

**Financial Statements – Statutory-Basis**

**Reliance Standard Life Insurance Company**

*As of December 31, 2023 and 2022, and  
for the Years Ended December 31, 2023, 2022 and 2021  
with Report of Independent Auditors*

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**Financial Statements – Statutory-Basis**  
**As of December 31, 2023, 2022 and 2021**

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## Report of Independent Auditors

To the Board of Directors of Reliance Standard Life Insurance Company:

### ***Opinions***

We have audited the accompanying statutory-basis financial statements of Reliance Standard Life Insurance Company (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities and capital and surplus as of December 31, 2023 and 2022, and the related statutory-basis statements of operations, changes in capital and surplus and its cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "financial statements").

#### *Unmodified Opinion on Statutory Basis of Accounting*

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with the accounting practices prescribed or permitted by the Illinois Department of Insurance described in Note A.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2023.

### ***Basis for Opinions***

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

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

As described in Note A to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Illinois Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America.





The effects on the financial statements of the variances between the statutory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Illinois Department of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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





### ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of selected statutory-basis financial data, supplemental schedule of reinsurance disclosures, summary investment schedule and supplemental investment risks interrogatories (collectively referred to as the “supplemental schedules”) of the Company as of December 31, 2023 and for the year then ended are presented to comply with the National Association of Insurance Commissioners’ Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

New York, NY  
April 22, 2024

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**STATEMENTS OF ADMITTED ASSETS, LIABILITIES,**  
**AND CAPITAL AND SURPLUS – Statutory-Basis**  
**(Dollars in Thousands)**

	December 31, <u>2023</u>	December 31, <u>2022</u>
Admitted Assets:		
Bonds .....	\$ 11,799,109	\$ 10,435,068
Preferred stocks .....	37,406	42,763
Common stocks .....	617,798	601,989
Mortgage loans .....	8,687,005	7,636,068
Real estate held for sale .....	35,072	13,707
Cash, cash equivalents and short-term investments .....	315,514	176,318
Contract loans .....	548	585
Derivatives.....	158,439	46,974
Other invested assets.....	732,410	589,481
Amounts due on investment sales, maturities or withdrawals .....	<u>118,924</u>	<u>112,941</u>
Total cash and invested assets .....	<u>22,502,225</u>	<u>19,655,894</u>
Investment income due and accrued.....	212,928	170,728
Uncollected premiums and agents' balances in course of collection.....	98,114	86,766
Deferred premiums and agents' balances deferred, not yet due. ....	130	143
Reinsurance receivables.....	5,585	4,823
Current federal and foreign income tax recoverable and interest thereon .	25,541	37,828
Net deferred tax asset.....	116,640	66,214
Guaranty funds receivable or on deposit.....	305	446
Electronic data processing equipment .....	580	1,247
Receivable from parent, subsidiaries and affiliates.....	2,400	2,409
Miscellaneous accounts receivable .....	1,193	1,004
Separate accounts assets .....	<u>279,814</u>	<u>245,989</u>
Total admitted assets.....	<u>\$ 23,245,455</u>	<u>\$ 20,273,491</u>

(Continued)

The accompanying notes are an integral part of these statutory financial statements.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**STATEMENTS OF ADMITTED ASSETS, LIABILITIES,**  
**AND CAPITAL AND SURPLUS – Statutory-Basis (Continued)**  
(Dollars in Thousands, Except Par Value Amounts)

	December 31, 2023	December 31, 2022
Liabilities:		
Aggregate contract reserves:		
Life and annuities .....	\$ 12,032,598	\$ 11,114,754
Accident and health .....	1,321,271	1,364,886
Liability for deposit-type contracts .....	2,830,470	1,499,523
Contract claims:		
Life .....	115,808	112,762
Accident and health .....	331,026	345,811
Provision for experience rating funds .....	2,134	1,190
Accounts payable on reinsurance .....	2,437	2,952
Interest maintenance reserve .....	54,020	107,541
General expenses due and accrued .....	168,549	172,425
Taxes, licenses and fees due and accrued .....	5,156	3,681
Amounts withheld by company .....	1,066	(646)
Remittances and items not allocated .....	89,150	60,192
Dividends declared and unpaid .....	2,000	2,000
Asset valuation reserve .....	551,553	363,397
Funds held under reinsurance treaties with unauthorized reinsurers .....	1,827,006	1,830,232
Funds held under coinsurance .....	820,452	822,323
Derivatives .....	45,911	45,764
Amounts due to brokers .....	141,722	60,618
Retained asset program liability to claimants .....	8,979	10,519
Tender option bonds liabilities .....	98,482	-
Miscellaneous accounts payable, accrued expenses and other liabilities .....	25,726	8,595
Separate accounts liabilities .....	<u>279,814</u>	<u>245,989</u>
Total liabilities .....	<u>20,755,330</u>	<u>18,174,508</u>
Capital and surplus:		
Common stock, \$4.50 par value; 2,000,000 shares authorized; 1,334,025 shares issued and outstanding .....	6,003	6,003
Preferred stock, \$100.00 par value; 600,000 shares authorized; 500,000 shares issued and outstanding .....	50,000	50,000
Subordinated indebtedness certificate .....	100,000	100,000
Capital paid in excess of par value .....	302,876	302,876
Unassigned surplus .....	<u>2,031,246</u>	<u>1,640,104</u>
Total capital and surplus .....	<u>2,490,125</u>	<u>2,098,983</u>
Total liabilities and capital and surplus .....	<u>\$ 23,245,455</u>	<u>\$ 20,273,491</u>

The accompanying notes are an integral part of these statutory financial statements.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**STATEMENTS OF OPERATIONS – Statutory-Basis**  
**(Dollars in Thousands)**

	Years Ended December 31,		
	2023	2022	2021
<b>Revenues:</b>			
Premiums and annuity considerations .....	\$ 3,617,659	\$ 2,910,010	\$ 2,057,284
Considerations for supplementary contracts.....	4,863	5,785	1,819
Net investment income .....	1,483,880	1,082,900	785,588
Amortization of interest maintenance reserve .....	17,376	19,381	13,329
Commissions and expense allowances on reinsurance ceded.....	14,206	13,593	12,699
Income from fees associated with investment management administration and contract guarantees for separate accounts	1,841	1,742	1,725
Miscellaneous income .....	-	-	2
	<u>5,139,825</u>	<u>4,033,411</u>	<u>2,872,446</u>
<b>Benefits and Expenses:</b>			
Death benefits .....	89,458	85,571	83,183
Annuity benefits .....	212,789	180,384	165,394
Disability benefits and benefits under accident and health contracts.....	563,204	430,069	528,357
Surrender benefits and other fund withdrawals .....	1,791,786	751,620	453,311
Interest on contract or deposit-type contract funds.....	215,532	124,935	101,145
Payments on supplementary contracts.....	2,738	2,466	2,465
Increase in aggregate reserves for life accident and health contracts.....	875,174	1,275,220	869,822
Commissions .....	255,567	216,544	180,437
General insurance expenses and other expenses.....	307,738	284,252	259,967
Insurance taxes, licenses and fees.....	54,116	46,793	42,029
Transfers from separate account.....	(14)	(4)	(5)
	<u>4,368,088</u>	<u>3,397,850</u>	<u>2,686,105</u>
Net gain from operations before federal income tax expense and net realized capital (losses) gains .....	771,737	635,561	186,341
Federal income tax expense.....	<u>206,323</u>	<u>137,066</u>	<u>54,683</u>
Net gain from operations before net realized capital (losses) gains .....	565,414	498,495	131,658
Net realized capital (losses) gains (excluding gains transferred to the interest maintenance reserve) less capital gains tax (expense) benefit of (\$11,204), \$11,579 and \$18,018 (excluding taxes of (\$9,608), \$8,331 and \$6,470 transferred to the interest maintenance reserve, respectively).....	<u>(77,346)</u>	<u>(117,692)</u>	<u>158,120</u>
Net income .....	<u>\$ 488,068</u>	<u>\$ 380,803</u>	<u>\$ 289,778</u>

The accompanying notes are an integral part of these statutory financial statement.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS – Statutory-Basis**  
**(Dollars in Thousands)**

	Years Ended December 31,		
	2023	2022	2021
Common stock .....	\$ 6,003	\$ 6,003	\$ 6,003
Preferred stock .....	\$ 50,000	\$ 50,000	\$ 50,000
Subordinated indebtedness certificate.....	\$ 100,000	\$ 100,000	\$ 100,000
Capital paid in excess of par value .....	\$ 302,876	\$ 302,876	\$ 302,876
Special surplus fund			
Beginning balance .....	\$ -	\$ 1,087	\$ 713
Affordable Care Act 9010 fee assessment estimate.....	-	(1,087)	374
Ending balance .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087</u>
Unassigned surplus:			
Beginning balance .....	\$ 1,640,104	\$ 1,383,110	\$ 1,192,582
Net income .....	488,068	380,803	289,778
Increase (decrease) in net unrealized capital gains.....	103,740	(71,581)	62,226
Increase (decrease) in unrealized foreign exchange capital losses	30,222	(47,641)	3,080
Change in deferred income taxes.....	99,386	3,324	(20,375)
(Increase) decrease in nonadmitted assets .....	(88,596)	(42,930)	3,733
(Increase) decrease in asset valuation reserve .....	(188,156)	103,303	(144,108)
Dividends on common and preferred stocks .....	(54,000)	(71,904)	(4,000)
Change in Affordable Care Act 9010 fee assessment estimate .....	-	1,087	(374)
Change in pension and postretirement benefit liability .....	478	2,533	568
Ending balance .....	<u>\$ 2,031,246</u>	<u>\$ 1,640,104</u>	<u>\$ 1,383,110</u>
 Total capital and surplus.....	 <u>\$ 2,490,125</u>	 <u>\$ 2,098,983</u>	 <u>\$ 1,843,076</u>

The accompanying notes are an integral part of these statutory financial statements.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**STATEMENTS OF CASH FLOWS – Statutory-Basis**  
**(Dollars in Thousands)**

	Years Ended December 31,		
	2023	2022	2021
Operating activities:			
Premiums and other sources of cash:			
Premium and annuity considerations.....	\$ 3,500,296	\$ 2,900,457	\$ 2,044,879
Net investment income received .....	1,307,153	926,069	676,018
Miscellaneous income .....	16,221	15,157	14,406
	<u>4,823,670</u>	<u>3,841,683</u>	<u>2,735,303</u>
Benefits and expenses paid:			
Benefit and loss related payments .....	2,586,251	1,562,546	1,253,352
Net transfers from Separate Account.....	5	4	5
Commissions and expenses .....	620,231	536,410	454,395
Federal income taxes .....	182,185	104,504	51,953
	<u>3,368,672</u>	<u>2,203,464</u>	<u>1,759,705</u>
Net cash provided by operating activities	<u>1,454,998</u>	<u>1,638,219</u>	<u>975,598</u>
Investing activities:			
Proceeds from investments sold, matured or repaid:			
Bonds.....	1,713,722	672,442	2,451,906
Stocks .....	108,704	123,297	100,986
Mortgage loans .....	1,024,675	1,529,949	1,984,462
Real estate.....	4,493	15,366	4,094
Other invested assets .....	58,561	197,022	150,641
Net gains (losses) on cash and short-term investments .....	777	917	(124)
Miscellaneous sources .....	4,122	153,839	-
	<u>2,915,053</u>	<u>2,692,832</u>	<u>4,691,965</u>
Cost of investments acquired:			
Bonds.....	3,084,449	1,514,660	2,559,938
Stocks .....	83,876	280,042	98,481
Mortgage loans .....	2,012,945	2,387,298	2,743,887
Other invested assets .....	195,860	213,060	182,865
Miscellaneous sources .....	-	-	139,354
	<u>5,377,130</u>	<u>4,395,060</u>	<u>5,724,525</u>
Net (decrease) increase in contract loans.....	(38)	185	7
Net cash used in investing activities .....	<u>(2,462,039)</u>	<u>(1,702,413)</u>	<u>(1,032,567)</u>
Financing and miscellaneous activities:			
Cash provided by (used in)			
Capital and paid in surplus, less treasury stock	-	-	75,000
Borrowed funds .....	97,555	-	-
Net deposits (withdrawals) on deposit-type contracts and other insurance liabilities .....	1,117,836	42,014	(3,102)
Dividends to stockholders .....	(54,000)	(71,904)	(4,000)
Other.....	(15,354)	(21,725)	(3,206)
Net cash provided by (used in) financing and miscellaneous activities .....	<u>1,146,237</u>	<u>(51,615)</u>	<u>64,692</u>
Net (decrease) increase in cash, cash equivalents and short-term investments.....	<u>(139,196)</u>	<u>(115,809)</u>	<u>7,723</u>
Cash, cash equivalents and short-term investments at beginning of year .....	<u>176,318</u>	<u>292,127</u>	<u>284,404</u>
Cash, cash equivalents and short-term investments at end of year	<u>\$ 315,514</u>	<u>\$ 176,318</u>	<u>\$ 292,127</u>

The accompanying notes are an integral part of these statutory financial statements.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023, 2022, and 2021**

**Note A - Summary of Significant Accounting Policies**

*Organization and Basis of Presentation.* Reliance Standard Life Insurance Company (the “Company”) is domiciled in the State of Illinois and is a wholly-owned subsidiary of Reliance Standard Life Insurance Company of Texas (“RSL-Texas”). RSL-Texas is a wholly-owned subsidiary of Delphi Financial Group, Inc. (“DFG”).

On December 21, 2011, the Company’s ultimate parent, DFG, entered into an Agreement and Plan of Merger with Tokio Marine Holdings, Inc., a Japanese corporation (“Tokio Marine”), and TM Investment (Delaware) Inc. (“TM Sub”), a Delaware corporation which was wholly owned by Tokio Marine & Nichido Fire Insurance Co., Ltd. (“TMNF”), an insurance company domiciled in Japan which is a subsidiary of Tokio Marine. After being approved by DFG’s stockholders and by the relevant regulatory authorities in Japan and the U.S., the merger transaction closed on May 15, 2012, pursuant to which TM Sub was merged with and into DFG, the surviving corporation in the merger. As a result, DFG became a subsidiary of TMNF and Tokio Marine became DFG’s ultimate parent.

The accompanying financial statements of the Company have been prepared in conformity with accounting practices prescribed by the Illinois Department of Insurance. Such practices differ in certain respects from accounting principles generally accepted in the United States (“GAAP”) in determining financial position and results of operations. The Company has not determined the effects of these differences, but they are presumed to be material. The primary significant differences are as follows:

- i. Certain assets, designated as nonadmitted, are excluded from the statutory-basis balance sheet by a direct charge to surplus. The principal non-admitted assets that have been charged to surplus in the accompanying financial statements are software, furniture, equipment, and deferred tax assets.
- ii. Investments in bonds and redeemable preferred stocks are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (“NAIC”) designation; such designations being assigned on a one through six scale, with one being the highest quality rating and six the lowest. Under GAAP, such fixed maturity investments are designated at purchase as held-to-maturity, trading or available-for-sale. Fixed maturity investments classified as held-to-maturity are reported at amortized cost, and the remaining categories of fixed maturity investments are reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of shareholders’ equity for those designated as available-for-sale.
- iii. With respect to its insurance business, the Company (a) incurs certain contract issue expenses which are charged to operations in the period incurred under statutory requirements rather than being deferred and amortized in relation to the incidence of expected gross profits or over the premium-paying period of the related policies, (b) computes liabilities for future contract benefits based on modified reserve methods in accordance with statutory requirements, without consideration of estimated future experience, and (c) reports the asset valuation reserve (“AVR”) and the interest maintenance reserve (“IMR”) as liabilities in the statutory-basis financial statements.

*Nature of Operations.* The Company is a life and accident and health insurance company engaged in offering a diverse portfolio of group employee benefit products including long-term and short-term disability, life, travel accident, voluntary accidental death and dismemberment, dental and limited benefit health insurance. The Company also has a retirement services business which consists of fixed annuities marketed to individuals and groups and fixed and floating rate institutional funding agreements. The Company offers its insurance products in forty-nine states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. The Company’s two product categories are group employee benefit products and retirement services products, which represented approximately 33% and 67%, 37% and 63%, 46% and 54% respectively, of total insurance premiums and policyholder fees of \$3,622.5 million, \$2,915.8 million, and \$2,059.1 million for the years ended December 31, 2023, 2022, and 2021 and 9% and 91%, 11% and 89%, 11% and 89%, respectively, of the Company’s reserves and policyholder account balances of \$16,184.3 million, \$13,979.2 million, and \$12,694.6 million as of December 31, 2023, 2022, and 2021.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note A - Summary of Significant Accounting Policies - (Continued)**

*Use of Estimates.* The preparation of financial statements in conformity with statutory accounting principles (“SAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Certain 2022 and 2021 amounts in the Company’s statutory-basis financial statements have been reclassified to conform to the 2023 presentation.

