GLOBAL ATLANTIC RE LIMITED

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

BERMUDA STATUTORY FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

STATUTORY BALANCE SHEET

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Global Atlantic Re Limited
As at 31 December 2024
expressed United States Dollars

FORM 1SFS

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	20,999	671,370	861,831	903,383	1,295,517
2.	QUOTED INVESTMENTS:						
(a)	Bonds and Debentures						
	i. Held to maturity	-	-	-	-	-	6,368
	ii. Other	-	-	9,487,618	4,709,999	16,210,518	11,414,770
(b)	Total Bonds and Debentures	-	-	9,487,618	4,709,999	16,210,518	11,421,138
(c)	Equities						
	i. Common stocks	-	-	-	-	-	-
	ii. Preferred stocks	-	-	55,058	-	55,058	-
	iii. Mutual Funds	-	-	-	-	-	-
(d)	Total equity investments	-	-	55,058	-	55,058	-
(e)	Other quoted investments	-	-	-	-	-	-
(f)	Total quoted investments	-	-	9,542,676	4,709,999	16,265,576	11,421,138
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	-	-	50,196	71,399	66,671	109,494
(f)	Total unquoted investments	-	-	50,196	71,399	66,671	109,494
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	-	-	18,285	45,302	-	-
(d)	Regulated non-insurance financial operating entities	-	-	-	-	-	-
(e)	Regulated insurance financial operating entities	-	-	576,684	740,253	-	-
(f)	Total investments in affiliates (equity method)	-	-	594,969	785,555	-	-
(g)	Advances to affiliates	-	-	758,700	575,000	758,700	938,700
(h)	Total investments in and advances to affiliates (equity method)	-	-	1,353,669	1,360,555	758,700	938,700
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:						
(a)	First liens	-	-	4,406,087	925,501	6,004,069	2,551,670
(b)	Other than first liens	-	-	-	-	-	-
(c)	Total investments in mortgage loans on real estate	-	-	4,406,087	925,501	6,004,069	2,551,670
6.	POLICY LOANS			903	1,032	903	1,032
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	-	-	136,013	44,431	208,293	125,424
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:						
(a)	In course of collection	-	-	120	149	120	149
(b)	Deferred - not yet due	-	-	-	-	-	-
(c)	Receivables from retrocessional contracts	-	-	-	-	-	-
(d)	Total accounts and premiums receivable	-	-	120	149	120	149
11.	REINSURANCE BALANCES RECEIVABLE:						
(a)	Foreign affiliates	-	-	319,279	394,919	319,279	394,919
(b)	Domestic affiliates	-	-	-	-	-	-
(c)	Pools & associations	-	-	-	-	-	-
(d)	All other insurers	-	-	284,155	276,647	289,964	282,287
(e)	Total reinsurance balances receivable	-	-	603,434	671,566	609,243	677,206
12.	FUNDS HELD BY CEDING REINSURERS:	-	-	65,682,354	53,756,674	65,682,354	53,756,674
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	-	-	-	-	-	-

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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
(g)	Net receivables for investments sold	-	-	-	229	25,069	2,794
(h)	Deferred Tax Asset	-	-	43,010	101,147	41,075	99,237
(i)	Insurance Intangibles	-	-	3,456,122	2,938,173	3,481,212	2,963,255
(j)	Other	-	(5,966)	125,274	117,510	125,274	117,584
(k)	Total sundry assets	-	(5,966)	3,624,406	3,157,059	3,672,630	3,182,870
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	15,033	86,071,228	65,560,196	94,171,942	74,059,874
	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			69,991	20,524	69,991	20,524
21	RESERVES FOR UNREPORTED CLAIMS			-	-	-	-
22	POLICY RESERVES - LIFE			7,940,340	6,070,855	10,302,649	9,024,964
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			45,137,414	41,007,683	48,926,227	44,539,449
27	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES						
(a)	Total Gross Long-Term Business Insurance Reserves			82,642,875	64,860,661	87,769,983	69,994,828
(b)	Less: Reinsurance Recoverable Balance:						
	(i) Foreign Affiliates			-	-	-	-
	(ii) Domestic Affiliates			6,496,849	3,899,778	2,976,205	-
	(iii) Pools and Associations			-	-	-	-
	(iv) All Other Insurers			22,998,281	13,861,821	25,494,911	16,409,891
(c)	Total Reinsurance Recoverable Balance			29,495,130	17,761,599	28,471,116	16,409,891
(d)	**Net Long-Term Business Insurance Reserves**			53,147,745	47,099,062	59,298,867	53,584,937
	OTHER LIABILITIES						
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	-	-	415,120	424,064	454,290	443,343
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	-	-	7,253	5,436	8,841	6,703
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	-	-	12,914	69,539	12,431	36,104
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-	28,200,497	14,535,147	30,071,591	16,523,179
35.	DIVIDENDS PAYABLE	-	-	-	-	-	-
36.	SUNDRY LIABILITIES:						

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(a)	Derivative instruments	-	-	59,483	-	95,251	13,490
(b)	Segregated accounts companies	-	-	-	-	-	-
(c)	Deposit liabilities	-	-	-	-	-	-
(d)	Net payable for investments purchased	-	-	4,891	-	-	-
(e)	Due to LT / General Business	-	-	-	(5,966)	-	-
(f)	Other sundry liabilities (specify)	-	-	-	-	-	-
(g)	Other sundry liabilities (specify)	-	-	-	-	-	-
(h)	Total sundry liabilities	-	-	64,374	(5,966)	95,251	13,490
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	-	-	28,700,159	15,028,221	30,642,404	17,022,819
39.	TOTAL INSURANCE PROVISIONS AND OTHER LIABILITIES	-	-	81,847,904	62,127,283	89,941,271	70,607,756
	STATUTORY CAPITAL AND SURPLUS						
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	1,500	15,033	4,223,324	3,432,913	4,230,671	3,452,118
41.	TOTAL	1,500	15,033	86,071,228	65,560,196	94,171,942	74,059,874
		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
		-	-	-	-	-	-

