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7 May 2025

Registrar of Companies
New Zealand Companies Office
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Ref: 041422045/3468-3727-4169.1

AMERICAN INCOME LIFE INSURANCE COMPANY – FY24 FINANCIAL STATEMENTS FOR FILING UNDER THE FINANCIAL MARKETS CONDUCT ACT 2013

1 Please find **enclosed** for registration under the Financial Markets Conduct Act 2013 for American Income Life Insurance Company (*AILIC*) for the year ended 31 December 2024:

1.1 AILIC New Zealand Branch Financial Statements and Audit Report, prepared in accordance with New Zealand Generally Accepted Accounting Practice;

1.2 AILIC Group Financial Statements and Audit report, prepared in accordance with Statutory Accounting Principles issued by the National Association of Insurance Commissioners (*US SAP*); and

1.3 the Appointed Actuary's reports prepared in accordance with section 78 of the Insurance (Prudential Supervision) Act 2010 in relation to the Group and Branch Financial Statements above.

2 AILIC gives **notice** to the Registrar of Companies of its reliance on the **enclosed** Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021, which exempts AILIC from:

2.1 sections 455(1)(c), 461B, 461D, and 461G of the FMCA; and

2.2 sections 460 and 461 of the FMCA to the extent that those sections require the exempt issuer to ensure that its financial statements, or group financial statements, comply with generally accepted accounting practice,

provided that *inter alia*, it files Group Financial Statements that have been prepared and audited in accordance with US SAP.

3 AILIC is an overseas licensed insurer. These Group Financial Statements have been prepared in accordance with the financial reporting requirements in the home jurisdiction of AILIC. Those requirements—

(a) are not equivalent to International Financial Reporting Standards (IFRS); and

(b) as such, are materially different to financial reporting requirements in New Zealand.

As a result, these financial statements may not be comparable in all material respects to financial statements prepared by a licensed insurer in accordance with New Zealand law.

4 Please charge the registration fee for the financial statements to our account (number 1001971). The reference number you should use is 041422045.

5 We would be grateful if you would confirm registration of these documents as soon as possible.

Yours sincerely

Penny Sheerin
Partner

FINANCIAL STATEMENTS

31 December 2024

New Zealand Branch

American Income life insurance company

AMERICAN INCOME LIFE INSURANCE COMPANY

NEW ZEALAND BRANCH

(in New Zealand $ thousands except where otherwise indicated)

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Independent Auditor's Report to the Shareholder of American Income Life Insurance Company – New Zealand Branch

Opinion

We have audited the financial statements of American Income Life Insurance Company – New Zealand Branch (the "Branch") which comprises the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of change in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Branch's financial position as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Branch in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other than in our capacity as auditor, we have no relationship with or interests in the Branch, except that partners and employees of our firm deal with the Branch on normal terms within the ordinary course of trading activities of the business of the Branch.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – New Zealand Branch

The New Zealand branch is part of American Income Life Insurance Company ('the Company'). As described in Note 2, the assets of the branch (other than those held in the custodial fund) are legally available for the satisfaction of debts of the Company, not solely those appearing on the accompanying statement of financial position and its debts may result in claims against assets not appearing thereon. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Valuation of Insurance Contract Liabilities – Refer to Note 9 to the financial statements
 	
The Branch has reported $ 20.8 million in insurance contract liabilities representing 70% of its total liabilities.
 	
Insurance contract liabilities are determined in accordance with NZ IFRS 17 Insurance Contracts (NZ IFRS 17). This requires the use of complex valuation models and assumptions to measure groups of contracts at the estimate of the present value of fulfillment cash flows, which includes an explicit risk adjustment for non-financial risk, and the contractual service margin (CSM).
 	
While there are many assumptions which management make, the assumptions with the greatest estimation uncertainty are those related to mortality, morbidity, policyholder behaviour, expenses and discount rates. These assumptions required significant auditor attention in specific circumstances where (i) there is limited Branch and industry experience data, (ii) the historical experience may not be a good indicator of the future and (iii) the determination of discount rates requires measurement of unobservable market inputs.
 	
Auditing of certain valuation models and key identified assumptions required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve actuarial specialists.
	Our audit procedures related to certain valuation models, mortality, morbidity, policyholder behaviour, expenses and discount rate assumptions included the following, among others:
	
	• Testing the design, implementation and (where appropriate) the operating effectiveness of relevant controls.
	
	• With the assistance of actuarial specialists, testing the appropriateness of certain valuation models used in the estimation process by:
	  o Evaluating the Branch's estimate of the insurance contract liability; and
	  o Testing the implementation accuracy of changes in key assumptions of selected valuation models.
	
	• With the assistance of actuarial specialists, tested the reasonableness of mortality, morbidity, policyholder behaviour, expenses and discount rate assumptions by:
	  o Reviewing and confirming whether management's assumptions were determined in accordance with the requirements of NZ IFRS 17;
	  o Testing experience studies and other inputs used in the determination of the mortality, morbidity, policyholder behaviour, expenses and discount rate;
	  o Analysing and challenging management's interpretation and judgement of its experience study results and emerging claims experience, evaluating triggers and drivers for revisions of assumptions, assessing reasonable possible alternative assumptions, and considering industry and other external sources of benchmarking where applicable; and
	  o Evaluating the reasonableness of the discount rates used by testing

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	the inputs underlying the determination of the discount rates against verifiable data (i.e. New Zealand government bond yields as published by the Reserve Bank of New Zealand) and evaluated the associated computation integrity.

Other Information

The Board of Directors on behalf of the Branch are responsible for the other information. The other information comprises Branch's Annual Report for the year ended 31 December 2024, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities the Board of Directors for the Financial Statements

The Board of Directors of the Branch are responsible on behalf of the Branch for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards ("IFRS") and for such internal control as the Board of Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors are responsible on behalf of the Branch for assessing the ability of the Branch to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

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fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Branch's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants
Sydney, 30 April 2025

APPROVAL BY BOARD OF DIRECTORS

Financial Statements

As of and for the year ended 31 December 2024

APPROVAL BY DIRECTORS

The directors are pleased to present the financial statements of American Income Life Insurance Company - New Zealand Branch as of and for the year ended 31 December 2024.

The shareholders of the Company have exercised their rights under Section 211(3) of the Companies Act 1993 and unanimously agreed that the annual report need not comply with any of the Sections (a) and (e) to (j) of Section 211(1) and of Section 211(2) of the Act.

Director

Michael Shane Henrie

Director

Robert Brian Mitchell

For and on behalf of the Directors

Date: 30 April 2025

(in New Zealand $ thousands except where otherwise indicated)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in New Zealand $ thousands)

	For the years Ended 31 December	
	2024	**2023**
Insurance service result		
Insurance revenue (Note 5)	$ 10,736	$ 10,080
Insurance service expenses (Note 6)	(7,222)	(5,969)
	3,514	**4,111**
Investment result		
Interest revenue from financial assets not measured at FVTPL	1,205	785
Net gains on FVTPL investments	4,578	8,655
Investment Return (Note 7)	**5,783**	**9,440**
Net finance income from insurance contracts	3,080	1,004
Net investment result	**8,863**	**10,444**
Other Income and expenses		
Operating and administrative expenses	(298)	(298)
Profit before Income tax	**12,079**	**14,257**
Income tax expense (Note 12)	(1,869)	(1,600)
Net earnings	**10,210**	**12,657**
Other Comprehensive income (loss)	-	-
Total Earnings and Comprehensive income	**$ 10,210**	**$ 12,657**

The Notes to the Financial Statements form part of, and should be read in conjunction with, these financial statements.

STATEMENT OF FINANCIAL POSITION

(in New Zealand $ thousands)

	As at 31 December 2024	As at 31 December 2023
Assets		
Cash and cash equivalents	$ 29,026	$ 16,553
Accrued investment income	953	1,139
Investments (Note 7)	76,201	97,194
Insurance contract assets (Note 9)	260	955
Agent balances	2,334	2,850
Prepayments	2	—
Total Assets	**$ 108,776**	**$ 118,691**
Liabilities		
Provision, accruals and other liabilities	1,154	1,422
Current tax liabilities (Note 12)	446	421
Deferred tax liabilities (Note 12)	7,257	5,683
Insurance contract liabilities (Note 9)	20,817	20,492
Total Liabilities	**29,674**	**28,018**
Equity		
Advances from home office	5,419	27,200
Retained earnings	73,683	63,473
Total Equity	**79,102**	**90,673**
Total Liabilities and Equity	**$ 108,776**	**$ 118,691**

STATEMENT OF CHANGE IN EQUITY

(in New Zealand $ thousands)

	Retained Earnings	Advances from Home Office	Total Equity
Balance at 01 January, 2023	$ 50,816	$ 51,967	$ 102,783
Net Earnings	12,657	—	12,657
Capital distributions	—	(24,767)	(24,767)
Balance at 31 December, 2023	63,473	27,200	90,673
Net Earnings	10,210	—	10,210
Capital distributions	—	(21,781)	(21,781)
Balance at 31 December, 2024	$ 73,683	$ 5,419	$ 79,102

STATEMENT OF CASH FLOWS

(in New Zealand $ thousands)

	For the years Ended 31 December	
	2024	**2023**
Net Earnings	$ 10,210	$ 12,657
Adjustment for:		
Changes in insurance contract assets /liabilities	1,020	3,147
Decrease (increase) in accrued investment income	186	248
Decrease in accounts receivable	516	314
Increase in current and deferred tax liabilities	1,599	1,355
Increase in accounts payable & other liabilities	2,949	27
Fair value gains on invested assets	(957)	(4,184)
Cash flows from (used in) operating activities	**15,523**	**13,564**
Cash flows from (used in) investing activities:		
Bonds – dispositions on maturity/sale	21,950	23,000
Cash flows from (used in) investing activities	**21,950**	**23,000**
Cash flows from (used in) financing activities		
Advances from (to) home office	(25,000)	(24,767)
Cash flows from (used in) financing activities	**(25,000)**	**(24,767)**
Increase (decrease) in cash and cash equivalents	12,473	11,797
Cash and cash equivalents at beginning of year	16,553	4,756
Cash and cash equivalents at end of year	**$ 29,026**	**$ 16,553**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

The New Zealand branch (the "Branch") of American Income Life Insurance Company (the "Company") is registered under the Companies Act 1993. The Branch is not a separate legal entity and these financial statements do not contain all of the assets, liabilities, revenues and expenses of the Company. The Branch is domiciled in New Zealand.

Effective 31 July 2013, the Branch established a statutory fund in accordance with the Insurance (Prudential Supervision) Act 2010 ("IPSA-2010"). Assets held in this fund are only available to meet the liabilities of the Branch. Note 4 Capital Risk to the financial statements provides further information in relation to the statutory fund. The Branch was granted a full license by the Reserve Bank of New Zealand (RBNZ) under IPSA-2010 on 23 August 2013. The life insurance operations of the Branch are conducted as required by the IPSA - 2010 and are reported in aggregate in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, and Statement of Change in Equity. The life insurance operations of the Branch comprise the selling and administration of life insurance contracts. All contracts are non-investment linked business. All business written by the Branch is non-participating and all profits and losses are allocated to the statutory fund.

Life insurance contracts involve the acceptance of significant insurance risk. Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness.

The principal place of business is American Income Life Insurance Company, 1200 Wooded Acres, Waco, Texas, United States of America. The contact address for the Branch is c/o AIL New Zealand Ltd. (an independently owned company and independent contractor), AIL House, 2165 Great North Road, Avondale, Auckland, New Zealand.

