estimated fair value measurement based on the observability of the inputs used (in millions):

	December 31, 2025				Carrying Value
	Estimated Fair Value				
	Level 1	Level 2	Level 3	Total	
Assets:					
Policy loans ⁽¹⁾	\$ —	\$ —	\$ 88	\$ 88	\$ 88
Reinsurance recoverable on policyholder contract deposits associated with investment-type contracts	—	—	2,072	2,072	2,195
Liabilities:					
Policyholder contract deposits associated with investment-type contracts	\$ —	\$ —	\$ 14,323	\$ 14,323	\$ 15,220
Debt	—	1,688	—	1,688	1,637
Deposit liability ⁽²⁾	—	—	84	84	92
Repurchase agreements	—	1,435	—	1,435	1,431

⁽¹⁾ Recorded in other invested assets in the consolidated balance sheets.

⁽²⁾ Recorded in accrued and other liabilities in the consolidated balance sheets.

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	December 31, 2024					Carrying Value
	Estimated Fair Value					
	Level 1	Level 2	Level 3	Total		
Assets:						
Policy loans ⁽¹⁾	\$ —	\$ —	\$ 87	\$ 87		87
Liabilities:						
Policyholder contract deposits associated with investment-type contracts	\$ —	\$ —	\$ 13,453	\$ 13,453		\$ 15,049
Debt	—	1,556	—	1,556		1,494
Deposit liability ⁽²⁾	—	—	101	101		110
Repurchase agreements	—	1,469	—	1,469		1,449

⁽¹⁾ Recorded in other invested assets in the consolidated balance sheets.

⁽²⁾ Recorded in accrued and other liabilities in the consolidated balance sheets.

Information regarding the estimation of fair value for financial instruments not carried at fair value is discussed below:

Policy loans

The fair value is generally approximated by the carrying value.

Policyholder contract deposits associated with investment-type contracts

The fair value of policyholder contract deposits associated with investment-type contracts is estimated using discounted cash flow calculations based on interest rates currently being offered in the industry for similar contracts with maturities consistent with those of the contracts being valued. When no similar contracts are being offered, the discount rate is the U.S. Treasury spot rate or current risk-free interest rate. Other factors considered in the estimation process include current policyholder account values and related surrender charges, expectations about policyholder behavior and risk margin adjustments.

Reinsurance recoverable on policyholder contract deposits associated with investment-type contracts

The fair value of reinsurance recoverable on policyholder contract deposits associated with investment-type contracts is estimated using the same valuation procedures as the underlying policyholder contract deposits associated with investment-type contracts, as described above.

Debt

The fair value of debt is estimated using a discounted cash flow calculation based on projected interest and principal cash flows discounted at a risk adjusted discount rate for the duration of such debt.

Deposit liability

The fair value is estimated using a discounted cash flow calculation based on interest rates currently being offered in the industry for similar contracts with maturities consistent with those of the contracts being valued.

Repurchase Agreements

The Company receives cash for selling securities under agreements to repurchase. Fair values for repurchase agreements that have a maturity date greater than one year are determined using discounted cash flow analyses and incorporate interest rates associated with the repurchase agreement liability. The carrying amount of repurchase agreements that have a maturity date of one year or less approximates fair value due to the short-term nature of the transactions.

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4. Investments

Fixed Maturity Securities AFS

The following tables present the amortized cost or cost, gross unrealized gains, gross unrealized losses, allowance for credit losses and fair value of AFS fixed maturity securities (in millions):

	December 31, 2025				
	Amortized Cost or Cost	Gross Unrealized		Allowance for Expected Credit Losses	Fair Value
		Gains	Losses		
Fixed maturity securities, AFS:					
U.S. government and government sponsored entities	\$ 1,041	\$ 2	\$ (87)	\$ (1)	\$ 955
Obligations of states, municipalities and other political subdivisions	597	16	(1)	—	612
Non-U.S. governments	78	2	(23)	—	57
Corporate debt	10,510	337	(172)	(54)	10,621
Mortgage-backed, asset-backed and collateralized:					
RMBS	875	19	(3)	(1)	890
CMBS	769	12	(8)	(2)	771
CDO / ABS	5,814	66	(3)	(6)	5,871
Total mortgage-backed, asset-backed and collateralized	7,458	97	(14)	(9)	7,532
Total fixed maturity securities, AFS	\$ 19,684	\$ 454	\$ (297)	\$ (64)	\$ 19,777

	December 31, 2024				
	Amortized Cost or Cost	Gross Unrealized		Allowance for Expected Credit Losses	Fair Value
		Gains	Losses		
Fixed maturity securities, AFS:					
U.S. government and government sponsored entities	\$ 1,204	\$ —	\$ (206)	\$ (1)	\$ 997
Obligations of states, municipalities and other political subdivisions	1,146	8	(3)	(3)	1,148
Non-U.S. governments	59	—	(23)	—	36
Corporate debt	10,242	157	(101)	(94)	10,204
Mortgage-backed, asset-backed and collateralized:					
RMBS	622	11	(6)	(3)	624
CMBS	659	10	(11)	(1)	657
CDO / ABS	4,159	34	(11)	(6)	4,176
Total mortgage-backed, asset-backed and collateralized	5,440	55	(28)	(10)	5,457
Total fixed maturity securities, AFS	\$ 18,091	\$ 220	\$ (361)	\$ (108)	\$ 17,842

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Fixed Maturity Securities AFS in a Loss Position

The following table summarizes the fair value and gross unrealized losses on AFS securities, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized loss position (in millions):

	December 31, 2025					
	Less than 12 Months		Greater than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities, AFS:						
U.S. government and government sponsored entities	\$ 497	\$ (24)	\$ 306	\$ (63)	\$ 803	\$ (87)
Obligations of states and municipalities and other political subdivisions	46	—	7	(1)	53	(1)
Non-U.S. governments	9	—	17	(23)	26	(23)
Corporate debt	1,216	(51)	802	(121)	2,018	(172)
Mortgage-backed, asset-backed and collateralized:						
RMBS	203	(2)	28	(1)	231	(3)
CMBS	44	—	1	(8)	45	(8)
CDO / ABS	601	—	10	(3)	611	(3)
Total mortgage-backed, asset-backed and collateralized	848	(2)	39	(12)	887	(14)
Total fixed maturity securities, AFS	\$ 2,616	\$ (77)	\$ 1,171	\$ (220)	\$ 3,787	\$ (297)

	December 31, 2024					
	Less than 12 Months		Greater than 12 Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities, AFS:						
U.S. government and government sponsored entities	\$ 645	\$ (29)	\$ 352	\$ (177)	\$ 997	\$ (206)
Obligations of states and municipalities and other political subdivisions	407	(1)	50	(2)	457	(3)
Non-U.S. governments	7	(1)	12	(22)	19	(23)
Corporate debt	2,980	(6)	645	(95)	3,625	(101)
Mortgage-backed, asset-backed and collateralized:						
RMBS	201	(1)	91	(5)	292	(6)
CMBS	63	—	39	(11)	102	(11)
CDO / ABS	398	(7)	10	(4)	408	(11)
Total mortgage-backed, asset-backed and collateralized	662	(8)	140	(20)	802	(28)
Total fixed maturity securities, AFS	\$ 4,701	\$ (45)	\$ 1,199	\$ (316)	\$ 5,900	\$ (361)

As of December 31, 2025 and 2024, 60% and 72% of fixed maturity securities, AFS in a gross unrealized loss position had a decline in fair value less than 7% and 7% of amortized cost, respectively. Additionally, \$168 million and \$394 million of the gross unrealized losses as of December 31, 2025 and 2024, respectively, relate to investment-grade securities (or highly rated or securities with a Standard and Poor's rating of at least BBB-).

As of December 31, 2025, the Company did not intend to sell these securities, nor is it more likely than not that the Company will be required to sell these securities before recovery of the amortized cost basis.

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Contractual Maturities of Fixed Maturity Securities AFS

The following table presents the amortized cost and fair value of fixed maturity securities AFS by contractual maturity (in millions):

	December 31,			
	2025		2024	
	Total Fixed Maturity Securities, AFS			
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 44	\$ 44	\$ 55	\$ 55
Due after one year through five years	1,847	1,872	1,430	1,431
Due after five years through ten years	2,155	2,216	1,744	1,740
Due after ten years	8,180	8,113	9,422	9,159
Mortgage-backed, asset-backed and collateralized	7,458	7,532	5,440	5,457
Total	\$ 19,684	\$ 19,777	\$ 18,091	\$ 17,842

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-backed, asset-backed and collateralized securities are shown separately in the table above, as they do not have a single maturity date.

Proceeds and gross gains and losses from sales

The following table presents the proceeds from sales and the gross gains and losses on those sales of AFS fixed maturity securities (in millions):

	Year Ended December 31,		
	2025	2024	2023
Proceeds from voluntary sales	\$ 6,574	\$ 9,636	\$ 2,094
Gross gains	126	318	41
Gross losses	(180)	(378)	(50)

Allowance for Credit Losses and Impairments - Fixed Maturity Securities AFS

The following table presents the rollforward of the allowance for credit losses in fixed maturity securities by type (in millions):

	U.S. government and government sponsored entities	Obligations of states and municipalities and other political subdivisions	Non-U.S. governments	Corporate debt	RMBS	CMBS	CDO / ABS	Total
Balance, December 31, 2023	\$ —	\$ —	\$ 2	\$ 34	\$ —	\$ 1	\$ 1	\$ 38
Additions for initial credit losses	1	1	(3)	30	2	1	3	35
Reductions for securities sold during the period	—	—	—	(7)	—	—	(1)	(8)
Additions (reductions) to previously impaired securities	—	2	1	37	1	(1)	3	43
Balance, December 31, 2024	1	3	—	94	3	1	6	108
Additions for initial credit losses	—	—	—	8	—	1	7	16
Reductions for securities sold during the period	—	—	—	(7)	—	—	(1)	(8)
Additions (reductions) to previously impaired securities	—	(3)	—	(41)	(2)	—	(6)	(52)
Balance, December 31, 2025	\$ 1	\$ —	\$ —	\$ 54	\$ 1	\$ 2	\$ 6	\$ 64

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Other Invested Assets

The following table presents the components of other invested assets by asset class (in millions):

	December 31,	
	2025	2024
LPs/LLCs	\$ 1,773	\$ 1,545
Derivatives	484	334
Loans and other	1,826	107
Total other invested assets	\$ 4,083	\$ 1,986

Private equity investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which limit the ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes or side pockets and restrictions on the frequency of redemption and notice periods.

Variable Interest Entities

A VIE is an entity that either: (a) has equity investors that lack certain essential characteristics of a controlling financial interest (including the ability to control activities of the entity, the obligation to absorb the entity's expected losses and the right to receive the entity's expected residual returns); or (b) lacks sufficient equity to finance its own activities without financial support provided by other entities, which in turn would be expected to absorb at least some of the expected losses of the VIE.

The Company holds both fixed maturity securities and equity interest issued by VIEs. The Company is the primary beneficiary of a VIE if the Company has: (a) the power to direct the activities of the VIE that most significantly impact the economic performance of the entity; and (b) the obligation to absorb losses of the entity that could be potentially significant to the VIE or the right to receive benefits from the entity that could be potentially significant. If the Company determines that it is the VIE's primary beneficiary, it consolidates the VIE. While also considering these factors, the consolidation conclusion also depends on the breadth of the Company's decision-making ability and the Company's ability to influence activities that significantly affect the economic performance of the VIE.

Consolidated VIEs

Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have recourse only to the assets and cash flows of the VIEs and have no recourse to the general credit of the Company, as the Company's obligation to the VIEs is limited to the amount of its committed investment. Assets of consolidated VIEs can only be used to settle liabilities of consolidated VIEs.

The Company has formed certain VIEs to either (i) securitize residential mortgage loans, (ii) repackage fixed maturities and derivatives into pass-through securities, or (iii) to hold investments and derivatives including consumer loans and credit linked derivatives. The Company's subsidiaries own some of the beneficial interests of these VIEs and maintain the power to direct the activities of the VIEs that most significantly impact their economic performance. Accordingly, the Company consolidates these entities and the associated beneficial interests issued to third parties and derivative liabilities are reported within accrued and other liabilities on the consolidated balance sheets. Consolidated debt and beneficial interests are non-recourse to the Company.

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The following table presents the total assets and total liabilities relating to investment related VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated (in millions):

	2025	2024
	Consolidated VIEs	
Assets:		
Fixed maturity securities, AFS	\$ 398	\$ 188
Fixed maturity securities, FVO	824	608
Mortgage loans, at fair value	716	927
Other invested assets	1,582	—
Cash and cash equivalents	22	—
Total Assets	\$ 3,542	\$ 1,723
Liabilities:		
Debt	\$ 100	\$ —
Accrued and other liabilities	479	444
Total liabilities	\$ 579	\$ 444

Unconsolidated VIEs

In the normal course of activities, the Company will invest in LPs/LLCs which include hedge funds, private equity funds and real estate-related funds and may or may not be VIEs. The Company's maximum exposure to loss on these investments, both VIEs and non-VIEs, is limited to the amount of its investment plus any unfunded commitments. The Company has determined that it is not required to consolidate these entities because either (1) it does not control them or (2) it does not have the obligation to absorb losses of these entities that could be potentially significant to the entities or the right to receive benefits from the entities that could be potentially significant.