*Investments.* Bonds and stocks held by the Company are carried at values prescribed by the NAIC. Bonds not backed by other loans are carried at amortized cost using the interest method; loan-backed securities are carried at the lower of amortized cost or fair value using the interest method including anticipated prepayments at the date of purchase and significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method. Prepayment assumptions for single class and defined multi-class mortgage-backed and asset-backed securities were obtained from broker-dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. Short-term investments are carried at amortized cost, which approximates fair value, and consists of bonds purchased with remaining maturities of twelve months or less. Cash and cash equivalents are carried at cost, which approximates fair value, and consist of money market mutual funds purchased with maturities of six months or less. Preferred stocks with NAIC designations of one through three are carried at cost, and common stocks are carried at fair value, except common stocks of affiliates, which are valued as stated below. Bonds and short-term investments with NAIC designations of six and preferred stocks with NAIC designations of four through six are valued at the lower of amortized cost or fair value. Unrealized appreciation or depreciation on bonds and short-term investments with a NAIC designation of six, preferred stocks with NAIC designations of four through six and common stocks are credited or charged directly to surplus. Mortgage loans are stated at their amortized cost. Investments in real estate held for sale are carried at the lower of its carrying value or fair value. Other invested assets consist of investments in limited partnerships and limited liability companies, which are reflected on the equity method, with distributed earnings included in net investment income and investments in surplus debentures of affiliated and unaffiliated issuers, carried at amortized cost, using the interest method. The Company also holds investments in low-income housing limited partnerships, which are initially recorded at cost and are carried by the Company at proportional amortized cost unless considered impaired.

Bonds and stocks held by the Company are assessed for impairment if the fair value is less than its carrying value or cost basis. An analysis is performed to determine whether the shortfall in fair value is temporary or other than temporary. If the fair value of a bond or an equity security declines in value below its carrying value or cost basis, respectively, and the Company intends to sell, or determines that it will more likely than not be required to sell, the security before recovery of its carrying value or cost basis, management considers the security to be other than temporarily impaired. Other than temporary impairment (“OTTI”) losses are reported as realized capital losses in the statements of operations. The cost basis of bonds and stocks is reduced and the revised cost basis is not adjusted for subsequent recoveries in value.

If, however, the Company does not intend to sell the bond or equity security and it is not more likely than not that it will be required to sell the security before recovery, the Company reviews the security to determine if the security is expected to recover back to the amortized cost.

When a bond (other than loan-backed and structured securities), preferred stock or common stock is deemed other-than-temporarily impaired, the difference between the investment’s carrying value and its fair value is recognized as a realized loss and reported as a realized capital loss in the statement of operations if the loss is credit related.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note A - Summary of Significant Accounting Policies - (Continued)**

For loan-backed and structured securities, the entire difference between a security's carrying value and its fair value is recognized in the statement of operations as an impairment when the Company has the intent to sell the security or it does not have the intent and ability to hold the security to recovery. If either of these two conditions exists, a realized loss is recognized in the statement of operations for the difference between the carrying value of the security and the net present value of projected future cash flows expected to be collected. The net present value is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit of the loan-backed or structured security prior to impairment.

The common stock of the Company's wholly-owned insurance subsidiary, First Reliance Standard Life Insurance Company ("FRSLIC"), which is domiciled in New York, is carried at an amount equal to FRSLIC's statutory capital and surplus. The Company's equity in the earnings of FRSLIC is included in unassigned surplus. As of December 31, 2023 and December 31, 2022, respectively, FRSLIC had assets totaling \$303.2 million and \$282.0 million, liabilities totaling \$159.7 million and \$160.9 million, and capital and surplus totaling \$143.6 million and \$121.1 million.

On April 14, 2021, the Company entered into an agreement to acquire Standard Security Life Insurance Company of New York ("SSL"), a New York domiciled life insurer subsidiary of Independence Holding Company, which agreement was amended and restated on July 29, 2021, for a purchase price of \$180.0 million, with such amount subject to upward or downward adjustment to the extent that SSL's statutory capital and surplus as of the closing date exceeded or was less than \$57.0 million (such acquisition, the "SSL Acquisition"). The SSL Acquisition was consummated effective January 1, 2022, whereupon the Company acquired SSL for cash consideration of \$196.6 million and SSL became a wholly-owned subsidiary of the Company. As of the acquisition date, SSL had admitted assets totaling \$157.9 million, liabilities totaling \$79.2 million and statutory capital and surplus totaling \$78.7 million. The common stock of SSL is carried at an amount equal to SSL's statutory capital and surplus, adjusted for unamortized goodwill. The Company's equity in the earnings of SSL is included in unassigned surplus. As of December 31, 2023 and December 2022, respectively, SSL had assets totaling \$199.0 million and \$195.7 million, liabilities totaling \$97.8 million and \$93.8 million, and statutory capital and surplus totaling \$101.2 million and \$101.9 million.

The Company's investment in the common stock of its ultimate domestic parent, DFG, is calculated as the Company's reciprocal ownership of DFG's equity based on Statement of Statutory Accounting Principles No. 97, "Investments in Subsidiary, Controlled and Affiliated Entities" and is carried in accordance with the NAIC Securities Valuation Office ("SVO") Purposes and Procedures Manual ("SVO Manual").

Realized capital gains and losses, determined under the specific identification method, are included in income, net of applicable income taxes and transfers to the IMR. The IMR represents the net accumulated unamortized realized capital gains and losses, net of taxes, attributable to changes in the general level of interest rates on sales of fixed income investments, principally bonds. Such gains and losses are amortized into income, using the grouped method, over the remaining life of the security sold based on expected maturity. The AVR is determined by NAIC prescribed formulas and is reported as a liability rather than as a valuation allowance or an appropriation of surplus. The AVR represents a provision for possible credit-related investment losses on the value of bonds, equity securities, mortgage loans, real estate and other invested assets. Changes to the AVR are charged or credited directly to unassigned surplus. Investment transactions are recorded on a trade date basis. Therefore, at certain times, receivables or payables may arise until the transaction has settled and cash has been transferred.

Effective January 1, 2023, the NAIC adopted revisions to Statement of Statutory Accounting Principles No. 86, "Derivatives" ("SSAP 86") to incorporate key aspects of GAAP guidance for portfolio and partial-term hedges and applicable to fair value hedges of recognized assets. The Company reviewed the revisions to SSAP 86 and determined these revisions are not applicable to the Company's derivative transactions.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note A - Summary of Significant Accounting Policies - (Continued)**

*Goodwill.* Goodwill is defined as the difference between the cost of acquiring an entity and the reporting entity's share of the book value of the acquired entity. Positive goodwill is limited in the aggregate to 10% of the acquiring entity's capital and surplus as required to be shown on the statutory balance sheet of its most recently filed statement with the domiciliary state commissioner, adjusted to exclude any net positive goodwill, electronic database processing equipment ("EDP equipment") and operating system software, and net deferred tax assets. Goodwill resulting from the purchase of a subsidiary, controlled and affiliated entity, joint ventures, partnerships or limited liability companies is amortized to unrealized capital gains and losses on investments over the period in which the acquiring entity benefits economically, not to exceed ten years. The Company reports goodwill in the book adjusted carrying value of the investment acquired.

*Fair Value Measurements.* The Company measures its assets and liabilities recorded at fair value in its balance sheet based on the framework set forth in Statement of Statutory Accounting Principles No. 100 – Fair Value Measurements ("SSAP 100"). This framework establishes a fair value hierarchy of three levels based upon the transparency and availability of information used in measuring the fair value of assets and liabilities as of the measurement date. The levels are categorized as follows:

Level 1- Valuation is based upon quoted prices for identical assets or liabilities in active markets. Level 1 fair value is not subject to valuation adjustments or block volume discounts.

Level 2 - Valuation is based upon quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar instruments in markets that are not active. In addition, a company may use various valuation techniques or pricing models that use observable inputs to measure fair value.

Level 3 - Valuation is generated from techniques in which one or more of the significant inputs for valuing such assets or liabilities are not observable. These inputs may reflect the Company's best estimates of the various assumptions that market participants would use in valuing the financial assets and financial liabilities.

For more information pertaining to fair value measurements, see Note J - Fair Values of Financial Instruments.

*Premiums.* Group insurance products consist primarily of short-duration contracts, and, accordingly, premiums for these products are earned over the contract period and recognized in proportion to the amount of insurance protection provided. The Company's group life, disability, and accident premium revenue is typically recognized monthly when billed, as this correlates to the amount of insurance protection provided. The liabilities for unearned premiums, which are included in aggregate contract reserves, represent the portion of premiums written which applies to the unexpired term of the policies in force. Premiums for annuity contracts are reported as earned when received. Funds received for funding agreements are included as a liability for deposit-type contracts rather than premiums, since these products do not involve mortality or morbidity risk.

*Claims and Benefits.* The liability for contract claims includes amounts determined on an individual basis for reported losses and estimates of incurred but not reported losses developed on the basis of past experience. The liability for benefits reserves is calculated based on statutorily required interest and mortality assumptions rather than on estimated expected experience or actual account balances as required by GAAP. For individual life policies, liabilities are computed principally by using the Net Level Premium Method or the Commissioner's Reserve Valuation Method. The liabilities for annuity reserves are computed principally by using the Commissioner's Annuity Reserve Valuation Method. Valuation of individual life insurance and annuity policies assumes interest discount rates that do not exceed the statutory maximum. Discount rates ranged from 1.50% - 11.25%, with some rates grading to lower levels over time. The methods of making these estimates and establishing the resulting reserves are continually reviewed and updated, with any resulting adjustments reflected in earnings currently.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note A - Summary of Significant Accounting Policies - (Continued)**

*Deferred Income Taxes.* The Company accounts for income taxes in accordance with Statement of Statutory Accounting Principles No. 101, Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10, (“SSAP No. 101”). This guidance provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, this guidance sets a more likely than not threshold for the recording of contingent tax liabilities. As of December 31, 2023 and December 31, 2022, the Company recognizes a statutory valuation allowance totaling \$36.5 million and \$30.8 million, respectively, against its deferred tax asset. The Company’s policy is to recognize any accruals for interest and penalties related to unrecognized tax benefits in income tax expense.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (“ACT”), which included a new corporate alternative minimum tax (“CAMT”). The ACT and CAMT is effective for tax years beginning after 2022. The Company has made an accounting policy election to disregard CAMT when evaluating the need for a valuation allowance for its non-CAMT DTAs. See Note H – Income Taxes.

*Reinsurance.* Reinsurance premiums and claims and benefits are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums, claims and benefits and the reserves for contract liabilities and unearned premiums are reported net, rather than gross, of reinsured amounts.

*Separate Account.* The separate account assets and liabilities represent funds invested in a separately administered variable life insurance product for which the policyholder, rather than the Company, bears the investment risk.

*Cash Flow.* The Company follows Statement of Statutory Accounting Principles No. 69, Statement of Cash Flow, which states that only cash transactions are to be included within the Statement of Cash Flows, with non-cash economic transactions to be included as disclosure within the financial statements. The Company’s non-cash transactions during the years ended December 31, 2023, 2022 and 2021 are as follows:

	<u>Years Ended December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	(dollars in thousands)		
Non-cash acquisitions – invested asset exchanges .....	\$ 689,744	\$ 733,672	\$ 261,047
Non-cash proceeds – invested asset exchanges .....	687,768	717,439	261,151
Capitalization of mortgage loan interest.....	74,465	87,221	55,981
Real estate acquired in satisfaction of debt.....	31,465	46,407	2,958
Capitalization of bond interest.....	15,469	9,125	8,638
Low-income housing tax credits.....	12,659	-	-
Tax credit bonds .....	10,021	10,088	10,155
Capitalization of interest on cash equivalents and short term investments.....	3,916	-	-
Reclass of residual bond tranches to other invested assets .....	-	266,675	-
Transfer of common stock to other invested assets .....	-	-	2,610

*Going Concern.* The Company has no conditions or events that would cause doubt about its ability to continue as a going concern.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note A - Summary of Significant Accounting Policies - (Continued)**

*Subsequent Events.* The Company follows Statement of Statutory Accounting Principles No. 9, Subsequent Events, which establishes general standards of accounting for and disclosure of events that occur through the balance sheet date but before financial statements are issued or are available to be issued. Financial statements are considered available to be issued when they are complete in a form and format that complies with SAP and all approvals necessary for issuance have been obtained; for example, from management and/or the board of directors. The date through which an entity has evaluated subsequent events and the basis for that date should also be disclosed. The Company has evaluated subsequent events that have occurred for recognition or disclosure through April 22, 2024, the date the December 31, 2023 financial statements were available to be issued. See Note S for additional information on subsequent events.

**Note B - Prescribed Statutory Accounting Practices**

The Company's statutory-basis financial statements are prepared in accordance with accounting practices prescribed by the Illinois Department of Insurance. "Prescribed" statutory accounting practices include state laws, regulations and general administrative rules, as well as a variety of publications of the NAIC. The Company has no permitted practices that deviate from prescribed practices.

**Note C – Business Combinations and Goodwill**

The Company purchased 100% of the common stock of SSL effective January 1, 2022. SSL, a New York domiciled life insurer, is licensed in all 50 states, the District of Columbia, the Virgin Islands and Puerto Rico and primarily sells paid family leave insurance products and a statutory short-term disability insurance product in New York State.

