GLOBAL ATLANTIC ASSURANCE LIMITED

(A WHOLLY-OWNED SUBSIDIARY OF GLOBAL ATLANTIC RE LIMITED)

BERMUDA STATUTORY FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

BMA
BERMUDA MONETARY AUTHORITY

STATUTORY BALANCE SHEET

Return to Index

Global Atlantic Assurance Limited (formerly Global Atlantic Re II Limited) FORM 1SFS
As at 31 December 2024
expressed United States Dollars

STMT. LINE No.		General Business Unconsolidated 2024 ('000s)	General Business Unconsolidated 2023 ('000s)	Long-Term Business Unconsolidated 2024 ('000s)	Long-Term Business Unconsolidated 2023 ('000s)	General & Long-Term Business Consolidated 2024 ('000s)	General & Long-Term Business Consolidated 2023 ('000s)
1.	CASH AND CASH EQUIVALENTS	1,500	1,500	218,118	403,362	219,618	404,862
2.	QUOTED INVESTMENTS:						
(a)	Bonds and Debentures						
	i. Held to maturity	-	-	-	6,368	-	6,368
	ii. Other	-	-	6,722,899	6,704,771	6,722,899	6,704,771
(b)	Total Bonds and Debentures	-	-	6,722,899	6,711,139	6,722,899	6,711,139
(c)	Equities						
	i. Common stocks	-	-	-	-	-	-
	ii. Preferred stocks	-	-	-	-	-	-
	iii. Mutual Funds	-	-	-	-	-	-
(d)	Total equity investments	-	-	-	-	-	-
(e)	Other quoted investments	-	-	-	-	-	-
(f)	Total quoted investments	-	-	6,722,899	6,711,139	6,722,899	6,711,139
3.	UNQUOTED INVESTMENTS:						
(a)	Bonds and Debentures						
	i. Held to maturity	-	-	-	-	-	-
	ii. Other	-	-	-	-	-	-
(b)	Total Bonds and Debentures	-	-	-	-	-	-
(c)	Equities						
	i. Common stocks	-	-	-	-	-	-
	ii. Preferred stocks	-	-	-	-	-	-
	iii . Mutual Funds	-	-	-	-	-	-
(d)	Total equity investments	-	-	-	-	-	-
(e)	Other unquoted investments	-	-	10,255	-	10,255	-
(f)	Total unquoted investments	-	-	10,255	-	10,255	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES (EQUITY METHOD):						
(a)	Unregulated entities that conduct ancillary services	-	-	-	-	-	-
(b)	Unregulated non-financial operating entities	-	-	-	-	-	-
(c)	Unregulated financial operating entities	-	-	-	-	-	-
(d)	Regulated non-insurance financial operating entities	-	-	-	-	-	-
(e)	Regulated insurance financial operating entities	-	-	-	-	-	-
(f)	Total investments in affiliates (equity method)	-	-	-	-	-	-
(g)	Advances to affiliates	-	-	-	363,700	-	363,700
(h)	Total investments in and advances to affiliates (equity method)	-	-	-	363,700	-	363,700
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:						
(a)	First liens	-	-	1,597,975	1,626,186	1,597,975	1,626,186
(b)	Other than first liens	-	-	-	-	-	-
(c)	Total investments in mortgage loans on real estate	-	-	1,597,975	1,626,186	1,597,975	1,626,186
6.	POLICY LOANS			-	-	-	-
7.	REAL ESTATE:						
(a)	Occupied by the company (less encumbrances)	-	-	-	-	-	-
(b)	Other properties (less encumbrances)	-	-	-	-	-	-
(c)	Total real estate	-	-	-	-	-	-
8.	COLLATERAL LOANS	-	-	-	-	-	-
9.	INVESTMENT INCOME DUE AND ACCRUED	-	-	72,668	81,443	72,668	81,443
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:						
(a)	In course of collection	-	-	-	73	-	73
(b)	Deferred - not yet due	-	-	-	-	-	-
(c)	Receivables from retrocessional contracts	-	-	-	-	-	-
(d)	Total accounts and premiums receivable	-	-	-	73	-	73
11.	REINSURANCE BALANCES RECEIVABLE:						
(a)	Foreign affiliates	-	-	-	-	-	-
(b)	Domestic affiliates	-	-	-	55,977	-	55,977
(c)	Pools & associations	-	-	-	-	-	-
(d)	All other insurers	-	-	5,809	5,640	5,809	5,640
(e)	Total reinsurance balances receivable	-	-	5,809	61,617	5,809	61,617
12.	FUNDS HELD BY CEDING REINSURERS:	-	-	-	-	-	-
13.	SUNDRY ASSETS:						
(a)	Derivative instruments	-	-	-	-	-	-
(b)	Segregated accounts companies - long-term business - variable annuities			-	-	-	-
(c)	Segregated accounts companies - long-term business - others			-	-	-	-
(d)	Segregated accounts companies - general business	-	-			-	-
(e)	Deposit assets	-	-	-	-	-	-
(f)	Deferred acquisition costs	-	-	-	-	-	-
(g)	Net receivables for investments sold	-	-	28,787	34,269	28,787	34,269

STATUTORY BALANCE SHEET

Return to Index

Global Atlantic Assurance Limited (formerly Global Atlantic Re II Limited) FORM 1SFS