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a variable interest but is not the primary beneficiary and which have not been consolidated were as follows (in millions):

	December 31,			
	2025		2024	
	Carrying Amount	Maximum Exposure to Loss ⁽¹⁾	Carrying Amount	Maximum Exposure to Loss ⁽¹⁾
Fixed maturity securities, AFS ⁽²⁾	\$ 827	\$ 1,384	\$ 37	\$ 192
Fixed maturity securities, FVO ⁽²⁾	583	738	25	127
Other invested assets	598	1,122	442	1,196
Total	\$ 2,008	\$ 3,244	\$ 504	\$ 1,515

⁽¹⁾ The maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments.

⁽²⁾ For variable interests included within fixed maturity securities, AFS and fixed maturity securities, FVO, the Company's involvement is limited to that of a passive investor in asset-backed securities issued by LPs or LLCs that do not have substantial equity.

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Net Investment Income

The following table presents the components of net investment income (in millions):

	Year Ended December 31,		
	2025	2024	2023
Funds withheld - directly managed	\$ 2,022	\$ 2,064	\$ 1,502
Fixed maturity securities, AFS	1,171	1,129	271
Fixed maturity securities, FVO	712	604	500
Mortgage loans	307	217	—
Other invested assets	143	186	192
Short term investments and other investments	157	132	202
Income ceded via funds withheld payable	(48)	—	—
Gross investment income	4,464	4,332	2,667
Investment expenses ⁽¹⁾	(220)	(189)	(144)
Net investment income	\$ 4,244	\$ 4,143	\$ 2,523

⁽¹⁾ For the years ended December 31, 2025, 2024 and 2023, investment expenses includes \$73 million, \$70 million and \$33 million, respectively, of expenses related to liabilities associated with repurchase agreements.

Investment Gains (Losses)

The following table presents the components of investment losses (in millions):

	Year Ended December 31,		
	2025	2024	2023
Net losses on derivative instruments	\$ (673)	\$ (1,070)	\$ (572)
Realized losses on funds withheld - directly managed	(167)	(260)	(615)
Unrealized gains (losses) on fixed maturity securities, FVO	247	(203)	321
Net gains (losses) on FIA embedded derivative	(11)	25	8
Realized losses on fixed maturity securities, AFS	(23)	(67)	(7)
Net gains on mortgage loans	18	33	—
Realized losses on fixed maturity securities, FVO	(142)	(6)	(75)
Realized gains on funds withheld payable	12	—	—
Other net gains	—	—	7
Investment losses	\$ (739)	\$ (1,548)	\$ (933)

The amount of unrealized appreciation on fixed maturity securities, AFS reclassified from AOCI to investment losses upon the sale of securities was \$84 million, \$271 million and \$22 million for the years ended December 31, 2025, 2024 and 2023, respectively.

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Repurchase Agreements

In the normal course of business, the Company sells securities under agreements to repurchase and enters into securities lending transactions. The following table sets forth, by type, the securities the Company has agreed to repurchase. The below amounts represent the cash received under the outstanding repurchase agreements (in millions):

	December 31,							
	2025				2024			
	Remaining Contractual Maturities of the Agreements							
	Up to 30 days	30-90 days	Greater than 90 days	Total	Up to 30 days	30-90 days	Greater than 90 days	Total
U.S. corporate public securities	\$ 631	\$ 298	\$ 502	\$ 1,431	\$ 451	\$ 495	\$ 503	\$ 1,449

The market value of the securities posted as collateral under the repurchase agreements was \$1,485 million and \$1,468 million as of December 31, 2025 and 2024, respectively.

During the years ended December 31, 2025, 2024 and 2023, the Company returned (received) a net \$17 million, \$62 million and \$(52) million, respectively, of collateral, on a non-cash basis, related to liabilities associated with repurchase agreements. The collateral, in all years, was comprised of fixed maturity securities and short-term investments.

Securities Pledged, Restricted Assets and Special Deposits

The Company pledges as collateral investment securities it owns to unaffiliated parties through certain transactions, including securities lending, securities sold under repurchase agreements, collateralized borrowings and postings of collateral with derivative counterparties.

The Company utilizes asset trust accounts to collateralize business with reinsurance counterparties. The fair value of assets held in these trusts for the benefit of the counterparties as of December 31, 2025 and 2024 was \$31,523 million and \$22,211 million, respectively.

As of December 31, 2025 and 2024, the Company had securities with fair value of \$16 million and \$16 million, respectively, on deposit with governmental authorities or trustees as required by certain insurance laws.

As of December 31, 2025 and 2024, 65% and 74%, respectively, of the fixed maturity securities within the funds withheld - directly managed, serving as collateral for the reinsurance receivable, are classified as investment grade by the National Association of Insurance Commissioners ("NAIC").

Concentration of Credit Risk

The Company is a party to financial assets with a concentration of credit risk in the normal course of business, including funds withheld - directly managed and reinsurance recoverable. For funds withheld - directly managed, in the event of a ceding company's insolvency, the Company would need to assert a claim on the investments collateralizing the reinsurance receivable and used to settle liabilities. However, the Company has the ability to offset amounts owed to the ceding company, which reduces the risk of loss. Under the terms of the reinsurance agreements, the Company is required to fund any deficiency in collateral supporting the reinsured obligations and is entitled to receive any excess collateral, as applicable. For reinsurance recoverable, credit risk is mitigated by requiring collateral and credit enhancements in various forms, including structuring the terms of our retrocession agreements on a funds withheld basis.

5. Derivatives and Offsetting

Types of Derivative Instruments and Derivative Strategies

The Company utilizes various derivative instruments and strategies to manage interest rate, foreign currency exchange rate, equity and credit risk. Commonly used derivative instruments include but are not necessarily limited to:

- Interest rate contracts: futures, swaps, swaptions, forwards, options, caps, floors and treasury bond total return swaps;
- Equity contracts: futures, options and total return swaps;
- Foreign exchange contracts: futures, options, forwards and swaps; and
- Credit contracts: single and index reference credit default swaps, credit default index swaptions and credit index options.

See Note 1 for a detailed discussion of the accounting treatment for derivative instruments. See Note 3 for additional disclosures related to the fair value of derivative instruments.

Interest Rate Contracts

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

Interest rate swaps may be attributed to specific assets or liabilities or to a portfolio of assets or liabilities. 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 upon notional principal amount.

Treasury bond total return swaps are contracts whereby the Company agrees with counterparties to exchange, at specified intervals, the difference between the return on an asset and SOFR plus an associated funding spread based on a notional amount. The Company generally uses total return swaps to hedge the effect of changes in interest rates.

Interest rate options include swaptions and interest rate floors. Swaptions are options that give the holder the right but not obligation to enter into a specified interest rate swap. The Company uses these instruments for protection against the change in future interest rates. Interest rate floors set an effective rate of interest on underlying reference rate and is used by the Company to provide protection against potential future declines in rates.

In standardized exchange-traded interest rate futures transactions, the Company purchases or sells a specified number of contracts, the values of which are determined by the daily market values of underlying referenced investments. The Company enters into exchange-traded futures with regulated futures commission merchants who are members of a trading exchange.

Equity Contracts

Equity options, total return swaps, and futures are used by the Company to manage its exposure to the equity markets which impacts the value of assets and liabilities it owns or anticipates acquiring or selling.

Equity options are contracts which will settle in cash based on differentials in the underlying indices at the time of exercise and the strike price. The Company uses combinations of purchases and sales of equity index options to economically hedge the effects of adverse changes in equity indices within a predetermined range.

Total return swaps are contracts whereby the Company agrees with counterparties to exchange, at specified intervals, the difference between the return on an asset (or market index) and SOFR plus an associated funding spread based on a notional amount. The Company generally uses total return swaps to economically hedge the effect of changes in equity indices.

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In standardized exchange-traded equity futures transactions, the Company purchases or sells a specified number of contracts, the values of which are determined by the daily market values of the underlying referenced equity indices. The Company enters into exchange-traded futures with regulated futures commission merchants who are members of a trading exchange.

The Company has assumed through reinsurance certain FIA products with index-based crediting that constitutes an embedded derivative. The cedant hedges this risk and provides the benefits of this hedging as part of the reinsurance settlements.

Foreign Exchange Contracts

The Company utilizes currency derivatives, including currency swaps and forwards, to reduce risks from changes in currency exchange rates with respect to investments or reinsurance contracts denominated in foreign currencies that the Company either holds or intends to acquire or sell.

Under currency forwards, the Company agrees with counterparties to deliver a specified amount of an identified currency at a specified future date. Typically, the price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date.

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

Credit Contracts

The Company purchases credit protection using credit derivatives in order to hedge specific credit exposures in the Company's investment portfolio. The Company has consolidated a VIE that sold credit protection under a credit default swap referencing a \$1,000 million notional portfolio of senior secured loans to generate investment income with an approximate 8 year term. Credit protection payments are triggered by failure to pay, bankruptcy, or restructuring of a reference obligation. The Company's exposure is limited to a 12.5% first-loss tranche, and the maximum potential amount of future payments under the derivative is \$125 million, fully collateralized by cash on deposit. As of December 31, 2025, no credit events have occurred.

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Primary Risks Managed by Derivatives

The table below provides a summary of the gross notional amount and fair value of derivative contracts by the primary underlying risks. Many derivative instruments contain multiple underlying risks. The fair value amounts below represent the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral (in millions). Certain prior period amounts have been reclassified to conform to the current period presentation.

Instrument Type	December 31,					
	2025			2024		
	Notional	Gross Fair Value		Notional	Gross Fair Value	
Assets		Liabilities	Assets		Liabilities	
Interest rate contracts:						
Interest rate swaps ⁽¹⁾	\$ 123,599	\$ 761	\$ 1,910	\$ 55,160	\$ 555	\$ 1,548
Interest rate options ⁽¹⁾	640	17	72	2,490	36	54
Bond total return swaps ⁽¹⁾	3,032	1	144	2,624	—	187
Foreign exchange contracts:						
Foreign currency forwards ⁽¹⁾	4,814	7	46	2,095	13	93
Foreign currency swaps ⁽¹⁾	3,417	8	505	1,387	13	293
Equity contracts:						
Equity futures ⁽¹⁾	(425)	2	2	(799)	35	8
Equity total return swaps ⁽¹⁾	135	6	44	250	90	2
Equity options ⁽¹⁾	5,161	543	59	5,503	413	163
Credit contracts:						
Credit spread index options ⁽¹⁾	45	1	—	4,900	4	—
Credit default swaps ⁽¹⁾	1,000	2	—	—	—	—
Other:						
Funds withheld embedded derivative ⁽²⁾	—	(6,348)	(81)	—	(7,027)	—
FIA embedded derivative ⁽³⁾ (Note 3)	—	—	154	—	—	182
Total Derivatives	\$ 141,418	\$ (5,000)	\$ 2,855	\$ 73,610	\$ (5,868)	\$ 2,530

⁽¹⁾ Recorded in other invested assets and accrued and other liabilities on the consolidated balance sheets.

⁽²⁾ Assets are recorded in funds withheld - directly managed, at fair value and liabilities are recorded in funds withheld payable, at fair value on the consolidated balance sheets.

⁽³⁾ Recorded in policyholder contract deposits on the consolidated balance sheets.

Offsetting Assets and Liabilities

The following table presents recognized assets and liabilities (excluding derivative instruments within funds withheld - directly managed and FIA embedded derivative) that are offset in the consolidated balance sheets, and/or are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the consolidated balance sheets (in millions):

	December 31, 2025					
	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Consolidated Balance Sheets		Amounts Presented in the Consolidated Balance Sheets	Financial Instruments/ Collateral ⁽¹⁾	Net Amount
		Counterparty Netting	Cash Collateral			
Offsetting of Financial Assets:						
Derivatives	\$ 1,348	\$ (860)	\$ (4)	\$ 484	\$ —	\$ 484
Offsetting of Financial Liabilities:						
Derivatives	\$ 2,782	\$ (860)	\$ (1,505)	\$ 417	\$ (237)	\$ 180
Repurchase agreements	1,431	—	—	1,431	(1,431)	—

⁽¹⁾ Amounts exclude the excess of collateral received/pledged from/to the counterparty.

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December 31, 2024

	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Consolidated Balance Sheets		Amounts Presented in the Consolidated Balance Sheets	Financial Instruments/ Collateral ⁽¹⁾	Net Amount
		Counterparty Netting	Cash Collateral			
Offsetting of Financial Assets:						
Derivatives	\$ 1,159	\$ (743)	\$ (82)	\$ 334	\$ —	\$ 334
Offsetting of Financial Liabilities:						
Derivatives	\$ 2,348	\$ (743)	\$ (1,323)	\$ 282	\$ —	\$ 282
Repurchase agreements	1,449	—	—	1,449	(1,449)	—

⁽¹⁾ Amounts exclude the excess of collateral received/pledged from/to the counterparty.

For securities purchased under agreements to resell and securities sold under repurchase agreements, the Company monitors the value of the securities and maintains collateral, as appropriate, to protect against credit exposure. Where the Company has entered into repurchase and resale agreements with the same counterparty, in the event of default, the Company would generally be permitted to exercise rights of offset. The Company monitors the value of securities borrowed not reflected on the consolidated balance sheets that are used to provide collateral to ceding companies under reinsurance transactions.

The following table provides the financial statement classification and impact of derivatives (in millions). Certain prior period amounts have been reclassified to conform to the current period presentation.