The following table represents goodwill generated under the statutory purchase method of accounting (dollars in thousands):

Purchased Entity	Acquisition Date	Cost of Acquisition	Original Amount of Goodwill	Original Amount of Goodwill Admitted	Admitted Goodwill at December 31, 2023	Amortization	Book Value at December 31, 2023	Admitted Goodwill as a % of Book Carrying Value, Gross of Admitted Goodwill
						for the Period Ended December 31, 2023		
SSL	January 1, 2022	\$ 196,577	\$ 117,921	\$ 117,921	\$ 94,337	\$ 11,792	\$ 101,161	93%

As required under NAIC SAP, goodwill is limited in the aggregate to 10% of the acquiring entity's capital and surplus, adjusted to exclude any net positive goodwill, EDP equipment and operating system software, and net deferred tax assets. The table below shows the calculation of the Company's adjusted surplus for purposes of the goodwill admissibility calculation (dollars in thousands):



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note C – Business Combinations and Goodwill - (Continued)**

	Calculation of Limitation as of	
	September 30, 2023	December 31, 2023
Capital and surplus	\$ 2,335,671	xxx
Less:		
Admitted positive goodwill	97,285	xxx
Admitted EDP equipment and operating system software	733	xxx
Admitted deferred taxes	91,909	xxx
Total adjustments	189,927	xxx
Adjusted capital and surplus	\$ 2,145,744	xxx
Limitation on amount of goodwill (adjusted capital and surplus times 10%)	xxx	\$ 214,574
Current period reported admitted goodwill	xxx	\$ 94,337
Current period admitted goodwill as a % of prior period adjusted capital and surplus		4.40%

**Note D – Investments**

The carrying value and fair value of bonds are as follows:

	December 31, 2023			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
U.S. governments.....	\$ 800,393	\$ 2,346	\$ (11,598)	\$ 791,141
All other governments .....	295,685	4,469	(11,369)	288,785
States, territories and possessions (direct and guaranteed).....	77,439	2,144	(663)	78,920
Political subdivisions of states, territories and possessions (direct and guaranteed) .....	712,540	15,700	(29,799)	698,441
Special revenue & special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions.....	1,832,100	24,297	(122,399)	1,733,999
Industrial & miscellaneous (unaffiliated) .....	8,041,985	128,372	(392,650)	7,777,707
Hybrid securities.....	38,967	578	(1,124)	38,421
Total bonds.....	\$ 11,799,109	\$ 177,907	\$ (569,602)	\$ 11,407,414

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

	December 31, 2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(dollars in thousands)		
U.S. governments.....	\$ 34,133	\$ 105	\$ (3,452)	\$ 30,786
All other governments .....	255,150	161	(19,451)	235,860
States, territories and possessions (direct and guaranteed).....	80,136	945	(2,344)	78,737
Political subdivisions of states, territories and possessions (direct and guaranteed) .....	666,555	8,597	(42,018)	633,134
Special revenue & special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions.....	1,647,186	7,862	(176,967)	1,478,081
Industrial & miscellaneous (unaffiliated) .....	7,706,623	114,046	(641,231)	7,179,438
Hybrid securities.....	45,285	343	(3,160)	42,468
Total bonds.....	<u>\$ 10,435,068</u>	<u>\$ 132,059</u>	<u>\$ (888,623)</u>	<u>\$ 9,678,504</u>

The gross unrealized losses and fair value of bonds, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

	December 31, 2023					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(dollars in thousands)					
U.S. governments.....	\$554,548	\$ (9,034)	\$ 11,738	\$ (2,564)	\$ 566,286	\$ (11,598)
All other governments .....	86,054	(1,530)	62,666	(9,839)	148,720	(11,369)
States, territories and possessions (direct and guaranteed).....	12,800	(342)	15,662	(321)	28,462	(663)
Political subdivisions of states, territories and possessions (direct and guaranteed). .....	102,647	(4,834)	240,380	(24,965)	343,027	(29,799)
Special revenue & special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions.....	208,862	(17,335)	823,086	(105,064)	1,031,948	(122,399)
Industrial & miscellaneous (unaffiliated).. ..	399,783	(20,810)	3,569,570	(371,840)	3,969,353	(392,650)
Hybrid securities.....	3,836	(78)	15,629	(1,046)	19,465	(1,124)
Total bonds.....	<u>\$1,368,530</u>	<u>\$ (53,963)</u>	<u>\$4,738,731</u>	<u>\$ (515,639)</u>	<u>\$6,107,261</u>	<u>\$ (569,602)</u>

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

	December 31, 2022					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(dollars in thousands)					
U.S. governments.....	\$ 25,983	\$ (3,385)	\$ 768	\$ (67)	\$ 26,751	\$ (3,452)
All other governments .....	91,791	(8,355)	116,715	(11,096)	208,506	(19,451)
States, territories and possessions (direct and guaranteed).....	50,671	(2,344)	-	-	50,671	(2,344)
Political subdivisions of states, territories and possessions (direct and guaranteed).	402,451	(38,562)	8,254	(3,456)	410,705	(42,018)
Special revenue & special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions.....	1,238,309	(164,327)	32,485	(12,640)	1,270,794	(176,967)
Industrial & miscellaneous (unaffiliated)..	3,178,106	(400,961)	1,227,086	(240,270)	4,405,192	(641,231)
Hybrid securities.....	35,989	(2,385)	1,801	(775)	37,790	(3,160)
Total bonds	<u>\$5,023,300</u>	<u>\$(620,319)</u>	<u>\$ 1,387,109</u>	<u>\$(268,304)</u>	<u>\$ 6,410,409</u>	<u>\$(888,623)</u>

The gross unrealized losses and fair value of loan-backed securities (included within the preceding tables on page 13), aggregated by the length of time the individual securities have been in a continuous unrealized loss position, are as follows:

December 31, 2023					
Less Than 12 Months		12 Months or More		Total	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(dollars in thousands)					
<u>\$ 662,695</u>	<u>\$ (18,117)</u>	<u>\$ 2,328,781</u>	<u>\$ (182,465)</u>	<u>\$ 2,991,476</u>	<u>\$ (200,582)</u>

December 31, 2022					
Less Than 12 Months		12 Months or More		Total	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(dollars in thousands)					
<u>\$1,827,571</u>	<u>\$ (196,363)</u>	<u>\$ 982,849</u>	<u>\$ (160,619)</u>	<u>\$2,810,420</u>	<u>\$ (356,982)</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

The Company regularly evaluates its investment portfolio for factors that may indicate that a decline in the fair value of an investment is other than temporary. Under this methodology, management evaluates whether and when the Company will recover an investment's carrying value, taking into account, among other things, the financial position and prospects of the issuer, conditions in the issuer's industry and geographic area, liquidity of the investment, the expected amount and timing of future cash flows from the investment, recent changes in credit ratings of the issuer by nationally recognized rating agencies and the length of time and extent to which the fair value of the investment has been lower than its carrying value to determine if and when a decline in the fair value of an investment below carrying value is other than temporary. In the case of loan-backed and structured securities such as residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS"), asset-backed securities ("ABS") and collateralized debt obligations ("CDO"), the most significant factor in these evaluations is the expected amount and timing of the future cash flows from the investment. For fixed maturity securities, the Company must also consider whether it intends to hold the security until, or will not be required to sell the security prior to, the anticipated recovery.

In the case of other than temporary impairments of loan-backed and structured securities, the amount of the credit loss is determined by comparing such security's expected cash flows discounted at its effective interest rate against its fair value and amortized cost. The key inputs relating to such expected cash flows consist of the future scheduled payments on the underlying loans and the estimated frequency and severity of future defaults.

In the case of corporate securities and equity securities, the key input utilized to establish the amount of credit loss arising from the impairment of the security is the market price. The Company obtains such market price from independent nationally recognized pricing services. The credit loss is determined to be equal to the excess of the Company's amortized cost over such market price, as measured at the time of the impairment. Declines in the fair value of investments that are considered in the judgment of management to be other than temporary are reported as realized losses, except for the non-interest related portion of other than the temporary decline in the fair value of loan-backed securities, which are charged directly to surplus.

As of December 31, 2023, 86% of the aggregate gross unrealized losses were attributable to fixed maturity securities rated investment grade by the NAIC's SVO and 14% of such losses were attributable to non-investment grade fixed maturity securities. Based on an evaluation of the factors described further above in Note D to the Financial Statements and in consideration with the Company's ability to retain the investments to allow for the anticipated recoveries in the investments' fair value and the fact that the Company had not made the decision to sell them, management determined that the unrealized losses in the tables above were temporary.

The gross unrealized losses and fair value of unaffiliated common stock positions, aggregated by the length of time the individual positions have been in a continuous temporarily impaired position, are as follows:

December 31, 2023					
Less Than 12 Months		12 Months or More		Total	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(dollars in thousands)					
\$ 2,383	\$ (583)	\$ 180	\$ (77)	\$ 2,563	\$ (660)

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

December 31, 2022					
Less Than 12 Months		12 Months or More		Total	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(dollars in thousands)					
\$ 7,171	\$ (3,455)	\$ 5	\$ (20)	\$ 7,176	\$ (3,475)

The Company experienced other-than-temporary impairments based on a) the Company’s intent to sell or inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis and b) the basis that the present value of cash flows expected to be collected is less than the amortized cost basis of the security. The present value of cash flows expected to be collected used for impairment purposes is based upon expected future performance of underlying collateral or market indications of asset valuation. For the year ended December 31, 2023, the Company recognized \$53.0 million of other-than temporary impairments, which included \$37.1 million relating to fixed maturity securities, \$5.7 million related to mortgage loans, \$5.3 million related to real estate, \$2.5 million relating to preferred and common stock and \$2.4 million relating to other invested assets.

The NAIC 5GI designation is assigned by the SVO to certain obligations when an insurer certifies: (1) that documentation necessary to permit a full credit analysis of a security does not exist, (2) the issuer or obligor is current on all contracted interest and principal payments and (3) the insurer has an actual expectation of ultimate repayment of all contracted interest and principal. This assignment of an NAIC 5GI designation is pursuant to the Special Reporting Instruction contained in Part Two, Section 5(b) of NAIC SVO Manual. The NAIC 5GI designation is also assigned to certain securities pursuant to policy decisions adopted by the Valuation of Securities Task Force. Securities with NAIC 5GI designations are deemed to possess the credit characteristics of securities assigned an NAIC 5 designation. Therefore, a security assigned an NAIC 5GI designation receives the same regulatory treatment associated with an NAIC 5 designation. The (GI) after the quality indicator 5 distinguishes the NAIC 5GI designation from the NAIC 5 designation that is only assigned by the SVO after a full credit analysis. In 2018, the NAIC 5GI designation was adopted to replace the NAIC 5\* designation.

The following table presents the number of 5GI securities, by investment type, and the Book Adjusted/Carrying Value (“BACV”) and fair value (dollars in thousands, number of securities in whole):

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
1. Bonds - AC	281	84	\$ 465,781	\$ 118,826	\$ 464,422	\$ 118,826
2. LB & SS - AC	43	17	22,834	15,395	26,954	16,310
3. Preferred Stock - AC	-	-	-	-	-	-
4. Preferred Stock - FV	-	-	-	-	-	-
5. Total (1+2+3+4)	324	101	\$ 488,615	\$ 134,221	\$ 491,376	\$ 135,136

AC- Amortized Cost  
FV - Fair Value



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

The following table represents loan-backed securities held by the Company for which an OTTI was recognized during the year ended December 31, 2023 where the present value of expected cash flows to be collected are less than the amortized cost of the securities. (dollars in thousands)

CUSIP	Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value	Date of Financial Statement Where Reported
45660LXP9	\$ 4,931	\$ 2,601	\$ (2,330)	\$ 2,601	\$ 2,601	3/31/2023
52522RAD2	1,204	603	(601)	603	531	3/31/2023
OOHE01BCV	6,930	6,639	(291)	6,639	4,625	3/31/2023
02660TGA5	1,776	1,555	(221)	1,555	1,555	3/31/2023
17311YAA1	1,571	1,357	(214)	1,357	1,357	3/31/2023
06606FAM3	913	703	(210)	703	703	3/31/2023
12628LAJ9	784	577	(206)	577	577	3/31/2023
05529DAE2	1,583	1,406	(178)	1,406	1,275	3/31/2023
86359DTS6	420	304	(116)	304	304	3/31/2023
881561JF2	683	574	(108)	574	459	3/31/2023
026929AB5	5,707	4,879	(828)	4,879	4,874	6/30/2023
362650AM5	5,194	4,642	(551)	4,642	4,080	6/30/2023
G3139TAB3	930	426	(504)	426	400	6/30/2023
087592AA9	6,707	6,282	(425)	6,282	5,438	6/30/2023
52521JAB5	1,307	889	(418)	889	889	6/30/2023
86363LAL7	942	576	(366)	576	558	6/30/2023
05534AAP6	1,790	1,457	(333)	1,457	1,457	6/30/2023
12667GNX7	385	74	(310)	74	74	6/30/2023
92910XAA1	669	442	(227)	442	240	6/30/2023
40399AGM8	1,806	1,600	(206)	1,600	1,050	6/30/2023
525228AP7	1,077	873	(204)	873	804	6/30/2023
68389FKB9	1,663	1,482	(180)	1,482	1,152	6/30/2023
02151FAH2	971	794	(177)	794	794	6/30/2023
525221EN3	949	775	(174)	775	663	6/30/2023
86359DVY0	4,015	3,875	(140)	3,875	3,760	6/30/2023
OOHE01BCV	6,747	6,609	(138)	6,609	4,400	6/30/2023
64352VKG5	402	275	(126)	275	138	6/30/2023
56578LAC1	331	228	(103)	228	92	6/30/2023
26251MAE2	1,024	945	(79)	945	607	6/30/2023
41162DAG4	6,489	6,422	(66)	6,422	5,824	6/30/2023
09629RAC6	1,641	1,575	(66)	1,575	1,156	6/30/2023
66860AAC1	547	491	(56)	491	314	6/30/2023
41162DAG4	6,529	5,776	(752)	5,776	5,552	9/30/2023
02660TGP2	2,920	2,567	(352)	2,567	2,534	9/30/2023
3137B23A6	1,464	1,131	(333)	1,131	1,005	9/30/2023
52521LAK0	1,096	772	(325)	772	654	9/30/2023
12667GR88	950	672	(279)	672	672	9/30/2023
45660LXP9	2,598	2,351	(247)	2,351	2,351	9/30/2023
84751NAF1	4,410	4,172	(239)	4,172	4,172	9/30/2023



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

CUSIP	Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value	Date of Financial Statement Where Reported
12624SAJ8	277	41	(235)	41	41	9/30/2023
36245EAG3	1,520	1,293	(227)	1,293	1,293	9/30/2023
04015HAJ6	3,301	3,081	(220)	3,081	2,701	9/30/2023
12667GZ48	1,266	1,054	(212)	1,054	979	9/30/2023
52521JAB5	879	679	(200)	679	679	9/30/2023
12667GZE6	341	147	(194)	147	132	9/30/2023
02150NAY9	443	250	(193)	250	220	9/30/2023
07401VAR2	258	72	(186)	72	72	9/30/2023
149837AK2	569	401	(168)	401	92	9/30/2023
02151GAB3	394	245	(149)	245	186	9/30/2023
17307GGY8	1,958	1,815	(148)	1,815	1,729	9/30/2023
06050AAA1	204	69	(134)	69	69	9/30/2023
026931AD7	989	858	(131)	858	858	9/30/2023
07401NAR0	199	68	(131)	68	68	9/30/2023
98887XAA7	172	44	(129)	44	44	9/30/2023
9497EAAJ0	511	383	(128)	383	227	9/30/2023
06744DAA7	5,755	5,628	(127)	5,628	5,506	9/30/2023
863576FQ2	626	503	(124)	503	330	9/30/2023
92910XAA1	442	323	(119)	323	203	9/30/2023
02147JAH1	2,342	2,230	(112)	2,230	2,098	9/30/2023
41161PZG1	110	-	(110)	-	-	9/30/2023
12668BXG3	817	716	(101)	716	546	9/30/2023
39538WCF3	78	-	(78)	-	-	9/30/2023
02150AAE1	428	365	(63)	365	209	9/30/2023
87168DAC0	9,766	9,516	(250)	9,516	9,090	12/31/2023
007037BJ2	2,896	2,683	(213)	2,683	2,683	12/31/2023
84751PLM9	1,287	1,077	(209)	1,077	1,046	12/31/2023
885220HF3	916	709	(207)	709	709	12/31/2023
12637VAH0	1,306	1,146	(161)	1,146	1,092	12/31/2023
BCC02WIN8	943	803	(140)	803	740	12/31/2023
26251MAE2	836	712	(124)	712	543	12/31/2023
86359DVY0	3,974	3,877	(97)	3,877	3,795	12/31/2023
23242TAB2	588	501	(87)	501	452	12/31/2023
09629RAC6	1,518	1,440	(78)	1,440	1,069	12/31/2023
27830LAA0	405	327	(78)	327	220	12/31/2023
02660THZ9	752	678	(74)	678	538	12/31/2023
	<u>\$ 141,121</u>	<u>\$ 123,105</u>	<u>\$ (18,016)</u>	<u>\$ 123,105</u>	<u>\$ 109,950</u>	

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

From time to time, the Company enters into repurchase agreements for the purpose of short-term financing. These transactions, which are bilateral in nature, involve the Company transferring debt securities (bonds) in exchange for cash; the cash is the collateral in the arrangements. The Company accounts for repurchase transactions as secured borrowings in accordance with Statement of Statutory Accounting Principles No. 103R – Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (“SSAP 103R”). The Company had no outstanding securities repurchase agreements at December 31, 2023 and 2022, respectively, on the statements of admitted assets, liabilities and capital and surplus.

During the year ended December 31, 2023, the Company engaged in repurchase transactions exclusively with a contractual maturity of greater than one week up to one month. The fair value of securities “sold” and cash collateral received on a quarterly basis as of December 31, 2023 are as follows:

	Fair Value				Collateral	
	Maximum	Ending Balance		Maximum	Ending	
	Amount			Amount	Balance	
	(dollars in thousands)				(dollars in thousands)	
		NAIC 1	NAIC 2		Cash	
December 31, 2023	\$ 80,714	\$ -	\$ -	\$ 75,227	\$ -	
September 30, 2023	\$ 86,475	\$ 69,462	\$ 10,712	\$ 75,227	\$ 75,227	
June 30, 2023	\$ 85,445	\$ 72,447	\$ 11,447	\$ 74,743	\$ 74,743	
March 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	

The ending balance at each quarter end of cash collateral in the table above represents the Company’s corresponding liability to return cash collateral as presented in the statements of admitted assets, liabilities and capital and surplus.