Notes to Form 1SFS

			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		32,970,207	
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	6,010,051	28,634
	Total unquoted investments		-	-
	Funds held by ceding reinsurers	Supports LT Insurance Reserves	65,682,354	53,756,674
	Other assets		-	-
	Total encumbered assets		71,692,405	53,785,308
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	-	-

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	Total losses and loss expenses paid or payable					-	-
	Foreign exchange and other					-	-
	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

Line 27		Insurance Contracts Gross	Insurance Contracts Reinsurance	Insurance Contracts Net	Investment Contracts Gross	Investment Contracts Reinsurance	Investment Contracts Net
	CURRENT YEAR						
	Balance - Beginning of Year	64,860,661	17,761,599	47,099,062	-	-	-
	Impact of Terminations	(7,452,098)	(1,685,335)	(5,766,763)	-	-	-
	Impact of New Business	25,556,032	14,013,188	11,542,843	-	-	-
	Normal Change in force	(246,426)	(590,583)	344,157	-	-	-
	Management Actions and Changes in Assumptions	(75,293)	(3,739)	(71,554)	-	-	-
	Impact of Foreign Exchange rate changes	-	-	-	-	-	-
	Balance - End of Year	82,642,875	29,495,130	53,147,745	-	-	-
	PRIOR YEAR						
	Balance - Beginning of Year	48,731,001	23,313,655	25,417,346	-	-	-
	Impact of Terminations	(3,991,469)	(155,666)	(3,835,803)	-	-	-
	Impact of New Business	23,668,000	10,408,541	13,259,459	-	-	-
	Normal Change in force	(2,260,558)	(2,014,964)	(245,594)	-	-	-
	Management Actions and Changes in Assumptions	(1,286,313)	(13,789,967)	12,503,654	-	-	-
	Impact of Foreign Exchange rate changes	-	-	-	-	-	-
	Balance - End of Year	64,860,661	17,761,599	47,099,062	-	-	-

STATUTORY STATEMENT OF INCOME

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Global Atlantic Re 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			7,091,001	3,018,656	7,127,410	3,055,374
	(c) Total gross premiums and other considerations			7,091,001	3,018,656	7,127,410	3,055,374
13.	PREMIUMS CEDED			5,179,605	1,739,267	5,183,689	1,743,137
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:						
	(a) Life			1,150,194	116,077	1,181,834	148,295
	(b) Annuities			761,202	1,163,312	761,887	1,163,942
	(c) Accident and health			-	-	-	-
	(d) Total net premiums and other considerations			1,911,396	1,279,389	1,943,721	1,312,237
15.	OTHER INSURANCE INCOME			-	-	-	-
16.				1,911,396	1,279,389	1,943,721	1,312,237
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES						
17.	CLAIMS - LIFE			277,157	194,651	320,514	247,042
18.	POLICYHOLDERS' DIVIDENDS			-	-	-	-
19.	SURRENDERS			6,261,066	6,012,257	6,348,965	6,094,647
20.	MATURITIES			21,198	389	23,784	2,589
21.	ANNUITIES			1,734,287	1,653,099	1,734,528	1,653,122
22.	ACCIDENT AND HEALTH BENEFITS			177,390	215,805	177,390	215,805
23.	COMMISSIONS			136,668	320,528	141,366	326,879
24.	OTHER			207,517	181,153	235,453	214,661
25.				8,815,283	8,577,882	8,982,000	8,754,745
26.	INCREASE (DECREASE) IN POLICY RESERVES:						
	(a) Life			772,533	(122,021)	670,144	(204,590)
	(b) Annuities			(5,901,527)	(6,050,712)	(5,844,940)	(5,657,459)
	(c) Accident and health			-	-	-	-
	(d) Total increase (decrease) in policy reserves			(5,128,994)	(6,172,733)	(5,174,796)	(5,862,049)
27.				3,686,289	2,405,149	3,807,204	2,892,696
28.	**NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS**			(1,774,893)	(1,125,760)	(1,863,483)	(1,580,459)
29.	**COMBINED NET UNDERWRITING PROFIT (LOSS) BEFORE THE UNDERNOTED ITEMS**	-	-	(1,774,893)	(1,125,760)	(1,863,483)	(1,580,459)
	UNDERNOTED ITEMS						
30.	COMBINED OPERATING EXPENSES:						
	(a) General and administrative	-	-	26,060	28,899	31,861	35,892
	(b) Personnel Costs	-	-	-	-	-	-
	(c) Other	-	-	-	-	-	-
	(d) Total combined operating expenses	-	-	26,060	28,899	31,861	35,892
31.	COMBINED INVESTMENT INCOME - NET	-	-	2,365,497	1,598,894	2,503,676	1,986,057
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	-	13,647	(154,223)	-	-

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33.	COMBINED INCOME BEFORE TAXES	-	-	578,191	290,012	608,332	369,706
34.	COMBINED INCOME TAXES (IF APPLICABLE):						
	(a) Current	-	-	47,189	(121,682)	47,189	(121,682)
	(b) Deferred	-	-	23,635	189,843	23,660	190,407
	(c) Total	-	-	70,824	68,161	70,849	68,725
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	-	-	507,367	221,851	537,483	300,981
36.	COMBINED REALIZED GAINS (LOSSES)	-	-	(259,687)	(106,175)	(303,722)	(156,070)
37.	COMBINED INTEREST CHARGES	-	-	-	-	-	-
38.	NET INCOME	-	-	247,680	115,676	233,761	144,911