Instrument Type	Year Ended December 31,					
	2025		2024		2023	
	Investment Gains (Losses)	Foreign Exchange Gains (Losses)	Investment Gains (Losses)	Foreign Exchange Gains (Losses)	Investment Gains (Losses)	Foreign Exchange Gains (Losses)
Interest rate contracts:						
Interest rate swaps	\$ (395)	\$ —	\$ (568)	\$ —	\$ (198)	\$ —
Interest rate options	(32)	—	(35)	—	23	—
Bond total return swaps	32	—	(212)	—	(27)	—
Interest rate floors	—	—	—	—	—	—
Foreign exchange contracts:						
Foreign currency forwards	—	(288)	—	(263)	—	(149)
Foreign currency swaps	(2)	(305)	—	(223)	(2)	(108)
Equity contracts:						
Equity futures	23	—	(333)	—	(320)	—
Equity total return swaps	(386)	—	(100)	—	(142)	—
Equity options	101	—	180	—	85	—
Credit contracts:						
Credit default swaps	—	—	5	—	9	—
Credit spread index options	(14)	—	(1)	—	—	—
Other:						
FIA embedded derivative	(11)	—	25	—	8	—
Total Derivatives	\$ (684)	\$ (593)	\$ (1,039)	\$ (486)	\$ (564)	\$ (257)

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Counterparty Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial derivative transactions with a positive fair value. The Company manages credit risk by (i) entering into derivative transactions with highly rated major international financial institutions and other creditworthy counterparties governed by master netting agreements, as applicable; (ii) trading through central clearing and OTC parties; and (iii) obtaining collateral, such as cash and securities, when appropriate.

Substantially all of the Company's derivative agreements require daily full collateralization by the party in a liability position.

6. Reinsurance

The following table shows the effects of reinsurance on the consolidated statements of income (loss) (in millions):

	Year Ended December 31,		
	2025	2024	2023
Premiums:			
Direct	\$ 39	\$ 42	\$ 36
Assumed	276	207	217
Ceded	(291)	(6)	(8)
Net premiums	\$ 24	\$ 243	\$ 245
Policy charges and fee income:			
Direct	\$ 458	\$ 490	\$ 495
Assumed	831	906	266
Ceded	(39)	(38)	(39)
Net policy charges and fee income	\$ 1,250	\$ 1,358	\$ 722
Policyholder benefits and changes in fair value of insurance liabilities:			
Direct	\$ 376	\$ 378	\$ 362
Assumed ⁽¹⁾	3,947	2,231	1,817
Ceded	(490)	(108)	(77)
Net policyholder benefits	3,833	2,501	2,102
Changes in fair value of insurance liabilities	(941)	(340)	54
Net policyholder benefits and changes in fair value of insurance liabilities	\$ 2,892	\$ 2,161	\$ 2,156
Policyholder liability remeasurement (gain) loss:			
Direct	\$ (2)	\$ —	\$ —
Assumed ⁽¹⁾	(81)	102	28
Ceded	(4)	—	—
Net policyholder liability remeasurement (gain) loss	\$ (87)	\$ 102	\$ 28
Interest credited to policyholder account balances:			
Direct	\$ 1	\$ 7	\$ 6
Assumed	802	852	449
Ceded	—	(7)	(6)
Net interest credited to policyholder account balances	\$ 803	\$ 852	\$ 449

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12. See Note 2 for further information.

In 2022, in accordance with applicable state law, a program was instituted to novate a significant portion of the policies ceded from Fortitude Life Insurance & Annuity Company ("FLIAC") to Pruco Life. The program did not have an impact on total equity or net income but has resulted in the reduction of certain activity/balances associated with

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these policies. During the year ended December 31, 2023, approximately \$641 million of account value, which generally approximates fair values of insurance liabilities, was transferred out of FLIAC as a result of the novation program. There was no significant novation activity during the years ended December 31, 2025 and 2024.

See Note 16 for information regarding certain other reinsurance activities of the Company.

7. Future Policy Benefits

The following is a reconciliation of future policy benefits contained in the consolidated balance sheets (in millions):

	December 31,	
	2025	2024
Future policy benefits included in the rollforwards:		
Payout Annuities - U.S.	\$ 17,076	\$ 17,650
Payout Annuities - Non-U.S.	811	739
Traditional life - U.S.	3,015	2,959
Traditional life - Non-U.S.	775	893
Accident and health	4,748	671
Total future policy benefits included in the rollforwards	26,425	22,912
AIL for universal life-type contracts	13,906	12,431
Reconciling Items:		
Other products ⁽¹⁾	1,705	1,765
Future policy benefits	\$ 42,036	\$ 37,108

⁽¹⁾ Primarily represents participating insurance contracts issued by ceding companies that are stock life insurance companies. The Company has elected to account for these contracts in accordance with ASC 944-20.

Effective January 1, 2025, a U.S. based life insurance company recaptured its reinsurance agreement with the Company, which resulted in the full and final settlement of the Company's obligations under the reinsurance agreement. The impact of the recapture resulted in a reduction in future policy benefits, a reduction in policyholder contract deposits, a reduction in funds withheld - directly managed, at fair value and an extinguishment of the related negative VOBA intangible.

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The following table presents changes in future policy benefits (in millions):

	December 31, 2025					
	Payout Annuities - U.S. ⁽¹⁾	Payout Annuities - Non-U.S.	Traditional Life - U.S.	Traditional Life - Non- U.S. ⁽²⁾	Accident and Health ^{(3) (4)}	Total
Present Value of Expected Net Premiums						
Balance, beginning of year	\$ —	\$ —	\$ 720	\$ —	\$ 158	\$ 878
Beginning balance at original discount rate	—	—	810	—	177	987
Effect of changes in cash flow assumptions	—	—	(44)	—	(8)	(52)
Effect of actual variances from expected experience	—	—	(30)	—	(6)	(36)
Other	—	—	—	—	12	12
Adjusted beginning of year balance	—	—	736	—	175	911
Issuances	—	—	—	—	683	683
Interest accrual	—	—	18	—	21	39
Net premiums collected	—	—	(93)	—	(82)	(175)
Ending balance at original discount rate	—	—	661	—	797	1,458
Effect of changes in discount rate assumptions	—	—	(51)	—	(8)	(59)
Balance, end of year	\$ —	\$ —	\$ 610	\$ —	\$ 789	\$ 1,399
Present Value of Expected Future Policy Benefits						
Balance, beginning of year	\$ 17,650	\$ 739	\$ 3,679	\$ 893	\$ 829	\$ 23,790
Beginning balance at original discount rate	20,880	1,380	4,480	1,017	938	28,695
Effect of changes in currency exchange rates	—	106	—	5	—	111
Effect of changes in cash flow assumptions	(55)	—	(51)	—	(5)	(111)
Effect of actual variances from expected experience	(9)	3	3	(8)	—	(11)
Other	(12)	—	—	—	6	(6)
Adjusted beginning of year balance	20,804	1,489	4,432	1,014	939	28,678
Issuances	46	—	—	—	4,860	4,906
Interest accrual	834	18	133	14	139	1,138
Benefit payments	(1,503)	(37)	(262)	(43)	(357)	(2,202)
Other ⁽⁵⁾	(362)	—	—	—	—	(362)
Ending balance at original discount rate ^{(1) (2) (3)}	19,819	1,470	4,303	985	5,581	32,158
Effect of changes in discount rate assumptions	(2,743)	(590)	(678)	(218)	(44)	(4,273)
Effect of foreign exchange on change in discount rate assumptions	—	(69)	—	8	—	(61)
Balance, end of year	\$ 17,076	\$ 811	\$ 3,625	\$ 775	\$ 5,537	\$ 27,824
Net Future Policy benefits	\$ 17,076	\$ 811	\$ 3,015	\$ 775	\$ 4,748	\$ 26,425
Less: Reinsurance recoverable ⁽⁴⁾	1	—	55	384	(62)	378
Net Future Policy benefits, after reinsurance recoverable	\$ 17,075	\$ 811	\$ 2,960	\$ 391	\$ 4,810	\$ 26,047

⁽¹⁾ Includes DPL of \$433 million within Payout Annuities - U.S.

⁽²⁾ Includes DPL of \$7 million within Traditional Life - Non-U.S.

⁽³⁾ Includes DPL of \$719 million within Accident and Health.

⁽⁴⁾ Includes ceded DPL of \$580 million within Accident and Health.

⁽⁵⁾ Represents the recapture of a reinsurance agreement by a U.S. based life insurance company.

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	December 31, 2024					
	Payout Annuities - U.S. ⁽¹⁾	Payout Annuities - Non-U.S.	Traditional Life - U.S.	Traditional Life - Non- U.S. ⁽²⁾	Accident and Health	Total
Present Value of Expected Net Premiums						
Balance, beginning of year	\$ —	\$ —	\$ 785	\$ —	\$ 285	\$ 1,070
Beginning balance at original discount rate	—	—	873	—	311	1,184
Effect of changes in cash flow assumptions	—	—	18	—	1	19
Effect of actual variances from expected experience	—	—	(5)	—	(109)	(114)
Adjusted beginning of year balance	—	—	886	—	203	1,089
Interest accrual	—	—	22	—	7	29
Net premiums collected	—	—	(98)	—	(33)	(131)
Ending balance at original discount rate	—	—	810	—	177	987
Effect of changes in discount rate assumptions	—	—	(90)	—	(19)	(109)
Balance, end of year	\$ —	\$ —	\$ 720	\$ —	\$ 158	\$ 878
Present Value of Expected Future Policy Benefits						
Balance, beginning of year	\$ 19,580	\$ 852	\$ 3,840	\$ 1,131	\$ 977	\$ 26,380
Beginning balance at original discount rate	21,509	1,430	4,472	1,180	1,072	29,663
Effect of changes in currency exchange rates	—	(24)	—	(120)	—	(144)
Effect of changes in cash flow assumptions	19	—	20	—	—	39
Effect of actual variances from expected experience	(12)	(10)	21	(9)	(90)	(100)
Adjusted beginning of year balance	21,516	1,396	4,513	1,051	982	29,458
Interest accrual	877	17	135	15	31	1,075
Benefit payments	(1,513)	(33)	(168)	(50)	(75)	(1,839)
Effect of changes in currency exchange rates	—	—	—	1	—	1
Ending balance at original discount rate ^{(1) (2)}	20,880	1,380	4,480	1,017	938	28,695
Effect of changes in discount rate assumptions	(3,230)	(621)	(801)	(131)	(109)	(4,892)
Effect of foreign exchange on change in discount rate assumptions	—	(20)	—	7	—	(13)
Balance, end of year	\$ 17,650	\$ 739	\$ 3,679	\$ 893	\$ 829	\$ 23,790
Net Future Policy benefits	\$ 17,650	\$ 739	\$ 2,959	\$ 893	\$ 671	\$ 22,912
Less: Reinsurance recoverable	1	—	54	—	—	55
Net Future Policy benefits, after reinsurance recoverable	\$ 17,649	\$ 739	\$ 2,905	\$ 893	\$ 671	\$ 22,857

⁽¹⁾ Includes DPL of \$189 million within Payout Annuities - U.S.

⁽²⁾ Includes DPL of \$10 million within Traditional Life - Non-U.S.

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	Payout Annuities - U.S. ⁽¹⁾	Payout Annuities - Non-U.S.	Traditional Life - U.S.	Traditional Life - Non- U.S.	Accident and Health	Total
Present Value of Expected Net Premiums						
Balance, beginning of year	\$ —	\$ —	\$ 837	\$ —	\$ 310	\$ 1,147
Beginning balance at original discount rate	—	—	952	—	344	1,296
Effect of changes in cash flow assumptions	—	—	(11)	—	—	(11)
Effect of actual variances from expected experience	—	—	11	—	(6)	5
Adjusted beginning of year balance	—	—	952	—	338	1,290
Interest accrual	—	—	24	—	11	35
Net premiums collected	—	—	(103)	—	(38)	(141)
Ending balance at original discount rate	—	—	873	—	311	1,184
Effect of changes in discount rate assumptions	—	—	(88)	—	(26)	(114)
Balance, end of year	\$ —	\$ —	\$ 785	\$ —	\$ 285	\$ 1,070
Present Value of Expected Future Policy Benefits						
Balance, beginning of year	\$ 16,874	\$ 743	\$ 3,768	\$ —	\$ 1,001	\$ 22,386
Beginning balance at original discount rate	19,500	1,358	4,540	—	1,124	26,522
Effect of changes in currency exchange rates	—	74	—	—	—	74
Effect of changes in cash flow assumptions	(2)	—	(12)	—	—	(14)
Effect of actual variances from expected experience	18	10	13	8	(4)	45
Adjusted beginning of year balance	19,516	1,442	4,541	8	1,120	26,627
Issuances	2,514	—	—	1,271	—	3,785
Interest accrual	786	18	131	12	33	980
Benefit payments	(1,307)	(30)	(200)	(41)	(81)	(1,659)
Effect of changes in currency exchange rates	—	—	—	(70)	—	(70)
Ending balance at original discount rate ⁽¹⁾	21,509	1,430	4,472	1,180	1,072	29,663
Effect of changes in discount rate assumptions	(1,929)	(546)	(632)	(48)	(95)	(3,250)
Effect of foreign exchange on change in discount rate assumptions	—	(32)	—	(1)	—	(33)
Balance, end of year	\$ 19,580	\$ 852	\$ 3,840	\$ 1,131	\$ 977	\$ 26,380
Net Future Policy benefits	\$ 19,580	\$ 852	\$ 3,055	\$ 1,131	\$ 692	\$ 25,310
Less: Reinsurance recoverable	1	—	55	—	—	56
Net Future Policy benefits, after reinsurance recoverable	\$ 19,579	\$ 852	\$ 3,000	\$ 1,131	\$ 692	\$ 25,254

⁽¹⁾ Includes DPL of \$221 million within Payout Annuities - U.S.