NOTE 2 - MATERIAL ACCOUNTING POLICIES

The financial statements presented are those solely for the Branch. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities. These financial statements also comply with International Financial Reporting Standards (IFRS). The assets held in the Statutory Fund as of 31 December 2024 were $94,922 (2023:$105,593) and are only available to meet the liabilities of American Income Life Insurance Company - New Zealand Branch. Assets held in the Other Account are legally available for the satisfaction of debts of the American Income Life Insurance Company, not solely those appearing on the balance sheet of the Branch and its debts may result in claims against assets not appearing thereon.

2024	Statutory Account	Non-Statutory Account	Total
Cash and Cash Equivalents	$ 17,794	$ 11,232	$ 29,026
Investments	76,201	—	76,201
Accrued Investment Income	667	286	953
Receivables from Affiliates	—	2,334	2,334
Prepayments	—	2	2
Insurance contract assets	260	—	260
Total Assets	$ 94,922	$ 13,854	$ 108,776

2023	Statutory Account	Non-Statutory Account	Total
Cash and Cash Equivalents	$ 6,538	$ 10,015	$ 16,553
Investments	97,194	—	97,194
Accrued Investment Income	906	233	1,139
Receivables from Affiliates	—	2,850	2,850
Prepayments	—	—	—
Insurance contract assets	955	—	955
Total Assets	$ 105,593	$ 13,098	$ 118,691

The Branch is a reporting entity under the Financial Reporting Act of 2013, the Financial Markets Conduct (FMC) Act of 2013 and IPSA-2010. These financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013.

New Accounting Standards Adopted

The Branch adopted FRS-44, Disclosure of Fees for Audit Firms' Services on its effective date of 1 January 2024.

The material accounting policies used in the preparation of these financial statements conform in all respects to NZ IFRS and are summarized below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks, other short-term highly liquid investments (if any) which are readily convertible to known amounts of cash with original maturities of three months or less, and bank overdrafts (if any).

Financial assets and liabilities

Under NZ IFRS 9, financial assets are classified as either fair value through other comprehensive income (FVOCI) Fair Value through Profit or Loss (FVTPL) or at amortized cost. This classification is based on the business model used to manage its assets and the contractual cash flow of the assets. Financial liabilities at amortized cost are classified as FVTPL or other liabilities. The Branch has elected to classify its fixed income assets supporting insurance contracts as FVTPL to avoid an accounting mismatch.

A financial asset is classified as amortized cost if it meets the following criteria and is not designated as FVTPL:

- The asset is held within a business model with the primary objective being to hold to collect contractual cash flows and sales are expected to be minimal, and
- The contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Under NZ IFRS 9, financial assets that are not classified as FVTPL will have expected credit loss (ECL) allowances recognized. The ECL is calculated by comparing the difference between the present value of the contractual cashflows and the present value of expected future cash flows. The Branch has elected to use the simplified method of calculating the ECL for any material financial assets not reported at FVTPL. The simplified approach allows entities to recognize lifetime expected losses on the assets without the need to identify significant increases in credit risk separately.

Financial assets measured at FVTPL with quoted prices in an active market, where available, are carried at fair value on the Statement of Financial Position from the trade date. Otherwise, fair values are based on quoted market prices of comparable instruments in active markets, quotes in inactive markets or other observable criteria. Any subsequent changes in fair values are recorded as realized investment gains and losses and run through the Statement of Profit or Loss and Other Comprehensive Income.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If a market price is not available, the fair value is based on prevailing market prices with similar characteristics and risk profiles, or internal or external valuations models using observable market-based inputs. The carrying values of accounts receivable and accounts payable generally approximate their fair values due to the short term to maturity of those financial instruments.

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets that are classified as loans and receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method, less provision for impairment. Receivables arising from insurance contracts are included in liability for remaining coverage (LRC).

Other financial liabilities are recorded initially at fair value and are measured subsequently at amortized cost, using the effective interest rate method.

Investments and investment income

Bonds and other fixed-term securities are designated as FVTPL. The Branch accounts for its purchases and sales of investments using trade date accounting. Transaction costs related to purchases and sales of FVTPL assets are expensed as incurred and reflected in the Net gains (losses) on FVTPL investments line of the Statement of Profit or Loss and Other Comprehensive Income.

Accrued interest is recognized on an accrual basis using the effective interest method.

Income taxes

Current Tax - The tax currently payable is calculated on the basis that the Branch is a non-resident with no fixed establishment in New Zealand. As such, the Branch is subject to income tax as a non-resident life insurer; insurance premiums are subject to the non-resident insurer regime; and interest income is subject to non-resident withholding tax or Approved Issuer Levy. Taxable profit differs from profit reported in profit or loss because it

excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Further, different tax rates apply under the non-resident insurer regime and to interest income for non-residents. The Branch's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax - Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The Branch has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules under NZ IAS 12.

Agent's balances

With respect to the Branch's Agent Debit Balances (ADBs), the Branch has security in the form of the future commission streams on policies sold by the respective agents. The expected future commission cash flows are calculated and discounted to a present value which includes an assumption for lapses and deaths. For measurement purposes, the calculated present value of future commissions is well in excess of the outstanding ADBs. Having no history of write offs at the company level, the Branch concludes that the ECL is zero.

Functional currency and translation of foreign currencies

These financial statements are presented in New Zealand dollars which is the Branch's functional currency.

Monetary assets and liabilities which are denominated in foreign currencies are translated using the exchange rates in effect at the date of the financial statements. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transactions during the year are translated at the rates of exchange prevailing at the date of the transactions.

Use of management estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make subjective estimates and assumptions that affect the reported amounts of insurance contract assets, and liabilities, related revenue and expenses, and accompanying disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include assumptions used to compute insurance contract asset and liabilities. The assumptions used in the computation of insurance contract assets and liabilities include estimates of rates of mortality and termination, morbidity claim costs, and attributable maintenance expenses. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Going concern

After evaluating the Branch's ability to continue as a going concern, management was not aware of any conditions or events which raised substantial doubts concerning the Branch's ability to continue as a going concern as of 30 April 2025.

Transition to NZ IFRS 17

Significant judgments

In the preparation of these financial statements, management is required to make significant judgments that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenue and expenses recorded during the year.

Portfolios and groups of contracts and level of aggregation

The highest level of aggregation under NZ IFRS 17 is the concept of portfolios of contracts. Paragraph 14 of the NZ IFRS 17 standard states:

An entity shall identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Contracts in different product lines (for example single premium fixed annuities compared with regular term life assurance) would not be expected to have similar risks and hence would be expected to be in different portfolios.

The business will constitute two portfolios (Life and Accident & Sickness (A&S) separate) for the reasons outlined above.

The life and A&S product lines present many similar risks – lapse risk, expense risk and the risk of adverse claim levels. The one difference is that in respect of the individual life insurance business the claim risk is related to adverse levels of mortality, where the A&S business is at risk from adverse morbidity risks, although a material portion of the A&S risks relate to accidental deaths. Both blocks feature policies with long-term guarantees, although the A&S policies provide for premiums that are adjustable at the sole option of the Branch.

Level of aggregation

As noted above, the Branch determines its level of aggregation for the insurance contracts issued by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. The Branch has defined portfolios of insurance contracts issued based on its product lines. Portfolios are further subdivided into contract groups determined by whether the contract is onerous, could become onerous and a grouping of all others in the portfolio.

Onerous Underlying Insurance Contracts

NZ IFRS 17 requires the initial loss, and any subsequent changes in the loss component arising from onerous insurance contracts, to be allocated on a systematic basis over the remaining coverage period of the contracts (and therefore to profit or loss). For Onerous insurance contracts, the loss recognized in the Statements of Profit or Loss and other Comprehensive Income at initial recognition is added to the liability for loss component of the insurance contract liability of the group to which the contract is assigned. The loss component is a notional portion of the LRC that represents the amount of loss that can be reversed by future profits before a CSM is re-established

for the group. Any subsequent changes in the fulfillment cash flows attributable to onerous contracts - both positive and negative - are allocated on a systematic basis between the loss component of the LRC and the LRC, excluding the loss component.

If a group of insurance contracts initially recognized as onerous subsequently becomes profitable, then the loss component is reversed and CSM would be attributed to the group. Accordingly, any CSM attributed to onerous contract groups subsequent to initial recognition would be released to insurance revenue over the remaining coverage period of the group of contracts using coverage units.

Policies issued after transition will be classified as having a possibility of becoming onerous subsequent to initial recognition.

Contract boundaries

A group of insurance contracts includes all the future cashflows expected to arise within the boundary of each contract in the group. For the purpose of defining the contract boundaries, the coverage period for each group will begin on the date on which the first premium on a policy within the group is due, which will normally correspond with the issue date of such policy.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the Branch has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

a. the Branch has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
b. both of the following criteria are satisfied:

i. the Branch has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
ii. the pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

For insurance contracts with renewal periods impacted with the ability to change premiums, the Branch assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. This only applies to the A&S portfolio as the life portfolio has no repricing flexibility. The need for any pricing of renewals is established by the Branch after considering the risks and terms of coverage for the policyholder, with reference to the pricing of contracts with equivalent risks and terms on the renewal dates.

Liabilities or assets relating to expected premiums or expected claims outside the boundary of the insurance contract are not recognized. Such amounts relate to future insurance contracts.

Measurement of insurance contracts issued

The Branch uses the General Measurement Model (GMM) in relation to our insurance contracts.

Fulfillment Cash Flows

The Branch measures a group of contracts as the total of the fulfillment cash flows, and the CSM. Fulfillment cash flows comprise probability-weighted estimates of future cash flows, discounted to reflect the time value of money and the associated financial risks, plus a risk adjustment (RA) for non-financial risk.

The RA is the compensation the branch requires for bearing uncertainty about the amount and timing of the cash flows that arises from non financial risk. The RA is measured as the present value of the difference between the estimated future cash flows with a margin applied to non-financial assumptions and estimated future cash flows without this adjustment. The RA is discounted at the same discount rates as the best estimate cash flows.

Contractual Service Margin (CSM)

The CSM of a group of insurance contracts represents the unearned profit that the Branch expects to recognize in the future as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfillment cash flows, any derecognized assets for insurance acquisition cash flows, and any cash flows arising at that date is a net inflow, the group of contracts is non-onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no net income or expenses arising on initial recognition.

Discount rates

All estimates of future cash flows are discounted to determine the present value of future cash flows. The discount rates reflect the time value of money, observable market prices, and the liquidity characteristics of the insurance contracts held.

The Branch's NZ IFRS 17 discount assumption will adhere to the following principles:

1. Maintain a simple yet compliant approach to NZ IFRS 17.
2. Maximize observable market inputs to the extent possible.
3. Apply judgment to select assumptions for the ultimate, unobservable period that place more weight on long-term estimates than short-term fluctuations.

The timing of cash flows is reflected by using a discount curve derived from yields that reflect the observed market prices for New Zealand risk-free bond assets, most notably Government of New Zealand (GONZ) bonds. The curve grades to an estimate for the ultimate long-term rate beyond which observable data exists. Liquidity spreads were added to produce characteristics appropriate for the liability insurance portfolios of the Branch. The spread used is 5% of risk-free for each point on the curve.

	1	5	10	20	30	50
	Year 1	Year 5	Year 10	Year 20	Year 30	Year 50
As at 31/12/2024	4.0%	4.8%	6.0%	6.1%	6.1%	4.5%
As at 31/12/2023	5.5%	4.3%	5.2%	5.2%	5.0%	4.5%

In developing the interest rate basis, the starting point was the New Zealand risk-free yield curve, and an illiquidity spread was included by loading the rates by 5% of the risk-free rate for each point on the curve. This provides for a reasonable loading to reflect the largely illiquid nature of the insurance contracts.

Reinsurance

There are no reinsurance arrangements as of the reporting date.

Presentation

The Branch has presented separately in the Statement of profit or Loss and other Comprehensive Income the carrying amounts of portfolios of insurance contracts that are assets and those that are liabilities.