STATUTORY STATEMENT OF CAPITAL AND SURPLUS

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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	-	3,381,457	2,732,837	3,382,837	2,732,837
(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	120	3,381,707	2,733,087	3,383,207	2,733,207
2.	**STATUTORY SURPLUS:**						
(a)	Statutory Surplus - Beginning of Year	14,913	16,437	699,827	(693,473)	718,911	(672,410)
(b)	Add: Income for Year	-	-	247,680	115,676	233,761	144,911
(c)	Less: Dividends paid and payable	-	-	(180,000)	-	(180,000)	-
(d)	Add (Deduct): Change in unrealized appreciation (depreciation) of investments	-	(1,524)	(4,101)	469,712	11,493	438,499
(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	(14,913)	-	78,211	807,911	63,299	807,911
(h)	Statutory Surplus - End of Year	-	14,913	841,617	699,826	847,464	718,911
3.	**MINORITY INTEREST**	-	-	-	-	-	-
4.	**TOTAL STATUTORY CAPITAL AND SURPLUS**	1,500	15,033	4,223,324	3,432,913	4,230,671	3,452,118

		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 RE LIMITED, or "Global Atlantic Re" or "the Company", we, our, or us, is a licensed reinsurer and wholly-owned subsidiary of Global Atlantic Limited (Delaware), or "GALD", a Delaware corporation. GALD is an indirect wholly-owned subsidiary of The Global Atlantic Financial Group LLC, or "TGAFG", a Bermuda company.

Under Bermuda's Insurance Act of 1978, as amended, the Company is registered as a Class C and Class 3A insurer. Under its registration as a Class C insurer, the Company assumes through reinsurance universal life, or "UL," variable universal life, or "VUL," preneed life, fixed annuity, or "FA," fixed-indexed annuities, or "FIA," variable annuity, or "VA,"and payout and immediate annuity, or "payout annuity" business from affiliated and non-affiliated counterparties. Under its registration as a Class 3A insurer, the Company assumes risks related to mortgage insurance, however, the Company recorded nil mortgage insurance premiums in 2024.

Global Atlantic Re made an election under Internal Revenue Code, or "IRC," Section 953(d) in 2018 to be treated as a U.S. domestic insurance company and filed Form 1120 L for the tax years ended December 31, 2023 and 2022.

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.

Following the merger, the Company's parent was re-domesticated from Bermuda to Delaware, and changed its name to Global Atlantic Limited (Delaware).

Significant transactions

In June 2024, the Board of Directors of the Company, Global Atlantic Assurance Limited, a Bermuda domiciled company, or “GAAL” and Global Atlantic Limited Delaware, a Delaware company, or “GALD”, voted to proceed with an internal reorganization of certain subsidiaries in the second quarter of 2024 to simplify the corporate structure, or the “Reorganization.”

On June 30, 2024, GA Re Bermuda HoldCo Limited, a Bermuda exempted company, or “GA Bermuda HoldCo” and Global Atlantic Re Limited U.S. HoldCo, a Delaware corporation, or “GA Delaware HoldCo” merged with and into GALD, with GALD surviving the Reorganization, resulting in the Company becoming a direct, wholly- owned subsidiary of GALD. Prior to June 30, 2024, the Company was jointly owned by GALD, a 75% owner, and by GA Delaware HoldCo, a 25% owner. As GALD held controlling interests both in the Company and GA Delaware HoldCo, the transaction was considered to be a transaction between entities under common control.

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

2. Basis of presentation and significant accounting policies

Basis of presentation

Upon the initial acquisition, the Company established a new accounting basis, applying push-down accounting to reflect the Company's assets and liabilities at fair value as of the acquisition date, and recognizing goodwill for any excess of the purchase price over the fair value of net assets assumed by Magnolia in the acquisition. In addition, the Company conformed its accounting policies and procedures to those of its new ultimate parent, KKR.

The accompanying Consolidated Bermuda Statutory Financial statements have been prepared in accordance with the Bermuda Insurance Act 1978, as amended (the "Act"). The Company adopted accounting principles generally accepted in the United States of America, or "U.S. GAAP." The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities as of the date of the consolidated financial statements, and the amounts of revenues and expenses recognized during the reporting period. Amounts based on such estimates involve numerous assumptions subject to varying and potentially significant degrees of judgment and uncertainty, particularly related to the future performance of the underlying business. Actual experience could materially differ from these estimates and assumptions.

The most significant estimates are those used in determining valuation of policyholder liabilities, valuation of embedded derivatives, valuation and impairment of investments, amortization of deferred revenues and expenses, and income taxes.

The consolidated financial statements include the results of operations and financial position of the Company and all other entities in which the Company has a controlling financial interest. All material intercompany accounts and transactions have been eliminated in consolidation.

Effective June 30, 2024, GAAL became a direct wholly- owned subsidiary of the Company. This change is considered as a change in reporting entity under common control, as a result, the contribution of GAAL's ownership to the Company was accounted for under GALD's historical carrying amounts on a retrospective basis. The results of GAAL were retrospectively restated in the Company's consolidated financial statements for the years ended December 31, 2024 and December 31, 2023.