Collateral received in repurchase transactions the Company entered into during the year ended December 31, 2023 was comprised entirely of cash, which is static in nature, significantly mitigating the risk of loss of value. The Company held no collateral as of December 31, 2023, allocation of collateral received quarterly during 2023 by remaining contractual maturity of outstanding repurchase agreements is as follows:

Remaining Contractual Maturity	Collateral Fair Value			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
	(dollars in thousands)			
Overnight and Continuous	\$ -	\$ -	\$ -	\$ -
30 Days or Less	\$ -	\$ 74,743	\$ 75,227	\$ 75,227
31 to 90 Days	\$ -	\$ -	\$ -	\$ -
> 90 Days	\$ -	\$ -	\$ -	\$ -



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

The Company periodically reinvested cash collateral received in repurchase transactions. The Company at times reinvested in securities that had a different maturity than the repurchase arrangement secured by the cash collateral received by the Company. The Company has access to other sources of sufficient liquidity necessary to meet the contractually required return in connection with the repurchase agreement. The amount of reinvested collateral during the year ended December 31, 2023 is as follows:

Maturity Tranche	Amortized Cost			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
	(dollars in thousands)			
30 Days or Less	\$ -	\$ 74,743	\$ 75,227	\$ -

  

Maturity Tranche	Collateral Fair Value			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
	(dollars in thousands)			
30 Days or Less	\$ -	\$ 74,743	\$ 75,227	\$ -

During 2023, the Company began utilizing Tender Option Bond Trust (“TOBT”) structures for the purpose of short-term financing, which are accounted for as secured borrowings excluding repurchase transactions, in accordance SSAP 103R. As of December 31, 2023, the Company had \$137.3 million of fixed-rate long-term municipal bonds deposited into a series of TOBTs. These municipal bonds are held as bonds on the statements of admitted assets, liabilities, and capital and surplus and considered collateral. The TOBTs have issued short-term floating rate interests to third-party investors which are accounted for as payables on the statements of admitted assets, liabilities, and capital and surplus in the amount of \$98.5 million.

The carrying value and fair value of bonds as of December 31, 2023 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations, with or without prepayment penalties.

	Carrying Value	Fair Value
	(dollars in thousands)	
Non-agency residential mortgage-backed securities.....	\$ 971,380	\$ 1,031,962
Agency residential mortgage-backed securities – long positions .....	77,357	75,140
Agency residential mortgage-backed securities – short positions.....	(32,674)	(33,942)
Commercial mortgage-backed securities .....	477,893	393,537
Other bonds:		
One year or less .....	202,626	202,183
Greater than 1, up to 5 years .....	1,971,567	1,960,538
Greater than 5, up to 10 years .....	2,911,925	2,845,619
Greater than 10 years .....	5,219,035	4,932,377
Total	<u>\$ 11,799,109</u>	<u>\$ 11,407,414</u>

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

Major categories of the Company's net investment income are summarized as follows:

	Years Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Income:			
U.S. Government bonds.....	\$ 31,500	\$ 10,542	\$ 922
Other bonds (unaffiliated).....	785,630	583,636	541,556
Preferred stocks (unaffiliated) .....	3,950	2,320	2,448
Common stocks (unaffiliated) .....	11,537	10,330	13,897
Common stock of affiliates.....	57,020	29,789	-
Mortgage loans .....	678,853	473,882	367,405
Contract loans .....	15	11	6
Cash, cash equivalents and short-term investments.....	23,825	12,654	4,927
Derivative instruments.....	(23,778)	(174)	217
Other invested assets and miscellaneous .....	101,038	119,997	22,240
Total investment income.....	<u>1,669,590</u>	<u>1,242,987</u>	<u>953,618</u>
Expense:			
Investment expenses .....	169,205	154,410	154,410
Investment taxes, licenses and fees.....	331	304	274
Interest expense .....	16,174	5,373	5,095
Total investment expenses .....	<u>185,710</u>	<u>160,087</u>	<u>168,030</u>
Net investment income	<u>\$ 1,483,880</u>	<u>\$ 1,082,900</u>	<u>\$ 785,588</u>

	Year Ended December 31, 2023		
	Gross Realized Gains	Gross Realized Losses	Net Realized Gains (Losses)
	(dollars in thousands)		
Bonds.....	\$ 50,049	(111,793)	(61,744)
Preferred stocks .....	1,097	(1,728)	(631)
Common stocks .....	11,376	(4,232)	7,144
Futures .....	4,651	(8,145)	(3,494)
Options.....	102,723	(117,541)	(14,818)
Forwards .....	42,786	(62,615)	(19,829)
Mortgage loans .....	54	(11,667)	(11,613)
Cash, cash equivalents and short-term investments.....	1,926	(250)	1,676
Real estate.....	195	(5,802)	(5,607)
Foreign exchange.....	11,221	(11,612)	(391)
Other .....	15	(2,603)	(2,588)
	<u>\$ 226,093</u>	<u>\$ (337,988)</u>	<u>\$ (111,895)</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

	Year Ended December 31, 2022		
	Gross Realized Gains	Gross Realized Losses	Net Realized Gains (Losses)
	(dollars in thousands)		
Bonds .....	\$ 59,021	\$ (138,919)	\$ (79,898)
Preferred stocks .....	397	(189)	208
Common stocks .....	11,147	(21,434)	(10,287)
Futures .....	19,897	(8,893)	11,004
Options.....	90,822	(125,727)	(34,905)
Forwards .....	86,853	(23,192)	63,661
Mortgage loans .....	461	(37,415)	(36,954)
Cash, cash equivalents and short-term investments.....	2,082	(1,095)	987
Real estate.....	7,956	(871)	7,085
Foreign exchange.....	14,820	(12,517)	2,303
Other .....	85	(12,890)	(12,805)
	<u>\$ 293,541</u>	<u>\$ (383,142)</u>	<u>\$ (89,601)</u>

	Year Ended December 31, 2021		
	Gross Realized Gains	Gross Realized Losses	Net Realized Gains (Losses)
	(dollars in thousands)		
Bonds .....	\$ 84,936	(99,151)	(14,215)
Preferred stocks .....	1,334	(50)	1,284
Common stocks .....	8,712	(771)	7,941
Futures .....	10,163	(10,414)	(251)
Options.....	499,820	(332,163)	167,657
Forwards .....	29,411	(17,717)	11,694
Rate lock .....	1,352	(4,710)	(3,358)
Mortgage loans .....	1,741	(1,042)	699
Cash, cash equivalents and short-term investments.....	816	(539)	277
Real estate.....	143	(759)	(616)
Foreign exchange.....	18,352	(18,413)	(61)
Other .....	379	(518)	(139)
	<u>\$ 657,159</u>	<u>\$ (486,247)</u>	<u>\$ 170,912</u>

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

Proceeds from sales of bonds totaled \$2,275.3 million, \$1,694.3 million, and \$3,374.8 million during 2023, 2022, and 2021, respectively. Net unrealized gains for investment securities were \$230.2 million, \$96.3 million and \$215.5 million as of December 31, 2023, 2022 and 2021, respectively. The portion of unassigned surplus represented by the change in net unrealized (losses) gains is shown below:

	Years Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Bonds .....	\$ 18,465	\$ (23,828)	\$ 15,763
Short-term investments .....	101	284	(1,022)
Investments in limited partnerships and limited liability companies .....	23,870	(24,502)	18,122
Common stocks .....	21,993	61,865	62,151
Preferred stocks .....	323	(1,477)	735
Investment in residual bond tranches .....	(3,021)	(21,316)	-
Derivatives .....	<u>102,674</u>	<u>(153,544)</u>	<u>(24,631)</u>
Subtotal investment securities .....	164,405	(162,518)	71,118
Deferred income taxes .....	<u>(30,443)</u>	<u>43,296</u>	<u>(5,811)</u>
	<u>\$ 133,962</u>	<u>\$ (119,222)</u>	<u>\$ 65,307</u>

As of December 31, 2023 and December 31, 2022, respectively, approximately 7% of the Company's total invested assets were comprised of commercial and residential mortgage-backed securities.

The Company also invests in certain non-investment grade securities. Non-investment grade securities included in bonds, SVO rated class "3" through class "6", had carrying values of \$2,376.5 million and \$2,189.7 million as of December 31, 2023 and December 31, 2022, respectively.

Mortgage loans held by the Company, which are typically underwritten on the Company's behalf by various third-party investment managers with specialized expertise in mortgage lending, are made primarily to commercial borrowers, and are diversified by property type, location and borrower. Loans are issued at either a fixed rate or a variable rate of interest. The following table presents the distribution of the Company's mortgage loans among the indicated property types:

	December 31,	December 31,
	2023	2022
	(dollars in thousands)	
Residential .....	\$ 2,383,259	\$ 1,494,026
Office .....	2,068,458	1,854,548
Apartment/Multi Family .....	2,016,975	1,945,639
Lodging .....	873,026	1,057,013
Industrial .....	385,060	386,823
Mixed Use .....	345,663	352,604
Other .....	367,018	331,863
Medical/Health Care .....	223,554	189,009
Retail .....	<u>23,992</u>	<u>24,543</u>
Total	<u>\$ 8,687,005</u>	<u>\$ 7,636,068</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

The following table presents the distribution of the Company's mortgage loans among the indicated geographic regions:

	December 31, <u>2023</u>	December 31, <u>2022</u>
	(dollars in thousands)	
South Atlantic .....	\$ 2,272,459	1,887,049
Pacific .....	2,210,802	\$ 2,049,080
Middle Atlantic .....	1,359,226	1,119,996
West South Central .....	882,743	783,870
Mountain .....	744,020	586,488
New England .....	502,509	421,101
East North Central .....	429,456	517,363
East South Central .....	221,350	213,696
West North Central .....	64,440	57,425
Total	<u>\$ 8,687,005</u>	<u>\$ 7,636,068</u>

During the year ended December 31, 2023, the Company originated commercial mortgage loans with maximum and minimum lending rates of 25.7% and 0.0%. The Company, with the assistance of its third party investment managers, regularly evaluates and monitors credit risk of its mortgage loans, beginning with the initial underwriting of the loan and continuing throughout the investment holding period. The Company's evaluation is performed on an individual loan basis, and monitors credit quality based on its evaluation of a number of key inputs related to the loan, including among others loan-to-value ratios. The maximum percentage of any one loan amount to the value of the underlying property at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 129.0%. The Company monitors other information as it is received or credit events such as delinquency or a borrower's request for restructure that may cause management to believe that the Company's estimate of financial performance, fair value or the risk profile of the underlying loan has been impacted.

The following table represents the credit risk profile of the Company's mortgage loans based on loan-to-value ratio:

	December 31, <u>2023</u>	December 31, <u>2022</u>
	(dollars in thousands)	
Below 50% .....	\$ 2,019,596	\$ 4,612,170
50% to 75% .....	5,541,543	2,573,954
76% to 100% .....	1,125,866	449,944
Total .....	<u>\$ 8,687,005</u>	<u>\$ 7,636,068</u>

As of December 31, 2023, the Company had recorded investments in impaired mortgage loans of \$4.9 million. As of December 31, 2022, the Company did not have any recorded investments in impaired mortgage loans. The Company recognizes interest income on its impaired mortgage loans upon receipt. Cash receipts are recorded on the day the payments are received by the Company. During the year ended December 31, 2023, the Company recognized \$0.4 million in income on impaired loans. During the year ended December 31, 2022, the Company did not recognize any income on impaired loans.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

The following table represents the age analysis of the Company's mortgage loans:

	December 31, <u>2023</u>	December 31, <u>2022</u>
	(dollars in thousands)	
Recorded investment:		
Current.....	\$ 7,744,788	\$ 7,328,959
30-59 Days past due.....	177,734	119,207
60-89 Days past due.....	159,800	39,715
90-179 Days past due.....	273,514	43,722
180+ Days past due.....	<u>331,169</u>	<u>104,465</u>
Total.....	<u>\$ 8,687,005</u>	<u>\$ 7,636,068</u>

The Company had accrued interest on mortgage loans more than 180 days past due of \$0.5 million and \$1.3 million as of December 31, 2023 and December 31, 2022, respectively.

The gross, nonadmitted and admitted amounts for interest income due and accrued are as follows:

	December 31, <u>2023</u>	December 31, <u>2022</u>
	(dollars in thousands)	
Interest Income Due & Accrued:		
Gross.....	\$ 213,407	\$ 172,045
Nonadmitted .....	<u>(479)</u>	<u>(1,317)</u>
Admitted .....	<u>\$ 212,928</u>	<u>\$ 170,728</u>

The Company also includes paid-in-kind ("PIK") interest in the current principal balance. As of December 31, 2023 and December 31, 2022, the Company had \$225.7 million and \$138.9 million, respectively, in cumulative PIK interest included in the current principal balance.

As of December 31, 2023, there were three commercial mortgage loans actively on forbearance agreements. The loans, which had a book adjusted carrying value of \$72.8 million, were making payments on a current basis in accordance with the modified terms of the forbearance agreements as of December 31, 2023. As of December 31, 2022, the Company had no mortgage loans on an active forbearance agreement.

During 2023, the Company acquired real estate properties with an aggregate value of \$35.1 million pursuant to foreclosures upon commercial and residential mortgage loans. During 2022, the Company acquired real estate properties with an aggregate value of \$46.4 million pursuant to foreclosures upon commercial and residential mortgage loans.

The Company's other invested assets consist of investments in funds organized as limited partnerships and limited liability companies, surplus debentures issued by affiliates and non-affiliates, and investments in residual bond tranches. Investments in such limited partnerships and limited liability companies, excluding low-income housing limited partnerships, are reflected in the Company's financial statements under the equity method. The Company had investments in residual bond tranches with a statement value totaling \$239.8 million and \$251.7 million as of December 31, 2023 and December 31, 2022, respectively. The Company had investments in limited partnerships and limited liability companies, including low-income housing limited partnerships, with a statement value totaling \$326.2 million and \$177.4 million, as of December 31, 2023 and December 31, 2022, respectively. The Company had investments in surplus debentures with a statement value totaling \$166.3 million and \$160.4 million, as of December 31, 2023 and December 31, 2022, respectively. Investments in such surplus debentures are reflected in the Company's financial statements at amortized cost, using the interest method.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

The Company did not recognize any Low-Income Housing Tax Credits (“LIHTC”) or any other related tax benefits during the twelve months ended December 31, 2023. The Company has a \$13.2 million LIHTC partnership investment as of December 31, 2023. This LIHTC investment is not presently subject to any regulatory review. The Company did not recognize any impairments on LIHTC property investments during the twelve months ended December 31, 2023. The Company did not have any investments in LIHTC partnerships as of December 31, 2022.

A currency forward is an agreement to buy or sell a foreign currency, in return for U.S. dollars, at an exchange rate agreed upon at the agreement date, to settle on a specific future date. All of the Company’s forward contracts are traded over-the-counter, which exposes the Company to counterparty risk to the extent there are unrealized gains on open positions. To minimize counterparty risk, the Company evaluates all counterparties based on credit ratings and maintains master agreements with netting provisions.

An option is an agreement that gives the buyer the right to buy (call option) or sell (put option) a financial instrument at a specified price within a specified time period. The buyer of an option pays a premium to the seller on the settlement date. This premium is the buyer’s only cash requirement and represents the maximum amount at risk. The seller (or writer) of an option receives a premium from the buyer on the settlement date.

An interest rate futures contract is an agreement to buy or sell U.S. Treasury Bonds to settle on a specific future date. All of the Company’s futures contracts are exchange traded, which minimizes counterparty risk. The Company satisfies the margin requirements with cash.

Interest rate swaps are used by the Company to reduce market risks from changes in interest rates and to protect against variability in future cash flows. In an interest rate swap, the Company agrees with another party to exchange, at specific intervals, the difference between fixed rate and floating rate interest amounts as calculated based upon an agreed upon notional amount.