As at 31 December 2024

expressed United States Dollars

STMT. LINE No.		General Business Unconsolidated 2024	General Business Unconsolidated 2023	Long-Term Business Unconsolidated 2024	Long-Term Business Unconsolidated 2023	General & Long-Term Business Consolidated 2024	General & Long-Term Business Consolidated 2023
(h)	Other Assets	-	-	2,934	3,797	2,934	3,797
(i)	Insurance intangibles	-	-	10,605	42,101	10,605	42,101
(j)	Other Sundry Assets (Specify)	-	-	-	-	-	-
(k)	Total sundry assets	-	-	42,326	80,167	42,326	80,167
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:						
(a)	Letters of credit	-	-	-	-	-	-
(b)	Guarantees	-	-	-	-	-	-
(c)	Other instruments	-	-	-	-	-	-
(e)	Total letters of credit, guarantees and other instruments	-	-	-	-	-	-
15.	TOTAL	1,500	1,500	8,670,050	9,327,687	8,671,550	9,329,187
	INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS						
	INSURANCE RESERVES						
16.	UNEARNED PREMIUM RESERVE						
(a)	Gross unearned premium reserves	-	-			-	-
(b)	Less: Ceded unearned premium reserve						
	i. Foreign affiliates	-	-			-	-
	ii. Domestic affiliates	-	-			-	-
	iii. Pools & associations	-	-			-	-
	iv. All other insurers	-	-			-	-
(c)	Total ceded unearned premium reserve	-	-			-	-
(d)	Net unearned premium reserves	-	-			-	-
17.	LOSS AND LOSS EXPENSE PROVISIONS:						
(a)	Gross loss and loss expense provisions	-	-			-	-
(b)	Less : Reinsurance recoverable balance						
	i. Foreign affiliates	-	-			-	-
	ii. Domestic affiliates	-	-			-	-
	iii. Pools & associations	-	-			-	-
	iv. All other insurers	-	-			-	-
(c)	Total reinsurance recoverable balance	-	-			-	-
(d)	Net loss and loss expense provisions	-	-			-	-
18.	OTHER INSURANCE RESERVES	-	-			-	-
19.	TOTAL GENERAL BUSINESS - INSURANCE RESERVES	-	-			-	-
	LONG-TERM BUSINESS INSURANCE RESERVES						
20	RESERVES FOR REPORTED CLAIMS			-	-	-	-
21	RESERVES FOR UNREPORTED CLAIMS			-	-	-	-
22	POLICY RESERVES - LIFE			2,345,560	2,389,894	2,345,560	2,389,894
23	POLICY RESERVES - ACCIDENT AND HEALTH			-	-	-	-
24	POLICYHOLDER'S FUNDS ON DEPOSIT			-	-	-	-
25	LIABILITY FOR FUTURE POLICYHOLDER DIVIDENDS			-	-	-	-
26	OTHER LONG-TERM BUSINESS INSURANCE RESERVES			3,799,139	4,113,421	3,799,139	4,113,421
27	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES						
(a)	Total Gross Long-Term Business Insurance Reserves			8,641,329	9,051,385	8,641,329	9,051,385
(b)	Less: Reinsurance Recoverable Balance:						
	(i) Foreign Affiliates			-	-	-	-
	(ii) Domestic Affiliates			-	-	-	-
	(iii) Pools and Associations			-	-	-	-
	(iv) All Other Insurers			2,496,630	2,548,070	2,496,630	2,548,070
(c)	Total Reinsurance Recoverable Balance			2,496,630	2,548,070	2,496,630	2,548,070
(d)	**Net Long-Term Business Insurance Reserves**			6,144,699	6,503,315	6,144,699	6,503,315
	OTHER LIABILITIES						
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	-	-	39,170	79,128	39,170	79,128
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	-	-	-	-	-	-
30.	LOANS AND NOTES PAYABLE	-	-	-	-	-	-
31.	(a) INCOME TAXES PAYABLE	-	-	-	-	-	-
	(b) DEFERRED INCOME TAXES	-	-	-	-	-	-
32.	AMOUNTS DUE TO AFFILIATES	-	-	1,588	1,267	1,588	1,267
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	-	-	1,262	2,281	1,262	2,281
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-	1,871,094	1,988,032	1,871,094	1,988,032
35.	DIVIDENDS PAYABLE	-	-	-	-	-	-
36.	SUNDRY LIABILITIES:						
(a)	Derivative instruments	-	-	35,767	13,490	35,767	13,490
(b)	Segregated accounts companies	-	-	-	-	-	-

STATUTORY BALANCE SHEET

Return to Index

Global Atlantic Assurance Limited (formerly Global Atlantic Re II Limited) FORM 1SFS
As at 31 December 2024
expressed United States Dollars

STMT. LINE No.		General Business Unconsolidated 2024	General Business Unconsolidated 2023	Long-Term Business Unconsolidated 2024	Long-Term Business Unconsolidated 2023	General & Long-Term Business Consolidated 2024	General & Long-Term Business Consolidated 2023
(c)	Deposit liabilities	-	-	-	-	-	-
(d)	Net payable for investments purchased	-	-	-	-	-	-
(e)	Other	-	-	1,763	1,898	1,763	1,898
(f)	Other sundry liabilities (specify)	-	-	-	-	-	-
(g)	Other sundry liabilities (specify)	-	-	-	-	-	-
(h)	Total sundry liabilities	-	-	37,530	15,388	37,530	15,388
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:						
(a)	Letters of credit	-	-	-	-	-	-
(b)	Guarantees	-	-	-	-	-	-
(c)	Other instruments	-	-	-	-	-	-
(d)	Total letters of credit, guarantees and other instruments	-	-	-	-	-	-
38.	TOTAL OTHER LIABILITIES	-	-	1,950,644	2,086,096	1,950,644	2,086,096
39.	TOTAL INSURANCE PROVISIONS AND OTHER LIABILITIES	-	-	8,095,343	8,589,411	8,095,343	8,589,411
	STATUTORY CAPITAL AND SURPLUS						
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	1,500	1,500	574,707	738,276	576,207	739,776
41.	TOTAL	1,500	1,500	8,670,050	9,327,687	8,671,550	9,329,187
		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
		-	-	-	-	-	-

Notes to Form 1SFS

		Purpose of Encumbrance	2024	2023
Line 10	Collateralized balances		-	-
Line 11(e)	Collateralized balances		-	
Line 17(c)	Collateral placed in favor of the insurer		-	
Line 27(c)	Collateral placed in favor of the insurer		2,553,428	
Line 13	Sundry assets		-	-
Line 15	Encumbered assets for policyholder obligations			
	Asset	Purpose of Encumbrance		
	Cash and cash equivalents		-	-
	Total quoted investments	Coinsurance Assets held in trusts required balance	8,814,130	9,197,063
	Total unquoted investments		-	-
	Funds held by ceding reinsurers		-	-
	Other assets		-	-
	Total encumbered assets		8,814,130	9,197,063
Line 15	Encumbered assets not securing policyholder obligations			
	Asset	Purpose of Encumbrance		
	Cash and cash equivalents		-	-
	Total quoted investments		-	-
	Total unquoted investments		-	-
	Other assets		-	-
	Total encumbered assets		-	-
Line 36	Sundry liabilities		-	-
Line 37	Letters of Credit, Guarantees and other Instruments		-	-
	General Business			
Line 17	Reasons for the change in the net losses incurred and net loss expenses incurred related to prior years and indicate whether additional premiums or return premiums have been accrued as a result of the prior year effects.		-	
Line 17	Gross loss and loss expense provisions at beginning of year		-	-
	Less: Reinsurance recoverable at beginning of year		-	-
	Net loss and loss expense provisions at beginning of year		-	-
	Acquisition / Sale of loss reserves (net):		-	-
	Net losses incurred and net loss expenses incurred related to:			
	Current year		-	-
	Prior years		-	-
	Total net incurred losses & loss expenses		-	-
	Net losses and loss expenses paid or payable related to:			
	Current year		-	-
	Prior years		-	-
	Total losses and loss expenses paid or payable		-	-
	Foreign exchange and other		-	-

Global Atlantic Assurance Limited (formerly Global Atlantic Re II Limited)