The Branch has elected to report all insurance finance income or expense in income rather than other comprehensive income.

Subsequent Measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

• The liability for remaining coverage comprises the fulfillment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date. Premiums are paid directly to the Branch.

• The liability for incurred claims comprises the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfillment cash flows for groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates, and current estimates of risk adjustment for non-financial risk.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the start of the reporting period, adjusted for:

• The CSM of any new contracts that are added to the group in the period;

• Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

• The changes in fulfillment cash flows that relate to future services (measured using initial recognition discount rates), except to the extent that:

• Any increases in the fulfillment cash flows that exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in the Statement of Profit or Loss and Other Comprehensive Income and creates a loss component; or

• Any decreases in the fulfillment cash flows are allocated to the loss component, reversing losses previously recognized in the Statement of Profit or Loss and Other Comprehensive Income.

• The effect of any currency exchange differences on the CSM; and

• The amount recognized as insurance revenue because of the services provided in the period is represented by amortization of the CSM for the period. This amortization is computed using the current period coverage unit value

relative to the present value of future period coverage units. The present value is computed using the locked-in discount curve. Interest is also accreted on the beginning of period CSM balance using the locked-in curve. Coverage units are represented by the face amount of insurance in-force for the life portfolio and the benefit amount in-force for the A&S portfolio.

The changes in fulfillment cash flows that relate to future services that adjust the CSM comprise of:

• Experience adjustments arising from premium and premium related cash flows received in the period that relate to future services;

• Changes in both estimates of the present value of future cash flows and risk adjustment in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money and financial risk changes; and

• Differences between any investment components not separated from the contract expected to become payable in the period (after allowing for financial experience variance) and the actual investment component that becomes payable in the period, measured at the discount rates determined on initial recognition.

Changes in fulfillment cash flows that relate to current or past service are recognized in the Statement of Profit or Loss and Other Comprehensive Income as part of the insurance service result. Changes that relate to the effects of the time value of money and financial risk are recognized in insurance finance income or expenses.

Liquidity considerations

The Branch reflects the time value of money in the measurement of the fulfillment cashflows. The two lines of business in scope for discounting are:

1. Individual Life Insurance
2. Individual Accident & Sickness (A&S)

Certain product features could affect the liquidity of the insurance products. For example, products offering a cash value with low exit cost are more liquid, from the policyholder's perspective, than products that have higher surrender charges or no exit value upon lapsation. For AIL, the individual life has products with and without cash surrender values (CSV), while the individual A&S block does not offer any exit value upon surrender. Cash values are non-distinct investment components.

Given the overall relatively illiquid nature of both the life and A&S portfolios, the same discount curve is used for both portfolios.

The individual life insurance portfolio is particularly simple and comprises the following plans of insurance:

• AIL sells three versions of straight whole-life policies which are known as Whole Life, Preferred Life and Executive Life. The version that the policyholder purchases depends on the selected weekly premium outlay. In 2013, AIL introduced a graded benefit whole life plan with level premiums to sell to older insureds.

• Various term insurance policies and riders, the most popular of which (by far) is a 10-year renewable (to age 65) with single-scale premium rates. Other plans include a variety of level and decreasing term plans, including spousal and child term riders. Most term plans now have sex and smoker distinct rates. Also popular are the child and spousal term insurance riders.

- The Branch offers the usual supplemental benefits such as waiver of premium and accidental death benefits.

The Individual Accident and Sickness business consists primarily of the following types of insured benefits:

- Accidental Death and Dismemberment (AD&D) coverage, the majority of which have increased benefits for motor vehicle and common carrier accidents.
- Hospital indemnity benefits for accident, accident and sickness, and cancer.
- Small numbers of policies with lump-sum benefits for cancer or critical illness
- Immaterial blocks of business with 26-week and 5-year A&S disability income benefits.
- Cancer indemnity benefits.

NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Significant judgments pertaining to the assessment of insurance risk have been made in the determination of the actuarial liability for insurance contracts.

Key sources of estimation uncertainty include estimates of future cash flows, discount rates, allocations of expenses and risk adjustments for non-financial risks. See the discussion Note 2 above for further description of estimates and judgements.

The risk adjustment was computed at a probability of sufficiency of 75%.

NOTE 4 – RISK MANAGEMENT

The Branch has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments and insurance contracts. The Risk Committee of the Board of Directors is responsible for the oversight of the Branch's key risks.

Underwriting risk

Insurance risk

The principal risk the Branch faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. The objective of the Branch is to ensure that sufficient premium is charged to maintain underwriting profitability while ensuring adequate reserves are available to cover these liabilities. The Branch sets clear underwriting guidelines and places contractual limits on policy coverage as part of its risks mitigation program.

Concentration of insurance risk:

The Branch has two portfolios, one with life insurance coverage and the other with accident & sickness (A&S) coverage. The life portfolio relates to the entire insurance contract liability amount on the Statement of Financial Position of $20,817. The accident & sickness portfolio relates to the entire insurance contract asset amount on the Statement of Financial Position of $260.

On an annual basis, the appointed actuary analyzes the sensitivities of the Branch's future financial condition under various economic and business scenarios. The Branch believes it has developed appropriate strategies to mitigate the risk of significant variations in those assumptions to which it is most sensitive. The tables below show the impact on insurance contract liabilities from changes in various risk factors including the Best Estimate Liability (BEL) and Risk Adjustment (RA).

	31/12/2024					
Life	BEL+RA	Change in (BEL+RA)	Change in CSM	Change in insurance contract	Impact on Earnings	Impact on Equity
As at 31/12/24	4,737	—	—	—	—	—
Discount Rate +50bp	1,607	(3,130)	—	(3,130)	3,130	3,130
Discount Rate -50bp	8,540	3,804	—	3,804	(3,804)	(3,804)
105% Mortality	7,379	2,643	(3,416)	(774)	774	774
95% Mortality	2,035	(2,702)	3,488	786	(786)	(786)
110% Lapse	5,433	696	581	1,277	(1,277)	(1,277)
90% Lapse	3,994	(743)	(636)	(1,379)	1,379	1,379
110% Expense	6,125	1,388	(1,827)	(439)	439	439
90% Expense	3,352	(1,385)	1,816	431	(431)	(431)

A&S	BEL+RA	Change in (BEL+RA)	Change in CSM	Change in insurance contract assets	Impact on Earnings	Impact on Equity
As at 31/12/2024	(9,158)	—	—	—	—	—
Discount Rate +50bp	(8,874)	284	—	284	284	(284)
Discount Rate -50bp	(9,459)	(300)	—	(300)	(300)	300
105% Morbidity	(8,660)	498	(601)	(102)	(102)	102
95% Morbidity	(9,661)	(503)	607	105	105	(105)
110% Lapse	(8,729)	429	(511)	(82)	(82)	82
90% Lapse	(9,620)	(461)	551	90	90	(90)
110% Expense	(8,905)	253	(303)	(49)	(49)	49
90% Expense	(9,411)	(253)	302	49	49	(49)

	31/12/2023					
Life	BEL+RA	Change in (BEL+RA)	Change in CSM	Change in insurance contract liabilities	Impact on Earnings	Impact on Equity
As at 31/12/23	7,364	—	—	—	—	—
Discount Rate +50bp	3,175	(4,189)	—	(4,189)	4,189	4,189
Discount Rate -50bp	12,547	5,183	—	5,183	(5,183)	(5,183)
105% Mortality	10,373	3,009	(3,761)	(752)	752	752
95% Mortality	4,283	(3,081)	3,847	766	(766)	(766)
110% Lapse	7,761	397	610	1,007	(1,007)	(1,007)
90% Lapse	6,962	(402)	(682)	(1,084)	1,084	1,084
110% Expense	8,644	1,280	(1,618)	(338)	338	338
90% Expense	6,088	(1,276)	1,608	333	(333)	(333)

A&S	BEL+RA	Change in (BEL+RA)	Change in CSM	Change in insurance contract assets	Impact on Earnings	Impact on Equity
As at 31/12/2023	(10,584)	—	—	—	—	—
Discount Rate +50bp	(10,234)	350	—	350	350	(350)
Discount Rate -50bp	(10,956)	(371)	—	(371)	(371)	371
105% Mortality	(10,011)	573	(679)	(106)	(106)	106
95% Mortality	(11,163)	(579)	687	108	108	(108)
110% Lapse	(10,076)	508	(603)	(95)	(95)	95
90% Lapse	(11,131)	(546)	650	104	104	(104)
110% Expense	(10,310)	274	(323)	(49)	(49)	49
90% Expense	(10,858)	(273)	322	48	48	(48)

Claims development

The table below summarizes actual claims compared to the previous estimates of the undiscounted claims for the past 10 years.

Gross claims development									**Accident Year**		
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimates of undiscounted ultimate gross claims:											
At end of accident year	3,820	4,047	4,092	4,131	3,940	4,048	4,127	4,817	4,697	4,420	42,139
One year later	3,905	4,364	4,037	3,902	3,715	4,155	3,984	4,808	4,765	—	37,635
Two years later	3,794	4,262	4,030	4,044	3,718	4,109	3,987	5,068	—	—	33,012
Three years later	3,814	4,214	3,965	3,989	3,659	4,114	3,992	—	—	—	27,747
Four years later	3,844	4,178	4,050	3,946	3,614	4,026	—	—	—	—	23,658
Five years later	3,844	4,178	4,050	3,946	3,614	—	—	—	—	—	19,632
Six years later	3,844	4,178	4,050	3,946	—	—	—	—	—	—	16,018
Seven years later	3,844	4,178	4,050	—	—	—	—	—	—	—	12,072
Eight years later	3,844	4,178	—	—	—	—	—	—	—	—	8,022
Nine years later	3,844	—	—	—	—	—	—	—	—	—	3,844
Cumulative gross claims paid	3,844	4,178	4,050	3,946	3,614	4,026	3,851	4,806	4,309	2,715	39,339
Gross liabilities for accident years from 2015-2024	**—**	**—**	**—**	**—**	**—**	**—**	**142**	**262**	**457**	**1,704**	**—**
Gross liabilities for prior accident years	—	—	—	—	—	—	—	—	—	—	—
Effect of discounting	—	—	—	—	—	—	—	—	—	—	—
Gross liabilities for incurred claims	**1,363**	**1,758**	**1,681**	**1,524**	**1,578**	**1,478**	**1,446**	**1,637**	**1,628**	**2,565**	**—**

Credit risk

Management of credit risk for financial instruments and insurance contracts

The Branch controls this risk by maintaining policies detailing the acceptable levels of credit risk exposure such as the quality of obligors, credit concentration limits, diversification requirements and monitoring the creditworthiness of counterparties. The branch has no reinsurance contract assets or liabilities. With respect to insurance contract assets on a direct basis, there is no credit risk related to these balances as they are comprised of the present value of fulfilment cash flows (PVCF), the related risk adjustment liability, and the contractual service margin liability. Only the A&S portfolio is in an insurance contract assets position due to the size of the PVCF. There is no credit risk present because if the policyholder stops payments on their policies, the coverage will lapse and no future benefits will be paid. There is no surrender value available in the A&S contracts.

The following table summarizes the credit quality ratings of the investment portfolio, based on the lower of ratings obtained from DBRS and Moody's:

	31/12/2024		31/12/2023	
Credit Rating	Fair Value	%	Fair Value	%
A	$ 8,420	11 %	$ 8,248	8 %
AA	17,878	23 %	50,373	52 %
AAA	31,847	42 %	8,124	8 %
BBB	18,056	24 %	30,449	31 %
Not Rated	—	— %	—	— %
Total	$ 76,201	100 %	$ 97,194	100 %

Liquidity risk

Liquidity risk is the risk that the Branch will not be able to fund all cash outflow commitments as they fall due as a result of policyholder benefits, cash requirements from contractual commitments or other cash outflows. The Branch maintains a conservative liquidity position that exceeds all the liabilities payable on demand.