The Company’s derivative instruments do not meet the criteria to qualify for hedge accounting and are therefore accounted for at fair value and the related changes in fair values during the holding period are recorded as unrealized gains and losses. The Company also uses currency forward contracts to minimize the currency risk inherent in certain bond investments denominated in foreign currencies. The Company also used interest rate futures contracts to minimize the adverse movements of interest rates related to certain bond investments. During the year ended December 31, 2023, 2022 and 2021, the Company recognized realized (losses)/gains on derivatives of \$(38.1) million, \$39.8 million and \$175.7 million, respectively. The portion of unassigned surplus represented by cumulative net unrealized gains/(losses) on derivatives totaled \$7.5 million, \$(95.2) million, and \$58.4 million as of December 31, 2022, 2021 and 2020, respectively.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note D - Investments - (Continued)**

The table below provides a summary of restricted assets, all of which are included within the General Account, at book/adjusted carrying value at December 31, 2023 and December 31, 2022 (dollars in thousands):

	December 31, 2023			December 31, 2022		
	Total	% of	% of	Total	% of	% of
	Pledged & Restricted Assets	Total Assets	Total Admitted Assets	Pledged & Restricted Assets	Total Assets	Total Admitted Assets
FHLB capital stock.....	\$ 69,245	0.3%	0.3%	\$ 47,945	0.2%	0.2%
On deposit with states.....	13,734	0.1%	0.1%	13,649	0.1%	0.1%
Pledged collateral to FHLB (including assets backing funding agreements).....	6,086,734	25.9%	26.2%	3,477,705	17.0%	17.2%
Pledged collateral not captured in other categories:						
Mortgage related securities pledged to RSL-Texas..	121,458	0.5%	0.5%	133,928	0.7%	0.7%
Reinsurance collateral.....	138,605	0.6%	0.6%	141,513	0.7%	0.7%
Derivatives collateral.....	81,928	0.3%	0.3%	34,072	0.2%	0.2%
Tender option bonds collateral.....	137,306	0.6%	0.6%	-	0.0%	0.0%
Other restricted assets.....	69,418	0.3%	0.3%	39,740	0.2%	0.2%
Total pledged and restricted assets.....	<u>\$ 6,718,428</u>	<u>28.6%</u>	<u>28.9%</u>	<u>\$ 3,888,552</u>	<u>19.1%</u>	<u>19.3%</u>

**Note E - Deferred and Uncollected Premiums**

Deferred and uncollected life insurance premiums and annuity considerations are as follows:

	December 31, 2023		December 31, 2022	
	<u>Gross</u>	<u>Net of Loading</u>	<u>Gross</u>	<u>Net of Loading</u>
Ordinary life - renewal.....	\$ 195	\$ 133	\$ 368	\$ 303
Group life.....	<u>39,418</u>	<u>33,963</u>	<u>35,261</u>	<u>30,342</u>
	<u>\$ 39,613</u>	<u>\$ 34,096</u>	<u>\$ 35,629</u>	<u>\$ 30,645</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note F - Aggregate Contract Reserves**

Aggregate contract reserves consist of the following:

	December 31, 2023	December 31, 2022
(dollars in thousands)		
Life and Annuity:		
Ordinary life .....	\$ 57,125	\$ 59,870
Group life.....	106,871	129,645
Individual annuities .....	10,852,815	9,810,131
Group annuities.....	1,085,361	1,194,110
Supplementary contracts.....	<u>22,780</u>	<u>19,717</u>
	12,124,952	11,213,473
Reinsurance ceded .....	<u>(92,354)</u>	<u>(98,719)</u>
Total life and annuity reserves	<u>\$ 12,032,598</u>	<u>\$ 11,114,754</u>

	December 31, 2023	December 31, 2022
(dollars in thousands)		
Accident and Health:		
Unearned premium reserve.....	\$ 5,625	\$ 6,240
Present value of amounts not yet due on claims .....	<u>1,381,998</u>	<u>1,429,165</u>
	1,387,623	1,435,405
Reinsurance ceded .....	<u>(66,352)</u>	<u>(70,519)</u>
Total accident and health reserves.....	<u>\$ 1,321,271</u>	<u>\$ 1,364,886</u>

The withdrawal characteristics of annuity reserves and deposit liabilities are as follows:

	December 31, 2023		December 31, 2022	
(dollars in thousands)				
Individual Annuities:				
Subject to discretionary withdrawal:				
With market value adjustment .....	\$ 5,662,098	52%	\$ 4,379,238	45%
At book value less surrender charge .....	2,173,152	20	3,264,116	33
At book value (without adjustment) .....	3,015,432	28	2,164,576	22
Not subject to discretionary withdrawal .....	<u>24,914</u>	<u>-</u>	<u>21,918</u>	<u>-</u>
	10,875,596	100%	9,829,848	100%
Reinsurance ceded .....	<u>(31,989)</u>		<u>(31,408)</u>	
Total Individual annuities .....	<u>\$ 10,843,607</u>		<u>\$ 9,798,440</u>	

	December 31, 2023		December 31, 2022	
(dollars in thousands)				
Group Annuities:				
Subject to discretionary withdrawal:				
With market value adjustment .....	\$ 707,922	65%	\$ 788,798	66%
At book value less surrender charge .....	4,968	1	5,464	1
At book value (without adjustment) .....	349,789	32	376,489	31
Not subject to discretionary withdrawal .....	<u>22,682</u>	<u>2</u>	<u>23,359</u>	<u>2</u>
	1,085,361	100%	1,194,110	100%
Reinsurance ceded .....	<u>-</u>		<u>-</u>	
Total Group annuities .....	<u>1,085,361</u>		<u>\$ 1,194,110</u>	

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note F - Aggregate Contract Reserves – (Continued)**

	December 31, 2023		December 31, 2022	
	(dollars in thousands)			
Deposit-Type Contracts (no life contingencies):				
Not subject to discretionary withdrawal .....	\$ 5,459,773	100%	\$ 4,132,052	100%
	5,459,773	100%	4,132,052	100%
Reinsurance ceded .....	(2,629,303)		(2,632,529)	
Total Deposit-type contracts .....	<u>\$ 2,830,470</u>		<u>\$ 1,499,523</u>	
Total annuity reserves and deposit liabilities .....	<u>\$ 14,759,456</u>		<u>\$ 12,492,073</u>	

Total annuity actuarial reserves and deposit fund liabilities by withdrawal characteristics, as shown above, are included within Aggregate contract reserves and Liabilities for deposit-type contracts on the balance sheet as of December 31, 2023 and December 31, 2022 (dollars in thousands):

	December 31, 2023	December 31, 2022
Annuities .....	\$ 11,906,188	\$ 10,972,833
Supplementary Contracts with Life Contingencies .....	22,780	19,717
Deposit – Type Contracts .....	2,830,470	1,499,523
Total	<u>\$ 14,759,438</u>	<u>\$ 12,492,073</u>

The withdrawal characteristics of life actuarial reserves are as follows:

	December 31, 2023	December 31, 2022
	(dollars in thousands)	
Subject to discretionary withdrawal:		
Term policies with cash values .....	\$ 30,653	\$ 31,984
Universal life .....	17,298	18,193
Other permanent cash value life insurance .....	3,504	3,516
Variable universal life – nonguaranteed separate accounts .....	279,293	245,082
Not subject to discretionary withdrawal:		
Term policies without cash value .....	9,366	10,332
Accidental death benefits .....	4	7
Disability – Active lives .....	215	332
Disability – Disabled lives .....	99,527	121,501
Miscellaneous reserves .....	<u>3,428</u>	<u>3,651</u>
	443,288	434,598
Reinsurance ceded .....	<u>(60,365)</u>	<u>(67,311)</u>
Total life reserves .....	<u>\$ 382,923</u>	<u>\$ 367,287</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note F - Aggregate Contract Reserves – (Continued)**

Total life actuarial reserves by withdrawal characteristics, as shown above, are included within Aggregate contract reserves and Separate account liabilities on the balance sheet as of December 31, 2023 and December 31, 2022 (dollars in thousands):

	December 31, <u>2023</u>	December 31, <u>2022</u>
General Account:		
Life Insurance .....	\$ 13,335	\$ 14,153
Disability- Disabled Lives .....	89,424	107,115
Miscellaneous Reserves .....	<u>871</u>	<u>937</u>
	103,630	122,205
Separate Accounts:		
Variable Universal Life Insurance .....	<u>279,293</u>	<u>245,082</u>
Total	<u>\$ 382,923</u>	<u>\$ 367,287</u>

The cash value of life insurance contracts are as follows:

	December 31, <u>2023</u>	December 31, <u>2022</u>
	(dollars in thousands)	
Subject to discretionary withdrawal:		
Term policies with cash values .....	\$ 29,820	\$ 31,134
Universal life .....	19,125	20,147
Other permanent cash value life insurance .....	3,188	3,160
Variable universal life insurance – nonguaranteed separate account	<u>279,293</u>	<u>245,082</u>
	331,426	299,523
Reinsurance ceded .....	<u>(48,513)</u>	<u>(49,719)</u>
Total Life insurance contracts .....	<u>\$ 282,913</u>	<u>\$ 249,804</u>

The account value of life insurance contracts are as follows:

	December 31, <u>2023</u>	December 31, <u>2022</u>
	(dollars in thousands)	
Subject to discretionary withdrawal:		
Universal life .....	\$ 19,003	\$ 20,011
Variable life insurance- nonguaranteed separate accounts .....	<u>279,293</u>	<u>245,082</u>
	298,296	265,093
Reinsurance ceded .....	<u>(17,928)</u>	<u>(18,449)</u>
Total Life insurance contracts .....	<u>\$ 280,368</u>	<u>\$ 246,644</u>

The Company waives deduction of fractional premiums upon death of insureds and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of legally computed reserves. Extra premiums are charged for substandard lives plus the gross premium for the true age. Mean reserves are computed by calculating the regular mean reserve for the plan at the true age and holding in addition one-half of the extra premium charge for the year. As of December 31, 2023 and December 31, 2022, the Company did not have insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by Illinois. Reserves to cover the insurance described above totaled \$0 at both December 31, 2023 and December 31, 2022. Tabular interest, tabular less actual reserves released and tabular cost have been determined by formula in accordance with the NAIC Annual Statement Instructions.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note G - Accident and Health Aggregate Contract Reserves and Contract Claims**

The following table provides a reconciliation of the beginning and ending accident and health aggregate contract reserves and contract claims liabilities:

	Years Ended December 31,		
	2023	2022	2021
	(dollars in thousands)		
Balance at beginning of year, net of reinsurance .....	\$ 1,706,552	\$ 1,722,341	\$ 1,759,554
Add:			
Provisions for contract claims incurred in the current year, net of reinsurance .....	657,959	607,736	574,154
Decrease in estimated contract claims incurred in prior years, net of reinsurance.....	<u>(141,041)</u>	<u>(80,477)</u>	<u>(68,113)</u>
Incurred claims during the current year, net of reinsurance.	<u>516,918</u>	<u>527,259</u>	<u>506,041</u>
Deduct contract claims paid, net of reinsurance, occurring during:			
Current year .....	237,193	202,385	192,502
Prior years.....	<u>336,587</u>	<u>340,663</u>	<u>350,752</u>
	<u>573,780</u>	<u>543,048</u>	<u>543,254</u>
Balance at end of year, net of reinsurance.....	<u>\$ 1,649,690</u>	<u>\$ 1,706,552</u>	<u>\$ 1,722,341</u>

Incurred claims related to the 2023 loss year as of December 31, 2023 were \$50.2 million higher than incurred claims related to the 2022 loss year as of December 31, 2022. This increase is due to higher accident and health business volume. Prior loss year development as of December 31, 2023 was favorable by \$141.0 million as compared to December 31, 2022. The development is due to favorable claim termination experience in comparison to the underlying assumptions for reserves partially offset by the accretion of discount.

Incurred claims related to the 2022 loss year as of December 31, 2022 were \$33.6 million higher than incurred claims related to the 2021 loss year as of December 31, 2021. This increase is due to higher accident and health business volume. Prior loss year development as of December 31, 2022 was favorable by \$80.5 million as compared to December 31, 2021. The development is due to favorable claim termination experience in comparison to the underlying assumptions for reserves partially offset by the accretion of discount.

Incurred claims related to the 2021 loss year as of December 31, 2021 were \$44.7 million higher than incurred claims related to the 2020 loss year as of December 31, 2020. Prior loss year development as of December 31, 2021 was favorable by \$68.1 million as compared to December 31, 2020. The development is primarily due to favorable long-term disability claim termination experience in comparison to the underlying assumptions for those reserves.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes - Continued**

A. The components of the net deferred tax asset/(liability) at December 31, 2023 are as follows: (dollars in thousands)

	December 31, 2023		
	Ordinary	Capital	Total
1. (a) Gross Deferred Tax Assets .....	\$ 277,653	\$ 72,446	\$ 350,099
(b) Statutory Valuation Allowance Adjustments .....	-	36,508	36,508
(c) Adjusted Gross Deferred Tax Assets (1a-1b) .....	277,653	35,938	313,591
(d) Deferred Tax Assets Nonadmitted .....	100,540	-	100,540
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d) ....	177,113	35,938	213,051
(f) Deferred Tax Liabilities .....	60,473	35,938	96,411
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)(1e-1f) .....	\$ 116,640	\$ -	\$ 116,640

	December 31, 2022		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets .....	\$ 175,478	\$ 49,816	\$ 225,294
(b) Statutory Valuation Allowance Adjustments .....	-	30,779	30,779
(c) Adjusted Gross Deferred Tax Assets (1a-1b) .....	175,478	19,037	194,515
(d) Deferred Tax Assets Nonadmitted .....	82,150	-	82,150
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d) ....	93,328	19,037	112,365
(f) Deferred Tax Liabilities .....	27,114	19,037	46,151
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)(1e-1f) .....	\$ 66,214	\$ -	\$ 66,214

	Change		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets .....	\$ 102,175	\$ 22,630	\$ 124,805
(b) Statutory Valuation Allowance Adjustments .....	-	5,729	5,729
(c) Adjusted Gross Deferred Tax Assets (1a-1b) .....	102,175	16,901	119,076
(d) Deferred Tax Assets Nonadmitted .....	18,390	-	18,390
(e) Subtotal Net Admitted Deferred Tax Asset (1c-1d) ....	83,785	16,901	100,686
(f) Deferred Tax Liabilities .....	33,359	16,901	50,260
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)(1e-1f) .....	\$ 50,426	\$ -	\$ 50,426

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes – (Continued)**

2. Admission Calculation Components SSAP No. 101

	December 31, 2023		
	Ordinary	Capital	Total
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.....	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) Above) After Application of The Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	116,640	-	116,640
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.....	116,640	-	116,640
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.....	XXXXX	XXXXX	341,785
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) Above) Offset by Gross Deferred Tax Liabilities .....	<u>60,473</u>	<u>35,938</u>	<u>96,411</u>
(d) Deferred Tax Assets Admitted As The Result of Application of SSAP No. 101. Total (2(a)+2(b)+2(c)).	<u>\$ 177,113</u>	<u>\$ 35,938</u>	<u>\$ 213,051</u>

	December 31, 2022		
	Ordinary	Capital	Total
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.....	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) Above) After Application of The Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	66,214	-	66,214
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following the Balance Sheet Date.....	66,214	-	66,214
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.....	XXXXX	XXXXX	288,809
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) Above) Offset by Gross Deferred Tax Liabilities .....	<u>27,114</u>	<u>19,037</u>	<u>46,151</u>
(d) Deferred Tax Assets Admitted As The Result of Application of SSAP No. 101. Total (2(a)+2(b)+2(c)).	<u>\$ 93,328</u>	<u>\$ 19,037</u>	<u>\$ 112,365</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes – (Continued)**

	<u>Ordinary</u>	<u>Change Capital</u>	<u>Total</u>
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks.....	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) Above) After Application of The Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	50,426	-	50,426
1. Adjusted Gross Deferred Tax Assets Expected To Be Realized Following The Balance Sheet Date .....	50,426	-	50,426
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.....	XXXXX	-	52,976
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) Above) Offset by Gross Deferred Tax Liabilities .....	<u>33,359</u>	<u>16,901</u>	<u>50,260</u>
(d) Deferred Tax Assets Admitted As The Result of Application of SSAP No. 101. Total (2(a)+2(b)+2(c))	<u>\$ 83,785</u>	<u>\$ 16,901</u>	<u>\$ 100,686</u>

3.	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount.....	799%	801%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above.....	\$ 2,278,569	\$ 1,925,393