FORM 1SFS

As at 31 December 2024

expressed United States Dollars

STMT. LINE No.		General Business Unconsolidated 2024	General Business Unconsolidated 2023	Long-Term Business Unconsolidated 2024	Long-Term Business Unconsolidated 2023	General & Long-Term Business Consolidated 2024	General & Long-Term Business Consolidated 2023
	Net loss and loss expense provisions at end of year					-	-
	Add: Reinsurance recoverable at end of year					-	-
	Gross loss and loss expense provisions at end of year					-	-
						TRUE	TRUE
	Difference					-	-

Long-Term Business

		Insurance Contracts Gross	Insurance Contracts Reinsurance	Insurance Contracts Net	Investment Contracts Gross	Investment Contracts Reinsurance	Investment Contracts Net
Line 27	CURRENT YEAR						
	Balance - Beginning of Year	9,051,385	2,548,070	6,503,315	-	-	-
	Impact of Terminations	(218,609)	(113,218)	(105,392)	-	-	-
	Impact of New Business	50,082	-	50,082	-	-	-
	Normal Change in force	(241,527)	61,778	(303,305)	-	-	-
	Management Actions and Changes in Assumptions	-	-	-	-	-	-
	Impact of Foreign Exchange rate changes	-	-	-	-	-	-
	Balance - End of Year	8,641,330	2,496,630	6,144,699	-	-	-
	PRIOR YEAR						
	Balance - Beginning of Year	24,493,782	2,368,718	22,125,064	-	-	-
	Impact of Terminations	(204,840)	(83,389)	(121,451)	-	-	-
	Impact of New Business	372,984	211,181	161,803	-	-	-
	Normal Change in force	(1,622,619)	51,560	(1,674,179)	-	-	-
	Management Actions and Changes in Assumptions	(13,987,922)	-	(13,987,922)	-	-	-
	Impact of Foreign Exchange rate changes	-	-	-	-	-	-
	Balance - End of Year	9,051,385	2,548,070	6,503,315	-	-	-

STATUTORY STATEMENT OF INCOME

Return to Index

Global Atlantic Assurance Limited (formerly Global Atlantic Re II Limited)
For the year ending 31 December 2024
expressed in ['000s] United States Dollars

FORM 2SFS

STMT. LINE No.		General Business Unconsolidated 2024 ('000s)	General Business Unconsolidated 2023 ('000s)	Long-Term Business Unconsolidated 2024 ('000s)	Long-Term Business Unconsolidated 2023 ('000s)	General and Long-Term Business Consolidated 2024 ('000s)	General and Long-Term Business Consolidated 2023 ('000s)
	GENERAL BUSINESS UNDERWRITING INCOME						
1.	GROSS PREMIUMS WRITTEN:						
	(a) Direct gross premiums written	-	-			-	-
	(b) Assumed gross premiums written	-	-			-	-
	(c) Total gross premiums written	-	-			-	-
2.	REINSURANCE PREMIUMS CEDED	-	-			-	-
3.	NET PREMIUMS WRITTEN	-	-			-	-
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	-	-			-	-
5.	NET PREMIUMS EARNED	-	-			-	-
6.	OTHER INSURANCE INCOME	-	-			-	-
7.		-	-			-	-
	GENERAL BUSINESS UNDERWRITING EXPENSES						
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	-	-			-	-
9.	COMMISSIONS AND BROKERAGE	-	-			-	-
10.		-	-			-	-
11.	**NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS**	-	-			-	-
	LONG-TERM BUSINESS UNDERWRITING INCOME						
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:						
	(a) Direct gross premiums and other considerations			-	-	-	-
	(b) Assumed gross premiums and other considerations			36,408	36,718	36,408	36,718
	(c) Total gross premiums and other considerations			36,408	36,718	36,408	36,718
13.	PREMIUMS CEDED			4,083	3,870	4,083	3,870
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:						
	(a) Life			31,640	32,218	31,640	32,218
	(b) Annuities			685	630	685	630
	(c) Accident and health			-	-	-	-
	(d) Total net premiums and other considerations			32,325	32,848	32,325	32,848
15.	OTHER INSURANCE INCOME			-	-	-	-
16.				32,325	32,848	32,325	32,848
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES						
17.	CLAIMS - LIFE			43,357	52,391	43,357	52,391
18.	POLICYHOLDERS' DIVIDENDS			-	-	-	-
19.	SURRENDERS			87,900	82,390	87,900	82,390
20.	MATURITIES			2,586	2,200	2,586	2,200
21.	ANNUITIES			241	23	241	23
22.	ACCIDENT AND HEALTH BENEFITS			-	-	-	-
23.	COMMISSIONS			4,698	6,351	4,698	6,351
24.	OTHER			27,936	33,508	27,936	33,508
25.				166,718	176,863	166,718	176,863
26.	INCREASE (DECREASE) IN POLICY RESERVES:						
	(a) Life			(86,891)	(81,411)	(86,891)	(81,411)
	(b) Annuities			192,304	509,467	192,304	509,467
	(c) Accident and health			-	-	-	-
	(d) Total increase (decrease) in policy reserves			105,413	428,056	105,413	428,056
27.				272,131	604,919	272,131	604,919
28.	**NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS**			(239,806)	(572,071)	(239,806)	(572,071)
29.	**COMBINED NET UNDERWRITING PROFIT (LOSS) BEFORE THE UNDERNOTED ITEMS**	-	-	(239,806)	(572,071)	(239,806)	(572,071)
	UNDERNOTED ITEMS						
30.	COMBINED OPERATING EXPENSES:						
	(a) General and administrative	-	-	5,799	6,994	5,799	6,994
	(b) Personnel Costs	-	-	-	-	-	-
	(c) Other	-	-	-	-	-	-
	(d) Total combined operating expenses	-	-	5,799	6,994	5,799	6,994

STATUTORY STATEMENT OF INCOME

Return to Index

Global Atlantic Assurance Limited (formerly Global Atlantic Re II Limited)
For the year ending 31 December 2024
expressed in ['000s] United States Dollars

FORM 2SFS

STMT. LINE No.		General Business Unconsolidated		Long-Term Business Unconsolidated		General and Long-Term Business Consolidated	
		2024	2023	2024	2023	2024	2023
31.	COMBINED INVESTMENT INCOME - NET	-	-	325,473	531,356	325,473	531,356
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	-	-	-	-	-
33.	COMBINED INCOME BEFORE TAXES	-	-	79,868	(47,709)	79,868	(47,709)
34.	COMBINED INCOME TAXES (IF APPLICABLE):						
	(a) Current	-	-	-	-	-	-
	(b) Deferred	-	-	-	-	-	-
	(c) Total	-	-	-	-	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	-	-	79,868	(47,709)	79,868	(47,709)
36.	COMBINED REALIZED GAINS (LOSSES)	-	-	(40,217)	(96,460)	(40,217)	(96,460)
37.	COMBINED INTEREST CHARGES	-	-	-	-	-	-
38.	NET INCOME	-	-	39,651	(144,169)	39,651	(144,169)