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The following represents the discounted and undiscounted amounts regarding expected gross premiums and expected future benefit payments (in millions):

	December 31,					
	2025		2024		2023	
	Discounted	Undiscounted	Discounted	Undiscounted	Discounted	Undiscounted
Payout Annuities - U.S.						
Expected future benefit payments	\$ 16,643	\$ 36,899	\$ 17,461	\$ 39,323	\$ 19,359	\$ 40,294
Expected future gross premiums	—	—	—	—	—	—
Payout Annuities - Non-U.S.						
Expected future benefit payments	811	1,794	739	1,702	852	1,780
Expected future gross premiums	—	—	—	—	—	—
Traditional Life - U.S.						
Expected future benefit payments	3,625	6,425	3,679	6,470	3,840	6,732
Expected future gross premiums	986	1,421	1,012	1,465	1,112	1,579
Traditional Life - Non-U.S.						
Expected future benefit payments	768	1,204	883	1,248	1,131	1,450
Expected future gross premiums	—	—	—	—	—	—
Accident and health						
Expected future benefit payments	4,818	6,732	829	1,176	977	1,364
Expected future gross premiums	1,106	1,510	221	310	300	413

For the years ended December 31, 2025, 2024 and 2023, there were immaterial impacts to net income for Non-U.S. payout annuities and Non-U.S. traditional life products, where net premiums exceeded gross premiums for certain cohorts.

The following table summarizes the gross premium income and interest expense recognized in premiums and policyholder benefits and changes in fair value of insurance liabilities, respectively, on the consolidated statements of income (loss) (in millions):

	December 31,					
	2025	2024	2023	2025	2024	2023
	Gross Premiums			Interest Expense		
Payout Annuities - U.S.	\$ 1	\$ —	\$ —	\$ 834	\$ 877	\$ 785
Payout Annuities - Non-U.S.	—	—	—	18	17	18
Traditional life - U.S.	132	136	141	115	113	107
Traditional life - Non-U.S.	—	—	—	14	15	12
Accident and health	112	38	40	118	24	22
Total	\$ 245	\$ 174	\$ 181	\$ 1,099	\$ 1,046	\$ 944

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The following table summarizes the weighted average interest rate and weighted average duration.

	December 31,		
	2025	2024	2023
Payout Annuities - U.S.			
Weighted average interest accretion rate	4.25 %	4.26 %	3.62 %
Weighted average current discount rate	5.43 %	5.60 %	4.28 %
Weighted average duration (in years)	10.14	10.48	10.28
Payout Annuities - Non U.S.			
Weighted average interest accretion rate	1.25 %	1.25 %	1.25 %
Weighted average current discount rate	5.59 %	5.65 %	4.64 %
Weighted average duration (in years)	11.94	12.38	13.92
Traditional Life - U.S.			
Weighted average interest accretion rate	3.33 %	3.34 %	3.33 %
Weighted average current discount rate	5.25 %	5.52 %	4.91 %
Weighted average duration (in years)	10.37	10.40	11.25
Traditional Life - Non-U.S.			
Weighted average interest accretion rate	1.36 %	1.36 %	1.36 %
Weighted average current discount rate	3.19 %	2.24 %	4.62 %
Weighted average duration (in years)	11.64	15.06	15.25
Accident and Health			
Weighted average interest accretion rate	4.78 %	3.49 %	3.50 %
Weighted average current discount rate	4.85 %	5.39 %	4.82 %
Weighted average duration (in years)	6.29	7.12	7.69

The following table summarizes the balances of and changes in the AIL for universal life-type contracts (in millions):

	December 31,		
	2025	2024	2023
Balance, beginning of year	\$ 12,431	\$ 11,700	\$ 92
Beginning balance before shadow reserve adjustments	12,381	11,399	92
Effect of changes in cash flow assumptions	(45)	—	—
Effect of actual variances from expected experience	16	56	(1)
Adjusted beginning of year balance	12,352	11,455	91
Issuances	—	—	10,564
Interest accrual	441	396	43
Assessments Collected	1,959	1,472	843
Benefit payments	(955)	(942)	(142)
Ending balance before shadow reserve adjustments	13,797	12,381	11,399
Effect of shadow reserve adjustments	109	50	301
Balance, end of year	\$ 13,906	\$ 12,431	\$ 11,700

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The following table summarizes the total gross premium assessments and interest expense recognized in policy charges and fee income and policyholder benefits and changes in fair value of insurance liabilities, respectively, on the consolidated statements of income (loss) (in millions):

	December 31,											
	2025		2024		2023							
	Gross Assessments			Interest Expense								
AIL	\$	783	\$	786	\$	843	\$	441	\$	396	\$	43

This table summarizes certain weighted average information regarding the AIL for universal life-type contracts.

	December 31,		
	2025	2024	2023
AIL			
Weighted average interest accretion rate	3.38 %	3.34 %	3.31 %
Weighted average duration (in years)	14.98	14.62	15.19

8. Policyholder Contract Deposits

The following represents the reconciliation of policyholder contract deposits in the consolidated balance sheets (in millions):

	December 31,	
	2025	2024
Policy contract deposits included in the rollforwards:		
Deferred Annuities - U.S.	\$ 7,660	\$ 7,979
Deferred Annuities - Non U.S.	2,127	1,275
FIA	1,255	1,624
Funding Agreements	503	—
UL	10,330	10,937
Total policy contract deposits included in the rollforwards	21,875	21,815
Reconciling Items:		
Payout Annuities - US ⁽¹⁾	3,828	4,353
Policyholder contract deposits	\$ 25,703	\$ 26,168

⁽¹⁾ Due to the nature of these products, which do not carry significant insurance risk, they are excluded from the scope of ASU 2018-12 regarding disclosure requirements for policyholder contract deposits.

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The following represents the changes in policyholder contract deposits (in millions):

	December 31, 2025					
	Deferred Annuities - U.S.	Deferred Annuities - Non-U.S.	FIA	Funding Agreements	UL	Total
Balance, beginning of year	\$ 7,979	\$ 1,275	\$ 1,624	\$ —	\$ 10,937	\$ 21,815
Issuances (funds collected from new business)	300	862	—	498	—	1,660
Deposits received (deposits collected from inforce business)	49	—	—	—	643	692
Policy charges	—	—	—	—	(1,387)	(1,387)
Surrenders and withdrawals	(626)	(19)	(378)	—	(59)	(1,082)
Benefit payments	(298)	(23)	(26)	—	(196)	(543)
Interest credited	256	29	19	5	392	701
Effect of changes in currency exchange rates to current period activity	—	3	—	—	—	3
Changes related to embedded derivatives	—	—	16	—	—	16
Balance, end of year	\$ 7,660	\$ 2,127	\$ 1,255	\$ 503	\$ 10,330	\$ 21,875
Less: Reinsurance Recoverable	1,438	788	—	—	—	2,226
Balance, end of year, net of reinsurance recoverable	\$ 6,222	\$ 1,339	\$ 1,255	\$ 503	\$ 10,330	\$ 19,649
Weighted-average crediting rate	3.56 %	1.86 %	1.89 %	4.63 %	3.75 %	
Net amount at risk	\$ —	\$ —	\$ —	\$ —	\$ 70,657	
Cash surrender value	\$ 7,500	\$ 2,075	\$ 1,239	\$ —	\$ 13,578	

	December 31, 2024					
	Deferred Annuities - U.S.	Deferred Annuities - Non-U.S.	FIA	UL	Total	
Balance, beginning of year	\$ 8,936	\$ 392	\$ 2,107	\$ 11,586	\$ 23,021	
Issuances (funds collected from new business)	620	1,050	—	—	1,670	
Deposits received (deposits collected from inforce business)	19	—	2	720	741	
Policy charges	—	—	—	(1,471)	(1,471)	
Surrenders and withdrawals	(1,563)	(97)	(457)	(108)	(2,225)	
Benefit payments	(317)	(14)	(19)	(223)	(573)	
Interest credited	286	16	11	420	733	
Effect of changes in currency exchange rates to current period activity	—	(72)	—	—	(72)	
Changes related to embedded derivatives	—	—	(70)	—	(70)	
Other	(2)	—	50	13	61	
Balance, end of year	\$ 7,979	\$ 1,275	\$ 1,624	\$ 10,937	\$ 21,815	
Weighted-average crediting rate	3.53 %	1.84 %	1.87 %	3.75 %		
Net amount at risk	\$ —	\$ —	\$ —	\$ 72,645		
Cash surrender value	\$ 7,804	\$ 1,237	\$ 1,588	\$ 13,788		

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	Deferred Annuities - U.S.	Deferred Annuities - Non-U.S.	FIA	UL	Total
Balance, beginning of year⁽¹⁾	\$ 4,812	\$ 155	\$ —	\$ 1,332	\$ 6,299
Issuances (funds collected from new business)	4,479	242	2,127	10,378	17,226
Deposits received (deposits collected from inforce business)	23	—	—	141	164
Policy charges	—	—	—	(245)	(245)
Surrenders and withdrawals	(449)	(10)	(24)	(42)	(525)
Benefit payments	(125)	(1)	(4)	(85)	(215)
Net transfers from (to) separate account	—	—	—	—	—
Interest credited	196	6	3	98	303
Changes related to embedded derivatives	—	—	6	—	6
Other	—	—	(1)	9	8
Balance, end of year	\$ 8,936	\$ 392	\$ 2,107	\$ 11,586	\$ 23,021
Weighted-average crediting rate	3.41 %	4.00 %	2.13 %	3.76 %	
Net amount at risk	\$ —	\$ —	\$ —	\$ 73,747	
Cash surrender value	\$ 8,754	\$ 363	\$ 2,016	\$ 13,699	

⁽¹⁾ Amount includes reclassification of certain reserve and policyholder balances to conform with the revised presentation upon adoption of ASU 2018-12. Refer to Note 2.

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The following represents the balance of account values by range of guaranteed minimum crediting rates and the related range in difference (in bps) between the rates being credited to policyholders and the respective guaranteed minimums (in millions):

December 31, 2025					
Range of Guaranteed Minimum Crediting Rates	At Guaranteed Minimum Crediting Rate	1 bp-50 bps above Guaranteed Minimum Crediting Rate	51 bps-150 bps Above Guaranteed Minimum Crediting Rate	More than 150 bps Above Guaranteed Minimum Crediting Rate	Total
Deferred Annuities - U.S.					
Less than 1.99%	\$ 876	\$ 6	\$ 80	\$ 69	\$ 1,031
2.00% - 3.99%	2,144	463	112	—	2,719
Greater than 4.00%	3,909	—	—	1	3,910
Total	\$ 6,929	\$ 469	\$ 192	\$ 70	\$ 7,660
Deferred Annuities - Non-U.S.					
Less than 1.99%	\$ 1,567	\$ —	\$ —	\$ —	\$ 1,567
2.00% - 3.99%	166	—	—	—	166
Greater than 4.00%	394	—	—	—	394
Total	\$ 2,127	\$ —	\$ —	\$ —	\$ 2,127
FIA					
Less than 1.99%	\$ 50	\$ 123	\$ 58	\$ 6	\$ 237
2.00% - 3.99%	73	—	—	—	73
Other ⁽¹⁾	—	—	—	—	945
Total	\$ 123	\$ 123	\$ 58	\$ 6	\$ 1,255
Funding Agreements					
Greater than 4.00%	\$ 503	\$ —	\$ —	\$ —	\$ 503
Total	\$ 503	\$ —	\$ —	\$ —	\$ 503
UL					
2.00% - 3.99%	\$ 2,706	\$ 22	\$ —	\$ 1,965	\$ 4,693
Greater than 4.00%	5,128	509	—	—	5,637
Total	\$ 7,834	\$ 531	\$ —	\$ 1,965	\$ 10,330

⁽¹⁾ Consists of indexed account balances that include the fair value of embedded derivative instruments.

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Range of Guaranteed Minimum Crediting Rates	At Guaranteed Minimum Crediting Rate	1 bp-50 bps above Guaranteed Minimum Crediting Rate	51 bps-150 bps Above Guaranteed Minimum Crediting Rate	More than 150 bps Above Guaranteed Minimum Crediting Rate	Total
Deferred Annuities - U.S.					
Less than 1.99%	\$ 976	\$ 2	\$ 73	\$ 182	\$ 1,233
2.00% - 3.99%	2,048	576	134	—	2,758
Greater than 4.00%	3,988	—	—	—	3,988
Total	\$ 7,012	\$ 578	\$ 207	\$ 182	\$ 7,979
Deferred Annuities - Non-U.S.					
Less than 1.99%	\$ 875	\$ —	\$ —	\$ —	\$ 875
2.00% - 3.99%	140	—	—	—	140
Greater than 4.00%	260	—	—	—	260
Total	\$ 1,275	\$ —	\$ —	\$ —	\$ 1,275
FIA					
Less than 1.99%	\$ 134	\$ —	\$ 182	\$ 8	\$ 324
2.00% - 3.99%	76	—	—	—	76
Other ⁽¹⁾	—	—	—	—	1,224
Total	\$ 210	\$ —	\$ 182	\$ 8	\$ 1,624
UL					
2.00% - 3.99%	\$ 2,863	\$ 22	\$ 35	\$ 2,209	\$ 5,129
Greater than 4.00%	5,257	551	—	—	5,808
Total	\$ 8,120	\$ 573	\$ 35	\$ 2,209	\$ 10,937

⁽¹⁾ Consists of indexed account balances that include the fair value of embedded derivative instruments.