B. The Company has not used any tax planning strategies in the determination of its admissible deferred tax assets.

As of December 31, 2023 and 2022, the Company has not recorded any unrecognized tax benefit for uncertain tax positions that if recognized, would affect the effective tax rate.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes –(Continued)**

C. Current income taxes incurred consist of the following major components:

	December 31, <u>2023</u>	December 31, <u>2022</u>	<u>Change</u>
1. Current Income Tax:			
(a) Federal.....	\$ 206,323	\$ 137,066	\$ 69,257
(b) Federal income tax on net capital gains (losses).....	<u>11,204</u>	<u>(11,579)</u>	<u>22,783</u>
(g) Federal and foreign income taxes incurred.....	<u>\$ 217,527</u>	<u>\$ 125,487</u>	<u>\$ 92,040</u>
2. Deferred Tax Assets:			
(a) Ordinary	December 31, <u>2023</u>	December 31, <u>2022</u>	<u>Change</u>
(1) Discounting of unpaid losses .....	\$ 151,816	\$ 92,633	\$ 59,183
(2) Deferred acquisition costs .....	52,724	45,030	7,694
(3) Fixed assets .....	39,393	11,414	27,979
(4) Compensation and benefits accrual .....	11,406	10,359	1,047
(5) Investments.....	10,567	6,201	4,366
(6) Other (including items <5% of total ordinary assets) ..	<u>11,747</u>	<u>9,841</u>	<u>1,906</u>
Subtotal .....	277,653	175,478	102,175
(b) Nonadmitted.....	<u>100,540</u>	<u>82,150</u>	<u>18,390</u>
(c) Admitted ordinary deferred tax assets (2a-2b) .....	177,113	93,328	83,785
(d) Capital			
(1) Bonds.....	\$ 57,219	\$ 48,570	\$ 8,649
(2) Net capital loss carry-forward .....	13,313	321	12,992
(3) Other (including items <5% of total ordinary assets) ..	<u>1,914</u>	<u>925</u>	<u>989</u>
Subtotal .....	72,446	49,816	22,630
(e) Statutory valuation allowance adjustment.....	36,508	30,779	5,729
(f) Admitted capital deferred tax assets (2d-2e) .....	<u>35,938</u>	<u>19,037</u>	<u>16,901</u>
(g) Admitted deferred tax assets (2c+2f).....	<u>\$ 213,051</u>	<u>\$ 112,365</u>	<u>\$ 100,686</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes –(Continued)**

3. Deferred Tax Liabilities:

(a) Ordinary	December 31, 2023	December 31, 2022	Change
(1) Investments .....	\$ 36,104	\$ 2,494	\$ 33,610
(2) Fixed assets .....	7,968	799	7,169
(3) Reserves.....	15,560	21,742	(6,182)
(4) Other (including items <5% of total ordinary tax liabilities)..	841	2,079	(1,238)
Subtotal .....	<u>60,473</u>	<u>27,114</u>	<u>33,359</u>
(b) Capital			
(1) Investments .....	\$ 12,599	\$ 12,052	\$ 547
(2) Other (including items <5% of total ordinary tax liabilities)..	<u>23,339</u>	<u>6,985</u>	<u>16,354</u>
Subtotal .....	35,938	19,037	16,901
(c) Deferred tax liabilities (3a+3b).....	96,411	46,151	50,260
Net deferred tax assets/liabilities (2g-3c) .....	<u>\$ 116,640</u>	<u>\$ 66,214</u>	<u>\$ 50,426</u>

As of December 31, 2023 and December 31, 2022, the Company recorded a statutory valuation allowance against its capital deferred tax assets. The application of SSAP 101 requires the Company to evaluate the recoverability of deferred tax assets and establish a valuation allowance, if necessary, to reduce the deferred tax asset to an amount that is more likely than not to be realized. Significant judgment is required to determine whether a valuation allowance is necessary and the amount of such valuation allowance, if appropriate. It was determined as of December 31, 2022, the Company did not have sufficient sources of income available to realize its capital deferred tax assets.

The change in net deferred income taxes between December 31, 2023 and December 31, 2022 is composed of the following (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

4. Reconciliation Between Deferred Inventory and the Change in Net Deferred Income Taxes

	December 31, 2023	December 31, 2022	Change
(a) Total deferred tax assets .....	\$ 350,099	\$ 225,294	\$ 124,805
(b) Total deferred tax liabilities.....	<u>96,411</u>	<u>46,151</u>	<u>50,260</u>
(c) Net deferred tax assets/liabilities .....	253,688	179,143	74,545
(d) Statutory valuation allowance adjustment .....	<u>36,508</u>	<u>30,779</u>	<u>5,729</u>
(e) Net deferred tax assets/liabilities after SVA.....	<u>\$ 217,180</u>	<u>\$ 148,364</u>	68,816
(f) Tax effect of unrealized gains/(losses) .....			30,443
(g) Minimum pension liability .....			127
(h) Other intraperiod allocation of deferred tax movement .....			-
(i) Change in net deferred income taxes.....			<u>\$ 99,386</u>

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes –(Continued)**

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate:

Among the more significant book tax adjustments were the following:

	December 31, 2023	
	Income Tax Expense	Effective Tax Rate (%)
Provision computed at statutory rate.....	\$ 148,175	21.0 %
Tax-exempt interest .....	(3,256)	(0.5)
Amortization of interest maintenance reserve .....	(3,649)	(0.5)
Change in nonadmitted assets.....	(14,743)	(2.1)
Current Year permanent differences.....	(12,587)	(1.8)
Provision to Return Adjustment – Permanent Differences.....	(1,528)	(0.2)
Statutory Valuation Allowance.....	5,729	0.8
Total .....	\$ 118,141	16.7%
Federal income taxes incurred .....	\$ 206,655	29.2%
Provision to Return Adjustment .....	(332)	(0.0)
Realized capital gains (losses) tax .....	12,175	1.7
Provision to Return Adjustment - Capital.....	(971)	(0.1)
Change in net deferred income taxes .....	(99,386)	(14.1)
Total statutory income taxes .....	\$ 118,141	16.7%

	December 31, 2022	
	Income Tax Expense	Effective Tax Rate (%)
Provision computed at statutory rate.....	\$ 106,321	21.0%
Tax-exempt interest .....	(2,327)	(0.5)
Amortization of interest maintenance reserve .....	(4,070)	(0.8)
Change in nonadmitted assets.....	(1,840)	(0.4)
Current Year Permanent Differences.....	(6,739)	(1.3)
Provision to Return Adjustment .....	(1,051)	(0.2)
Statutory Valuation Allowance.....	30,779	6.1
Other .....	1,090	0.2
Total .....	\$ 122,163	24.1%
Federal income taxes incurred .....	\$ 140,118	27.6%
Provision to Return Adjustment .....	(3,052)	(0.6)
Realized capital gains (losses) tax .....	(16,938)	(3.3)
Provision to Return Adjustment - Capital.....	5,359	1.1
Change in net deferred income taxes .....	(3,324)	-0.7
Total statutory income taxes .....	\$ 122,163	24.1%



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes –(Continued)**

	December 31, 2021	
	Income Tax Expense	Effective Tax Rate (%)
Provision computed at statutory rate.....	\$ 68,553	21.0 %
Tax-exempt interest .....	(2,284)	(0.7)
Amortization of interest maintenance reserve .....	(2,799)	(0.9)
Change in nonadmitted assets.....	(4,745)	(1.5)
Other permanent differences.....	(749)	(0.2)
Provision to Return Adjustment .....	(933)	(0.3)
Other .....	(3)	0.0
Total .....	\$ 57,040	17.4%
Federal income taxes incurred .....	\$ 82,165	25.2%
Provision to Return Adjustment .....	(27,482)	(8.4)
Realized capital gains (losses) tax .....	(16,977)	(5.2)
Provision to Return Adjustment - Capital.....	(1,041)	(0.3)
Change in net deferred income taxes .....	20,375	6.1
Total statutory income taxes .....	\$ 57,040	17.4%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits:

As of December 31, 2023, the Company had net capital loss carryforwards of \$63.4 million, which expire between 2027 and 2028.

The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses.

	Amount of Tax		
	Ordinary	Capital	Total
December 31, 2023 .....	\$ -	\$ -	\$ -
December 31, 2022 .....	\$ -	\$ -	\$ -
December 31, 2021 .....	\$ -	\$ -	\$ -

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note H – Income Taxes –(Continued)**

F. The Company consolidates its federal income tax return with the return of its ultimate domestic parent, DFG. DFG and all of its direct and indirect subsidiaries are members of the consolidated tax group. The members of the consolidated tax group are listed below.

- Delphi Financial Group, Inc.
  - Reliance Standard Life Insurance Company of Texas
  - Reliance Standard Life Insurance Company
  - First Reliance Standard Life Insurance Company
  - Standard Security Life Insurance Company of New York
- SIG Holdings, Inc.
  - Safety National Casualty Corporation
  - Safety First Insurance Company
  - Midlands Management Corporation
    - Midlands Claim Administrators, Inc.
    - Midlands Management of Texas, Inc.
  - Safety National Re SPC
  - Safety National Re PIC 1, LTD.
  - Safety Specialty Insurance Company
  - Insurance Data Services Corporation
- Matrix Absence Management, Inc.
- Matrix Payroll Services, Inc.
- Delphi Capital Management, Inc.
- Acorn Advisory Capital, L.P.

The method of allocation between the companies is subject to a written tax allocation agreement approved by the Company's Board of Directors. The agreement requires the Company to accrue federal taxes based on the amount of tax it would have paid or received if it had filed on a separate return basis with the Internal Revenue Service ("IRS") with the exception of operating losses which are reimbursed by the parent company. Intercompany tax balances are settled within 15 days after filing a tax return or receipt of a refund. If the amount of federal income taxes paid by the Company to DFG exceeds the amount of federal income taxes paid by DFG to the Internal Revenue Service, the excess of the amount will be placed in an escrow account. Escrow assets may be released to DFG from the escrow account when the permissible period for loss carryback has elapsed. Tax years 2013 and subsequent are still subject to audit by the IRS.

The Company does not have tax loss contingencies for which it is reasonably possible that the total liabilities will significantly increase within twelve months of the reporting date.

The ACT was enacted on August 16, 2022. The Act included a new CAMT. The Act and CAMT are effective for tax years beginning after 2022. The DFG United States Federal tax return filing group, of which the Company is a member, meets the average "adjusted financial statement income" threshold and is required to perform CAMT calculations in 2023. The Company, which is included in DFG's consolidated tax return, is an applicable reporting entity. The Company has determined as of December 31, 2023, that it does not expect to be liable for CAMT in 2023 and does not recognize any CAMT credit DTA.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note I - Borrowed Money and Related Party Transactions**

In 2013, the Company and TMNF entered into a capital support agreement, which was amended in 2014, whereby TMNF agreed to take such action as may be appropriate and necessary to cause the Company to maintain its capital and surplus at a level that is at least 300% of its Company Action Level Risk Based Capital (“RBC”). No fundings by TMNF were required pursuant to this agreement during the years ended December 31, 2023, 2022, and 2021, respectively.

During 2014, the Company’s parent, RSL-Texas, issued various funding agreements in an aggregate principal amount of \$300.0 million to the FHLB Dallas, the liabilities under which have been ceded by RSL-Texas to the Company under an indemnity reinsurance agreement. During the first quarter of 2017, RSL-Texas repaid \$100.0 million in aggregate principal amount of the funding agreements at their maturity. During the first quarter of 2021, RSL-Texas repaid \$100.0 million in aggregate principal amount of the funding agreements at their maturity. The Company has collateralized its obligations under this reinsurance agreement by pledging certain investment securities to RSL-Texas, which have in turn been pledged by RSL-Texas to the FHLB Dallas to collateralize RSL-Texas’ obligations under the funding agreements issued to the FHLB Dallas.

During 2016, the Company became a member of the Federal Home Loan Bank of Chicago (“FHLB Chicago”). Pursuant to the requirements of the FHLB Chicago, the Company purchased shares of FHLB Chicago capital stock. The Company owns shares of FHLB Chicago capital stock with a book/adjusted carrying value of \$69.2 million as of December 31, 2023. The stock is carried at cost, as the resale of the securities is restricted only to the FHLB Chicago.

During 2023, the Company issued seventeen funding agreements to the FHLB Chicago in an aggregate principal amount of \$4,425.0 million and repaid fifteen funding agreements previously issued to the FHLB Chicago in an aggregate principal amount of \$3,360.0 million. During 2022, the Company issued eleven funding agreements to the FHLB Chicago in an aggregate principal amount of \$2,090.0 million and repaid nine funding agreement previously issued to the FHLB Chicago in principal amount of \$1,935.0 million. The Company’s liability for outstanding funding agreements issued to the FHLB Chicago, gross of reinsurance, totaled \$2,384.6 million as of December 31, 2023. The Company’s liability for funding agreements is included in the liability for deposit-type contracts caption on the statements of admitted assets, liabilities, and capital and surplus.

The Company has entered into various agreements with other affiliates to share certain facilities, management and other services. The agreements generally provide that expenses are allocated by company by specific identification, or, if undeterminable, by formulas specified in the agreements which are intended to approximate the actual costs incurred by the affiliates. Net expenses incurred under these agreements were \$15.0 million, \$17.2 million and \$17.7 million for the years ended December 31, 2023, 2022 and 2021, respectively.

On April 14, 2021, the Company entered into an agreement to acquire SSL which agreement was amended and restated on July 29, 2021, for a purchase price of \$180.0 million, with such amount subject to upward or downward adjustment to the extent that SSL’s statutory capital and surplus as of the closing date exceeded or was less than \$57.0 million (such acquisition, the “SSL Acquisition”). The SSL Acquisition was consummated effective January 1, 2022, whereupon the Company acquired SSL for cash consideration of \$196.6 million and SSL became a wholly-owned subsidiary of the Company.

In May 2015, the Company, along with certain of its affiliated insurers, entered into commercial mortgage loan investment management agreements for floating rate loans with ACORE Capital, LP (“ACORE”), a Securities and Exchange Commission registered investment adviser, and since such time, these agreements have been amended, from time to time. Most recently, amendments and restatements of such agreements were implemented in February 2022 to among other things, increase the aggregate capital commitment of the Company and its affiliates thereunder. Fees payable under these agreements include a commitment fee, a management fee and a performance-based fee. In April 2019, the Company, along with certain of its affiliated insurers, entered into new and separate investment management agreements with ACORE pursuant to which the Company, together with such affiliates, agreed to invest, during a five-year investment period, up to \$2.0 billion in fixed-rate commercial real estate loans with ACORE. Under such agreements, a management fee is payable to ACORE that is determined by reference to the spread income received on the loans under management.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note I - Borrowed Money and Related Party Transactions – (Continued)**

In October 2020, the Company, along with certain of its affiliated insurers, made capital commitments to ACORE Special Situations Fund, L.P., a private investment fund focusing primarily on commercial real estate debt and equity whose general partner is an affiliate of ACORE, pursuant to which investments in such fund are made by the Company and such affiliates from time to time. For the services rendered to the Company during the year ended December 31, 2023, under its investment management agreements with ACORE, the total fees payable to ACORE amounted to \$30.9 million.

On December 15, 2015, the Company issued a 5.0% fixed rate subordinated indebtedness certificate with a principal amount of \$100.0 million to Safety National Casualty Corporation (“SNCC”) in exchange for cash. The certificate will mature on January 4, 2036. Interest is paid semiannually on July 15 and January 15. The Company paid \$5.1 million in interest relating to this note for each of the year ended December 31, 2023 and 2022, respectively. The certificate has the following repayment conditions and restrictions: any payment of principal or interest on the surplus note may be made only with the prior written approval of the Director of the Division of Insurance of the State of Illinois, with the approval of the Company’s Board of Directors and only out of the Company’s surplus in excess of the minimum amount required under Illinois law. The Company’s obligation under the certificate is subordinate to all claims of policyholders and general creditors of the Company, other than any future holder of subordinated indebtedness certificate or surplus note of the Company or of indebtedness which is expressly subordinated to such obligation.

On June 5, 2023, the Company transferred to SNCC various municipal bonds having an aggregate book adjusted carrying value of \$44.4 million in exchange for various municipal bonds having an aggregate book adjusted carrying value of \$42.9 million along with a cash in the amount of \$1.5 million.