Management of liquidity risk for financial instruments and insurance contracts

The liquidity management allows the Branch to maintain its financial position by ensuring that sufficient liquid assets are available to cover its potential funding requirements. The Branch invests in various types of assets with a view of matching them with its liabilities of various duration.

The contractual maturities of the bonds and debentures, by their fair values, are as follows:

	31/12/2024	31/12/2023
Due through 5 years	$ 37,471	$ 58,393
Due after 5 years to 10 years	19,473	18,967
Due after 10 years	19,257	19,834
Total	$ 76,201	$ 97,194

As of 31 December 2024 and 2023, the estimated contractual maturities of the Branch's financial assets, other than bonds and debentures and policy loans, and of the Branch's financial liabilities are all due within one year of the year-end date. It is not reasonably possible to determine when the policy loan payments will be received as the policy loans are an integral part of the life insurance policies.

Maturity analysis of net undiscounted cash flows for portfolios of insurance contracts issued that are liabilities as of 31 December 2024 and 2023.

2024		**1 year or less**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Years 6 or later**
Individual Insurance	$	6,081	5,680	4,764	4,016	3,377	(143,516)

2023		**1 year or less**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Years 6 or later**
Individual Insurance	$	6,503	6,068	5,207	4,490	3,889	(156,676)

Market risk

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Branch is exposed to interest rate price risk on monetary financial assets and liabilities that have a fixed interest rate. The carrying value of the liabilities on the balance sheet are sensitive to changes in interest rates which impact the discount rates used in the related calculations. The sensitivity table presented earlier in this section shows the impact on this carrying value for increases and decreases in interest rates. We also have direct exposure to interest rate movements on invested assets. Higher interest rates will reduce the the value of our existing fixed rate assets such as bonds. However, lower interest rates will result in a decrease in investment income on new investments. These exposures are considered and the risk is managed by the investment team.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk for financial instruments arises when a net asset and liability mismatch is denominated in a currency other than the local currency in which they are measured. During the years ended 31 December 2024 and 2023, the Branch was not exposed to foreign currency risk as all of its financial assets and liabilities are in New Zealand dollars.

Equity risk

During the years ended 31 December 2024 and 2023, none of the investments of the Branch were in equity securities; therefore, the Branch is not exposed to equity risks.

Capital risk

	31/12/2024	31/12/2023
Capital	$ 79,102	$ 90,674
Adjustments	17,745	5,227
Solvency Capital	96,847	95,901
Insurance risk	24,013	21,690
Market risk	12,752	18,027
Credit risk	2,480	2,903
Operational risk	107	—
Prescribed Capital Requirement	39,352	42,620
Solvency margin	$ 57,495	$ 53,281
Solvency ratio	246%	225%

The increase in the solvency margin and ratio in 2024 was also impacted by the reflection of standardized insurance asset for the Health (non-life) business in the capital adjustments to insurance items which is included in 2024 but not in 2023.

The Branch's capital is structured to exceed regulatory targets while maintaining a capital efficient structure and desired capital ratios. Capital is managed under principles that consider all the risks associated with the business.

The Board of Directors of the Company is responsible for the review and approval of the Branch's capital management policy. The policy is designed to ensure that adequate capital is maintained to provide flexibility necessary to take advantage of any growth opportunities and to support the risks associated with the business of the Branch. This policy is also intended to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions or maintain the Branch's financial strength. The Branch is subject to regulation by RBNZ. Under regulations and guidelines prescribed by RBNZ, the Branch is required to maintain prescribed levels of capital that are dependent on the type and amount of insurance policies in force and the nature of the Branch's assets. RBNZ governs the distribution of earnings through monitoring of adherence to prescribed capital requirements. The regulatory Life Insurance Capital Adequacy Test/Life Insurance Margin Adequacy Test ("LICAT/LIMAT") rules contain detailed instructions for determining the amount of capital that a branch of a foreign life insurance company is required to maintain in respect of its business in New Zealand.

As at 31 December 2024 and 2023, the Branch had a capital ratio in excess of the regulatory capital requirement.

NOTE 5 – INSURANCE REVENUE

Insurance revenue for the Branch is all from non participating policies.

	31/12/2024	31/12/2023
Contracts Not Measured Under the PAA		
Amounts Relating to Changes in Liabilities for Remaining Coverage		
CSM Recognised for Services Provided	$ 2,800	$ 2,669
Change in Risk Adjustment for Non-Financial Risk for Risk Expired	1,662	1,808
Expected Incurred Claims and Other Insurance Service Expenses	5,990	5,404
Recovery of Insurance Acquisition Cash Flows	284	199
Subtotal - Contracts Not Measured Under the PAA	10,736	10,080
Contracts Measured Under the PAA	—	—
Total Insurance Revenue	$ 10,736	$ 10,080

NOTE 6 – INSURANCE SERVICE EXPENSES

	31/12/2024	31/12/2023
Incurred claims and other incurred insurance service expenses	$ 6,938	$ 6,059
Changes that related to future service-losses on onerous groups of contracts and reversal of such losses	—	(289)
Insurance acquisition cash flows:		
Amortisation	284	199
Total insurance service expenses	$ 7,222	$ 5,969

NOTE 7 – TOTAL INVESTMENT ASSETS AND INCOME/EXPENSES

a) The amortized cost and fair values of invested assets are as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Cash and Cash equivalents	$ 29,026	$ 29,026	$ 16,553	$ 16,553
Bonds and debentures:				
LT central government	9,640	8,370	9,743	8,124
LT government & supra-nationals	29,768	23,477	30,114	23,009
LT local government	24,037	15,755	28,095	20,443
LT non-financial	24,774	24,105	38,150	36,443
LT other financial	4,585	4,494	4,657	4,350
LT registered banks	—	—	4,957	4,825
Total Bonds and debentures	$ 92,804	$ 76,201	$ 115,716	$ 97,194

These securities mature from 2024 to 2051 and carry an effective yield of approximately 2.40% (2023 - 2.65%). As of 31 December 2024, the realized gain related to invested assets is $1,918 (2023—realized gain of $5,252). During the years ended 31 December 2024 and 2023 the Branch had no loans past due or impaired invested assets.

b) Investment income was derived from the following sources:

Investment Income	31/12/2024	31/12/2023
Cash and cash equivalents	$ 1,051	$ 579
Income from other invested assets	175	238
Investment expenses	(21)	(32)
Interest revenue from financial assets not measured at FVTPL	1,205	785
Bonds and debentures	2,660	3,403
Change in realized gains on FVTPL assets	1,918	5,252
Net gains on FVTPL investments	4,578	8,655
Investment Return	$ 5,783	$ 9,440

c) Fair value measurements:

The fair value of the Branch's financial assets and financial liabilities by financial instrument classification is as follows:

	31/12/2024			
	Financial assets at FVTPL	Financial assets at amortised cost	Total value of cost	Total fair value
Cash and cash equivalents	$ —	$ 29,026	$ 29,026	$ 29,026
Accrued investment income	—	953	953	953
Agent balances	—	2,334	2,334	2,334
Bonds and debentures	76,201	—	92,804	76,201
Total financial instruments	$ 76,201	$ 32,313	$ 125,117	$ 108,514

	31/12/2023			
	Financial assets at FVTPL	Financial assets at amortised cost	Total value of cost	Total fair value
Cash and cash equivalents	$ —	$ 16,553	$ 16,553	$ 16,553
Accrued investment income	—	1,139	1,139	1,139
Agent balances	—	2,850	2,850	2,850
Bonds and debentures	97,194	—	115,716	97,194
Total financial instruments	$ 97,194	$ 20,542	$ 136,258	$ 117,736

The Branch measures the fair value of its financial assets in accordance with the hierarchy described below to indicate the quality of the fair value measurements.

- Level 1—fair values are based on quoted prices in active markets for identical assets or liabilities that the Branch has the ability to access at the measurement date.

- Level 2—fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that can otherwise be corroborated by observable market data.
- Level 3—fair values are based on inputs that are considered unobservable where there is little, if any, market activity for the asset or liability as of the measurement date. In this circumstance, the Branch has to rely on values derived by independent brokers or internally-developed assumptions. Unobservable inputs are developed based on the best information available to the Branch which may include the Branch's own data or bid and ask prices in the dealer market.

As at 31 December 2024 and 2023, the cash and cash equivalents of $29,026 and $16,553, respectively, were classified as Level 1 and the bonds and debentures of $76,201 and $97,194, respectively, were classified as Level 2 in accordance with the above fair value hierarchy.

During the years ended 31 December 2024 and 2023, there were no transfers between Levels 1, 2 and 3.

d) Location of invested assets:

The Branch has invested in assets issued by entities within the following geographic locations.

Description	**31/12/2024**	**31/12/2023**
Cash and cash equivalents:		
New Zealand	$ 29,026	$ 16,553
USA	—	—
Bonds and debentures:		
New Zealand	76,201	97,194
USA	—	—
Total	$ 105,227	$ 113,747

NOTE 8 – PORTFOLIOS OF INSURANCE CONTRACT ASSETS AND LIABILITIES

The Branch only has non-participating contracts. As of 31 December 2024 contract assets and liabilities were $260 and $20,817, respectively. As of 31 December 2023 contract assets and liabilities were $955 and $20,492, respectively.

NOTE 9 – INSURANCE CONTRACT ASSETS AND LIABILITIES

1) Movement in insurance contract balances:

31/12/2024	Asset for insurance acquisition cash flows	Liability for remaining coverage: Excluding loss component	Liability for remaining coverage: Loss component	Liability for incurred claims	Total
Opening assets	$ —	$ (2,332)	$ —	$ 1,377	$ (955)
Opening liabilities	—	20,241	—	251	20,492
Net opening balance	**$ —**	**$ 17,909**	**$ —**	**$ 1,628**	**19,537**
Changes in the statement of profit or loss					
Insurance revenue					
Modified retrospective contracts	—	—	—	—	—
Fair value contracts	—	(8,500)	—	—	(8,500)
Other contracts	—	(2,236)	—	—	(2,236)
Total Insurance Revenue	**$ —**	**$ (10,736)**	**$ —**	**$ —**	**$ (10,736)**
Insurance service expense					
Incurred claims	—	—	—	4,266	4,266
Expenses	—	—	—	2,672	2,672
Amortization of insurance acquisition cash flows	—	284	—	—	284
Losses and reversals on losses on onerous contracts	—	—	—	—	—
Total insurance service expenses	**$ —**	**$ 284**	**$ —**	**$ 6,938**	**$ 7,222**
Insurance service result	**$ —**	**$ (10,452)**	**$ —**	**$ 6,938**	**$ (3,514)**
Insurance finance income or expenses from insurance contracts recognized in profit or loss	—	(3,080)	—	—	(3,080)
Total changes in the statement of profit and loss	**$ —**	**$ (13,532)**	**$ —**	**$ 6,938**	**$ (6,594)**
Investment components excluded from insurance revenue and insurance service expense	—	(1,337)	—	1,337	—
Cash flows					
Premiums received	—	17,506	—	—	17,506
Insurance acquisition cash flows	—	(2,554)	—	—	(2,554)
Claims and other insurance service expenses paid	—	—	—	(7,339)	(7,339)
Total cash flows	**$ —**	**$ 14,952**	**$ —**	**$ (7,339)**	**$ 7,613**
Net closing balance	**$ —**	**$ 17,993**	**$ —**	**$ 2,564**	**$ 20,557**
Closing assets	—	(2,383)	—	2,123	(260)
Closing liabilities	—	20,376	—	441	20,817
Net ending insurance contract balances	**$ —**	**$ 17,993**	**$ —**	**$ 2,564**	**20,557**