Return to Index

STATUTORY STATEMENT OF CAPITAL AND SURPLUS

Global Atlantic Assurance Limited (formerly Global Atlantic Re II Limited)
For the year ending 31 December 2024
expressed in ['000s] United States Dollars

FORM 8SFS

STMT. LINE No.		General Business Unconsolidated 2024 ('000s)	General Business Unconsolidated 2023 ('000s)	Long-Term Business Unconsolidated 2024 ('000s)	Long-Term Business Unconsolidated 2023 ('000s)	General and Long-Term Business Consolidated 2024 ('000s)	General and Long-Term Business Consolidated 2023 ('000s)
1.	**STATUTORY CAPITAL**						
(a)	Capital Stock	120	120	250	250		
	(i) Common Shares					370	370
	authorized 370,000 shares of par value $ 1.000 each issued and fully paid 370,000 shares						
	(ii) Preferred Shares					-	-
	authorized shares of par value each issued and fully paid shares						
	aggregate liquidation value for — 2024; 2023						
	(iii) Treasury Shares					-	-
	repurchased shares of par value each issued						
(b)	Contributed surplus	1,380	1,380	1,627,608	1,777,608	1,628,988	1,778,988
(c)	Any other fixed capital						
	(i) Hybrid capital instruments	-	-	-	-	-	-
	(ii) Guarantees and others	-	-	-	-	-	-
	(iii) Total any other fixed capital	-	-	-	-	-	-
(d)	Total Statutory Capital	1,500	1,500	1,627,858	1,777,858	1,629,358	1,779,358
2.	**STATUTORY SURPLUS:**						
(a)	Statutory Surplus - Beginning of Year	-	-	(1,039,582)	(1,191,582)	(1,039,582)	(1,191,582)
(b)	Add: Income for Year	-	-	39,651	(144,169)	39,651	(144,169)
(c)	Less: Dividends paid and payable	-	-	-	-	-	-
(d)	Add (Deduct): Change in unrealized appreciation (depreciation) of investments	-	-	(53,220)	296,169	(53,220)	296,169
(e)	Add (Deduct): Change in non-admitted assets	-	-	-	-	-	-
(f)	Add (Deduct): Change in appraisal of real estate	-	-	-	-	-	-
(g)	Add (Deduct): Change in any other statutory capital	-	-	-	-	-	-
(h)	Statutory Surplus - End of Year	-	-	(1,053,151)	(1,039,582)	(1,053,151)	(1,039,582)
3.	**MINORITY INTEREST**	-	-	-	-	-	-
4.	**TOTAL STATUTORY CAPITAL AND SURPLUS**	1,500	1,500	574,707	738,276	576,207	739,776

		Change in other statutory capital and surplus
Line 2g	Change in any other statutory capital	
Line 4	Total Statutory Capital & Surplus	Refer to Schedule V(g)

1. Nature of business

GLOBAL ATLANTIC ASSURANCE LIMITED, or "GAAL" or "the Company", is a licensed reinsurer and wholly-owned subsidiary of Global Atlantic Re Limited, or "Global Atlantic Re", a Bermuda company. Under Bermuda's Insurance Act of 1978, as amended, the Company is registered as a Class E insurer. The Company has issued Funding Agreements (Guaranteed Investment Contracts, or "GIC"), Synthetic Guaranteed Investment Contracts, or "Synthetic GIC," to an affiliated counterparty and assumed through reinsurance Whole Life ("WL"), other life insurance where mortality risk is retained by the ceding company, and mortality risk related to life blocks from non-affiliated counterparties.

KKR initial acquisition of Global Atlantic Financial Group Limited

On February 1, 2021, KKR & Co. Inc., or together with its subsidiaries, "KKR," completed the acquisition of the Company's ultimate parent, TGAFG, by Magnolia Parent LLC ("Magnolia"), a KKR subsidiary, as contemplated by the Agreement and Plan of Merger, dated July 7, 2020 (as amended, the "Merger Agreement"), by and among GAFG, Global Atlantic Financial Life Limited, or "GAFLL," Magnolia, Magnolia Merger Sub Limited ("Merger Sub"), LAMC LP, and Goldman Sachs & Co. LLC, solely in its capacity as the equity representative, referred to here-in as the "KKR Acquisition." The total purchase price for the transaction was $4.7 billion.

KKR subsequent acquisition of remaining non-controlling interests in The Global Atlantic Financial Group

On January 2, 2024, KKR completed the merger previously announced on November 29, 2023, as contemplated by the Agreement and Plan Merger, (the "2023 Merger Agreement") by and among KKR Magnolia Holdings LLC ("Magnolia Holdings"), an indirect subsidiary of KKR, Sweetbay Merger Sub LLC, a direct subsidiary of Magnolia Holdings ("Merger Sub") and The Global Atlantic Financial Group ("TGAFG"), and together with its subsidiaries, ("Global Atlantic"), pursuant to which KKR acquired the remaining portion of Global Atlantic that KKR did not already own (the "2024 KKR Acquisition"). At the closing of the transaction (the "Closing"), Merger Sub merged with and into TGAFG, with TGAFG surviving the merger, resulting in Global Atlantic becoming a wholly owned subsidiary of KKR.

Significant Transaction

In June 2024, the Board of Directors of the Company, Global Atlantic Re and Global Atlantic Limited Delaware, a Delaware company, or "GALD", the Company's former parent, voted to proceed with an internal reorganization of certain subsidiaries in the second quarter of 2024 to simplify the corporate structure, or the "Reorganization."

Concurrently, on June 30, 2024, GALD also contributed all of its common stock in the Company to Global Atlantic Re, resulting in the Company becoming a direct, wholly- owned subsidiary of Global Atlantic Re. The contribution of the Company's ownership to Global Atlantic Re by GALD, a common parent, was considered to be a transaction between entities under common control. Accordingly, the contribution of the Company's ownership to Global Atlantic Re was accounted for on a carryover basis whereby the Company was recorded based on GALD's historical carrying amounts in Global Atlantic Re's financial statements.

The Company issued Synthetic Guaranteed Investment Contracts or “Synthetic GICs” to Global Atlantic Re, in which the actual investment returns paid to Global Atlantic Re on the funds withheld portfolios is transferred to the Company. In exchange, the Company paid a fixed crediting rate to Global Atlantic Re. Effective December 31, 2023, the Company terminated the Synthetic GIC program in its entirety. As a result there was a release of $14 billion of Synthetic GIC contracts and the release of an unamortized PGAAP balance related to these contracts amounting to $(346) million through net investment income.