During the second quarter of 2023, the Company made an investment in PEMZ 1, LLC, an affiliated entity. The book adjusted carrying value of this investment is \$65.4 million as of December 31, 2023.

During the second quarter of 2023, the Company made an investment in PEMZ 2, LLC, an affiliated entity. The book adjusted carrying value of this investment is \$64.6 million as of December 31, 2023.

On October 1, 2015, the Company received a contribution to its surplus from its immediate parent company, RSL-Texas, of 36 shares of common stock of DFG which had an admitted value of \$62.9 million. As of December 31, 2023, the market value of the DFG common stock was \$224.6 million, which in accordance with the SVO Manual was reduced by \$73.1 million to account for the reciprocal ownership percentage, resulting in an admitted value of \$151.5 million.

On December 1, 2022, the Company transferred to SNCC various corporate loans and residential mortgage-backed securities having an aggregate book adjusted carrying value of \$241.3 million along with a cash in the amount of \$1.9 million in exchange for various corporate loans having an aggregate book adjusted carrying value of \$243.2 million.

During 2018, the Company entered into a reinsurance agreement with Tokio Marine RSL Re PIC, Ltd. (“TM RSL Re”), a Cayman Islands portfolio insurance company controlled by Safety National Re SPC, a Cayman Islands exempted company which is a wholly-owned subsidiary of SNCC, under which the Company ceded to TM RSL Re, on a quota share indemnity coinsurance with funds withheld basis, funding agreements previously issued by the Company on various dates in connection with the Company’s funding agreement-backed note program. On August 31, 2023, the Company recaptured the \$350.0 million funding agreement and ceded liabilities under an in-force Funding Agreement in the aggregate principal amount of \$500.0 million related to a prior issuance under the Program. As of December 31, 2023, the Company has ceded funding agreements in an aggregate principal amount of \$2,000.0 million to TM RSL Re under this agreement, of which \$750.0 million, \$500.0 million, \$400.0 million and \$350.0 million in aggregate principal amount are ceded on an 84.5%, 59.2%, 71.3% and 81.5% quota share basis, respectively. The Company also established a funds withheld liability (as “Funds held under reinsurance treaties”) in a corresponding amount as of such dates.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note I - Borrowed Money and Related Party Transactions – (Continued)**

As of January 1, 2018, the Company entered into a reinsurance agreement with HCC Life Insurance Company (“HCC Life”), an indirect subsidiary of Tokio Marine, under which the Company agreed to cede to HCC Life, on a quota share basis, 30% of liabilities under all new and renewal medical stop loss policies up to the first \$1.0 million per covered person per policy period and 100% of liabilities greater than \$1.0 million per person per policy period. In 2019, the Company amended this agreement to increase retention to 30% of the first \$2.0 million including the policyholder’s self-insured retention and 100% in excess of \$2.0 million for medical stop-loss policies. Effective October 1, 2021, the Company further amended this reinsurance agreement. Pursuant to this amendment, the Company increased the ceded portion of liabilities to 100% for all medical stop loss policies. The Company also executed a renewal rights agreement whereby HCC Life paid the Company \$5.4 million for renewal rights with respect to the existing block of medical stop loss policies. In connection therewith, the Company transferred to HCC a cash amount commensurate with the claim liabilities ceded to HCC Life for the medical stop loss policies. The purpose of the amendment was to facilitate the Company’s exit from the medical stop loss line of business by selling this business to HCC Life. The reinsurance agreement will be terminated following the run-off of the reinsured policies. These transactions will not have a material impact on the Company’s financial statements.

On June 18, 2020, the Company, as borrower, entered into a Master Securities Loan Agreement with Philadelphia Indemnity Insurance Company (“PIIC”), an affiliate of the Company, as lender. Under such agreement, the Company may, from time to time, borrow certain securities as described therein, with the aggregate principal amount of the securities borrowed at any one time being limited to \$700.0 million. The terms of each loan made thereunder are to be agreed upon by the Company and PIIC. On February 17, 2022, the Company borrowed securities with an aggregate market value of \$103.1 million and pledged securities collateral securing such borrowing having a market value of \$106.8 million. On November 16, 2022, the Company returned the borrowed securities to PIIC and the collateral pledged for these borrowings was returned to the Company. There were no outstanding loans under this agreement at December 31, 2023, and December 31, 2022, respectively.

The Company has entered into two revolving loan agreements with DFG. Under the first of these agreements, the Company can obtain loans from Delphi from time to time in a total amount of up to \$150.0 million and under the second agreement, Delphi can obtain loans from the Company from time to time in the same amount. Both of these loan agreements were amended and restated during 2016 to increase the maximum borrowing capacity from \$100.0 million to \$150.0 million and to extend the termination date to December 31, 2026. During 2019, the terms of the first agreement were further amended to increase the maximum borrowing capacity thereunder from \$150.0 million to \$300.0 million. During January 2023, the terms of the second agreement were further amended to increase the maximum borrowing capacity thereunder from \$150.0 million to \$300.0 million and to extend the termination date to December 31, 2032. Under these loan agreements, early repayment may be made without penalty. Interest is payable monthly at a variable money market rate, in the case of loans obtained by the Company from DFG, and at a variable rate based upon 3-month SOFR plus 1.0%, in the case of loans obtained by DFG from the Company. The revolving loan agreements do not contain any collateral requirements or financial or debt covenants. Borrowings under each agreement are used to address short-term liquidity requirements of the Company and DFG, and the amounts of the borrowings outstanding under the agreements vary from time to time. As of December 31, 2023 and December 31, 2022, respectively, there were no outstanding loans under the agreement in which the Company is the borrower. During the year ended December 31, 2023, the Company paid \$6.0 million of interest to DFG on loans borrowed and repaid during the year. As of December 31, 2023 and December 31, 2022, respectively, the Company had no outstanding borrowings under the agreement in which the Company is the lender.

On June 30, 2023, the Company received a common stock dividend of \$7.0 million from DFG. On August 21, 2023, the Company received a common stock dividend of \$50.0 million from SSL. On June 3, 2022, the Company received a common stock dividend of \$22.1 million from SSL. On June 29, 2022, the Company received a common stock dividend of \$7.7 million from DFG.

The Company had no reverse repurchase agreements outstanding as of December 31, 2023, and December 31, 2022.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note I - Borrowed Money and Related Party Transactions – (Continued)**

Pursuant to a consulting agreement, the Company pays to Acorn Advisory Capital L.P., a SEC-registered investment adviser (“Acorn Advisory”), an affiliate of the Company, certain fees associated with the formulation of the Company’s business and investment strategies. On December 30, 2020, DFG acquired Acorn Advisory. Acorn Advisory has continued to perform the same consulting services for the Company and DFG as it performed prior to the acquisition. Company expenses under the Acorn Advisory consulting agreement totaled \$22.5 million and \$20.4 million for the year ended December 31, 2023 and 2022, respectively.

The following table represents the investments in Subsidiary, Controlled, and Affiliated Entities (dollars in thousands):

1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities	Not applicable.			
b. SSAP No. 97 8b(ii) Entities	Not applicable.			
c. SSAP No. 97 8b(iii) Entities				
Delphi Financial Group, Inc	3.200	\$ 151,538	\$ 151,538	\$ -
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 151,538	\$ 151,538	\$ -
d. SSAP No. 97 8b(iv) Entities	Not applicable.			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	\$ 151,538	\$ 151,538	\$ -
f. Aggregate Total (a+e)	XXX	\$ 151,538	\$ 151,538	\$ -

2) NAIC Filing Response Information

SCA Entity	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code **
a. SSAP No. 97 8a Entities	Not applicable.					
b. SSAP No. 97 8b(ii) Entities	Not applicable.					
c. SSAP No. 97 8b(iii) Entities						
Delphi Financial Group, Inc	S2	9/18/2023	\$ 141,998	Y	N	
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$ 141,998	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities	Not applicable.					
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	XXX	\$ 141,998	XXX	XXX	XXX
f. Aggregate Total (a+e)	XXX	XXX	\$ 141,998	XXX	XXX	XXX

\* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

\*\* I – Immaterial or M – Material



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note J - Fair Values of Financial Instruments**

The methodologies and valuation techniques used by the Company to value those of its assets, which are measured at fair value, are described below.

Instruments included in bonds include mortgage-backed and corporate securities, U.S. Treasury and other U.S. government guaranteed securities, securities issued by U.S. government-sponsored enterprises, and obligations of U.S. states, municipalities and political subdivisions. The market liquidity of each security is taken into consideration in the valuation technique used to value such security. For securities where market transactions involving identical or comparable assets generate sufficient relevant information, the Company employs a market approach to valuation. If sufficient information is not generated from market transactions involving identical or comparable assets, the Company uses an income approach to valuation. The majority of the instruments included as bonds are valued utilizing observable inputs; accordingly, they are categorized in either Level 1 or Level 2 of the fair value hierarchy. However, in instances where significant inputs utilized are unobservable, such as yield curves, issuer provided information and material event notices in cash flow models, the securities are categorized in Level 3 of the fair value hierarchy.

The inputs used in the valuation techniques employed by the Company are provided by nationally recognized pricing services, external investment managers and internal resources. To assess these inputs, the Company's review process includes, but is not limited to, quantitative analysis including benchmarking, initial and ongoing evaluations of methodologies used by external parties to calculate fair value, and ongoing evaluations of fair value estimates based on the Company's knowledge and monitoring of market conditions.

Investments held at fair value primarily consist of common stock, derivatives and separate account. Unaffiliated common stocks are primarily valued at quoted active market prices and are therefore categorized in Level 1 of the fair value hierarchy. Derivative securities primarily consist of options and forwards. The Company maintains positions in options and forwards for which the primary purposes are to economically hedge its indexed annuity business and foreign exchange exposure, respectively. Forwards are valued using models that utilize actively quoted or observable market inputs from external market data providers, third-party pricing vendors and/or recent trading activity and options utilize non-binding broker quotes as the key inputs which are generally unobservable. Based on the pricing source, forwards and options are categorized within Level 2 and Level 3 of the fair value hierarchy, respectively.

Assets held in the separate accounts represent funds invested in a separately administered variable life insurance product for which the policyholder, rather than the Company, bears the investment risk. These assets have historically been invested in interests in a limited liability company that invests in funds that trade in various financial instruments. This limited liability company, all of whose interests are owned by one of the Company's separate accounts, utilizes the financial statements furnished by the funds to determine the values of its investments in such funds and the carrying value of each such investment, which is based on its proportionate interest in the relevant fund as of the balance sheet dates. As such, these funds' financial statements constitute the key input in the Company's valuation of its investment in this limited liability company. The Company concluded that the value calculated using the equity method of accounting with respect to its investment in this limited liability company was reflective of the fair market value of such investment.

The Company's variable life policyholders have investment options for their policies, which are effectuated through individual sub-accounts of a separate account established by the Company. Each of these sub-accounts relates to an investment in a designated third-party investment fund whose interests are available for purchase only by insurance companies for the purpose of funding variable life insurance and variable annuity contracts, and these funds include both private investment funds and mutual funds registered under the Investment Company Act of 1940. The Company concluded that the value calculated using the equity method of accounting with respect to the private investment funds was reflective of the fair market value of such investment and are categorized in Level 3 of the fair value hierarchy. The mutual funds registered under the Investment Company Act of 1940 are valued at quoted active market prices and therefore categorized in Level 1 of the fair value hierarchy.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note J - Fair Values of Financial Instruments – (Continued)**

The investment portfolios of the funds in which the fund investments are maintained vary from fund to fund, but are generally comprised of liquid, publicly traded securities that have readily determinable market values and which are carried at fair value on the financial statements of such funds, substantially all of which are audited annually. The amount that an investor is entitled to receive upon the redemption of its investment from the applicable fund is determined by reference to such security values. These investments are included in Level 3 of the fair value hierarchy.

Assets and Liabilities measured at fair value are summarized below:

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(dollars in thousands)			
<b>Assets:</b>				
Bonds :				
Industrial and miscellaneous .....	\$ -	\$ 36,751	5	36,756
Common Stock:				
Industrial and miscellaneous .....	27,435	-	30,489	57,924
Preferred Stock:				
Industrial and miscellaneous .....	225	-	811	1,036
Other long term assets .....	-	137,961	7,527	145,488
Derivatives .....	827	2,666	154,946	158,439
Other Assets:				
Separate account assets .....	95,502	-	184,312	279,814
Total Assets at Fair Value.....	<u>\$ 123,989</u>	<u>\$ 177,378</u>	<u>\$ 378,090</u>	<u>\$ 679,457</u>
<b>Liabilities:</b>				
Derivatives .....	\$ -	\$ (45,911)	\$ -	\$ -
Total Liabilities at Fair Value .....	<u>\$ -</u>	<u>\$ (45,911)</u>	<u>\$ -</u>	<u>\$ -</u>
	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(dollars in thousands)			
<b>Assets:</b>				
Bonds :				
Industrial and miscellaneous .....	\$ -	\$ 36,227	\$ 5,175	\$ 41,402
Common Stock:				
Industrial and miscellaneous .....	61,363	-	21,488	82,851
Preferred Stock:				
Industrial and miscellaneous .....	-	-	1,973	1,973
Other long term assets .....	-	66,468	35,990	102,458
Derivatives .....	1,203	-	45,771	46,974
Other Assets:				
Separate account assets .....	76,685	-	169,304	245,989
Total Assets at Fair Value.....	<u>\$ 139,251</u>	<u>\$ 102,695</u>	<u>\$ 279,701</u>	<u>\$ 521,647</u>
<b>Liabilities:</b>				
Derivatives .....	\$ -	\$ -	\$ (45,764)	\$ (45,764)
Total Liabilities at Fair Value .....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,764)</u>	<u>\$ (45,764)</u>



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note J - Fair Values of Financial Instruments – (Continued)**

The following tables provide reconciliations for Level 3 assets measured at fair value for the year ended December 31, 2023 and December 31 2022, respectively. Transfers into and out of Level 3 are recognized as of the end of the period. The assets transferred out of Level 3 are no longer measured at fair value and are now measured at amortized cost. There were no significant transfers between Level 1 and Level 2.

	As of December 31, 2023							
	(dollars in thousands)							
Level 3 Rollforward	Balance at January 1, 2023	Total gains and (losses) included in income	Total gains and (losses) included in surplus	Purchases	Sales	Transfer to Level 3	Transfer out of Level 3	Balance at December 31, 2023
<b>Assets:</b>								
<b>Bonds</b>								
Industrial & Miscellaneous	\$ 5,175	\$ -	\$ 3	\$ -	\$ -	\$ 2	\$ (5,175)	\$ 5
<b>Common Stock</b>								
Industrial & Miscellaneous	21,488	(3,606)	4,498	4,466	(471)	4,209	(95)	30,489
Preferred Stock	1,973	1,518	(1,409)	-	(1,271)	689	(689)	811
Other long term assets	35,990	(3,796)	(2,278)	2,945	-	22,436	(47,770)	7,527
Derivatives	45,771	(11,435)	104,247	103,444	(84,193)	-	(2,888)	154,946
Separate account	169,304	17,218	-	15,000	(17,210)	-	-	184,312
<b>Total Assets</b>	<b>\$ 279,701</b>	<b>\$ (101)</b>	<b>\$ 105,061</b>	<b>\$ 125,855</b>	<b>\$ (103,145)</b>	<b>\$ 27,336</b>	<b>\$ (56,617)</b>	<b>\$ 378,090</b>
<b>Liabilities:</b>								
Derivatives	\$ (45,764)	\$ (36,191)	\$ 28,063	\$ 36,191	\$ -	\$ -	\$ 17,701	\$ -
<b>Total Liabilities</b>	<b>\$ (45,764)</b>	<b>\$ (36,191)</b>	<b>\$ 28,063</b>	<b>\$ 36,191</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,701</b>	<b>\$ -</b>

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note J - Fair Values of Financial Instruments – (Continued)**

Level 3 Rollforward	As of December 31, 2022							
	(dollars in thousands)							
	Balance at January 1, 2022	Total gains and (losses) included in income	Total gains and (losses) included in surplus	Purchases	Sales	Transfer to Level 3	Transfer out of Level 3	Balance at December 31, 2022
<b>Assets:</b>								
<b>Bonds</b>								
Industrial & Miscellaneous	\$ 26,633	\$ (4,771)	\$ (4,402)	\$ 17,049	\$ -	\$ 50,083	\$ (79,417)	\$ 5,175
<b>Common Stock</b>								
Industrial & Miscellaneous	18,073	5,145	99	2,771	(8,887)	4,287	-	21,488
Preferred Stock	733	-	709	-	(801)	1,332	-	1,973
Short-Term Investments	19,600	-	16	3,873	(38,710)	15,925	(704)	-
Other long term assets	-	(180)	(3,383)	-	-	39,553	-	35,990
Derivatives	141,806	53,107	(111,312)	95,628	(133,458)	-	-	45,771
Separate account	152,350	11,665	-	12,315	(7,026)	-	-	169,304
<b>Total Assets</b>	<b>\$ 359,195</b>	<b>\$ 64,966</b>	<b>\$ (118,273)</b>	<b>\$ 131,636</b>	<b>\$ (188,882)</b>	<b>\$ 111,180</b>	<b>\$ (80,121)</b>	<b>\$ 279,701</b>
<b>Liabilities:</b>								
Derivatives	\$ (1,986)	\$ (23,192)	\$ (43,778)	\$ 23,192	\$ -	\$ -	\$ -	\$ (45,764)
<b>Total Liabilities</b>	<b>\$ (1,986)</b>	<b>\$ (23,192)</b>	<b>\$ (43,778)</b>	<b>\$ 23,192</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (45,764)</b>

Transfers into or out of Level 3 are presented in the table. Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event or one or more significant input(s) becoming observable.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note J - Fair Values of Financial Instruments – (Continued)**

The carrying values and estimated fair values of certain of the Company's financial instruments not recorded at fair value in the statement of admitted assets, liabilities, and capital and surplus are shown below. Because fair values for all balance sheet items are not required to be disclosed, the aggregate fair value amounts presented below are not reflective of the underlying value of the Company.