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December 31, 2023

Range of Guaranteed Minimum Crediting Rates	At Guaranteed Minimum Crediting Rate	1 bp-50 bps above Guaranteed Minimum Crediting Rate	51 bps-150 bps Above Guaranteed Minimum Crediting Rate	More than 150 bps Above Guaranteed Minimum Crediting Rate	Total
Deferred Annuities - U.S.					
Less than 1.99%	\$ 1,166	\$ 20	\$ 54	\$ 617	\$ 1,857
2.00% - 3.99%	2,381	371	266	9	3,027
Greater than 4.00%	4,036	—	—	—	4,036
Other	16	—	—	—	16
Total	\$ 7,599	\$ 391	\$ 320	\$ 626	\$ 8,936
Deferred Annuities - Non-U.S.					
Less than 1.99%	\$ 1	\$ —	\$ —	\$ —	\$ 1
2.00% - 3.99%	138	—	—	—	138
Greater than 4.00%	249	—	—	—	249
Other	4	—	—	—	4
Total	\$ 392	\$ —	\$ —	\$ —	\$ 392
FIA					
Less than 1.99%	\$ 46	\$ 76	\$ 164	\$ 2	\$ 288
2.00% - 3.99%	97	—	—	—	97
Other ⁽¹⁾	—	—	—	—	1,722
Total	\$ 143	\$ 76	\$ 164	\$ 2	\$ 2,107
UL					
2.00% - 3.99%	\$ 3,017	\$ 23	\$ 33	\$ 2,482	\$ 5,555
Greater than 4.00%	5,402	610	—	—	6,012
Other	19	—	—	—	19
Total	\$ 8,438	\$ 633	\$ 33	\$ 2,482	\$ 11,586

⁽¹⁾ Consists of indexed account balances that include the fair value of embedded derivative instruments.

9. Insurance Liabilities, at Fair Value

Insurance liabilities at fair value include whole life annuity contracts with insignificant insurance risk, variable annuity contracts with guaranteed benefits, registered index-linked annuities, fixed indexed and fixed deferred annuities and certain other variable annuities. The remainder of the insurance liabilities are comprised of individual annuities and supplementary contracts with life contingencies.

The following represents the major components of the Company's insurance liabilities at fair value (in millions):

	December 31,	
	2025	2024
Insurance Liabilities		
Whole life annuity contracts	\$ 3,030	\$ —
Variable annuity contracts with guaranteed benefits	1,992	2,090
Registered index-linked and fixed annuity contracts	2,042	1,977
Other insurance contracts	315	313
Total insurance liabilities	\$ 7,379	\$ 4,380

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Variable Annuity Contracts with Guaranteed Benefits

Description of Guaranteed Benefits

The Company's variable annuity contracts include guaranteed benefits such as guaranteed minimum accumulation benefits ("GMAB"), guaranteed withdrawal benefits ("GMWB"), guaranteed minimum death benefits ("GMDB") and guaranteed minimum income and withdrawal benefits ("GMIWB").

The GMAB features provide the contractholder with a guaranteed return of initial account value or an enhanced value, if applicable. The most significant of the Company's GMAB features are the guaranteed return option features, which include an automatic rebalancing element that reduces the Company's exposure to these guarantees.

The GMDB features provide certain guaranteed benefits in the event of the death of the contractholder.

The GMWB features provide the contractholder with access to a guaranteed remaining balance if the account value is reduced to zero through a combination of market declines and withdrawals. The contractholder also has the option, after a specified time period, to reset the guaranteed remaining balance to the then-current account value, if greater.

The GMIWB features, taken collectively, provide a contractholder with two optional methods to receive guaranteed minimum payments over time, a "withdrawal" option or an "income" option. The withdrawal option guarantees cumulative withdrawals up to a total guaranteed balance. The income option generally guarantees the ability to withdraw an amount each year for life that is equal to a percentage of a protected value, with the potential to increase the annual amount if account values rise. Certain GMIWB features include an automatic rebalancing element that reduces the Company's exposure to these guarantees.

Fair Value Estimations of Insurance Liabilities

The fair values of insurance liabilities associated with the variable annuity contracts are calculated as the present value of future expected benefit payments, anticipated future trail commissions, and certain administrative expenses less the present value of future expected rider fees, mortality and expense charges, contract charges and the anticipated future reimbursement of certain asset management fees. Since there is no observable active market for the transfer of these obligations, the valuations are calculated using internally developed option-pricing models within a risk-neutral valuation framework and include management's estimate of risk premiums and non-performance risk.

Significant Valuation Assumptions and Inputs

Significant assumptions used in the determination of fair values of insurance liabilities include: (i) capital market assumptions such as risk-free interest rates plus a spread reflecting non-performance risk, equity volatility, and equity correlations; and (ii) actuarial assumptions such as lapse, utilization, withdrawal, and mortality rates. These assumptions may vary by product design, policyholder age, contract duration, tax status, and prevailing market conditions.

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10. Short Duration Contracts

The Company's loss reserves cover excess workers' compensation, environmental impairment, legacy environmental, and other casualty run-off lines (e.g., primary workers' compensation, general liability, professional liability, medical malpractice, products liability, commercial auto, and A&H) on a retroactive basis. Reserves represent estimates of unpaid claims, including IBNR, discounted where applicable, and are developed using traditional actuarial methods supplemented by claim-specific analyses.

The following table details the Company's liabilities for unpaid loss and loss adjustment expenses (in millions):

	December 31, 2025			
	Case Reserves	IBNR	LAE	Total
Excess workers' compensation	\$ 518	\$ 653	\$ 88	\$ 1,259
Environmental impairment liabilities	228	98	23	349
Legacy environmental	176	123	152	451
All other lines	216	288	119	623
Liabilities for unpaid loss and allocated LAE, net of reinsurance	1,138	1,162	382	2,682
Discount for workers' compensation	(142)	(170)	—	(312)
Total liability for unpaid loss and loss adjustment expenses	\$ 996	\$ 992	\$ 382	\$ 2,370

	December 31, 2024			
	Case Reserves	IBNR	LAE	Total
Excess workers' compensation	\$ 556	\$ 742	\$ 100	\$ 1,398
Environmental impairment liabilities	237	156	39	432
Legacy environmental	178	144	158	480
All other lines	252	297	135	684
Liabilities for unpaid loss and allocated LAE, net of reinsurance	1,223	1,339	432	2,994
Discount for workers' compensation	(156)	(199)	—	(355)
Total liability for unpaid loss and loss adjustment expenses	\$ 1,067	\$ 1,140	\$ 432	\$ 2,639

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The following table provides a roll forward of loss and loss adjustment expense reserves including detail on paid and incurred losses from prior accident years and the current accident year (in millions):

Unpaid losses and loss adjustment expenses	Year Ended December 31,		
	2025	2024	2023
Balance at beginning of period	\$ 2,639	\$ 3,168	\$ 3,613
Net losses incurred:			
Current period	1	1	3
Prior period	(59)	(71)	(100)
Total net losses incurred	(58)	(70)	(97)
Effect of change in discount	42	57	54
Net paid losses:			
Prior period	(253)	(307)	(402)
Total net paid losses	(253)	(307)	(402)
Novations	—	(209)	—
Balance at end of period	\$ 2,370	\$ 2,639	\$ 3,168

The following table details prior accident year loss development (in millions):

(Favorable) / Unfavorable prior year development	Year Ended December 31,		
	2025	2024	2023
Excess workers' compensation	\$ (95)	\$ (123)	\$ (125)
Environmental impairment liabilities	(15)	(48)	(62)
Legacy environmental	4	10	44
All other lines	47	90	43
Total prior year development	\$ (59)	\$ (71)	\$ (100)

Excess workers' compensation had favorable development in 2025, 2024 and 2023 reflecting continued loss mitigation efforts and favorable claim settlements. Environmental impairment liabilities had favorable development in 2025, 2024 and 2023 reflecting continuing loss mitigation efforts, favorable claim settlements and a reduction in IBNR reserves as claims-made policies matured. Legacy environmental had unfavorable development in 2025, 2024 and 2023. During both 2025 and 2023, the unfavorable development was primarily driven by higher than expected loss activity on certain accounts while 2024 was driven by higher reported claim frequency and severity. Other lines had unfavorable development in 2025, 2024 and 2023 primarily due to higher than expected loss activity in certain accounts.

Disclosures of Incurred and Paid Loss Development, IBNR, Claims Counts and Payout Percentages

The Company presents loss development data prospectively from the date reserves are assumed under retroactive reinsurance agreements, as prior loss history is not considered relevant to the Company's own experience managing these reserves or prior history is not consistently available. Loss development is analyzed based on the year reserves are assumed such that the impact of assumed reserves year to year does not distort the loss development tables.

The environmental impairment line of business is significant and therefore a further development table has been provided for this line of business. As described below, the excess workers' compensation and legacy environmental lines of business do not have any incurred or paid losses within the past 10 accident years, and therefore no further loss development tables have been provided for these lines of business.

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Excess Workers' Compensation

Excess workers' compensation is a long-tail line highly sensitive to assumptions such as medical inflation and claimant longevity. Written over qualified self-insurance from the 1970s through 2012, claims are administered by third-party administrators (TPAs) under Company oversight. Reserve estimates are particularly uncertain due to extended claim durations, varying state coverage statutes, and unpredictable medical cost trends. The Company employs both traditional (paid and incurred loss development) and non-traditional methods (individual claim annuity models, report-year development, and IBNR count/severity approaches), segmenting data to account for historical anomalies and past loss mitigation efforts.

No incurred losses are related to the last ten accident years. The total actual paid losses were \$44 million, \$50 million and \$61 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Environmental Impairment Liability

Environmental impairment coverage (such as pollution legal liability, contractor's pollution liability, errors and omissions and similar policies written before June 1, 2016) carries greater reserving uncertainty than other insurance lines. Conventional methods are supplemented by detailed claim-by-claim reviews that consider each policyholder's exposure, expected resolution costs, coverage limits, judicial interpretations, and comparable historical cases.

Reported claim counts, on a cumulative basis, are provided as supplemental information to the incurred loss table below by accident year. The claim frequency is determined at the claimant level for the relevant exposures and the Company's claims system identifies a unique claim identifier to each reported claim that the Company receives.

Incurred Loss and Allocated LAE										As of December 31, 2025	
For the Year Ended December 31,											
Accident Year	Net Reserves Assumed	2018	2019	2020	2021	2022	2023	2024	2025	Total of IBNR Liabilities Plus Expected Development on Reported Losses	Cumulative Number of Reported Claims
(unaudited)											
(in millions, except for number of reported claims)											
Prior	\$ 1,261	\$ 1,175	\$ 1,170	\$ 1,169	\$ 1,088	\$ 1,079	\$ 1,029	\$ 987	\$ 973	\$ 90	2,013
2016	89	91	95	86	83	88	81	82	89	7	324
2017	122	157	149	107	116	122	121	117	116	5	422
2018	9	48	67	56	49	52	51	51	49	2	352
2019			26	33	33	29	28	26	25	1	148
2020				22	23	20	21	20	23	13	227
2021					5	6	3	3	1	1	17
2022						3	3	2	—	—	4
2023							3	4	2	1	5
2024								1	—	—	5
2025									1	1	1
	\$ 1,481								\$ 1,279	\$ 121	3,518
Cumulative Paid Losses and Allocated LAE during the above period									(930)		
Liabilities for losses and LAE									\$ 349		

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Cumulative Paid Losses and Allocated Loss Adjustment Expenses are set out below (in millions):

Accident Year	Cumulative Paid Loss and Allocated LAE									
	Year Ended December 31,									
	2018	2019	2020	2021	2022	2023	2024	2025		
	(unaudited)									
Prior	\$ 146	\$ 271	\$ 357	\$ 434	\$ 533	\$ 593	\$ 637	\$ 702		
2016	14	25	38	42	52	53	57	60		
2017	30	57	52	58	65	91	91	91		
2018	9	22	31	37	38	43	43	43		
2019		2	16	20	21	22	23	23		
2020			2	4	6	8	10	11		
2021				—	—	—	—	—		
2022					—	—	—	—		
2023						—	—	—		
2024							—	—		
2025										
									\$ 930	

Legacy Environmental

Legacy Environmental exposures arise mainly from pre-1986 policies covering property damage from pollution and hazardous waste claims. These reserves carry significant uncertainty due to evolving legal and regulatory factors. The Company estimates liabilities using traditional actuarial and claim-specific methods, validating results through ratio and market share analyses against industry benchmarks.

No incurred losses are related to the last 10 accident years. The total actual paid losses were \$33 million, \$32 million and \$32 million for the years ended December 31, 2025, 2024 and 2023.

All Other Lines

“All Other Lines” include legacy exposures from primary workers’ compensation, general liability, professional liability, medical malpractice, products liability, commercial auto liability, and A&H business now in run-off. Loss and LAE reserves are estimated separately using traditional methods (paid/incurred loss development and Cape Cod), supplemented by techniques such as IBNR-to-case ratios, frequency-severity models, survival ratios, and annuity approaches for large workers’ compensation claims. LAE estimates use standard development and paid-to-paid methods.