As part of the restructuring the Company concluded that in the December 31, 2023 unconsolidated financial data included small balance sheet line items that required reclassification on the face of the balance sheet. The Company has revised the 2023 unconsolidated column to move a total of $7.8m from Line 1 "Cash and cash equivalents" and $59.1m Line 3e "Other unquoted investments" to Line 4c "Investments in and advances to affiliates: Unregulated financial operating entities". The reclass has no impact on total assets, liabilities or equity and did not impact consolidated columns and therefore had no impact on ECR.

Significant accounting policies

Investments

In the normal course of business, the Company enters into transactions involving various types of investments.

Investments include the following: U.S. government and agency obligations; commercial mortgage-backed securities ("CMBS"), residential mortgage-backed securities ("RMBS"), collateralized loan obligations ("CLOs"), collateralized bond obligations ("CBOs") and all other structured securities, consisting primarily of asset-backed securities ("ABS") (collectively, "structured securities"); corporate bonds; state and political subdivision obligations; foreign government obligations; equity securities; mortgage and other loan receivables; policy loans; and other non-derivative 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-related losses in the consolidated 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 generally 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 ("AOCI") in the consolidated balance sheets. Realized investment gains and losses are recognized on a first-in first-out ("FIFO") basis and are reported in net investment-related losses in the consolidated 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 consolidated 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 consolidated 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 consolidated 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. 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 consolidated 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.

Policy loans

Policy loans are loans policyholders take out against their life insurance policies. Each policy loan is fully collateralized by the cash surrender value of the policyholder's life insurance policy. Policy loans are carried at unpaid principal balances. Interest income on such loans is recognized as earned using the contractually agreed upon interest rate and reflected in net investment income in the consolidated statements of income. Generally, interest is capitalized on the associated policy's anniversary date.

Funds withheld receivable at interest

Funds withheld receivable at interest represent receivables for amounts contractually withheld by the ceding company, in accordance with reinsurance agreements in which the Company acts as the reinsurer. While the assets in funds withheld and modified coinsurance are legally owned by the ceding company, the assets are separately identified from the general accounts of the cedant and all economic rights and obligations on the assets accrue to the Company. The assets in the funds withheld accounts are typically managed by an investment manager, who periodically settles the total return from those assets.

The reinsurer has an indirect exposure to the credit risk of the underlying assets of the funds withheld or modified coinsurance account. As a result, funds withheld coinsurance and modified coinsurance agreements contain embedded derivatives, which are required to be separated from their host contracts and measured at fair value. The host contract at inception of the reinsurance arrangement represented the fair value of the non-cash consideration. The embedded derivative represents the difference between the fair value of the underlying assets and the carrying value of the host contract at the consolidated balance sheet date. The fair value of the embedded derivative is included in the funds withheld receivable at interest on the consolidated balance sheets, with changes in fair value recorded in net investment-related gains (losses) in the consolidated statements of income (loss).

Funds withheld receivable at interest include the following: fixed maturity securities, mortgage and other loan receivables, policy loans, other investments and derivative instruments.

Derivative instruments held within the funds withheld at interest are primarily used to hedge certain risks, including interest rate risk and equity market risk, and to a lesser extent foreign exchange risks. Derivative instruments are generally recognized at estimated fair value in funds withheld receivable at interest on the consolidated balance sheets.

Real assets and other investments

Real assets consist primarily of investments in real estate assets, transportation assets, energy-related assets (principally renewable energy properties), and infrastructure assets. Other investments include equity securities, limited partnership interests, and other interests.

Real assets and other investments in the consolidated 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 consolidated 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 consolidated statements of income. Distributions from investment partnerships that apply equity method accounting are classified as either investing or operating activities within the consolidated statements of cash flows, based on the nature of the distributions.

The Company consolidates investment partnerships and other entities when it has a controlling financial interest. The results of certain consolidated investment entities are reported on a one to three month lag and intervening events are evaluated for materiality and recognition by disclosure or otherwise, as appropriate.

Included in real assets are the Company's investments in renewable energy entities, including partnerships and limited liability companies. Respective investments are consolidated when the Company has a controlling financial interest or are accounted for using the equity method of accounting when the Company has the ability to exercise significant influence but not control. These investments involve tiered capital structures that facilitate a waterfall of returns and allocations to ensure the efficient use of tax credits. A conventional income statement oriented approach to the equity method of accounting, or to the recognition of non-controlling interests (when the Company is consolidating the investment), based on ownership percentages does not accurately reflect the proper allocation of income and cash flows for these investments. Instead, the Company uses the hypothetical liquidation at book value ("HLBV") method which is a balance sheet oriented approach to the equity method of accounting and to the recognition of non-controlling interests that allocates income and cash flows based on changes to each investor's claim to net assets assuming a liquidation of the investee as of each reporting date, including an assessment of the likelihood of liquidation in determining the contractual provisions to utilize when applying the HLBV method.

The income, net of the depreciation and other expenses associated with consolidated real assets is reported in net investment income in the consolidated statements of income. Income on real assets is generally earned from the lease of the assets or, in the case of energy-related assets, from the contracted sale of the energy generated. Real assets carried at depreciated cost, excluding land, are depreciated on a straight-line basis over their estimated useful lives. As appropriate, depreciation is recognized to the estimated salvage value of the respective asset.

The Company has certain investments in real estate held in consolidated investment companies that account for such real estate at fair value under investment company accounting, and this specialized accounting is retained in consolidation. Real asset investments in real estate are valued using one or a combination of the discounted cash flow analysis, market comparables analysis, and direct income capitalization methods, which in each case incorporates significant assumptions and judgments. Certain real estate investments are valued based on ranges of valuations determined by independent valuation firms. Changes in the fair value of real estate in consolidated investment companies are recognized in net investment-related gains (losses) in the consolidated statements of income.