<u>Type of Financial Instrument</u>	As of December 31, 2023					Not Practicable (Carrying Value)
	Aggregate Fair Value	Statement Value	Level 1	Level 2	Level 3	
<b>Assets:</b>						
Bonds .....	\$11,370,658	\$11,762,353	\$ 96,624	\$8,999,210	\$ 2,274,824	\$ -
Common Stock.....	69,245	69,245	-	-	-	69,245
Preferred Stock.....	36,585	36,370	36,585	-	-	-
Mortgage Loans .....	8,630,846	8,687,005	-	-	8,630,846	-
Real Estate.....	35,072	35,072	-	-	35,072	-
Cash, Cash Equivalents & Short-Term Investments .....	315,717	315,514	298,918	4,319	12,480	-
Other Invested Assets.....	262,111	260,680	-	213,946	8,165	40,000
<b>Total Assets .....</b>	<b><u>\$20,720,234</u></b>	<b><u>\$21,166,239</u></b>	<b><u>\$ 432,127</u></b>	<b><u>\$9,217,475</u></b>	<b><u>\$10,961,387</u></b>	<b><u>\$ 109,245</u></b>
<b>Liabilities:</b>						
Policyholder Account Balances.....	\$14,526,481	\$14,759,438	\$ -	\$ -	\$14,526,481	\$ -
Separate Account Liabilities .....	279,814	279,814	95,502	-	184,312	-
<b>Total Liabilities.....</b>	<b><u>\$ 14,806,295</u></b>	<b><u>\$15,039,252</u></b>	<b><u>\$ 95,502</u></b>	<b><u>\$ -</u></b>	<b><u>\$14,710,793</u></b>	<b><u>\$ -</u></b>

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note J - Fair Values of Financial Instruments – (Continued)**

Type of Financial Instrument	As of December 31, 2022					Not Practicable (Carrying Value)
	(dollars in thousands)					
	Aggregate Fair Value	Statement Value	Level 1	Level 2	Level 3	
<b>Assets:</b>						
Bonds .....	\$ 9,637,102	\$10,393,666	\$ 30,566	\$7,457,088	\$ 2,149,448	\$ -
Common Stock.....	47,945	47,945	-	-	-	47,945
Preferred Stock.....	39,864	40,790	39,364	-	500	-
Mortgage Loans .....	7,616,434	7,636,068	-	-	7,616,434	-
Real Estate.....	13,707	13,707	-	-	13,707	-
Cash, Cash Equivalents & Short-Term Investments .....	176,457	176,317	148,953	4,804	22,700	-
Other Invested Assets.....	309,366	309,599	-	217,823	51,543	40,000
<b>Total Assets .....</b>	<b><u>\$17,840,875</u></b>	<b><u>\$18,618,092</u></b>	<b><u>\$ 218,883</u></b>	<b><u>\$7,679,715</u></b>	<b><u>\$9,854,332</u></b>	<b><u>\$ 87,945</u></b>
<b>Liabilities:</b>						
Policyholder Account Balances.....	\$12,107,678	\$12,492,073	\$ -	\$ -	\$12,107,678	\$ -
Separate Account Liabilities .....	245,989	245,989	76,685	-	169,304	-
<b>Total Liabilities.....</b>	<b><u>\$12,353,667</u></b>	<b><u>\$12,738,062</u></b>	<b><u>\$ 76,685</u></b>	<b><u>\$ -</u></b>	<b><u>\$12,276,982</u></b>	<b><u>\$ -</u></b>

The fair values for bonds, preferred and common stocks and other invested assets have been primarily obtained from broker-dealers, external asset managers, and from nationally recognized pricing services and, in the case of certain structured notes, by reference to the fair values of the underlying investments. The carrying values for loans approximate fair values because these investments are primarily either short-term in duration or have an underlying interest rate that is variable. The Company has assessed the fair value of the loans based on a representative sample and determined that any remaining difference between the fair value and carrying value of loans is not material. There are no quoted market prices available for the Company's investment in affiliated surplus notes and FHLB Chicago common stock. Fair values for policyholder account balances were determined by deducting an estimate of the future profits to be realized from the business, discounted at a current interest rate, from the adjusted carrying values. Separate account liabilities are recorded at the amount credited to the contract holder, which reflects the fair value of the corresponding separate account assets, and therefore, carrying value approximates fair value.

**Note K - Commitments and Contingencies**

In the course of its business, the Company is a party to litigation and other proceedings, primarily involving its insurance operations. In some cases, these proceedings entail claims against the Company for punitive damages and similar types of relief. The ultimate disposition of such pending litigation and proceedings is not expected to have a material adverse effect on the Company's results of operations, liquidity or financial position.

**Note L – Reinsurance**

The Company assumes and cedes reinsurance on a coinsurance, modified coinsurance and a risk premium basis. The Company obtains reinsurance for amounts above certain retention limits which vary with age, plan of insurance and underwriting classification. Amounts of standard risks in excess of those limits are reinsured. Indemnity reinsurance treaties do not provide absolute protection to the Company since the ceding insurer remains responsible for contract claims to the extent the reinsurer fails to pay such claims.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note L – Reinsurance – (Continued)**

To reduce this risk, the Company monitors the financial condition of its reinsurers, including, among other things, the companies' financial ratings, and in certain cases receives collateral security from the reinsurer or enters funds withheld arrangements. Also, certain of the Company's reinsurance agreements require the reinsurer to set up trust arrangements for the Company's benefit in the event of certain ratings downgrades. As of December 31, 2023, all of the Company's significant reinsurers were either rated "A" (Excellent) or higher by A.M. Best Company or had supplied collateral in an amount sufficient to support the amounts receivable.

As of December 31, 2016, the Company entered into a reinsurance agreement with RGA Reinsurance Company (Barbados) Ltd. ("RGA") under which the Company ceded to RGA, on an indemnity coinsurance with funds withheld basis, 90% of the Company's liabilities under an in-force funding agreement in the principal amount of \$300.0 million issued under the Company's funding agreement-backed note program. In December 2018, the Company recaptured this funding agreement and ceded liabilities under an in-force funding agreement in the aggregate principal amount of \$350.0 million issued under the Company's funding agreement-backed note program. In September 2021, the Company recaptured the funding agreement ceded in December 2018 and ceded to RGA 78.75% of the Company's liabilities under an in-force funding agreement in the principal amount of \$400.0 million issued under the Company's funding agreement-backed note program. The Company also established a funds withheld liability (as "Funds held under reinsurance treaties") in a corresponding amount as of such date.

Effective as of December 18, 2019, the Company entered into a reinsurance agreement with Oceanview Life and Annuity Company ("Oceanview") under which the Company ceded to Oceanview, on an indemnity coinsurance with funds withheld basis, 100% of the Company's liabilities under funding agreements issued to the FHLB Chicago in the aggregate principal amount of \$500.0 million. On October 30, 2020, the Company amended its reinsurance agreement with Oceanview in order to cede, on an indemnity coinsurance with funds withheld basis, 100% of the Company's liabilities under a funding agreement issued to the FHLB Chicago in the principal amount of \$151.0 million. On May 26, 2022, the Company further amended its reinsurance agreement with Oceanview in order to cede, on an indemnity coinsurance with funds withheld basis, 100% of the Company's liabilities under additional funding agreements issued to the FHLB Chicago in the aggregate principal amount of \$150.0 million. The Company also established an additional funds withheld liability (as "funds held under coinsurance") as of such date.

Effective as of September 1, 2023, the Company entered into an excess of loss reinsurance agreement with Munich American Reinsurance Company ("Munich Re") under which the Company cedes to Munich Re, on an excess basis, losses related to particular long-term disability insurance program business, which includes voluntary coverages. The policies covered under this agreement include policies written or renewed during the term of the reinsurance agreement. Under this agreement, the Company's retention limit is \$10,000 per individual per month.

A summary of reinsurance activity follows:

	<u>Years Ended December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	(dollars in thousands)		
Premiums and considerations assumed.....	\$ 3,256	\$ 4,271	\$ 2,753
Premiums and considerations ceded.....	388,514	389,591	434,762
Deposits received on funding agreements ceded.....	298,833	438,813	1,253,866
Deposits received on supplemental contracts without life contingencies assumed	95	-	693
Benefits and claims ceded <sup>(1)</sup> .....	640,113	796,282	1,643,135
Funds held under reinsurance treaties .....	2,647,458	2,652,555	2,504,387

<sup>(1)</sup> Benefits and claims ceded during the year ended December 31, 2023 includes the recapture of a funding agreement with an aggregate principal amount of \$350.0 million ceded to TM RSL Re in December 2021. Benefits and claims ceded during the year ended December 31, 2022 includes the recapture of a funding agreement with an aggregate principal amount of \$350.0 million ceded to TM RSL Re in January 2020. Benefits and claims ceded during the year ended December 31, 2021 includes the recapture of a funding agreement with an aggregate principal amount of \$350.0 million ceded to RGA in December 2018.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note L – Reinsurance – (Continued)**

There would be no material reduction of surplus as of December 31, 2023 if all reinsurance agreements were terminated as of such date.

**Note M - Dividend Restrictions and Capital and Surplus**

Dividends to the Company's parent are subject to regulatory restrictions and are generally limited for a twelve-month period, in the absence of regulatory approval, to the greater of 10% of statutory policyholders' surplus at the end of the prior year or net income for the prior year. Policyholders' surplus as of December 31, 2023 was \$2,490.1 million and net income for the year ended December 31, 2023 was \$488.1 million. Accordingly, during 2024, the Company anticipates that it will be permitted without prior regulatory approval to make dividend payments totaling \$488.1 million.

On January 3, 2023, the Company paid an ordinary preferred stock dividend of \$2.0 million. On June 26, 2023, the Company paid an ordinary common stock dividend of \$50.0 million and on July 3, 2023, the Company paid an ordinary preferred stock dividend of \$2.0 million. On December 20, 2023, the Company declared an ordinary dividend to stockholders on its preferred stock totaling \$2.0 million. This dividend was paid on January 2, 2024.

On January 4, 2022, the Company paid an ordinary preferred stock dividend of \$2.0 million. On June 29, 2022, the Company paid an ordinary common stock dividend of \$67.9 million and on July 1, 2022, the Company paid an ordinary preferred stock dividend of \$2.0 million.

On January 4, 2021, the Company paid an ordinary preferred stock dividend of \$2.0 million. On July 1, 2021, the Company paid an ordinary dividend on its preferred stock of \$2.0 million. The Company did not pay any common stock dividends during the year ended December 31, 2021.

The portions of unassigned surplus represented by cumulative net unrealized gains were \$230.2 million and \$96.3 million, and \$215.5 million as of December 31, 2022, 2021 and 2020, respectively. The Company's unassigned surplus was reduced by non-admitted assets of \$286.9 million and \$198.3 million, and \$155.3 million as of December 31, 2023, 2022, and 2021 respectively.

The NAIC has established RBC requirements to help state regulators monitor the financial strength and stability of life insurers by identifying those companies that may be inadequately capitalized. Under the NAIC's requirements, each insurer must maintain its total capital above a calculated threshold or take corrective measures to achieve the threshold. The threshold for adequate capital is calculated by applying factors to various asset, premium, claim, expense and reserve items. As of December 31, 2023 and December 31, 2022, the Company's capital and surplus exceeds the threshold RBC action level requirements.

**Note N – Preferred Stock**

The Company's outstanding shares of preferred stock are each entitled to a cumulative annual dividend of \$8 per share, as declared by the Board of Directors, and have a liquidation value equal to \$100 per share plus all accumulated and unpaid dividends. The preferred stock has no voting rights. DFG, RSL-Texas and SNCC own 200,000 shares, 50,000 shares and 250,000 shares, respectively, of the Company's preferred stock. The preferred stock may be redeemed at the option of the holder, subject to the capital and surplus of the Company exceeding the minimum statutory requirement for the conduct of business in Illinois immediately after such redemption.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note O – Separate Accounts**

The Company established the separate accounts for the purpose of funding variable life insurance contracts issued by the Company. The assets of the separate accounts are comprised of private investment funds, mutual funds registered under the Investment Company Act of 1940 and interests in a limited liability company. The values of the private investment funds and the interests in the limited liability company are calculated using the equity method of accounting, which approximates fair value. The mutual funds registered under the Investment Company Act of 1940 are valued at quoted active market. The Company collected no premiums, considerations or deposits for separate accounts business during the year ended December 31, 2023 and 2022, respectively.

Reserves for nonguaranteed separate accounts assets valued at fair value and subject to discretionary withdrawal were \$279.3 million and \$245.1 million as of December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023, the Company did not have any seed money in the surplus of the separate accounts.

**Note P – Leases**

The Company leases office space and office equipment under noncancelable operating lease agreements that expire through December 2031. The office space lease agreements contain escalation clauses considered ordinary for these types of agreements. The amount of the annual escalation is not material. Rental expense for 2023, 2022, and 2021 was approximately \$8.5 million, \$9.3 million and \$8.8 million, respectively

The minimum aggregate rental commitments for operating leases are as follows (dollars in thousands):

Years Ending December 31,	
2024 .....	\$ 8,001
2025 .....	7,192
2026 .....	6,507
2027 .....	6,385
2028 .....	5,953
Thereafter.....	<u>17,105</u>
Total .....	<u>\$ 51,143</u>

The Company does not have any material sales-leaseback transactions.

**Note Q – Managing General Agents and Third Party Administrators**

The Company does not have any managing general agents (“MGA’s”). The Company does have third party administrators (“TPA’s”), however no TPA had direct written premiums that were greater than 5% of surplus for the year ended December 31, 2023.

**Note R – Accounting Changes and Corrections of Errors**

The Company did not have any material change in accounting principles during the years ended December 31, 2023, 2022 and 2021.

No material errors occurred, or were required to be corrected, during the years ended December 31, 2023, 2022 and 2021.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2023, 2022, and 2021**

**Note S – Subsequent Events**

The Company has evaluated subsequent events that have occurred for recognition or disclosure through April 22, 2024, the date the December 31, 2023 financial statements were available to be issued.

On February 5, 2024, the Company issued a fixed rate funding agreement, in the principal amount of \$100.0 million, with a maturity of five years, in connection with the issuance by an unconsolidated special purpose vehicle of funding agreement-backed notes in a corresponding principal amount.

As of the date of these financial statements, the Company has issued two new funding agreements after December 31, 2023 to the FHLB Chicago in an aggregate principal amount of \$825.0 million and made payments on outstanding funding agreements issued to the FHLB Chicago in an aggregate principal amount of \$1,375.0 million.