2. Significant Accounting Policies

Investments

Available-for-sale fixed maturity securities

The Company primarily accounts for its fixed maturity securities (including bonds, structured securities and redeemable preferred stock) as available-for-sale ("AFS"). AFS fixed maturity securities are generally recorded on a trade-date basis and are carried at fair value. Impairment associated with AFS fixed maturity securities is recognized as an allowance for credit losses. The allowance for credit losses is established either by a charge to net investment losses in the statements of income, for securities identified as credit impaired after purchase, or by a gross-up recognition of an initial allowance for purchased credit deteriorated ("PCD") securities.

PCD securities are those purchased by the Company that were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. The Company considers an AFS fixed maturity security to be PCD if there are indicators of a credit loss at the acquisition date or, in the case of structured securities, if there is a significant difference between contractual cash flows and expected cash flows at acquisition. PCD securities also include those AFS fixed maturity securities previously held by the Company that were similarly assessed at the time of the 2021 GA acquisition. The initial amortized cost for a PCD security equals the purchase price plus the initial allowance for credit losses. The initial allowance for credit losses is determined using a discounted cash flow method based on the best estimate of the present value of cash flows expected to be collected. After purchase, the accounting for a PCD security is consistent with that applied to all other securities.

Unrealized gains and losses on AFS fixed maturity securities net of tax are reported in accumulated other comprehensive income in the balance sheets. Realized investment gains and losses are recognized on a first-in first-out basis and are reported in net investment losses in the statements of income. The amortized cost of fixed maturity securities is adjusted for impairment charge-offs, amortization of premiums and accretion of discounts. Such amortization and accretion is calculated using the effective yield method and included in net investment income in the statements of income.

For structured securities, the Company recognizes interest income using a constant effective yield based on estimated cash flows generated from internal models utilizing interest rate, default and prepayment assumptions. Effective yields for structured securities that are not of high credit quality are recalculated and adjusted prospectively based on changes in expected undiscounted future cash flows, after consideration of any appropriate recognition or release of an allowance for credit losses. For structured securities that are of high credit quality, effective yields are recalculated based on payments received and updated prepayment expectations, and amortized cost is adjusted to the amount that would have existed had the new effective yield been applied since acquisition with a corresponding charge or credit to net investment income. Prepayment fees are recorded when earned in net investment income in the statements of income.

The Company generally suspends accrual of interest for securities that are more than 90 days past due and reverses any related accrued interest to net investment income in the statements of income. When a security is in non-accrual status, coupon payments are recognized as interest income as cash is received, subject to consideration as to the overall collectibility of the security. A security is returned to accrual status when the Company determines that the collection of principal and interest due is probable. The allowance for credit losses excludes accrued interest from the amortized cost basis for which losses are estimated.

Trading fixed maturity securities

The Company accounts for certain fixed maturity securities as trading at acquisition, based on intent or via the election of the fair value option. Trading securities are generally recorded on a trade-date basis and are carried at fair value, with realized and unrealized gains and losses reported in net investment-related gains (losses) in the statements of income. Interest income from these securities is reported in net investment income. Trading securities, which are primarily used to match asset and liability accounting, back funds withheld payable at interest where the investment performance is ceded to reinsurers under the terms of the respective reinsurance agreements.

Held-to-maturity fixed maturity securities

The Company accounts for certain fixed maturity securities as held-to-maturity, or “HTM,” at acquisition, based on the intent and ability to hold those securities to maturity. HTM securities are carried at amortized cost. The amortized cost of HTM securities is adjusted for OTTI, amortization of premiums and accretion of discounts. Such amortization and accretion is calculated using the effective yield method and included in net investment income in the statements of income. Interest income from these securities is reported in net investment income in the statements of income.

Mortgage and other loan receivables

The Company purchases participations in mortgage and other loan receivables, and these loans are carried at cost, less the allowance for credit losses and as adjusted for amortization/accretion of premiums/discounts. The allowance for credit losses is established either by a charge to net investment losses in the statements of income or, for PCD mortgage and other loan receivables, by a gross-up recognition of the initial allowance in the balance sheets.

PCD mortgage and other loan receivables are those purchased by the Company that were assessed at acquisition as having experienced a more-than-insignificant deterioration in credit quality since their origination. PCD mortgage and other loan receivables also include those mortgage and other loan receivables previously held by the Company that were similarly assessed at the time of the 2021 KKR Acquisition. The initial amortized cost for a PCD mortgage or other loan receivable equals the purchase price plus the initial allowance for credit losses. The initial allowance for credit losses is determined using a method consistent with that used for other similar loans. See further discussion of allowance methods below. After purchase, the accounting for a PCD mortgage or other loan receivable is consistent with that applied to all other mortgage and other loan receivables.

Loan premiums or discounts are amortized or accreted using the effective yield method. Interest income is accrued on the principal balance of each loan based on its contractual interest rate. The accrual of interest is generally suspended when the collection of interest is no longer probable or the collection of any portion of principal is doubtful. The Company generally suspends accrual of interest for loans that are more than 90 days past due and reverses any related accrued interest to net investment income in the statements of income. When a loan is in non-accrual status, coupon payments are generally recognized as interest income as cash is received, subject to consideration as to the overall collectibility of the loan.

A loan is returned to accrual status when the Company determines that the collection of amounts due is probable. The allowance for credit losses excludes accrued interest from the amortized cost basis for which losses are estimated.

Real assets and other investments

Real assets consist primarily of investments in real estate assets, transportation assets, and infrastructure assets. .

Real assets in the balance sheets include investments in investment partnerships, for which the Company does not have voting control or power to direct activities. These investments are accounted for using the equity method of accounting unless the Company's interest is so minor that it has virtually no influence over partnership operating or financial policies. The equity method of accounting requires that the investments be initially recorded at cost and the carrying amount of the investment subsequently be adjusted to recognize the Company's share of the earnings and losses of the investee. Where there is a difference between the cost of the investment and the Company's proportionate share of the equity method investee's net assets, this basis difference is accreted to net investment income over the life of the underlying assets. In applying the equity method, the Company uses financial information provided by the investee, generally on a one to three month lag due to the timing of the receipt of related financial statements.

The income from the Company's equity method investments is included in net investment income in the statements of income. In limited circumstances, the Company elects to apply the fair value option to investment partnerships, which are carried at fair value with unrealized gains and losses reported in net investment-related gains (losses) in the statements of income. Distributions from investment partnerships that apply equity method accounting are classified as either investing or operating activities within the statements of cash flows, based on the nature of the distributions.

Cash, and cash equivalents

Cash and cash equivalents in the balance sheets generally include short-term highly liquid investments with a maturity of three months or less from the date of acquisition. Amounts included are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Derivative instruments

Derivatives are instruments that derive their values from underlying asset prices, indices, foreign exchange rates, reference rates and other inputs or a combination of these factors. Derivatives may be privately negotiated contracts, which are usually referred to as over-the-counter ("OTC") derivatives, or they may be listed and traded on an exchange ("exchange-traded"). The Company's derivative instruments are primarily used to hedge interest rate risk. Where certain criteria are met, some of these hedging arrangements may achieve hedge accounting.