Investments in equity securities are carried at fair value, with changes recognized in net investment related gains (losses) in the consolidated statements of income.

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.

Cash, and cash equivalents

Cash and cash equivalents in the consolidated 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.

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 consolidated 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 consolidated statements of income, and non-credit impairments are charged to accumulated other comprehensive income in the consolidated 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 consolidated 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.

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 consolidated 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 consolidated financial statement line in the consolidated balance sheets as the associated reserves.

Amortization

VOBA is amortized on a constant level basis for the grouped contracts over the expected economic life of the related contracts. The constant level bases used for amortization are projected using mortality and lapse assumptions that are based on the Company's experience, industry data, and other factors and are consistent with those used for the liability for future policy benefits which are reviewed regularly and updated as needed once a year. If those projected assumptions change in future periods, they will be reflected in the cohort level amortization basis at that time. Unexpected lapses, due to higher mortality and lapse experience than expected, are recognized in the current period as a reduction of the capitalized balances.

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.

For a majority of the Company's in-force policies, including its universal life policies and most annuity contracts, the base policy reserve is equal to the account value. For these products, the account value represents the Company's obligation to repay to the policyholder the amounts held on deposit. However, there are several significant blocks of business where additional policyholder reserves are explicitly calculated, including fixed-indexed annuities, variable annuities, universal life with secondary guarantees, and preneed policies.

Annuity contracts

Fixed-indexed annuities ("FIA")

Policy liabilities for fixed-indexed annuities earning a fixed rate of interest and certain other fixed-rate annuity products are computed under a retrospective deposit method and represent policyholder account balances before applicable surrender charges. For certain fixed-rate annuity products, an additional reserve was established for above market interest rate guarantees upon acquisition. These reserves are amortized on a straight-line basis over the remaining guaranteed interest rate period.

Certain of the Company's fixed-indexed annuity products enable the policyholder to allocate contract value between a fixed crediting rate and strategies which reflect the change in the value of an index, such as the S&P 500 Index or other indices. These products are accounted for as investment-type contracts. The liability for these products consists of a combination of the underlying account value and an embedded derivative value. The liability for the underlying account value is primarily based on policy guarantees and its initial value is the difference between the premium payment and the fair value of the embedded derivative. Thereafter, the account value liability is determined in a manner consistent with the accounting for a deposit liability under the "effective yield method." All future host balances are determined as: (1) the initial host balance; (2) plus interest; (3) less applicable policyholder benefits. The interest rate used in the prior roll forward is re-determined on each valuation date, per the effective yield method. The embedded derivative component's fair value is based on an estimate of the policyholders' expected participation in future increases in the relevant index. The fair value of this embedded derivative component includes assumptions, including those about future interest rates and investment yields, future costs for options used to hedge the contract obligations, projected withdrawal and surrender activity, benefit utilization and the level and limits on contract participation in any future increases in the respective index option. The account value liability and embedded derivative are recorded in policy liabilities in the consolidated balance sheets, with changes in value of the liabilities recorded in policy benefits and claims in the consolidated statements of income.

Contractholder deposit funds reserves for certain assumed blocks of fixed-indexed and fixed-rate annuity products are accounted for as investment-type contracts. A net liability (consisting of the benefit reserve plus deferred revenue liability less ceding commission paid between a ceding and assuming reinsurance company) is established at inception and amortized under the effective yield method.

Variable annuities

The Company assumes variable annuity contracts for which the liabilities are included in policy liabilities in the consolidated balance sheets. The change in the liabilities for these benefits is included in policy benefits and claims in the consolidated statements of income. Variable annuity contracts may have certain guarantees that are accounted for as market risk benefits, which are discussed in more detail below.

Interest-sensitive life products

For universal life policies, the base policy reserve is the policyholder account value.

Preneed policies

The Company's preneed life insurance contracts are accounted for as universal life-type contracts which require that the retrospective deposit method be used. That accounting method establishes a liability for policyholder benefits in an amount determined by the account or contract balance that accrues to the benefit of the policyholder. This account value is deemed to be equal to the contract's statutory cash surrender value. The majority of the Company's preneed insurance contracts feature death benefits with a discretionary death benefit growth rate. The Company has the discretion to adjust these rates up or down. The Company has established an additional reserve for expected future discretionary benefits which is reflected as policy liabilities in the consolidated balance sheets. The Company has also issued preneed insurance contracts with crediting rates tied to inflation as measured by the U.S. Consumer Price Index.

Traditional life and limited payment contracts

Liability for future policy benefits

A liability for future policy benefits, which is the present value of estimated future policy benefits to be paid to or on behalf of policyholders and certain related expenses less the present value of estimated future net premiums to be collected from policyholders, is accrued as premium revenue is recognized. The liability is estimated using current assumptions that include mortality, lapses, and expenses. These current assumptions are based on judgments that consider the Company's historical experience, industry data, and other factors.

For nonparticipating traditional and limited-payment contracts, contracts are grouped into cohorts by contract type and issue year. The liability is adjusted for differences between actual and expected experience. With the exception of the expense assumption, the Company reviews its historical and future cash flow assumptions quarterly and updates the net premium ratio used to calculate the liability each time the assumptions are changed. The Company has elected to use expense assumptions that are locked in at contract inception and are not subsequently reviewed or updated.