AMERICAN INCOME LIFE INSURANCE COMPANY

NEW ZEALAND BRANCH

(in New Zealand $ thousands except where otherwise indicated)

31/12/2023	Asset for insurance acquisition cash flows	Liability for remaining coverage: Excluding loss component	Liability for remaining coverage: Loss component	Liability for incurred claims	Total
Opening assets	$ —	$ (2,703)	$ 74	$ 639	$ (1,990)
Opening liabilities	—	17,113	269	998	18,380
Net opening balance	**$ —**	**$ 14,410**	**$ 343**	**$ 1,637**	**$ 16,390**
Changes in the statement of profit or loss					
Insurance revenue					
Modified retrospective contracts	—	—	—	—	—
Fair value contracts	—	(8,240)	—	—	(8,240)
Other contracts	—	(1,840)	—	—	(1,840)
Total Insurance Revenue	**$ —**	**$ (10,080)**	**$ —**	**$ —**	**$ (10,080)**
Insurance service expense					
Incurred claims	—	—	(34)	3,971	3,937
Expenses	—	—	(11)	2,133	2,122
Amortization of insurance acquisition cash flows	—	199	—	—	199
Losses and reversals on losses on onerous contracts	—	—	(289)	—	(289)
Total insurance service expenses	**$ —**	**$ 199**	**$ (334)**	**$ 6,104**	**$ 5,969**
Insurance service result	**$ —**	**$ (9,881)**	**$ (334)**	**$ 6,104**	**$ (4,111)**
Insurance finance income or expenses from insurance contracts recognized in profit or loss	—	(995)	(9)	—	(1,004)
Total changes in the statement of profit and loss	**$ —**	**$ (10,876)**	**$ (343)**	**$ 6,104**	**$ (5,115)**
Investment components excluded from insurance revenue and insurance service expense	—	(1,391)	—	1,391	—
Cash flows					
Premiums received	—	17,982	—	—	17,982
Insurance acquisition cash flows	—	(2,216)	—	—	(2,216)
Claims and other insurance service expenses paid	—	—	—	(7,504)	(7,504)
Total cash flows	**$ —**	**$ 15,766**	**$ —**	**$ (7,504)**	**$ 8,262**
Net closing balance	**$ —**	**$ 17,909**	**$ —**	**$ 1,628**	**$ 19,537**
Closing assets	—	(2,332)	—	1,377	(955)
Closing liabilities	—	20,241	—	251	20,492
Net ending insurance contract balances	**$ —**	**$ 17,909**	**$ —**	**$ 1,628**	**$ 19,537**

2. Effect of contracts initially recognized in the year:

31/12/2024			Contractual Service Margin		
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Fair value	Other	Total
Opening assets	(11,713)	2,505	7,375	878	(955)
Opening liabilities	(7,869)	11,383	14,707	2,271	20,492
Net opening balance	**$ (19,582)**	**$ 13,888**	**$ 22,082**	**$ 3,149**	**$ 19,537**
Changes in the statement of profit or loss OCI					
Changes that relate to current services					
Contractual service margin recognized for service provided	—	—	(2,282)	(518)	(2,800)
Change in risk adjustment for non-financial risk expired	—	(1,662)	—	—	(1,662)
Experience adjustments	948	—	—	—	948
Revenue recognized for incurred policyholder tax expenses	—	—	—	—	—
Changes that relate to future services	—	—	—	—	—
Contracts initially recognized in the period	(1,682)	753	—	929	—
Changes in estimates that adjust the CSM	(2,283)	(642)	2,794	131	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	—	—	—	—	—
Changes that relate to past services	—	—	—	—	—
Adjustments to liabilities for incurred claims	—	—	—	—	—
Experience adjustments not related to incurred claims	—		—	—	—
Insurance service result	**$ (3,017)**	**$ (1,551)**	**$ 512**	**$ 542**	**$ (3,514)**
Net finance (income) expenses from insurance contracts	(4,214)	411	589	134	(3,080)
Effects of movements in exchange rates	0	—	—	—	—
Total changes in the statement of profit or loss OCI	**$ (7,231)**	**$ (1,140)**	**$ 1,101**	**$ 676**	**$ (6,594)**
Cash flows					
Premiums and premium tax received	17,506	—	—	—	17,506
Claims and other insurance service expenses paid, including investment components	(7,339)	—	—	—	(7,339)
Insurance acquisition cash flows	(2,554)	—	—	—	(2,554)
Total cash flows	**$ 7,613**	**$ —**	**$ —**	**$ —**	**$ 7,613**
Other changes in the net carrying amount of the insurance contract liabilities	—	—	—	—	—
Net ending insurance contract balances	**$ (19,200)**	**$ 12,748**	**$ 23,183**	**$ 3,826**	**$ 20,557**
Closing assets	(9,212)	2,177	5,905	870	(260)
Closing liabilities	(9,988)	10,571	17,278	$ 2,956	$ 20,817
Net ending insurance contract balances	**$ (19,200)**	**$ 12,748**	**$ 23,183**	**$ 3,826**	**$ 20,557**

31/12/2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin		Total
			Fair value	Other	
Opening assets	$ (11,824)	$ 3,012	$ 6,459	$ 363	$ (1,990)
Opening liabilities	(17,972)	11,664	22,581	2,107	18,380
Net opening balance	**$ (29,796)**	**$ 14,676**	**$ 29,040**	**$ 2,470**	**$ 16,390**
Changes in the statement of profit or loss OCI					
Changes that relate to current services					
Contractual service margin recognized for service provided	—	—	(2,234)	(435)	(2,669)
Change in risk adjustment for non-financial risk expired	—	(1,832)	—	—	(1,832)
Experience adjustments	678	—	—	—	678
Revenue recognized for incurred policyholder tax expenses	—	—	—	—	—
Changes that relate to future services	—	—	—	—	—
Contracts initially recognized in the period	(1,375)	725	—	650	—
Changes in estimates that adjust the CSM	5,526	(401)	(5,490)	365	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	(288)	—	—	—	(288)
Changes that relate to past services					
Adjustments to liabilities for incurred claims	—	—	—	—	—
Experience adjustments not related to incurred claims	—		—	—	—
Insurance service result	**$ 4,541**	**$ (1,508)**	**$ (7,724)**	**$ 580**	**$ (4,111)**
Net finance (income) expenses from insurance contracts	(2,589)	719	766	100	(1,004)
Effects of movements in exchange rates	0	—	—	—	—
Total changes in the statement of profit or loss OCI	**$ 1,952**	**$ (789)**	**$ (6,958)**	**$ 680**	**$ (5,115)**
Cash flows					
Premiums and premium tax received	17,982	—	—	—	17,982
Claims and other insurance service expenses paid, including investment components	(7,504)	—	—	—	(7,504)
Insurance acquisition cash flows	(2,216)	—	—	—	(2,216)
Total cash flows	**$ 8,262**	**$ —**	**$ —**	**$ —**	**$ 8,262**
Other changes in the net carrying amount of the insurance contract liabilities	—	—	—	—	—
Net ending insurance contract balances	**$ (19,582)**	**$ 13,888**	**$ 22,082**	**$ 3,149**	**$ 19,537**
Closing assets	(11,713)	2,505	7,375	878	(955)
Closing liabilities	(7,869)	11,383	14,707	2,271	20,492
Net ending insurance contract balances	**$ (19,582)**	**$ 13,888**	**$ 22,082**	**$ 3,149**	**$ 19,537**

The following table provides an analysis of insurance contracts initially recognized in 2024 and 2023.

(in New Zealand $ thousands)

2024	Contracts Issued	
	Non- Onerous Contracts	Onerous Contracts
Estimates of present value of future cash outflows:		
Insurance acquisition cash flows	$ (1,642)	$ —
Claims and other insurance service expenses payable	(1,605)	—
Total	(3,247)	—
Estimates of present value of future cash inflows	4,929	—
Risk adjustment for non-financial risk	(753)	—
Contractual service margin	(929)	—
Total	$ —	$ —

2023	Contracts Issued	
	Non- Onerous Contracts	Onerous Contracts
Estimates of present value of future cash outflows:		
Insurance acquisition cash flows	$ (1,619)	$ —
Claims and other insurance service expenses payable	(1,671)	—
Total	(3,290)	—
Estimates of present value of future cash inflows	4,664	—
Risk adjustment for non-financial risk	(724)	—
Contractual service margin	(650)	—
Total	$ —	$ —

NOTE 10 – CONTRACTUAL SERVICE MARGIN

This table illustrates when the insurer expects to recognise the remaining CSM as revenue for contracts measured under GMM.

Total Insurance Contracts	1 Year or Less	> 1-2 Years	> 2-3 Years	> 3-4 Years	> 4-5 Years	>5-10 Years	>10-20 Years	More Than 20 Years	Total
2024	$ 2,480	$ 2,176	$ 1,938	$ 1,742	$ 1,575	$ 6,049	$ 6,616	$ 4,433	$ 27,009
2023	$ 2,496	$ 2,106	$ 1,832	$ 1,623	$ 1,453	$ 5,478	$ 6,018	$ 4,225	$ 25,231

NOTE 11 – RELATED PARTY TRANSACTIONS

American Income Life Insurance Company incurs expenses for the Branch at the Home Office in Waco, Texas. Those expenses, as well as additional start-up costs and contributions from Home Office to comply with regulatory solvency capital requirements are shown as advances from the Home Office to the Branch. Additionally, there are no members of management located at the Branch in New Zealand, therefore the Home Office bears the cost of management. The advance payable to the Home Office as of 31 December 2024 was $5,419 (2023: $27,200). The total value of these expenses for the year were $2,045 (2023: $2,171) and general advances were received (paid) during the year of $(23,888) (2023: $(27,271)).

All related party transactions are considered to be in the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to among the parties.

Deloitte provides audit services and the fees are allocated to the Branch through an intercompany agreement. Audit fees as of 31 December 2024 and 2023 were $634 and $367, respectively.

Key management personnel are identified as those persons having authority and responsibility for planning, directing and controlling the activities of the Branch, including any directors of the Branch.

NOTE 12 – INCOME TAX

	31/12/2024	31/12/2023
Current tax (expense) benefit		
Current tax expense (benefit)	$ 295	$ 268
Deferred tax expense (benefit)	1,574	1,332
Total expense	$ 1,869	$ 1,600

The income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	31/12/2024	31/12/2023
Earnings (loss) before taxation	$ 12,079	$ 14,257
Income tax expense (benefit) at 28%	3,382	3,992
Tax effect of:		
Life insurance business permanent differences	(361)	(887)
General insurance business permanent differences	(123)	(161)
Policyholder base permanent differences	(127)	(310)
Scheduler income permanent differences	(458)	(626)
Tax Rate difference on bond income	(444)	(408)
Income tax expense	$ 1,869	$ 1,600

	31/12/2024	31/12/2023
Deferred tax balances		
Deferred tax assets comprise:		
Tax losses recognised (shareholder base)	$ 7,430	$ 10,645
Deferred tax liabilities comprise:		
Net reserve for future policy benefits	(14,731)	(16,450)
Other	44	122
	(14,687)	(16,328)
Net deferred tax asset (liability)	$ (7,257)	$ (5,683)

	31/12/2024	31/12/2023
Deferred tax assets reconciliation:		
Opening deferred tax asset balance	$ 10,645	$ 11,437
Movement of unused tax losses through the income statement	(3,215)	(792)
Closing deferred tax assets	$ 7,430	$ 10,645
Deferred tax liabilities reconciliation:		
Opening deferred tax liability balance	(16,328)	(15,789)
Movement of net reserve for future policy benefits through the income statement	1,719	(554)
Movement of other liabilities through the income statement	(78)	15
Closing deferred tax liabilities	(14,687)	(16,328)
Net deferred tax asset (liability)	$ (7,257)	$ (5,683)

There are no unrecognized deferred tax balances in 2024 or 2023.