Where certain qualifying criteria are met, some derivative instruments are designated as accounting hedges and are recognized at estimated fair value in derivative assets or derivative liabilities in the balance sheets. For derivative instruments designated as cash flow hedges, changes in fair value are initially recognized in accumulated other comprehensive income (loss) in the balance sheets and subsequently reclassified to the statements of income when the hedged item affects earnings, in the same line item where the hedged item is reported.

Derivative receivables and payables with a counterparty that are subject to an International Swaps and Derivatives Association Master Agreement ("ISDA") or other similar agreement that provides a legal right of setoff, are presented at their net amounts. Where the legal right of setoff exists, the Company also offsets the fair value of cash collateral received or posted under an ISDA, or other similar agreement with a counterparty, against the related derivative balances as appropriate.

The Company's synthetic GICs are accounted for as derivatives. A synthetic GIC is a contract that simulates the performance of a traditional GIC through the use of financial instruments. A key difference between a synthetic GIC and a traditional GIC is that the purchaser retains ownership of the assets underlying the synthetic GIC. The fair values of derivatives that are synthetic GICs are primarily based on the fair value of the underlying investments. The fair values of these securities are determined using quoted market prices in active markets or other observable inputs to pricing. Synthetic GICs function similar to total return swaps. These derivatives are recognized in either derivative assets or derivative liabilities in the balance sheets and in net investment gains (losses) in the statements of income.

Investment impairment

Available-for-sale fixed maturity securities

One of the significant estimates related to AFS securities is the evaluation of those investments for credit losses. The evaluation of investments for credit losses is a quantitative and qualitative quarterly process that is subject to risks and uncertainties and involves significant estimates and judgments by management. Changes in the estimates and judgments used in such analysis can have a significant impact on the statements of income. Considerations relevant to the evaluation of credit losses may include the severity of any loss position,as well as changes in market interest rates, changes in business climate, management changes, litigation, government actions, and other similar factors that may impact an issuer's ability to meet current and future principal and interest obligations. Indicators of credit impairment may also include changes in credit ratings, the frequency of late payments, pricing levels and deterioration in any, or a combination of, key financial ratios, financial statements, revenue forecasts and cash flow projections.

For AFS fixed maturity securities in an unrealized loss position, the Company first considers the intent to sell a security, or whether it is more-likely-than-not that it will be required to sell the security, before the recovery of its amortized cost. If the Company intends to sell an AFS fixed maturity security with an unrealized loss or it is more-likely-than-not that it will be required to sell an AFS fixed maturity security with an unrealized loss before recovery of its amortized cost basis, the amortized cost is written down to fair value and a corresponding charge is recognized to net investment losses.

For AFS fixed maturity securities in an unrealized loss position that the Company does not intend to sell, and will not be required to sell, the Company bifurcates the impairment into two components: credit impairment and non-credit impairment. Credit impairments are measured as the difference between the security's cost or amortized cost and its estimated recoverable value, which is the present value of its expected future cash flows discounted at the current effective interest rate. The estimated recoverable value is subject to a floor equal to the fair value of the security. The remaining difference between the security's fair value and the recoverable value, if any, is the non-credit impairment. Credit impairments are recognized in the allowance for credit losses on AFS fixed maturity securities, which is established via a charge to net investment losses in the statements of income, and non-credit impairments are charged to accumulated other comprehensive income in the balance sheets.

In determining the estimated recoverable value, the review of expected future cash flows for structured securities includes assumptions about key systemic risks (e.g., unemployment rates, housing prices) and loan-specific information (e.g., delinquency rates, loan-to-value ratios). Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third parties, along with assumptions and judgments about the future performance of the underlying collateral. For corporate and government bonds the recoverable value is determined using cash flow estimates that consider facts and circumstances relevant to the security and the issuer, including overall financial strength and secondary sources of repayment as well as pending restructuring or disposition of assets.

In periods subsequent to the initial recognition of an allowance for credit losses on a fixed maturity security, whether for a PCD security or a security impaired since purchase, the Company continues to monitor credit loss expectations. Deterioration in the estimated recoverable value of a credit impaired security is recognized as an addition to the allowance for credit losses, as limited by the amount by which the security's fair value is less than amortized cost. Improvements in the estimated recoverable value of a credit impaired security or improvements in the fair value of a credit impaired security that limit the amount of the allowance result in reductions in the allowance for credit losses, which are recognized as a credit to net investment gains in the statements of income.

Amounts are charged off against the allowance for credit losses when deemed uncollectible or when the Company determines that it intends to sell, or more likely than not will be required to sell, the security. Charge-offs are reflected as a decrease in the allowance and a direct write down in the amortized cost of the security. If the Company recovers all or a portion of an amount previously written off on a credit impaired security, the recovery is recognized as a realized investment gain.

Mortgage and other loan receivables

The Company updates its estimate of the expected credit losses on its investments in mortgage and other loan receivables each quarter. For loans that share similar risk characteristics, expected credit losses are measured on a pool basis. For loans that do not share similar risk characteristics, expected credit losses are measured individually. Loans subject to individual evaluation include those loans that are collateral dependent, where the borrower is experiencing financial difficulty. For these collateral dependent loans, expected credit losses are measured as the difference between the fair value of the collateral (less costs to sell, where the collateral is to be sold) and the amortized cost basis of the loan.

For commercial mortgage loans, the current expected credit losses are estimated using a model that evaluates the probability that each loan will default and estimates the amount of loss given the occurrence of such a default over the life of each loan in the portfolio. The model incorporates historical and current data on the relevant property market and projects potential future paths for each loan's collateral, considering both the net income to be generated by the collateral real estate and its market value. The model considers how macroeconomic forecasts (such as gross domestic product, unemployment, and interest rates) influence commercial real estate market factors (including vacancy rates, rental and income growth rates, property value changes), and in turn how commercial real estate market conditions, in combination with loan specific information (including debt service coverage and loan to value), drive commercial mortgage loan credit risk.

For residential mortgage loans and consumer loans, the current expected credit losses are primarily estimated using a discounted cash flow model. The model considers loan-specific information as well as current, historical and forecasted data relevant to the respective loans, including home prices, interest rates and unemployment. Expected cash flows are projected for each loan and are discounted using the effective interest rate of the respective loan. Any shortfalls between the discounted cash flows and the amortized cost of each individual loan are aggregated to determine the total allowances on the residential mortgage loan and consumer loan portfolios. For certain residential mortgage loans secured by single-family rental properties, current expected credit losses are determined using a model consistent with that described above for commercial mortgage loans.