Each quarter, the Company updates its estimate of cash flows expected over the entire life of a group of contracts using actual historical experience and current future cash flow assumptions. These updated cash flows are discounted using the discount rate or curve on the original contract issue date to calculate the revised net premiums and net premium ratio, which are used to derive an updated liability for future policy benefits. This amount is then compared to the carrying amount of the liability before the updating of cash flow assumptions to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss and is presented parenthetically as a separate component of benefit expense in the consolidated statements of income.

For nonparticipating traditional and limited-payment contracts, the discount rate assumption is a spot rate yield curve that is derived based on upper medium grade (low credit risk) fixed-income instruments with similar duration to the liability. The Company uses one or more external indices of corporate credit issues as its proxy for these instruments. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change in the discount rate reflected in other comprehensive income. For liability cash flows between two market observable points on the yield curve, the Company interpolates the effective yield by holding the marginal rates constant. For liability cash flows that are projected beyond the last market-observable point on the yield curve, the Company uses the last market-observable yield level.

Payout annuities

Payout annuities include single premium immediate annuities, annuitizations of deferred annuities, pension risk transfer and structured settlements. These contracts subject the insurer to risks over a period that extends beyond the period or periods in which premiums are collected. These contracts may be either non-life contingent or life contingent. Non-life contingent annuities are accounted for as investment contracts. For life contingent annuities, the Company records a liability at the present value of future annuity payments and estimated future expenses calculated using expected mortality and costs, and expense assumptions. Any gross premiums received in excess of the net premium is the DPL and is recognized separately in income in a constant relationship with the discounted amount of the insurance in-force or expected future benefit payments. These liabilities are recorded in policy liabilities in the consolidated balance sheets.

Also included under payout annuities are liabilities for disability income benefits which pertain primarily to disability income policies that are already in claim payout status. Liabilities for disability income benefits are calculated as the present value of future disability payments and estimated future expenses using expected mortality and costs, and interest assumptions. The liabilities are recorded in policy liabilities in the consolidated balance sheets.

Whole and term life

The Company has established liabilities for amounts payable under insurance policies, including whole life insurance and term life insurance policies. These policies provide death benefits in exchange for a guaranteed level premium for a specified period of time and, in the case of whole life, a guaranteed minimum cash surrender value. Generally, liabilities for these policies are calculated as the present value of future expected benefits to be paid, reduced by the present value of future expected net premiums. Current assumptions are used in the establishment of liabilities for future policyholder benefits including mortality, policy lapse, renewal, investment returns, inflation, expenses and other contingent events as appropriate for the respective product. Each quarter, the Company updates its estimate of cash flows using actual historical experience and current future cash flow assumptions. These updated cash flows are discounted using the discount rate or curve on the original contract issue date to calculate the revised net premiums and net premium ratio, which are used to derive an updated liability for future policy benefits. This amount is then compared to the carrying amount of the liability before the updating of cash flow assumptions to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss and is presented parenthetically as a separate component of benefit expense in the consolidated statements of income.

Product guarantees

Market risk benefits

Market risk benefits are contracts or contract features that both provide protection to the policyholder from other-than-nominal capital market risk and expose the Company to other-than-nominal capital market risk.

Market risk benefits include certain contract features on fixed annuity and variable annuity products. These features include minimum guarantees to policyholders, such as guaranteed minimum death benefits (GMDBs), guaranteed minimum withdrawal benefits (GMWBs), and long-term care benefits (i.e., capped at the return of account value plus one or two times the account value). Market risk benefits are measured at fair value using a non-option and option valuation approach based on current net amounts at risk, market data, experience, and other factors. Changes in fair value are recognized in net income each period with the exception of the portion of the change in fair value due to a change in the instrument-specific credit risk, which is recognized in other comprehensive income.

Additional liability for annuitization, death, or other insurance benefits

The Company establishes additional liabilities for contracts or contract features that provide for potential benefits in addition to the account balance but are not market risk benefits or embedded derivatives. These benefits include annuitization benefits and death or other insurance benefits (e.g. universal life secondary guarantees). For these benefits, the liability is the sum of the current benefit ratio multiplied by cumulative assessments and accreted interest, less excess payments.

In particular, the Company holds additional liabilities for universal life products with secondary guarantees, sometimes referred to as no-lapse guarantees. The additional liabilities are measured using the benefit ratio approach where excess benefits are spread over the life of the contract based on assessments collected from the policyholder. Generally, total expected excess benefit payments are the aggregate of death claims after the policyholder account value is exhausted. The exception is when the cost of insurance charges are insufficient to produce consistently positive earnings in the future. In this case, all death benefits are deemed to be excess benefits. For annuitization benefits, the benefit ratio is the present value of expected annuitization payments to be made less the accrued account balance at the expected annuitization date divided by the present value of expected assessments during the accumulation phase of the contract, discounted at the contract rate. Expected annuitization payments and related incremental claim adjustment expenses, expected assessments, and expected excess payments are calculated using discount rate, mortality, lapse, and expense assumptions.

The Company recognizes a shadow reserve adjustment for the additional insurance liabilities when unrealized gains and losses are included in the investment margin while calculating the present value of expected assessments for the benefit ratios. Shadow reserve adjustments are recognized in other comprehensive income.

For additional liabilities for death or other insurance benefits, the discount rate assumption is based on the contract rate at inception. The mortality, lapse, and expense assumptions are based on Company's experience, industry data, and other factors. Assumptions are reviewed and updated, if necessary, at least annually. When those assumptions are updated, the benefit ratio and the liability are remeasured, with the resulting gain or loss reflected in total benefits expense.

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 consolidated statements of income.