During year ended December 31, 2024, the Company entered into a novation agreement with a ceding company for liability exposure stemming from the All Other Lines of business which resulted in a reduction in unpaid losses and loss adjustment expenses of \$209 million, a reduction in other assets of \$119 million and a reduction in deferred cost of reinsurance contracts of \$11 million on the consolidated balance sheets.

Claims Payout Patterns

The following table presents unaudited supplementary information detailing the historical average annual percentage claims payout on an accident year basis at the same level of disaggregation as presented above for the year ended December 31, 2025.

Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance (Unaudited)											
Year	1	2	3	4	5	6	7	8	9	10	
Environmental impairment liabilities	7.6%	16.7%	16.3%	11.9%	7.1%	6.6%	5.3%	3.6%	2.6%	2.3%	

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11. Separate Accounts

The Company's separate account assets and liabilities primarily relate to its variable annuity business. The following table represents the aggregate fair value of assets, by major investment sub-category, supporting separate accounts (in millions):

	December 31,	
	2025	2024
Mutual funds:		
Equity	\$ 15,532	\$ 15,634
Fixed income	6,726	7,125
Other	15	98
Total mutual funds	\$ 22,273	\$ 22,857

The following table represents the balances of and changes in separate account liabilities (in millions):

	December 31,	
	2025	2024
Balance, beginning of year	\$ 22,857	\$ 23,871
Deposits	30	41
Investment performance	2,842	2,474
Policy charges	(453)	(486)
Surrenders and withdrawals	(3,050)	(3,082)
Benefit payments	(48)	(48)
Net transfers (to) from general account	95	87
Balance, end of period	\$ 22,273	\$ 22,857
Cash surrender value	\$ 22,248	\$ 22,844

12. Value of Business Acquired, Deferred Costs of Reinsurance Contracts and Deferred Acquisition Costs, and Deferred Gain from Reinsurance Contracts

Negative VOBA

The following table represents the balances and changes in the negative VOBA (in millions):

	Negative VOBA			
	Payout Annuities - U.S.	Traditional Life - U.S.	Accident and Health	Total
Balance, January 1, 2023	\$ 3,245	\$ 481	\$ 98	\$ 3,824
Amortization	(165)	(34)	(8)	(207)
Balance, December 31, 2023	3,080	447	90	3,617
Amortization	(149)	(55)	(7)	(211)
Balance, December 31, 2024	2,931	392	83	3,406
Amortization	(141)	(22)	(5)	(168)
Novation ⁽¹⁾	(69)	—	—	(69)
Balance, December 31, 2025	\$ 2,721	\$ 370	\$ 78	\$ 3,169

⁽¹⁾ Represents the recapture of a reinsurance agreement by a U.S. based life insurance company.

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The following represents the estimated future amortization of the negative VOBA over the next five years (in millions):

	Estimated Future Amortization
2026	\$ 155
2027	145
2028	145
2029	134
2030	131

Deferred Costs and DAC

The following table represents the roll forward of the Deferred Costs and DAC (in millions):

	Deferred Costs and DAC									
	Long Duration Business						Traditional Life - Non-U.S.	Accident and Health	Short Duration Business	Total
	Payout Annuities - U.S.	Deferred Annuities - U.S.	Deferred Annuities - Non-U.S.	FIA	UL	Traditional Life - Non-U.S.				
Balance, January 1, 2023	\$ —	\$ 233	\$ 7	\$ —	\$ —	\$ —	\$ —	\$ 66	\$ 306	
Additions	345	502	12	262	2,576	28	—	—	3,725	
Amortization	(4)	(51)	(1)	(4)	(7)	(1)	—	(20)	(88)	
Impairment of Deferred Costs	—	—	—	—	—	—	—	(2)	(2)	
Balance, December 31, 2023	341	684	18	258	2,569	27	—	44	3,941	
Additions	—	28	13	—	—	—	—	—	41	
Amortization	(23)	(90)	(2)	(38)	(51)	(2)	—	(13)	(219)	
Other	—	—	—	—	—	—	—	(11)	(11)	
Balance, December 31, 2024	318	622	29	220	2,518	25	—	20	3,752	
Additions	—	12	25	—	—	26	3	—	66	
Amortization	(24)	(95)	(5)	(39)	(49)	(2)	—	(9)	(223)	
Impairment of Deferred Costs	—	—	—	—	—	—	—	(15)	(15)	
Other	—	—	—	—	—	—	—	20	20	
Balance, December 31, 2025	<u>\$ 294</u>	<u>\$ 539</u>	<u>\$ 49</u>	<u>\$ 181</u>	<u>\$ 2,469</u>	<u>\$ 49</u>	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 3,600</u>	

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Deferred Gains

The following table represents the roll forward of the Deferred Gains and related amortization on reinsurance agreements (in millions):

	Deferred Gains			
	Long Duration Business			Total
	Payout Annuities - U.S.	Deferred Annuities - U.S.	Short Duration Business	
Balance, January 1, 2023	\$ 4	\$ 437	\$ 258	\$ 699
Amortization	—	(29)	(3)	(32)
Effect of change in discount	—	—	(54)	(54)
Favorable/(unfavorable) loss development	—	—	98	98
Balance, December 31, 2023	4	408	299	711
Amortization	—	(31)	(8)	(39)
Effect of change in discount	—	—	(57)	(57)
Favorable/(unfavorable) loss development	—	—	70	70
Balance, December 31, 2024	4	377	304	685
Additions	—	76	—	76
Amortization	(1)	(35)	(21)	(57)
Effect of change in discount	—	—	(42)	(42)
Favorable/(unfavorable) loss development	—	—	78	78
Balance, December 31, 2025	\$ 3	\$ 418	\$ 319	\$ 740

13. Debt Obligations and Credit Facilities

The Company has issued \$750 million in Senior Notes (the "Senior Notes"). The Senior Notes are unsecured senior obligations, ranking equally with other current and future unsecured senior debt.

The Company has entered into a credit facility (the "Credit Agreement") which contains two term loans totaling \$800 million. In addition, the Credit Agreement provides for a \$750 million revolving credit facility. If the facility is undrawn the Company incurs a quarterly commitment fee of 0.250% per annum of the undrawn amount. There were no borrowings outstanding on the revolving credit facility as of December 31, 2025 or 2024.

The Credit Agreement specifies certain financial covenants which require: (1) the Company and its subsidiaries maintaining a total debt to total capitalization ratio less than 0.35:1; (2) Fortitude Reinsurance Company Ltd. ("FRL") maintaining an enhanced capital ratio of at least 125% in conjunction with an investment grade rating; (3) the Company and its subsidiaries maintaining an adjusted consolidated net worth which shall not be less than the aggregate of 65% of adjusted consolidated net worth as of March 31, 2025 plus 50% of adjusted consolidated net income available for distribution to common shareholders after March 31, 2025 plus 50% of the proceeds of any common equity issuance of the Company made after March 31, 2025. If an event of default occurs, the lenders under the Credit Agreement will be entitled to take various actions, including the termination of their commitments and the acceleration of amounts due. As of December 31, 2025 and 2024, the Company was in compliance with all covenants under the Credit Agreement.

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A summary of outstanding debt obligations presented as long term debt within the consolidated balance sheets is set forth below (in millions):

Facility	Origination Date	Interest Rate	Term	December 31,					
				2025			2024		
				Borrowing Outstanding	Unamortized Issuance Costs	Fair Value	Borrowing Outstanding	Unamortized Issuance Costs	Fair Value
Senior Notes	March 31, 2025	6.250%	5 years	\$ 750	\$ 8	\$ 782	\$ —	\$ —	\$ —
Term Loan	June 27, 2025	SOFR +1.500%	3 years	400	2	410	750	3	770
Term Loan	June 27, 2025	SOFR +1.625%	4 years	400	3	411	750	3	786
Non-recourse debt ⁽¹⁾	October 22, 2025	SOFR +0.750%	11 years	100	—	85	—	—	—
Total debt obligations				\$ 1,650	\$ 13	\$ 1,688	\$ 1,500	\$ 6	\$ 1,556

⁽¹⁾ Debt issued by a consolidated VIE is non-recourse to the Company.

The table below provides a summary of the total interest expense and other financing costs (in millions):

	Year Ended December 31,		
	2025	2024	2023
Interest expense on debt obligations	\$ 97	\$ 112	\$ 62
Other	16	14	4
Total interest expense	\$ 113	\$ 126	\$ 66

The Company has issued a letter of credit for \$10 million to the Internal Revenue Service (“IRS”) in connection with FRL electing to be taxed as a domestic U.S. company under Section 953(d). This letter of credit provides security to the IRS for payment of any annual tax obligation of FRL resulting from the Section 953(d) election and will remain in place until such time that the Company meets the minimum threshold requirements to release the security.

In 2023, the Company entered into committed and non-committed bilateral letter of credit agreements (“Bilateral Credit Agreements”), in addition to the Credit Agreement described above, with a syndicate of banks to support collateral requirements for the Company's reinsurance agreements. The Bilateral Credit Agreements contain certain restrictive and maintenance covenants customary for facilities of this type for the Company's ability to use these facilities. The Company's ability to utilize these facilities is also subject to the ability and willingness of the banks to meet their commitments. This could restrict the ability to access these facilities upon demand and could adversely affect the Company's liquidity or ability to meet collateral requirements. The Company and its subsidiaries which are party to the agreement were in compliance with all covenants contained therein as of December 31, 2025.

Agreement	Expiration	Maximum Capacity	Utilization	Unused Facility Capacity
Revolving credit agreement	June 27, 2030	\$ 750	\$ 10	\$ 740
Bilateral credit agreements		1,050	556	494
Unsecured arrangements	December 21, 2026	200	200	—

14. Contingencies and Commitments

Litigation and Regulatory Matters

As of December 31, 2025 and 2024, the Company has no material contingent liabilities arising from litigation, income taxes, make-whole fee conditions or other matters, other than liabilities arising in the normal course of its business of reinsurance.

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Prior to the Company's acquisition of FLIAC, FLIAC received regulatory inquiries and requests for information from state and federal regulators, including a subpoena from the U.S. Securities and Exchange Commission ("SEC"), concerning the appropriateness of variable product sales and replacement activity. In 2025, the Company was notified that the SEC concluded its investigation related to this matter and is not recommending any enforcement actions.

Commitments

The Company has commitments to purchase or fund investments, mostly private credit fixed maturity securities, mortgage loans and alternative investments. The following amounts include unfunded commitments that are not unconditionally cancellable. As of December 31, 2025 and 2024, these commitments include unfunded commitments of \$3,757 million and \$3,357 million, respectively, associated with investments managed by affiliates of Carlyle, a related party. See Note 16 for further information regarding related party investments.

In addition, as of December 31, 2025 and 2024, the outstanding balance on commitments for private credit fixed maturity securities, mortgage loans and alternative investments managed by unaffiliated counterparties was \$1,894 million and \$861 million, respectively.

15. Income Taxes

The Company's tax provision has been prepared based on the U.S. and non-U.S. tax profiles discussed below.

The tax profile of the Company's U.S. subsidiaries include multiple tax filing groups. The Company's wholly owned subsidiary, Fortitude Group Holdings, LLC ("FGH"), is the parent of a U.S. consolidated tax return group which includes FGH and its eligible subsidiaries. Each consolidated subsidiary is subject to the FGH tax sharing agreement. The agreement provides for an allocation of the consolidated tax liability based on separate return calculations, including any losses generated that are utilized in FGH's consolidated U.S. federal income tax return.

Fortitude Reinsurance Company Ltd. ("FRL"), a wholly-owned subsidiary of FGH, elected to be treated as a U.S. domestic insurance company for U.S. tax purposes under Section 953(d) of the U.S. Internal Revenue Code (the "Code") and is subject to federal income taxation in the U.S. Effective January 1, 2022, FRL became a life insurance company for U.S. tax purposes as the total amount of its life reserves exceeded the 50% threshold under U.S. tax law. Thereupon, FRL (and, consequently, its wholly owned subsidiary, Fortitude Re Investments, LLC ("FRI")), deconsolidated from the FGH consolidated tax return group. FRL will be eligible to rejoin the FGH consolidated return group no later than the 2027 tax year and the entity will file a separate tax return in the interim. FRI is ineligible to join FRL in a consolidated tax filing and, as such, files its own consolidated return with its wholly owned subsidiaries. FRI and its wholly owned subsidiaries will be eligible to rejoin the FGH consolidated tax return group once its immediate parent company, FRL, rejoins.

Fortitude Life Insurance & Annuity Company ("FLIAC"), a wholly-owned subsidiary of FGH, is required to remain outside the FGH consolidated return group for five full years under U.S. tax law and will be eligible to join the consolidated return group beginning with the 2028 tax year. In the meantime, FLIAC files a separate tax return.

While the Company's non-U.S. subsidiaries constitute controlled foreign corporations for U.S. tax purposes through their constructive ownership by FGH, there is no amount of gross income included as U.S. taxable income. Subsidiaries not subject to U.S. taxation are taxed under applicable foreign law. Fortitude International Reinsurance Ltd. ("FIRL"), an indirect wholly-owned subsidiary of the Company, operates as a Bermuda composite reinsurer and has not made an election under Section 953(d) of the Code to be treated as a U.S. domestic insurance company for U.S. tax purposes. Under current Bermuda law in effect for the 2025 and 2024 tax years, FIRL was not required to pay any taxes in Bermuda on profits or income or capital gains.