With regard to the use of forecasts in the determination of the Company's current expected credit losses, the reversion of forecasts to historical data is based on reversion dynamics that depend on the specific variable and its interaction with the other parameters of the respective model; however, the forecasts generally tend to revert to a long-term equilibrium trend within two to three years from the forecast start date.

For the investment in other loan receivables, a variety of methodologies are used to estimate the respective current expected credit losses. These methodologies consider the terms specific to each loan, including the value of any collateral, and evaluate the risk of loss over the life of these loans.

The Company also assesses and measures an allowance for credit losses arising from off-balance sheet commitments, including loan commitments, that are not unconditionally cancellable by the Company. This allowance for credit losses for off-balance sheet commitments is determined using methods consistent with those used for the associated mortgage and other loan receivable class, as described above, and is recognized in other liabilities in the balance sheets, since there is no funded asset for the committed amount.

When all or a portion of a loan is deemed uncollectible, the uncollectible portion of the carrying amount of the loan is charged off against the allowance. If the Company recovers all or a portion of an amount previously written off on a credit impaired loan, the recovery is recognized as a realized investment gain.

Real assets and other investments

The determination of the amount of impairment on other classes of investments also requires significant judgment and is based upon a periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such assessments are revised as conditions change and new information becomes available.

Impairment of consolidated real assets carried at depreciated cost is assessed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment are present, a recoverability test is performed to determine if the sum of the estimated undiscounted future cash flows attributable to the assets is greater than the carrying amount. If the undiscounted estimated future cash flows are less than the carrying amount, an impairment loss is recognized based on the amount by which the carrying amount exceeds its estimated fair value.

Impairment of investments subject to the equity method of accounting is assessed whenever events or circumstances suggest that the carrying amount may not be recoverable. An impairment charge is recognized in earnings for a decline in value that is determined to be other than temporary and is measured as the difference between the carrying amount and the fair value of the equity method investment as of the balance sheet date.

Deferral and amortization of certain revenues and expenses

Deferrals

Value of business acquired ("VOBA") represents the difference between the carrying value of the purchased in-force insurance contract liabilities at the time of the business combination and the estimated fair value of insurance and reinsurance contracts. VOBA can be either positive or negative. Positive VOBA is recorded in insurance intangibles. Negative VOBA is recorded in the same financial statement line in the balance sheets as the associated reserves.

Deferred revenue liability, or “DRL,” represents unearned premium on certain reinsurance contracts (e.g., Monthly Renewable Term). DRL is included in contractholder deposit funds and other policyholder liabilities in the balance sheets.

Amortization

VOBA and DRL are amortized straight line over the life of the contracts.

Policy liabilities

Policy liabilities, or collectively, “reserves,” are the portion of past premiums or assessments received that are set aside to meet future policy and contract obligations as they become due. Interest accrues on these reserves and on future premiums, which may also be available to pay for future obligations. The Company establishes reserves to pay future policyholder benefits, claims, and certain expenses for its life policies and annuity contracts.

Reserves are estimates based on models that include many actuarial assumptions and projections. These assumptions and projections, which are inherently uncertain, involve significant judgment, including assumptions as to the levels and/or timing of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), mortality, longevity, and persistency.

The assumptions on which reserves are based are intended to represent an estimation of experience for the period that policyholder benefits are payable. The adequacy of these reserves and the assumptions underlying those reserves are reviewed at least annually. The Company cannot, however, determine with precision the amount or the timing of actual policyholder benefit payments. If actual experience is better than or equal to the assumptions, then reserves would be adequate to provide for future policyholder benefits and expenses. If experience is worse than the assumptions, additional reserves may be required to meet future policy and contract obligations. This would result in a charge to the Company’s net income during the period in which excess policyholder benefits are paid or an increase in reserves occurs.

Guaranteed investment contracts

GICs are non-life contingent annuities which are accounted for as financial instruments. The issuer is contractually obligated to repay the principal and specified interest guaranteed to the purchaser. The liabilities are recorded in policyholder liabilities in the balance sheets.

Traditional and universal life

Contractholder deposit reserves for certain assumed blocks of life reinsurance policies where mortality risk is retained by the ceding company are accounted for as investment-type contracts. A net liability is established at inception for the net consideration, and amortized using the effective yield method.

Outstanding claims

Outstanding claims include amounts payable relating to in course of settlement and incurred but not reported claim liabilities. In course of settlement claim liabilities are established for policies when the Company is notified of the death of the policyholder but the claim has not been paid as of the reporting date. Incurred but not reported claim liabilities are determined using studies of past experience and are estimated using actuarial assumptions of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed and the ultimate liability may vary significantly from the amounts initially recognized, which are reflected in net income in the period in which they are determined. Changes in policyholder and contract claims are recorded in policy benefits and claims in the statements of income.

Reinsurance

Consistent with the overall business strategy, the Company assumes certain policy risks written by other insurance companies on a coinsurance, funds withheld coinsurance, or automatic monthly renewable term basis. Reinsurance accounting is applied for ceded and assumed transactions when risk transfer provisions have been met. To meet risk transfer requirements, a long-duration reinsurance contract must transfer mortality or morbidity risks, and subject the reinsurer to a reasonable possibility of a significant loss. Those contracts that do not meet risk transfer requirements are accounted for using deposit accounting. The Company seeks to diversify risk and limits its overall financial exposure through reinsurance.

With respect to ceded reinsurance, the Company values reinsurance recoverables on reported claims at the time the underlying claim is recognized in accordance with contract terms. For future policyholder benefits, the Company estimates the amount of reinsurance recoverables based on the terms of the reinsurance contracts and historical reinsurance recovery information. The reinsurance recoverables are based on what the Company believes are reasonable estimates and the balance is reported as an asset in the balance sheets. However, the ultimate amount of the reinsurance recoverable is not known until all claims are settled.

The cost of reinsurance, which is the difference between the amount paid for a reinsurance contract and the amount of the liabilities for policy benefits relating to the underlying reinsured contracts, is deferred and amortized over the reinsurance contract period for short-duration contracts, or over the terms of the reinsured policies on a basis consistent with the reporting of those policies for long-duration contracts. Generally, the Company amortizes cost of reinsurance based on policy count or effective yield method, retrospectively calculated based on actual and projected future cash flows. Cost of reinsurance assets and liabilities are reported in insurance intangibles and policy liabilities in the balance sheets, respectively. Reinsurance contracts do not relieve the Company from its obligations to policyholders, and failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for expected credit losses, via a charge to policy benefits and claims in the statements of income. The Company's reinsurance recoverable assets are reviewed for expected credit losses by considering credit ratings for each reinsurer, historical insurance industry specific default rate factors, rights of offset, expected recovery rates upon default and the impact of other terms specific to the reinsurance arrangement.