Reinsurance

Consistent with the overall business strategy, the Company assumes certain policy risks written by other insurance companies on a coinsurance, modified coinsurance or funds withheld coinsurance basis. Reinsurance accounting is applied for these 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 consolidated 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 consolidated statements of income. The allowance does not apply to reinsurance recoverables with affiliated counterparties under common control.The Company’s funds withheld receivable at interest and 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 accounted for 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 consolidated balance sheets. Changes in the fair value of the embedded derivative are reported in operating activities on the consolidated statements of cash flows.

Recognition of insurance revenue and related benefits

Premiums related to whole life and term life insurance contracts and payout contracts with life contingencies are recognized in premiums in the statements of income when due from the contractholders.

Amounts received as payment for universal life and investment-type contracts are reported as deposits to contractholder account balances and recorded in policy liabilities in the consolidated balance sheets. Amounts received as payment for the Company’s fixed fund variable annuities are reported as a component of policy liabilities in the consolidated balance sheets. Revenues from these contracts consist primarily of fees assessed against the contractholder account balance for mortality, policy administration, separate account administration and surrender charges, and are reported in policy fees in the consolidated statements of income. Additionally, the Company earns investment income from the investment of contract deposits in the Company’s insurance companies' general account portfolio, which is reported in net investment income in the consolidated 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 an unearned revenue reserve liability and amortized into revenue over the expected life of the related contracts in proportion to estimated gross profits in a manner consistent with COR for these contracts. Unearned revenue reserves are reported in policy liabilities in the consolidated balance sheets and amortized into policy fees in the consolidated 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 consolidated statements of income.

Other income

Other income is primarily comprised of expense allowances on ceded reinsurance, administration fees, 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, administrative and other expenses

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

Income taxes

The Company made an election under IRC, Section 953(d) for 2018 to be treated as a U.S. domestic insurance company effective January 1, 2018. Income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting and tax basis of assets and liabilities. Such temporary differences are primarily due to the tax basis of reserves, cost of reinsurance, unrealized investment gains/losses, reinsurance balances, embedded derivatives and net operating loss, or "NOL," carryforwards. Changes in deferred income tax assets and liabilities associated with components of other comprehensive (loss) income are recorded directly to accumulated other comprehensive income (loss) in the consolidated balance sheets.

The Company evaluates the likelihood of realizing the benefit of deferred tax assets and may record a valuation allowance if, based on all available evidence, the Company determines that it is more-likely-than-not that some portion of the tax benefit will not be realized. The Company adjusts the valuation allowance if, based on its evaluation, there is a change in the amount of deferred income tax assets that are deemed more-likely-than-not to be realized.

The Company recognizes tax positions in the consolidated financial statements only when it is more-likely-than-not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more-likely-than-not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the consolidated financial statements.

The Company records the effect of changes in tax laws or rates at the date of enactment. In the U.S., the enactment date is considered to be the date that the President signs the legislation. The total effect of a tax law or rate change on the deferred tax balance is recorded as a component of tax expense related to continuing operations for the period in which the law is enacted.

Such tax changes can create disproportionate tax effects, or stranded amounts in other comprehensive income, or "OCI," for AFS debt securities. The Company's accounting policy for clearing disproportionate tax effects relating to AFS debt securities is the aggregate portfolio approach. Under the aggregate portfolio approach, the disproportionate tax effect remains intact as long as the investment portfolio remains.

The Company reports interest expense related to income tax matters in income tax expense (benefit), and income tax penalties in general and administrative expenses in the consolidated statements of income.

The tax benefit from investment tax credits generated are recognized under the flow through method, with 50% tax basis adjustment as prescribed under Accounting Standards Codification 740.

Adoption of new accounting pronouncements

Targeted improvements to the accounting for long-duration contracts

Effective January 1, 2023, Global Atlantic adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts ("LDTI"), with retrospective application to February 1, 2021 ("2021 GA Acquisition Date"), coinciding with the acquisition of Global Atlantic by KKR ("2021 GA Acquisition"). Accordingly, the financial statements for all prior periods presented were restated to reflect the new accounting guidance. Detailed information regarding the adjustments made to prior period balances can be found in Note 2 – "Basis of presentation and significant accounting policies" in the 2023 consolidated financial statements.

Accounting for investments in tax credit structures

In March 2023, the FASB issued ASU 2023-02 "Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method" ("ASU 2023-02") to expand the population of investments in tax credit structures that may be eligible to apply the proportional amortization method ("PAM"), if certain criteria are met. The election to use the PAM can be made on a tax credit program-by-program basis. Under the new guidance, certain disclosures are required for investments in tax credit programs for which the PAM is elected. The guidance is effective for fiscal years beginning after December 15, 2023. The Company adopted this accounting standard effective January 1, 2024, and its adoption did not have a material impact on the consolidated financial statements.

Future application of accounting standards

Improvements to income tax disclosures

In December 2023, the FASB issued ASU 2023-09 "Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 intends to enhance the transparency and decision usefulness of income tax disclosures, requiring disaggregated information about an entity's effective tax rate reconciliation as well as income taxes paid. This is effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and disclosures.

Scope application of profits interest and similar awards

In March 2024, the FASB issued ASU 2024–01, "Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards" ("ASU 2024–01"). ASU 2024–01 amends the guidance in Accounting Standard Codification 718 ("ASC 718") by adding an illustrative example to demonstrate and clarify how to apply the scope guidance to determine whether profits interests and similar awards should be accounted for as a share-based payment arrangement under ASC 718 or another standard. ASU 2024–01 will be effective for the Company's reporting period ended March 31, 2025. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and disclosures but does not expect a material impact.