	31/12/2024	31/12/2023
Income tax (payable) receivable		
Opening balance	$ (420)	$ (397)
Prior period adjustment	—	—
Provisional tax and WHT paid	270	245
Current year charge	(295)	(268)
Total income tax (payable) receivable for the year	$ (445)	$ (420)

NOTE 13 – RESPONSIBILITIES OF THE ACTUARY

The Actuary is appointed pursuant to the Act. The Actuary's responsibility is to carry out an annual valuation of the Branch's policy liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the Branch's Chief Agent in New Zealand. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, mortality, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Branch and the insurance policies in force. The Actuary is required each year to analyze the financial condition of the Branch and prepare a report to the Branch's Chief Agent in New Zealand. The analysis tests the capital adequacy of the Branch over a five-year projection period under adverse economic and business conditions.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events after 31 December 2024 through 30 April 2025 and are not aware of any events occurring subsequent to the close of books for this statement that may have a material effect on the financial condition of the Branch.

American Income Life Insurance Company

Statutory-Basis Financial Statements as of and
for the Years Ended December 31, 2024 and 2023,
Supplemental Schedules as of and for the
Year Ended December 31, 2024, and
Independent Auditor's Report

AMERICAN INCOME LIFE INSURANCE COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
American Income Life Insurance Company

Opinion

We have audited the statutory-basis financial statements of American Income Life Insurance Company (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2024 and 2023, and the related statutory-basis statements of operations, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory-basis financial statements (collectively referred to as the "statutory-basis financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Indiana Department of Insurance described in Note 1.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis 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, 2024 and 2023, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

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

Emphasis of Matter

As described in Note 8 to the statutory-basis financial statements, the Company is a member of a controlled group of affiliated companies and the operations of the Company may not be indicative of those that would have occurred if the Company operated as a stand-alone entity. Our opinion is not modified with respect to this matter.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Indiana Department of Insurance, which is a basis of accounting other than accounting principles

generally accepted in the United States of America, to meet the requirements of the Indiana Department of Insurance. The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Statutory-Basis Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements

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

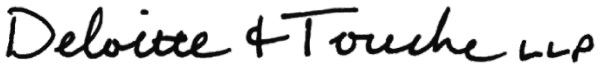
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis 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 statutory-basis 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 statutory-basis 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.

Report on Supplemental Schedules

Our 2024 audit was conducted for the purpose of forming an opinion on the 2024 statutory-basis financial statements as a whole. The supplemental schedule of investment risks interrogatories, the supplemental summary investment schedule, the supplemental schedule of reinsurance risks and the supplemental schedule of selected statutory-basis financial data as of and for the year ended December 31, 2024, are presented for purposes of additional analysis and are not a required part of the 2024 statutory-basis financial statements. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2024 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2024 statutory-basis financial statements as a whole.



April 25, 2025

AMERICAN INCOME LIFE INSURANCE COMPANY

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS
AS OF DECEMBER 31, 2024 AND 2023
(Dollar amounts in thousands)

ADMITTED ASSETS

CASH AND INVESTMENTS:	2024	2023
Bonds—at amortized cost (fair value: 2024—$3,594,027; 2023—$3,862,424)	$ 3,948,374	$ 4,111,715
Preferred stock—affiliated (fair value: 2024—$39,169; 2023—$39,169)	39,169	39,169
Common stock—affiliated (cost: 2024—$14,175; 2023—$14,175)	59,225	56,014
Common stock—unaffiliated (cost: 2024—$8,714; 2023—$3,958)	10,024	5,107
Mortgage Loans	84,912	61,293
Cash, cash equivalents, and short-term investments	39,745	48,983
Contract loans—secured by cash values	312,412	284,452
Receivables for securities	43	—
Other invested assets—net (encumbrances: 2024—$21,518; 2023—$24,593)	410,372	323,285
Total cash and investments	4,904,276	4,930,018
INVESTMENT INCOME DUE AND ACCRUED	63,935	64,906
ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID	2,632	2,521
INSURANCE PREMIUMS DEFERRED AND UNCOLLECTED	159,383	163,995
CURRENT FEDERAL INCOME TAX RECOVERABLE	15,110	15,148
NET DEFERRED INCOME TAX ASSET	53,774	52,693
RECEIVABLES FROM PARENT, SUBSIDIARIES, AND AFFILIATES	20,859	2,852
AMOUNTS RECEIVABLE FROM REINSURANCE	52,609	55,364
OTHER ADMITTED ASSETS	51,042	8,656
TOTAL ADMITTED ASSETS	$ 5,323,620	$ 5,296,153

(Continued)

AMERICAN INCOME LIFE INSURANCE COMPANY

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS

AS OF DECEMBER 31, 2024 AND 2023

(Dollar amounts in thousands, except share and per share data)

LIABILITIES AND CAPITAL AND SURPLUS

LIABILITIES:	2024	2023
Aggregate reserves for future policy benefits:		
Life and annuity	$ 4,141,153	$ 4,190,549
Accident and health—including unearned premium: 2024—$5,838; 2023—$5,800	208,924	195,043
Policy and contract claims:		
Life and annuity	62,478	75,691
Accident and health	22,084	21,227
Deposit-type contracts	165,601	113,553
Amounts payable under reinsurance contracts	92,828	100,592
Interest maintenance reserve	13,194	17,351
Asset valuation reserve	54,596	51,619
General insurance expenses due and other liabilities	127,928	111,436
Funds held under reinsurance treaty	19,853	13,515
Total liabilities	4,908,639	4,890,576
COMMITMENTS AND CONTINGENCIES		
CAPITAL AND SURPLUS:		
Common stock, $1 par value per share—authorized: 23,360,214 shares (issued and outstanding: 2024 and 2023—11,680,107 shares)	11,680	11,680
Paid-in and contributed surplus	91,893	71,893
Surplus notes	25,000	25,000
Unassigned surplus	286,408	297,004
Total capital and surplus	414,981	405,577
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	$ 5,323,620	$ 5,296,153

See notes to statutory-basis financial statements. (Concluded)

AMERICAN INCOME LIFE INSURANCE COMPANY

STATUTORY-BASIS STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Dollar amounts in thousands)

REVENUE	**2024**	**2023**
Premiums	$ 1,140,986	$ 1,202,016
Net investment income—net of expenses: 2024—$51,759; 2023—$48,248	228,785	211,708
Amortization of interest maintenance reserve	1,666	2,066
Commissions and expense allowances on reinsurance ceded	88,757	86,561
Reserve adjustments on reinsurance ceded	972	2,569
Miscellaneous income	2,761	2,032
Total revenue	1,463,927	1,506,952
BENEFITS AND EXPENSES		
Death benefits	193,153	192,080
Disability and accident and health benefits	29,107	29,059
Surrender benefits	108,765	89,564
Annuity benefits	28,003	50,688
Interest and other benefits on policy and contract funds	10,805	9,629
Increase (decrease) in aggregate reserves for future policy benefits	6,238	210,466
Commissions on premiums	577,986	522,304
Commissions and expense allowances on reinsurance assumed	(158)	98
General expenses and insurance taxes, licenses, and fees	252,948	207,001
Change in loading on deferred and uncollected premiums	(3,281)	(1,400)
IMR adjustment for current year liability gains/losses released from the reserve	593	—
Interest on funds withheld	626	549
Total benefits and expenses	1,204,785	1,310,038
GAIN FROM OPERATIONS BEFORE FEDERAL INCOME TAXES AND NET REALIZED CAPITAL GAINS (LOSSES)	259,142	196,914
FEDERAL INCOME TAX EXPENSE	60,678	29,664
NET GAIN FROM OPERATIONS BEFORE NET REALIZED CAPITAL GAINS (LOSSES)	198,464	167,250
NET REALIZED CAPITAL GAINS (LOSSES)—Net of federal income tax expense (benefit): 2024—$(2,210); 2023—$(2,209), and gains (losses) transferred to the interest maintenance reserve net of taxes: 2024—$(3,084); 2023—$(1,397)	(1,155)	(11,125)
NET INCOME	$ 197,309	$ 156,125

See notes to statutory-basis financial statements.

AMERICAN INCOME LIFE INSURANCE COMPANY

STATUTORY-BASIS STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Dollar amounts in thousands)

	2024	2023
CAPITAL AND SURPLUS—Beginning of year	$ 405,577	$ 388,413
Net income	197,309	156,125
Change in net unrealized capital gains (losses)—net of tax	1,151	7,528
Change in net unrealized foreign exchange capital gains (losses)—net of tax	(9,734)	1,020
Change in net deferred income tax	21,865	11,517
Change in nonadmitted assets	(26,208)	(7,339)
Amortization of initial ceding allowance	(5,246)	(4,907)
Change in asset valuation reserve	(2,978)	(1,698)
Capital contribution from parent	20,000	—
Common stock dividends paid to stockholder	(227,250)	(144,929)
Surplus adjustment on initial ceding allowance	41,106	—
Initial commission and expense allowance on reinsurance assumed	(611)	(153)
Net change in capital and surplus	9,404	17,164
CAPITAL AND SURPLUS—End of year	$ 414,981	$ 405,577

See notes to statutory-basis financial statements.

AMERICAN INCOME LIFE INSURANCE COMPANY

STATUTORY-BASIS STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Dollar amounts in thousands)

	2024	2023
OPERATING ACTIVITIES		
Premiums collected—net of reinsurance	$ 1,141,011	$ 1,197,192
Net investment income	248,079	228,009
Miscellaneous income	92,957	91,255
Total cash provided by operating activities	1,482,047	1,516,456
Benefit and loss related payments	(380,434)	(368,187)
Commissions, expenses paid, and aggregate write-ins for deductions	(818,186)	(729,184)
Dividends paid to policyholders	(10)	(13)
Federal income taxes (paid) recovered	(55,861)	(37,851)
Total cash used in operating activities	(1,254,491)	(1,135,235)
Net cash (used in) provided by operating activities	227,556	381,221
INVESTING ACTIVITIES		
Proceeds from investments sold, matured, or repaid:		
Bonds	278,204	153,376
Stocks	2,433	2,240
Mortgage loans	25,081	21,792
Other invested assets	7,322	58,197
Total investment proceeds	313,040	235,605
Cost of investments acquired:		
Bonds	(172,410)	(332,926)
Stocks	(6,822)	(3,925)
Mortgage loans	(49,957)	(57,259)
Real estate	—	(28)
Other invested assets	(112,746)	(69,384)
Total cost of investments acquired	(341,935)	(463,522)
Net (increase) decrease in contract loans	(27,961)	(28,179)
Net cash (used in) provided by investing activities	(56,856)	(256,096)
FINANCING AND MISCELLANEOUS SOURCES (USES)		
Net deposits on deposit-type contracts and other insurance liabilities	52,048	23,602
Dividends to stockholders	(227,250)	(144,929)
Other cash provided (applied)	(4,734)	(6,035)
Net cash (used in) provided by financing and miscellaneous sources	(179,936)	(127,362)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS	(9,238)	(2,237)
CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS		
Beginning of year	48,983	51,220
End of year	$ 39,745	$ 48,983

(Continued)

AMERICAN INCOME LIFE INSURANCE COMPANY

STATUTORY-BASIS STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Dollar amounts in thousands)

Supplemental disclosure of non-cash transactions:	**2024**	**2023**
Exchanges of bonds	$ 22,161	$ 14,897
Non-cash fixed maturity disposal	—	162
Non-cash state premium tax credit excluded from investment income	—	8
Non-cash premium tax credit excluded from commissions and expenses	—	171
Non-cash stock dividend-excluded from investments acquired and net investment income	367	177
Non-cash market value adjustment excluded from miscellaneous income and investments acquired	547	—
Unsettled bond disposals excluded from investments sold and miscellaneous proceeds	43	—
Accrued capital contribution excluded from Capital and Paid in Surplus and Other Cash Provided	20,000	—

See notes to statutory-basis financial statements. (Concluded)

AMERICAN INCOME LIFE INSURANCE COMPANY

NOTES TO STATUTORY-BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Dollar amounts in thousands, except share and per share data)

1. SUMMARY OF SIGNIFICANT STATUTORY ACCOUNTING POLICIES

American Income Life Insurance Company (the "Company" or "American Income"), an insurance company domiciled in the State of Indiana, is a wholly-owned subsidiary of Globe Life Inc. (the "Parent Company"). The Company owns 100% of National Income Life Insurance Company, domiciled in the State of New York.