For funds withheld and modified coinsurance agreements, the Company has the right to receive or obligation to pay the total return on assets supporting the funds withheld receivable at interest or funds withheld payable at interest. This indirectly exposes the Company to the credit risk of the underlying assets. As a result, funds withheld coinsurance and modified coinsurance agreements are viewed as total return swaps and treated as embedded derivatives. Embedded derivatives are required to be separated from the host contracts and measured at fair value with changes in fair value recognized in net income. Generally, the embedded derivative is measured as the difference between the fair value of the underlying assets and the carrying value of the host contract at the balance sheet date. The fair value of the embedded derivative is included in the funds withheld receivable at interest or the funds withheld payable at interest on the balance sheets. Changes in the fair value of the embedded derivative are reported in operating activities on the statements of cash flows.

Recognition of insurance revenue and related benefits

Premiums related to life reinsurance contracts are recognized in premiums in the statements of income when due from the policyholders.

Amounts received as payment for investment-type contracts are reported as deposits to contractholder account balances and recorded in contractholder deposit funds and other policyholder liabilities in the balance sheets. Revenues from these contracts consist primarily of fees assessed against the contractholder account balance for mortality, policy administration, and surrender charges, and are reported in policy fees in the statements of income. Additionally, the Company earns investment income from the investment of contract deposits in the Company's general account portfolio, which is reported in net investment income in the statements of income.

Fees assessed that represent compensation to the Company for benefits to be provided in future periods and certain other fees are established as a unearned revenue reserve liability and amortized into revenue over the expected life of the related contracts. Unearned revenue reserves are reported in contractholder deposit funds and other policyholder liabilities in the balance sheets and amortized into policy fees in the statements of income. Benefits and expenses for these products include claims in excess of related account balances, expenses for contract administration and interest credited to contractholder account balances in the statements of income.

Other income

Other income is primarily comprised of administration, management fees and distribution fees.

Insurance expenses

Insurance expenses are primarily comprised of commissions expense, premium taxes and other expenses related to insurance products and reinsurance transactions.

General and administrative expenses

General and administrative expenses are primarily comprised of employee compensation and benefit expenses, administrative and professional services and other operating expenses.

3. Sundry Assets - Line 13

Net Receivables for Investments Sold

Due to timing differences between the trade dates versus the settlement of proceeds from investments disposed, the company reported $28,787 thousand receivable and $34,268 thousand receivable at December 31, 2024 and 2023, respectively.

Insurance intangibles

The following reflects the components of insurance intangibles reported in the balance sheets as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
($ in thousands)		
Value of business acquired	$ 10,326	$ 41,831
Cost-of-reinsurance intangibles	279	270
Total insurance intangibles	**$ 10,605**	**$ 42,101**

Other sundry assets

Other sundry assets consist of the following :

	December 31,	
	2024	2023
($ in thousands)		
Other assets[(1)]	$ 2,934	$ 3,797
Total other sundry assets	**$ 2,934**	**$ 3,797**

(1) In conjunction with a reinsurance transaction entered into by the company on July 12, 2021, Global Atlantic Re provided a guarantee to pay the reinsurance recapture fee in the event the company's Risk Based Capital drops below 100% Company Action Level, and is rendered unable to fund the recapture payment. The company made a payment to Global Atlantic Re for the guarantee and the amount is recorded in Other assets on the balance sheet and amortized over the term of the guarantee.

4. Sundry Liabilities - Line 36

Derivatives

From time to time, the Company may enter into hedges designed to limit the volatility associated with changes in the value of general account assets or changes to net investment income as a result of interest rate or credit spread movements, while also taking into consideration economic impacts. In addition, the Company issued Synthetic GICs which are reported as derivative instruments on the balance sheets, and valued as total return swaps.

The fair value and notional value of the derivative assets and liabilities were as follows:

	As of December 31, 2024		
		Fair Value	
As of	Gross Notional	Assets	Liabilities
($ in thousands)			
Derivatives Designated as Hedge Accounting Instruments:			
Interest rate contracts	$ 120,000	$ —	$ 17,884
Total Derivatives Designated as Hedge Accounting Instruments	**$ 120000**	**$ —**	**$ 17884**
Derivatives Not Designated as Hedge Accounting Instruments:			
Interest rate contracts	$ 120,000	$ —	$ 17,883
Total Derivatives Not Designated as Hedge Accounting Instruments	**$ 120,000**	**$ —**	**$ 17,883**
Total Derivatives	**$ 240,000**	**$ —**	**$ 35,767**

	As of December 31, 2023		
		Fair Value	
	Gross Notional	Assets	Liabilities
($ in thousands)			
Derivatives Designated as Hedge Accounting Instruments:			
Interest rate contracts	$ 180,000	$ —	$ 6,745
Total Derivatives Designated as Hedge Accounting Instruments	**$ 180,000**	**$ —**	**$ 6,745**
Derivatives Not Designated as Hedge Accounting Instruments:			
Interest rate contracts	$ 180,000	$ —	$ 6,745
Total Derivatives Not Designated as Hedge Accounting Instruments	**$ 180,000**	**$ —**	**$ 6,745**
Total Derivatives	**$ 360,000**	**$ —**	**$ 13,490**

Derivatives designated as accounting hedges

Where the Company has derivative instruments that are designated and qualify as accounting hedges, these derivative instruments receive hedge accounting.

Cash flow hedges

The Company has designated bond forwards to hedge the interest rate risk associated with the planned purchase of AFS fixed maturity securities in cash flow hedges. These arrangements are hedging purchases through December 2029 and are expected to affect earnings until 2055. Regression analysis is used to assess the effectiveness of these hedges.

As of December 31, 2024 and 2023, there was a cumulative (loss) of $(21,362) thousand and $(10,576) thousand, respectively, on the currently designated bond forwards recorded in accumulated other comprehensive loss, respectively. Amounts deferred in accumulated other comprehensive loss are reclassified to net investment income following the qualifying purchases of AFS securities, as an adjustment to the yield earned over the life of the purchased securities, using the effective interest method.

For all cash flow hedges, the Company estimates that the amount of gains/losses in accumulated other comprehensive loss to be reclassified into earnings in the next 12 months will not be material.

Other sundry liabilities

Other sundry liabilities consist of the following :

	December 31,	
	2024	2023
($ in thousands)		
Miscellaneous liabilities	$ 1,763	$ 1,898
Total other sundry liabilities	**$ 1,763**	**$ 1,898**

6. Contributed Surplus - 8SFS Line 1(b)

The change in contributed surplus during the year is due to $(150,000) thousand of return of capital to the Company's parent.

7. Change in any other Statutory Capital and Surplus - Form 8SFS, Line 2g

Not Applicable.

8. Reconciliation of U.S. GAAP to Statutory Capital and Surplus - Form 8SFS, Line 4

As of December 31, 2024 and 2023 there were no difference between U.S GAAP shareholders equity and statutory capital and surplus.