In 2023, the Bermuda Parliament passed legislation enacting a 15% corporate income tax ("CIT") regime that will become effective for tax years beginning on or after January 1, 2025. The Bermuda income tax rules are intended to align as closely as possible to the Organization for Economic Cooperation and Development's global anti-base erosion rules. Effective for fiscal years beginning on or after January 1, 2025, certain groups with a limited international footprint are eligible for a five-year deferral, extending the effective date to January 1, 2030. The Company is eligible for this deferral. In addition, certain elections and economic transition adjustments are available

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to support a fair and equitable transition into the Bermuda CIT regime. Based on the Company's current profile and the likelihood of not being subject to the Bermuda CIT for some time after the deferral period ends, the Company will continue to evaluate the need for and availability of these elections and transition adjustments. There are no implications with respect to the Bermuda CIT for the years ended December 31, 2025 and 2024.

U.S. Tax Law Changes

In July 2025, H.R.1, known as the "One Big Beautiful Bill Act" was signed into law. H.R.1 includes a broad range of tax reform provisions that are expected to impact businesses across numerous sectors of the U.S. economy. We evaluated the potential impacts of H.R.1 on the Company and it does not have a material impact on its financial position or results of operations.

In August 2022, the U.S. enacted The Inflation Reduction Act of 2022, which provides among other provisions a new corporate alternative minimum tax ("CAMT"). The CAMT is effective for taxable years beginning after December 31, 2022 and generally applies to taxpayers with average annual financial statement income exceeding \$1 billion over a three-year period. The Company determined that there were no material impacts with respect to CAMT for the years ended December 31, 2025, 2024, and 2023.

Effective Tax Rate

The following table presents the income tax expense (benefit) (in millions):

	Year Ended December 31,		
	2025	2024	2023
Income tax expense (benefit):			
Current	\$ 187	\$ 77	\$ (28)
Deferred ⁽¹⁾	(33)	(360)	263
Total income tax expense (benefit)	\$ 154	\$ (283)	\$ 235

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12.

The Company's actual income tax expense (benefit) differs from the statutory U.S. federal amount computed by applying the U.S. federal income tax rate of 21% (the tax rate at which a majority of the Company's operations are taxed) to net income (loss) before tax, as shown in the following reconciliation (in millions):

	Year Ended December 31,		
	2025	2024	2023
Income (loss) before taxes ⁽¹⁾	\$ 936	\$ (1,179)	\$ 1,141
Income tax expense (benefit) at the U.S. statutory rate ⁽¹⁾	196	(248)	239
Valuation allowance	2	14	(1)
Goodwill impairment	—	—	20
Dividends received deduction, net of proration	(6)	(13)	(7)
Non-US (income) loss ⁽¹⁾	(49)	(38)	(17)
Other	11	2	1
Total income tax expense (benefit)	\$ 154	\$ (283)	\$ 235

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12.

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Deferred Taxes

The following table presents the components of the net deferred tax assets (liabilities) (in millions):

	December 31,	
	2025	2024
Deferred tax assets:		
VOBA ⁽¹⁾	\$ 716	\$ 770
Loss on funds withheld - directly managed	485	669
Reinsurance settlement ⁽¹⁾	551	470
Net operating loss ⁽¹⁾	237	378
Deferred acquisition costs	254	201
Deferred gain from reinsurance ⁽¹⁾	140	139
Basis difference on investments - U.S.	215	241
Basis difference on investments - Bermuda	119	134
Capital loss carryforward	48	36
Interest expense carryforward	92	60
Other ⁽¹⁾	107	93
Total deferred tax assets	2,964	3,191
Deferred tax liabilities:		
Deferred cost of reinsurance ⁽¹⁾	(692)	(694)
Life policy reserves ⁽¹⁾	(304)	(619)
Reinsurance modification	—	(19)
Total deferred tax liabilities	(996)	(1,332)
Net deferred tax asset before valuation allowance	1,968	1,859
Valuation allowance - U.S.	(53)	(50)
Valuation allowance - Bermuda	(119)	(134)
Net deferred tax asset	\$ 1,796	\$ 1,675

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12.

Deferred tax assets and deferred tax liabilities are included in deferred income taxes, net and accrued and other liabilities, respectively, on the consolidated balance sheets. The balance sheet presentation of deferred tax accounts differs due to the requirement to present deferred tax assets and liabilities based on the multiple tax filings groups within the Company. The following table reconciles net deferred tax asset (liability) to the amounts recorded on the consolidated balance sheets (in millions):

	December 31,	
	2025	2024 ⁽¹⁾
Deferred income taxes, net	\$ 1,893	\$ 1,749
Deferred tax liabilities	(97)	(74)
Net deferred tax asset	\$ 1,796	\$ 1,675

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12.

The difference between the increase in the net deferred tax asset (liability) balance of \$121 million and the deferred tax benefit recognized for the year of \$33 million, which totals \$88 million, represents the current year deferred tax asset of \$88 million recorded in OCI.

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Capital Loss Carryforwards and Net Operating Loss Carryforwards

As of December 31, 2025, the capital loss carryforward totals \$228 million, which represents a \$48 million deferred tax asset. Capital losses can be carried forward for five years from the time generated and can be utilized against any future capital gains generated during that period. The capital loss carryforwards begin to expire in 2027. As discussed below, the capital loss carryforward is subject to a valuation allowance because it is more likely than not that the carryforward may not be fully utilized during the carryforward period.

As of December 31, 2025, the Company's net operating loss balance totaled \$1,129 million, which represents a \$237 million deferred tax asset and can be carried forward indefinitely. The Company expects the net operating loss to be fully utilized in the near term.

Valuation Allowance on Deferred Tax Assets

The evaluation of the recoverability of the deferred tax asset and the need for a valuation allowance requires the Company to weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax asset will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. The more negative evidence that exists, the more positive evidence is necessary and the more difficult it is to support a conclusion that a valuation allowance is not needed.

In evaluating the need for a valuation allowance, the Company considers many factors, including:

- the nature of the deferred tax assets and liabilities;
- whether they are ordinary or capital;
- timing of the temporary difference reversal;
- taxable income in prior carryback years;
- projected taxable earnings exclusive of reversing temporary differences and carryforwards;
- the length of time that carryovers can be utilized;
- any unique tax rules that would impact the utilization of the deferred tax assets; and
- any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused.

As of December 31, 2025 and 2024, the Company held a valuation allowance of \$53 million and \$50 million, respectively, against U.S. deferred tax assets. A portion of the U.S. deferred tax asset relates to unrealized capital losses for which the carryforward period has not yet begun, and as such, when assessing its recoverability, we consider our ability and intent to hold the underlying securities to recovery. The amount of the U.S. deferred tax asset considered realizable may be adjusted if projections of future taxable income, including the character of that taxable income during the requisite carryforward period, are updated or if objective negative evidence exists that outweighs the positive evidence. The increase in the valuation allowance is primarily due to an increase in the unrealized losses on certain securities that we no longer intend to hold to recovery.

As of December 31, 2025 and 2024, the Company held a valuation allowance of \$119 million and \$134 million, respectively, against Bermuda deferred tax assets regarding unrealized capital losses on securities that mature after December 31, 2029. The decrease in the valuation allowance is due to a decline in the unrealized losses on the underlying securities.

Accounting for Uncertainty in Income Taxes

The Company filed federal tax returns for the years ended December 31, 2024, 2023 and 2022. All returns are open for examination.

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The Company also periodically evaluates uncertain tax positions to determine whether the tax positions are more likely than not to be realized as a tax benefit or expense in the current year. The Company recognizes interest and penalties related to uncertain tax benefits in U.S. Federal income tax expense. For the years ended December 31, 2025, 2024 and 2023, there were no uncertain tax positions and no accrual for interest and penalties. The Company does not anticipate any significant changes within the next twelve months to its total unrecognized tax benefits related to tax years for which the statute of limitations has not expired.

16. Related Party Transactions

The Company has transactions and relationships with related parties. Although the Company seeks to ensure that these transactions and relationships are fair and reasonable, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Carlyle Affiliated Entities

The Company invests in limited partnerships and fixed maturity securities where a Carlyle affiliate manages the asset. The Company maintains investment management agreements with Carlyle affiliates (collectively the "Investment Manager"), pursuant to which the Investment Manager provides certain investment management and advisory services with respect to certain asset classes. An affiliate of Carlyle provides the Company with strategic advisory and consulting services under a Strategic Advisory Services Agreement for which it is entitled to advisory fees and certain expense reimbursements.

The Company reported the following amounts within its consolidated balance sheets in connection with these related party transactions (in millions):

	December 31,	
	2025	2024
Assets:		
Funds withheld - directly managed, at fair value	\$ 5,899	\$ 5,976
Fixed maturity securities, AFS and FVO	7,449	5,778
Other invested assets	2,883	1,237
Liabilities:		
Funds withheld payable, at fair value	\$ 574	\$ —
Accrued and other liabilities	19	18

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The Company reported the following amounts within its consolidated statements of income (loss) in connection with these related party transactions (in millions):

	Financial Statement Line Item	Year Ended December 31,		
		2025	2024	2023
Revenues:				
Funds withheld - directly managed, at fair value	Net investment income	\$ 501	\$ 444	\$ 231
Fixed maturity securities, AFS and FVO	Net investment income	478	318	114
Other invested assets	Net investment income	145	171	150
Funds withheld payable, at fair value	Net investment income	(12)	—	—
Investment expenses	Net investment income	(57)	(44)	(30)
Funds withheld by ceding companies, directly managed	Investment gains (losses)	13	33	23
Fixed maturity securities, AFS and FVO	Investment gains (losses)	17	15	11
Funds withheld payable, at fair value	Investment gains (losses)	(8)	—	—
Benefits and expenses:				
Strategic advisory and consulting expenses	General operating and other expenses	\$ 77	\$ 74	\$ 52
Services for loan and credit facility extension	General operating and other expenses	—	—	4

T&D Affiliated Entities

The Company has entered into reinsurance agreements with affiliates of T&D whereby the Company assumes a quota share of U.S. and non-U.S. deferred annuities, non-U.S. traditional life products and U.S. payout annuities on a coinsurance basis. In addition, the Company has entered into a reinsurance agreement with an affiliate of T&D whereby the Company assumes a quota share of non-U.S. deferred annuities on a coinsurance basis, in which the FVO was elected and are recorded as insurance liabilities, at fair value on the consolidated balance sheets.

The Company reported the following assumed balances in the consolidated balance sheets in connection with these reinsurance agreements (in millions):

	December 31,	
	2025	2024
Assets:		
Deferred cost of reinsurance contracts and deferred acquisition costs ⁽¹⁾	\$ 246	\$ 270
Other assets	28	63
Liabilities:		
Policyholder contract deposits ⁽¹⁾	\$ 6,695	\$ 6,186
Insurance liabilities, at fair value	3,031	—
Future policy benefits ⁽¹⁾	775	893
Accrued and other liabilities ⁽¹⁾	1,195	181

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12.

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The Company reported the following assumed balances in the consolidated statements of income (loss) in connection with these reinsurance agreements (in millions):

	Year Ended December 31,		
	2025	2024	2023
Revenue:			
Policy charges and fee income	\$ 16	\$ 54	\$ 15
Benefits and expenses:			
Policyholder benefits and changes in fair value of insurance liabilities	\$ 23	\$ —	\$ —
Policyholder liability remeasurement (gain) loss ⁽¹⁾	(8)	—	8
Interest credited to policyholder account balances	117	117	90

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12.

For the year ended December 31, 2024, the Company paid \$15 million to an affiliate of T&D, for a one-time advisory fee paid for assistance with opportunities in the Japanese insurance sector that are included in general operating and other expenses within the consolidated statements of income (loss).

Fortitude Carlyle Asia Reinsurance Ltd. ("FCA Re")

On November 1, 2025 the Company entered into a quota share retrocession agreement with FCA Re, a Class E licensed Bermuda-domiciled reinsurer, to which the Company has committed to provide 19.9% of FCA Re's equity capital and does not have a controlling financial interest. The Company serves as insurance sponsor and Carlyle serves as asset management sponsor to FCA Re. Under the terms of the retrocession agreement the Company has retroceded 50% of specified lines of business to FCA Re on a funds withheld basis, with an effective date of October 1, 2025, and may retrocede a specified quota share of future transactions meeting certain qualifying criteria.

The Company reported the following ceded balances in the consolidated balance sheets in connection with this retrocession agreement (in millions):

	December 31, 2025
Assets:	
Reinsurance recoverable	\$ 4,615
Deferred cost of reinsurance contracts and deferred acquisition costs	36
Liabilities:	
Funds withheld payable, at fair value	\$ 4,532
Deferred gain from reinsurance contracts	72
Accrued and other liabilities	59

The Company reported the following ceded activity in the consolidated statements of income (loss) in connection with this retrocession agreement (in millions):

	Year Ended December 31, 2025
Revenue:	
Policy charges and fee income	\$ (3)
Benefits and expenses:	
Policyholder benefits and changes in fair value of insurance liabilities	\$ (2)
Interest credited to policyholder account balances	(4)

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17. Owners' Equity

As of December 31, 2025 and 2024, the Company had issued 1,897,895 Class A and 222,677 Class B limited partnership units, of which 594,420 Class A units and 222,677 Class B units (38.53%) were owned by Carlyle FRL, 692,198 Class A units (32.64%) were owned by SWF, 559,120 Class A units (26.37%) were owned by T&D and 52,157 Class A units (2.46%) were owned by Corebridge.