The Company is a life and accident and health insurer licensed in 49 states and the District of Columbia. The Company is also licensed to sell insurance in Canada and New Zealand. The Company is subject to state insurance regulations and periodic examinations by state insurance departments.

The following states represent the largest concentrations of premiums:

	2024
California	11 %
Ohio	7 %
Texas	7 %
Florida	6 %
Pennsylvania	5 %
Illinois	4 %

No other states represent greater than 3% of total premiums. Canada represents 8% of premiums.

Basis of Presentation—The accompanying statutory-basis financial statements have been prepared in accordance with accounting practices prescribed or permitted by Indiana Department of Insurance (the "Department"). The State of Indiana has adopted the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual, which includes all Statements of Statutory Accounting Principles ("SSAP") as the basis of its statutory accounting principles. There are no significant differences between the NAIC SSAP and the accounting practices prescribed for life and health insurance companies by the Department that are applicable to the Company.

NAIC statutory accounting principles vary in some respects from accounting principles generally accepted in the United States of America (GAAP). The primary differences between GAAP-basis and statutory-basis of accounting include:

Item	Description	GAAP Treatment	Statutory Treatment
Policy acquisition costs	Costs associated with the successful acquisition of an insurance policy.	Deferred and amortized over the life of the policy.	Charged to operations as incurred.
Future policy benefit reserves	Excess of future policy claims over future premiums.	Based on the Company's estimates of mortality, morbidity, interest, persistency, and withdrawals.	Based on statutory mortality, morbidity, and interest and withdrawal requirements and reported net of the effects of indemnity reinsurance transactions.
Interest maintenance reserve	Statutory-basis only investment reserve used to account for interest-rate related realized gains and losses.	Capital gains and losses recognized as incurred.	Deferred recognition of realized capital gains and losses resulting from changes in the general level of interest rates; amortized into income over the expected remaining life of the investments sold.
Asset valuation reserve	Statutory-basis only investment reserve used to account for default and equity risks.	Not applicable.	Required to offset potential credit-related investment losses; changes in the reserve charged to surplus.
Deferred premiums	Portion of premium not currently due.	Offset to reserves.	Recognized as an asset on the balance sheet.
Nonadmitted assets	Assets unable to be easily converted to cash.	All assets are recorded on the balance sheet.	Recognition on the balance sheet disallowed; charged to surplus.
Investment in subsidiaries	Entity that is directly or indirectly owned and controlled by a reporting entity.	Consolidated.	Recorded under the equity method of accounting.
Investment in Partnerships, Joint Ventures, and LLCs	Investments that provide partnership interests to the Company.	Recorded under the equity method of accounting, or fair value through net income.	Recorded under the equity method of accounting.
Low-Income housing tax credits	Investments in federal and certain state sponsored flow-through entities for tax purposes.	Accounted for under the proportional amortized cost method, excluding guaranteed partnerships entered into prior to 2015, which are accounted for under the effective yield method.	Accounted for under the proportional amortization method.
Bonds and short-term investments	Fixed-income investments with purpose of collecting interest.	Generally carried at fair value.	Generally carried at amortized cost.
Deferred taxes	An asset or liability on the Company’s balance sheet due to temporary differences.	A provision is made for deferred income taxes on temporary differences between the financial reporting and the tax bases of assets and liabilities.	NAIC SAP requires an amount to be recorded for deferred taxes. The amount of deferred tax assets may not be fully recognized as admitted assets.
OCI statement	Statement of revenues, expenses, gains and losses that have not yet been realized.	Required presentation.	Not applicable.
Cash and cash equivalents	Cash or assets that can be readily converted into cash.	Negative balances are reported as a liability.	Negative balances are reported within cash.
Investment in Surplus Notes	Fixed-income instrument with debt and equity characteristics.	Generally carried at fair value.	Generally carried at amortized cost.
Surplus notes (issued)	Fixed-income instrument with debt and equity characteristics.	Reported as long-term debt.	Reported as capital and surplus.
Loss Contingencies	An existing condition or situation involving uncertainty as to possible loss that will ultimately be resolved when one or more future event(s) occur or fail to occur.	If a loss is probable, estimable and only a range of loss can be estimated, the minimum of the range is required to be recorded.	If a loss is probable, estimable and only a range of loss can be estimated, the mid-point of the range is required to be recorded.

Significant accounting practices used in the preparation of the accompanying statutory-basis financial statements are as follows:

Revenue and Policy Acquisition Cost Recognition—Premiums are recognized over the premium-paying period of the policies. Unearned premiums on accident and health policies are calculated on a pro-rata basis. Consideration received on deposit-type contracts, which do not contain any life contingencies, is recorded directly to the related liability. Policy acquisition costs, such as commissions and other costs related to successfully acquiring new business, are charged to current operations as incurred. Lead generation costs incurred by the Company and the reimbursement from the agents are recognized net and are charged to the agent's balance through their commission account. Lead generation expense and reimbursement for the year ended December 31, 2024 was $20,246 and $18,675, respectively. Lead generation expense and reimbursement for the year ended December 31, 2023 was $19,896 and $21,221, respectively.

Future Policy Benefits—Aggregate reserves for future policy benefits for individual life and health insurance policies have been provided on either the net level premium method, the commissioner's reserve valuation method, or the two-year preliminary term method. Accordingly, the reserves are calculated based on estimates of mortality, morbidity, and interest and withdrawal requirements, as prescribed by state insurance regulatory agencies. Interest rate assumptions range from 2.25% to 5.00%. For life insurance policies, mortality rates are primarily obtained from the following statutory mortality tables: 1941 C.S.O., 1958 C.S.O., 1980 C.S.O., 2001 C.S.O., and 2017 C.S.O. Tables. For business issued in 2018 and later, the Principle-Based Reserving has been used. For health insurance policies, morbidity rates are based primarily on the 1985 NAIC Cancer Claim Cost Tables. Future policy benefit reserves for annuity contracts are based on either the commissioner's annuity reserve valuation method, with appropriate statutory interest and mortality assumptions, or the accumulated contract value. Annuity reserve interest rate assumptions range from 3.50% to 6.00%. Reserves for deposit-type funds are equal to deposits received and interest credited to the benefit of contract holders, less withdrawals that represent a return to the contract holder.

Policy and Contract Claims—Policy and contract claims include a provision for reported claims and claims incurred but not reported. The provision for claims incurred but not reported is estimated based on Company experience.

Federal Income Taxes—The provision for federal income taxes on operations is based upon taxes that are currently payable. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement book values and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by valuation allowances when it is determined that it is more likely than not the deferred tax asset will not be fully realized. Realizable deferred tax assets are further subject to admissibility tests performed pursuant to SSAP No. 101, *Income Taxes*. Admitted deferred tax assets and liabilities are reflected as a component of capital and surplus.

Nonadmitted Assets—Nonadmitted assets (principally a portion of deferred tax assets, certain furniture and equipment, agents' debit balances, prepaid expenses, and other amounts receivable) have been charged directly to unassigned surplus.

Interest Maintenance Reserve (IMR) and Asset Valuation Reserve (AVR)—The IMR is maintained as prescribed by the NAIC for the purpose of deferring realized gains and losses on the disposal of bonds resulting from changes in the overall level of interest rates. Such realized gains and losses are amortized into income over the approximate remaining life of bonds sold. An AVR is maintained as prescribed by the NAIC for the purpose of providing for default and equity risks related to the Company's invested assets. Changes in the AVR are charged directly to surplus.

Investments—Bonds and stock are recorded in accordance with rules promulgated by the NAIC. Bonds eligible for amortization under such rules are reported at amortized cost using the interest method, except for those bonds with a NAIC designation of 6, which are reported at the lower of amortized cost or fair value. Preferred stock is reported at fair value. Common stock of nonaffiliates is stated at estimated fair value. Common stock of affiliates is stated at their underlying statutory-basis capital and surplus. Contract loans are carried at unpaid principal balance of the loan.

Loan-backed securities are reported at amortized cost, except for those with an NAIC designation of 6, which shall be reported at the lower of amortized cost or fair value. Premiums and discounts on loan-backed bonds and structured securities are amortized using the retrospective method based on anticipated prepayments at the date of purchase. Prepayment assumptions are obtained from broker/dealer survey values or internal estimates. Changes in estimated cash flows from the original assumptions are accounted for using the retrospective method. The Company uses original cost as the basis for applying the retrospective method.

Commercial Mortgage loans participations ("Commercial Mortgage Loans" or "Mortgage Loans") are reported at unpaid principal balances, net of any unamortized discount or premium and allowance for loan losses. The loans are secured by the underlying real estate.

The accounting for investments in limited partnerships that provide low-income housing tax credits is outlined in the *Low-Income Housing Tax Credit Interests* section below. Investments in other limited partnerships are accounted for under rules set forth by the NAIC, and are recorded based on the underlying audited U.S. GAAP equity of the investee.

Investments in surplus notes are accounted for under rules set forth by the NAIC. Surplus notes rated NAIC 1-2 are reported at amortized cost, and surplus notes rated NAIC 3-6 are reported at the lower of amortized cost and fair value.

Investment in unaffiliated common stock consists of the Company's membership in the Federal Home Loan Bank ("FHLB"), which is accounted for under rules set forth by the NAIC. Accordingly, the carrying value of the capital stock required for membership is recorded at cost, which approximates fair value.

Company-owned life insurance (COLI) represents individual life insurance policies on the lives of certain officers and key employees of the Company who have provided consent allowing the Company to be the beneficiary of such policies. The accounting for an investment in COLI is reported at the cash surrender value and is reported within other admitted assets while the change in surrender value is recorded in miscellaneous income. As of December 31, 2024 and 2023, the cash surrender values of the policies were $40,547 and $0, respectively. The amount that could be realized on life insurance where the reporting entity is the owner and beneficiary was $39,850 and $0 as of December 31, 2024 and 2023, respectively. The underlying investment characteristics were 65% other invested assets, 31% cash and short-term investments, 2% stocks, and 2% bonds at December 31, 2024. The insurance policies are in compliance with Internal Revenue Code Section 7702.

Residual tranches and interests exist in other invested assets and are carried at the lower of amortized cost or fair value. The fair value for residual tranches are generally based upon evaluated prices from independent pricing services. The Company had residual interests with carrying values of $760 and $0 in 2024 and 2023, respectively, and fair values of $3,010 and $1,568 in 2024 and 2023, respectively, with unfunded commitments totaling $15,260 in 2024.

Fair Value Measurements, Investments in Securities—The investments carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100R, *Fair Value Measurements.* The hierarchy consists of three levels to indicate the quality of the fair value measurements as described below:

Level 1—Fair values are based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2—Fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that can otherwise be corroborated by observable market data.