3. Sundry Assets - Line 13

Insurance intangibles

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

	December 31, 2024	December 31, 2023
($ in thousands)		
Cost-of-reinsurance intangibles	$ 2,981,108	$ 2,423,806
Value of business acquired	475,014	514,367
Total insurance intangibles	**$ 3,456,122**	**$ 2,938,173**

Deferred income taxes

Deferred income taxes reflect the net effects of temporary differences between financial reporting and tax basis of assets and liabilities. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are established to reduce deferred tax assets to the amount that more-likely-than-not will be realized.

The table below presents the significant components of deferred tax assets and liabilities

	December 31, 2024	December 31, 2023
($ in thousands)		
Deferred tax assets:		
Insurance reserves	$ —	$ —
Deferred revenue liabilities	—	—
Insurance Intangibles	117,420	—
Investments, including derivatives	65,653	—
Net Operating Loss	549,541	740,900
Valuation allowance	—	(4,200)
Other	43,188	25,682
Total deferred tax assets	**$ 775,802**	**$ 762,383**
Deferred tax liabilities:		
Insurance Intangibles	$ (97,585)	$ (206,431)
Insurance reserves	(627,214)	(352,414)
Reserves Transition Adjustment (TCJA)	(7,993)	(15,986)
Investments, including derivatives	—	(88,315)
Ceding Commissions	—	—
Other	—	—
Total deferred tax liabilities	**$ (732,792)**	**$ (663,146)**
Total deferred tax (liability)/asset, net	**$ 43,010**	**$ 99,237**

Net Receivables for Investments Sold

Due to timing differences between the trade dates versus the settlement of proceeds from investments disposed, the company reported $25,069 thousand and $2,794 thousand receivable at December 31, 2024 and 2023, respectively.

Other sundry assets

Other sundry assets consist of the following:

	December 31,	
	2024	2023
($ in thousands)		
Income tax recoverable	$ 8,670	$ 19,766
Other assets	116,604	97,745
Total other sundry assets	**$ 125,274**	**$ 117,510**

4. Sundry Liabilities – Line 36

Derivative Instruments

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.

The Company may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Generally, the current credit exposure of the Company's derivatives is limited to the positive fair value of derivatives less any collateral received from the counterparty.

The Company manages the credit risk on its derivatives by entering into derivative transactions with highly rated financial institutions and other creditworthy counterparties and, where feasible, by trading through central clearing counterparties. The Company further manages its credit risk on derivatives via the use of master netting agreements, which require the daily posting of collateral by the party in a liability position. Counterparty credit exposure and collateral values are monitored regularly and measured against counterparty exposure limits. The provisions of derivative transactions may allow for the termination and settlement of a transaction if there is a downgrade to the Company's financial strength ratings below a specified level.

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

	As of December 31, 2024		
		Fair Value	
	Gross Notional	Assets	Liabilities
($ in thousands)			
Derivatives Not Designated as Hedge Accounting Instruments:			
Interest rate contracts	1,260,000	—	75,082
Total Derivatives Not Designated as Hedge Accounting Instruments	**1,260,000**	**—**	**75,082**
Cash collateral	—	—	(15,599)
Total Derivatives after Collateral	**$ 1,260,000**	**$ —**	**$ 59,483**

As of December 31, 2023 there were no derivative assets and liabilities.

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

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

The change in contributed surplus is due to $800,000 thousand of capital contributions from the Company's parent offset by $150,000 distributions to the Company's parent in 2024.

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

Targeted improvements to the accounting for long-duration contracts

Effective January 1, 2023, the Company adopted new accounting guidance for insurance and reinsurance companies that issue long-duration contracts (“LDTI”), with retrospective application to February 1, 2021 (“GA Acquisition Date”), coinciding with the acquisition of Global Atlantic by KKR. As a result of the retrospective application of the LDTI adoption, the Company reflected transition adjustment of $1,114 million in Line 2g in 2023.

With LDTI, the discount rate assumptions on liabilities for future policy benefits is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change in the discount rate reflected in other comprehensive income. Market risk benefits are also measured at fair value using a non-option and option valuation approach based on current net amounts at risk, market data, experience, and other factors. Changes in the fair value due to a change in the instrument-specific credit risk, is recognized in other comprehensive income. The changes in other comprehensive income are reflected in Line 2g.

Under its registration as a Class 3A insurer, the Company is allowed to assume risks related to mortgage insurance, however, the Company recorded nil mortgage insurance business activity in 2023 and 2024. The Company does not have any known plans to write General Business and as such will maintain slightly more than the minimum regulatory required balance of $120,000 in paid-up share capital and $1,000,000 in total capital and surplus. The excess capital initially allocated to the General Business from the Long-Term Business was reallocated to the Long-Term Business at December 31, 2024.

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

The following reflects other changes to Statutory Capital and Surplus:

	As of December 31,	
($ in thousands)	**2024**	**2023**
U.S. GAAP Shareholders Equity	**$ 3,228,870**	**$ 2,126,674**
DIG B36 Receivable/Payable	1,237,079	1,646,899
Deferred Tax Asset and Other	(241,125)	(325,626)
Bermuda Statutory Capital and Surplus	**$ 4,224,824**	**$ 3,447,947**

The primary difference between the Company's U.S GAAP shareholders equity and statutory capital and surplus of $995,954 thousand and $1,321,273 thousand at December 31, 2024 and 2023, respectively, is the Company's Section 6C of the Insurance Act of 1978, exemption from application of Financial Accounting Standard 133 DIG Issue B36 to its statutory financial statements, a modification that permits the Company to not measure the embedded derivative included within certain funds withheld coinsurance agreements at fair value.