The Company did not receive any capital contributions during the years ended December 31, 2025 and 2024. During the year ended December 31, 2023, T&D and Carlyle FRL made capital contributions of \$262.5 million and \$787.5 million, respectively.

The Company declared and paid \$300 million and \$200 million of dividends during the years ended December 31, 2025 and 2024, respectively. The Company did not declare or pay dividends during the year ended December 31, 2023.

The agreement among the Company's equity holders ("Partnership Agreement") includes certain consent rights that are reserved to the Class A and Class B unit holders. The Partnership Agreement requires the written consent of each Class A unit holder that holds at least 25% of the issued and outstanding units in the Company, each Class B unit holder that holds at least 50% of the issued and outstanding units and Carlyle FRL, prior to taking or agreeing to take certain actions with respect to the Company or its subsidiaries. These actions include changes to investment advisory agreements, liquidation or reorganization, major acquisitions, dispositions, or reinsurance transactions, agreements with equity holders, and actions such as issuing equity, changing the business or selling the Company.

Share-based Compensation

Restricted Stock Units ("RSUs") and Performance Share Units ("PSUs")

RSUs and PSUs are granted under the Equity Incentive Plan. RSUs have vesting periods of three years. Vesting of PSUs is based on a five-year vesting period, subject to the satisfaction of both a service and performance condition. For PSUs, vesting of the service condition grades over the five year vesting period, whereas vesting of the performance condition is subject to the Company meeting pre-defined performance levels. The table below summarizes RSUs and PSUs activity under the Equity Incentive Plan for the years ended December 31, 2025, 2024 and 2023 (in millions, except for number of units):

	RSUs		PSUs	
	Number of Units ⁽¹⁾	Fair Value at Grant Date	Number of Units ⁽¹⁾	Fair Value at Grant Date
Unvested at January 1, 2023	—	\$ —	—	\$ —
Granted	1,386	4	5,122	16
Cancelled/forfeited	(84)	—	(349)	(1)
Unvested at December 31, 2023	1,302	4	4,773	15
Granted	2,216	7	3,698	12
Dividends	97	—	—	—
Cancelled/forfeited	(133)	—	(156)	(1)
Unvested at December 31, 2024	3,482	11	8,315	26
Granted	2,062	7	4,119	13
Dividends	231	1	83	—
Cancelled/forfeited	(586)	(2)	(572)	(2)
Vested	(1,202)	(4)	—	—
Unvested at December 31, 2025	3,987	\$ 13	11,945	\$ 37

⁽¹⁾ Amounts have been restated to consider the impacts of ASU 2018-12 and certain updates to inputs used in the determination of units.

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Accumulated Other Comprehensive Income (Loss)

The following table shows the balance and changes in each component of AOCI (in millions):

	Unrealized Investment Gains (Losses)	Changes in Own Credit Risk Related to Insurance Liabilities	Changes in AIL	Changes in Discount Rate Assumptions on Future Policy Benefits	Total Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2022	\$ (460)	\$ 111	\$ —	\$ —	\$ (349)
Effect of adoption of ASU 2016-13, Current Expected Credit Loss (net of taxes of \$9)	35	—	—	—	35
Effect of adoption of ASU 2018-12, LDTI (net of taxes of \$838)	—	—	—	3,150	3,150
Adjusted Balance, beginning of year January 1, 2023	(425)	111	—	3,150	2,836
Change in OCI	864	(223)	(301)	(819)	(479)
Income tax (expense) benefit	(179)	47	63	182	113
Balance, December 31, 2023	260	(65)	(238)	2,513	2,470
Change in OCI	(657)	19	251	1,628	1,241
Income tax (expense) benefit	137	(4)	(53)	(326)	(246)
Balance, December 31, 2024	(260)	(50)	(40)	3,815	3,465
Change in OCI	371	(97)	(58)	(542)	(326)
Income tax (expense) benefit	(73)	20	12	129	88
Balance, December 31, 2025	\$ 38	\$ (127)	\$ (86)	\$ 3,402	\$ 3,227

18. Statutory Requirements

The Company's insurance and reinsurance subsidiaries are subject to insurance and/or reinsurance laws and regulations in the jurisdictions in which they operate. These regulations include certain restrictions on the amount of dividends or other distributions available to shareholders without prior approval of the insurance regulatory authorities.

Group Supervision

The Bermuda Monetary Authority ("BMA") is the group supervisor of the Company and its subsidiaries (the "Group"). Under the Insurance Act 1978, as amended (Bermuda Insurance Act), the Company is subject to certain capital and solvency requirements. The Company is required to maintain available statutory economic capital and surplus in an amount that is at least equal to the group enhanced capital requirement ("Group ECR") and the BMA has established a group target capital level equal to 120% of the Group ECR.

The Deduction and Aggregation method was used to calculate the Group ECR. In addition, on an annual basis, the Group is required to file Group statutory financial statements, audited Group financial statements, a Group solvency self-assessment, and a Group financial condition report with the BMA. Following receipt of the submission of these returns, the BMA has the authority to impose additional capital requirements if it deems necessary. As of December 31, 2025 and 2024, the Company has met the minimum capital requirement.

The Company's insurance and reinsurance subsidiaries prepare their statutory financial statements in accordance with statutory accounting practices prescribed or permitted by local regulators, which differ from U.S. GAAP.

Bermuda

Under the Bermuda Insurance Act, FRL and FIRL (together referred to as "Bermuda insurance subsidiaries") are registered as Class 4 and Class E composite reinsurance companies. The Company's Bermuda insurance subsidiaries are subject to the following statutory reporting requirements:

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1. Statutory financial statements (“SFS”): The SFS framework is consistent with U.S. GAAP reporting requirements adjusted for prudential filters and permitted practices. FRL and FIRL have, as annotated below, obtained permission under Section 6C of the Bermuda Insurance Act to utilize the following permitted practices within the SFS, each with respect to long-term business and subject to taxation where applicable:
 - To value the funds withheld - directly managed, where applicable, and fixed maturity securities investment portfolios pertaining to long-term business at amortized cost rather than fair value (FRL and FIRL);
 - To value the AIL on a book value basis (FRL);
 - To perform loss recognition testing on a book value basis (FRL);
 - To exclude the impact of discounting reserves at the upper-medium grade fixed-income Single-A discount rate and to allow the discount rate for reserves to be locked in at contract inception (FRL and FIRL);
 - To exclude the impact of the embedded derivative on the funds withheld payable (FIRL).
2. Economic Balance Sheet (“EBS”): Under the EBS framework, assets and liabilities are mainly valued and reported at fair value, with the insurer’s U.S. GAAP balance sheet serving as a starting point. The EBS also requires insurers to estimate insurance technical provisions, which consist of the Company’s insurance reserve related balances valued based on a best estimate liability assumptions plus a risk margin. The best estimate liability may be calculated by applying the scenario based approach or standard approach. Under the scenario based approach the discount rate for insurance reserves is based on the yield on eligible assets owned by the insurer as determined under the worst result of eight prescribed stressed conditions. Under the standard approach the discount rate for insurance reserves is a rate prescribed by the BMA.

The Bermuda insurance subsidiaries are subject to capital requirements calculated using the Bermuda Solvency and Capital Requirement (“BSCR”) model, which is a standardized statutory risk-based capital model used to measure the risk associated with the Bermuda insurance subsidiaries’ assets, liabilities and premiums as valued under EBS. Required statutory economic capital and surplus under the BSCR model is referred to as the enhanced capital requirement (“ECR”), which is the greater of the BSCR and minimum margin of solvency (“MSM”). The Bermuda insurance subsidiaries are required to calculate and submit a quarterly financial return, inclusive of the ECR, on a quarterly basis and a statutory financial return and capital and solvency return, inclusive of the ECR, on an annual basis. Following receipt of the submission of these returns, the BMA has the authority to impose additional capital requirements if it deems necessary. As of December 31, 2025 and 2024, based on the best estimate of the statutory capital and surplus, the Bermuda insurance subsidiaries met the minimum statutory reporting and capital requirements.

While not specifically referred to in the Bermuda Insurance Act, the target capital level (“TCL”) is also an important threshold for statutory economic capital and surplus. The TCL is equal to 120% of ECR as calculated pursuant to the BSCR formula. The TCL serves as an early warning tool for the BMA. If the Bermuda insurance subsidiaries fail to maintain statutory economic capital and surplus at least equal to their respective TCL, such failure will likely result in increased regulatory oversight by the BMA. As of December 31, 2025 and 2024, based on the best estimate of the TCL, the Bermuda insurance subsidiaries met the minimum statutory requirements.

The statutory capital and surplus reported in the Bermuda insurance subsidiaries’ SFS is detailed below (in millions). The values as of December 31, 2025 reflect the best estimate of the statutory capital and surplus as of the date these consolidated financial statements were available to be issued.

	December 31,	
	2025	2024
FRL		
Statutory capital and surplus ⁽¹⁾	\$ 3,351	\$ 3,591
FIRL		
Statutory capital and surplus ⁽¹⁾	\$ 657	\$ 733

⁽¹⁾ Prior period amounts have been restated for the adoption of ASU 2018-12.

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Under the Bermuda Insurance Act, the Bermuda insurance subsidiaries are prohibited from declaring or paying a dividend if it were in breach of their respective minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause the Bermuda insurance subsidiaries to fail to meet such margin or ratio. The Bermuda insurance subsidiaries are prohibited from declaring or paying in any fiscal period dividends of more than 25% of their total statutory capital and surplus, as set out in their previous year's statutory financial statements, unless the Company files with the BMA a signed affidavit by at least two members of its Board of Directors attesting that a dividend would not cause the Company to fail to meet its relevant requirements. The Bermuda Insurance Act further prohibits the Bermuda insurance subsidiaries from reducing their prior period statutory capital by 15% or more without prior approval of the BMA. As the Bermuda insurance subsidiaries reinsure run-off business, they are required to seek BMA approval for any dividends or distributions.

FRL declared and paid a \$300 million dividend during the year ended December 31, 2025. FRL did not declare or pay any dividends during the years ended December 31, 2024 and 2023.

FIRL did not declare or pay any dividends during the years ended December 31, 2025, 2024 and 2023.

United States

FLIAC, Fortitude U.S. Reinsurance Company ("FRC"), and Fortitude Casualty Insurance Company ("FCIC") (together referred to as the Company's "U.S. insurance subsidiaries") are required to prepare statutory financial statements in accordance with statutory accounting principles prescribed or permitted by the Arizona Department of Insurance and Financial Institutions ("AZ DIFI"). Prescribed statutory accounting practices include publications of the NAIC, as well as state laws, regulations and general administrative rules. Statutory accounting practices primarily differ from U.S. GAAP by valuing fixed maturity securities at amortized cost, charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions and valuing investments, deferred taxes and certain assets on a different basis.

None of the Company's U.S. insurance subsidiaries had prescribed or permitted practices as of December 31, 2025. In 2024, the AZ DIFI approved a permitted accounting practice allowing FLIAC to admit the assets subject to certain long-term repurchase agreements with maturity dates greater than 365 days. This is a departure from statutory accounting principles, which requires long-term repurchase agreements to be nonadmitted. This permitted accounting practice was renewable annually thereafter, subject to certain conditions which have been met by FLIAC. In September 2025, FLIAC subsequently amended and restated these long-term repurchase agreements, resulting in the discontinuance of the permitted practice.

The permitted practice had no impact on net income. If FLIAC's long-term repurchase agreements were to be nonadmitted, its surplus would have decreased by \$502 million at December 31, 2024. FLIAC's risk-based capital would have triggered a regulatory event had it not adopted the permitted practice described above.

The statutory capital and surplus reported in the U.S. insurance subsidiaries is detailed below (in millions):

	December 31,	
	2025	2024
FLIAC	\$ 481	\$ 454
FRC	8	9
FCIC	8	9

The statutory net income (loss) reported in the U.S. insurance subsidiaries is detailed below (in millions):

	Year Ended December 31,		
	2025	2024	2023
FLIAC	\$ 173	\$ 28	\$ 383
FRC	(1.8)	(1.1)	0.4
FCIC	(0.6)	(0.5)	0.4

FLIAC, FRC and FCIC are subject to Arizona law, which limits the amount of dividends that insurance companies can pay to stockholders. The maximum dividend, which may be paid in any twelve-month period without notification

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or approval, is limited to the lesser of 10% of statutory surplus, as of December 31 of the preceding year, or the net gain from operations of the preceding calendar year. Cash dividends may only be paid out of surplus derived from realized net profits.

During 2025, FLIAC declared and paid an extraordinary cash dividend of \$50 million for which FLIAC received written approval from the AZ DIFI. During 2024, FLIAC paid two cash dividends amounting to \$300 million. The amount consisted of an ordinary dividend of \$75 million and extraordinary dividends of \$225 million for which FLIAC received written approval from the AZ DIFI. FLIAC did not declare or pay any dividends during the year ended December 31, 2023. FRC and FCIC did not declare or pay dividends during the years ended December 31, 2025, 2024 and 2023.

19. Subsequent Events

The Company has evaluated the impact of subsequent events through March 13, 2026, the date at which the consolidated financial statements were available to be issued, and determined that no subsequent events required recognition or disclosure.