Level 3—Fair values are based on inputs that are considered unobservable where there is little, if any, market activity for the asset or liability as of the measurement date. In this circumstance, the Company has to rely on values derived by independent brokers or internally-developed assumptions. Unobservable inputs are developed based on the best information available to the Company which may include the Company's own data or bid and ask prices in the dealer market.

The great majority of the Company's bonds are not actively traded and direct quotes are not generally available. Management therefore determines the fair values of these securities after consideration of data provided by third-party pricing services, independent broker/dealers, and other resources.

Approximately 98% of the fair value reported at December 31, 2024 is determined using data provided by third-party pricing services. Prices provided by these services are not binding offers, but are estimated exit values. Third-party pricing services use proprietary pricing models to determine security values by discounting cash flows using a market-adjusted spread to a benchmark yield. For all asset classes within the Company's significant security types, third-party services use a common valuation technique to model the price of the investments using observable market data. The foundation for these models consists of developing yield spreads based on multiple observable market data inputs, including but not limited to: benchmark yield curves, actual trading activity, new issue yields, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, sector-specific data, economic data, and other inputs that are corroborated in the market. Pricing vendors monitor and review their pricing data continuously with current market and economic data feeds, augmented by ongoing communication within the dealer community.

Using the observable market inputs described above, spreads to an appropriate benchmark yield are further developed by the vendors for each security based on security-specific and/or sector-specific risk factors, such as a security's terms and conditions (coupon, maturity, and call features), credit rating, sector, liquidity, collateral or other cash flow options, and other factors that could impact the risk of the security. Embedded repayment options, such as call and redemption features, are also taken into account in the pricing models. When the spread is determined, it is added to the security's benchmark yield. The security's expected cash flows are discounted using this spread-adjusted yield, and the resulting present value of the discounted cash flows is the evaluated price.

When third-party vendor prices are not available, the Company attempts to obtain valuations from other sources, including but not limited to broker/dealers, broker quotes, and prices on comparable securities.

When valuations have been obtained for all securities in the portfolio, management reviews and analyzes the prices to ensure their reasonableness, taking into account available and observable information. The Company utilizes pricing from multiple pricing providers and applies a hierarchy of sources to determine price. When two or more valuations are available for a security and the variance between the prices is 10% or less, the close correlation suggests similar observable inputs were used in deriving the price, and

the price is selected based on hierarchy of pricing providers. Securities valued in this manner are classified as Level 2. When the variance between two or more valuations for a security exceeds 10%, additional analysis is performed to evaluate the reasonableness of the fair value using the hierarchy and upon the evaluation company may elect to use the hierarchy of pricing providers or use additional resources such as broker quotes, prices on comparable securities, recent trades, and any other observable market data to corroborate the pricing provider. If fair value differences from pricing providers are determined to be unreasonable and additional pricing resources utilizing observable market data cannot corroborate the price within a reasonable tolerance, then the security will be classified as Level 3.

The Company invests in private placement fixed maturities. Private placement fixed maturities are generally not an active market. Private placement valuations are based on observable inputs, such as the benchmark treasury rate, published sector indices, and/or publicly traded comparables and unobservable inputs such as an internally-developed credit ratings, public private spreads and/or private letter ratings assigned by the nationally recognized statistical rating organizations. If observable inputs cannot be corroborated, the fair values are classified as Level 3.

NAIC SAP requires certain investments to be measured and reported at fair value. These include common stock, bonds rated NAIC 6 and redeemable preferred stock rated NAIC 4-6 whose fair values are less than amortized cost, and surplus notes rated NAIC 3-6 whose fair values are less than amortized cost. Transfers between fair value levels are recognized as of the end of the reporting period in which they occur.

Fair Value Measurements, Other Financial Instruments—Fair value of cash, cash equivalents, and short-term investments approximates carrying value. The Parent Company's preferred stock is continuously callable at par value, therefore the fair value approximates par value. Contract loans are an integral part of the life insurance policies which the Company has in force and, in the Company’s opinion, cannot be valued separately. Fair values of mortgage loans are determined based upon expected cash flows discounted at an appropriate risk-adjusted rate. The fair value of investments in limited partnerships that provide low-income housing tax credits is based on discounted projected cash flows. The fair value of limited partnerships in low income housing is considered Level 3. Investments in other limited partnerships recorded under the equity method of accounting are excluded from the fair value hierarchy. The Company's FHLB membership stock is only redeemable at cost, and thus the fair value approximates cost.

Other policy holder funds include interest-bearing, deposit-type accounts representing amounts payable on demand. The fair value of such deposit-type accounts is equal to the amount payable on demand and considered Level 2.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since December 31, 2024, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Impairment of Investments—The Company’s portfolio of bonds fluctuates in value due to changes in interest rates in the financial markets as well as other factors. Fluctuations caused by market rate changes have little bearing on whether or not the investment will be ultimately recoverable. Therefore, the Company considers declines in value resulting from changes in market interest rates to be temporary. In certain circumstances, however, the Company determines that the decline in value of a security is other-than-temporary and writes the book value of the security down to fair value, realizing an investment loss. The determination that an impairment is other-than-temporary is highly subjective and involves the careful consideration of many factors.

Among the factors considered are:

- The length of time and extent to which the security has been impaired
- The reason(s) for the impairment
- The financial condition of the issuer and near-term prospects for recovery in fair value of the security
- The Company's ability and intent to hold the security until anticipated recovery
- Expected future cash flows

The relative weight given to each of these factors can change over time as facts and circumstances change. In many cases, management believes it is appropriate to give relatively more weight to prospective factors than to retrospective factors. Prospective factors that are given more weight include prospects for recovery, the Company's ability and intent to hold the security until anticipated recovery, and expected future cash flows.

Among the facts and information considered in the process are:

- Financial statements of the issuer
- Changes in credit ratings of the issuer
- The value of the underlying collateral
- News and information included in press releases issued by the issuer
- News and information reported in the media concerning the issuer
- News and information published or otherwise provided by credit analysts
- The nature and amount of recent and expected future sources and uses of cash
- Default on a required payment
- Issuer bankruptcy filings

While all available information is taken into account, it is difficult to predict the ultimately recoverable amount of a distressed or impaired security.

For asset-backed securities, additional information is gathered and analysis performed on the individual underlying collateral and estimates of potential future collateral performance. Multiple cash flow scenarios are calculated based on various loss rate assumptions and used to assess the likelihood of future possible impairment.

Mortgage loans are considered impaired when it is probable, based upon current information and events, that the Company will be unable to collect all contractual amounts due. Impairment is measured based on the excess of the loan balance over the fair value of the collateral, as determined by a current appraisal, and is recorded as an unrealized loss through a valuation allowance. If an impairment is deemed to be other than temporary, then a direct write-down is recorded as a realized loss, thus establishing a new cost basis equal to the fair value of the collateral less the cost estimated to obtain and sell the property.

The Company's commercial mortgage loan portfolio is managed by an unaffiliated third-party manager. As part of its credit-monitoring process, the third-party manager evaluates several risk criteria for each loan. These include quantitative measures, such as the underlying collateral value, loan-to-value ratio, and debt-service coverage ratio; as well as qualitative risk parameters, such as borrower experience, specific property fundamentals, local real estate market conditions, financial and business condition of the borrower, and ease of liquidation. After consideration of the third-party manager's credit analysis, the Company decides if a loan loss allowance should be established.

Investment Income—Investment income consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded as earned. Interest income on mortgage-backed securities and asset-backed securities is determined on the effective yield method based on

estimated principal repayments. Prepayment penalty and acceleration fees on callable bonds are recognized in investment income, as received. Interest earned on contract loans is charged in arrears and recognized ratably. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis. Interest income on mortgage loans is accrued and recorded net of servicing fees. Interest that is 180 days past due and that is still deemed collectible is accrued, but nonadmitted. Any interest deemed uncollectible is written off as a charge against investment income. Dividends and distributions from limited partnerships are recognized as investment income to the extent that they are not in excess of undistributed accumulated earnings. Dividends and distributions in excess of undistributed earnings are recorded as a reduction to the carrying value of the investment. The Company's share of undistributed earnings and losses included in net unrealized capital gains (losses) are credited or charged directly to surplus.

Realized gains and losses on the sale of investments are determined on a specific identification method. Realized gains and losses on debt securities and preferred stock resulting from an overall change in market interest rates are deferred through the IMR and amortized into income over the remaining expected life of the disposed investment. Credit-related gains and losses on debt securities and preferred stock as well as realized gains and losses on unaffiliated common stock are recorded in the AVR and included in the accompanying statutory-basis statement of operations. Unrealized gains and losses on unaffiliated common stock are also reflected in the AVR. The change in the AVR is reflected as an increase or decrease in surplus. Unrealized gains and losses on affiliated common stock are reflected directly in surplus through the change in unrealized capital gains and losses. The Company's share of undistributed earnings and losses included in net unrealized capital gains (losses) are credited or charged directly to surplus.

Cash, Cash Equivalents, and Short-Term Investments—Cash includes cash on hand and amounts due from banks. The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents include money market mutual funds which are stated at fair value. The Company considers all investments with remaining maturities of one year or less at the time of acquisition (excluding those investments classified as cash equivalents) to be short-term investments, which are stated at amortized cost.

Reinsurance—The Company cedes and assumes insurance risks with other companies. Aggregate reserves for future policy benefits, premiums, and expenses are reported after deduction of amounts relating to reinsurance ceded and addition of amounts relating to reinsurance assumed. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations. Please refer to Note 4 for further discussion.

Stock Options—Certain employees of the Company have been granted options to buy shares of Globe Life Inc. stock at market value on the grant date under the provisions set forth as part of the Globe Life Inc. stock option plans. The Company has no legal obligation under the plans; however, an expense is allocated to the Company based upon the options granted to its employees under the plans, and it is recorded within the General expenses and insurance taxes, licenses, and fees line item within the accompanying statutory-basis financial statements. The allocated expense for stock compensation recorded during 2024 and 2023 totaled $5,175 and $7,075, respectively.

Low-Income Housing Tax Credit Interests—The Company has invested in flow-through entities that provide low-income housing tax credits (LIHTC) and other related federal income tax benefits to the Company. The return on a portion of the Company's investments has been guaranteed by unrelated third parties. The investments are accounted for using the proportional amortized-cost method. The federal income tax benefits accrued during the year are recorded in income tax expense. The amount of LIHTC and other tax benefits (expenses) recognized were $17,925 and $17,735 during 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the LIHTC investment balances were $67,821 and $67,251, respectively. The amounts recorded within other invested assets are presented net of encumbrances for unpaid contributions. As of December 31, 2024 and 2023, unpaid contributions were $21,518 and $24,593, respectively. All of the remaining unpaid contributions are expected to be paid by 2032.

Currently, the LIHTC properties are not subject to any regulatory reviews. The Company's involvement is restricted to its limited partnership interest in the LIHTC entities. The Company has not provided any other financial support to the entities beyond its commitments to fund its limited partnership interests, and there are no arrangements or agreements with any of the interests to provide other financial support. The maximum loss exposure relative to these interests is limited to their carrying value.

As of December 31, 2024, there are 13 years of remaining unexpired tax credits for low-income housing tax credit investments with a required holding period of 18 years, compared to 14 years of remaining unexpired tax credits for low-income housing tax credit investments with a required holding period of 19 years as of December 31, 2023.

Foreign Currency Translation—The Company records assets, liabilities, and operations of foreign branches based upon the functional currency of each entity. The determination of the functional currency is made based on the appropriate economic indicators. Assets and liabilities of the foreign branches and subsidiaries are translated from the functional currency to US dollars at the exchange rates in effect at each year-end; and income and expense accounts are translated at the weighted-average exchange rates during the year.

Risk-Based Capital—The Department has adopted risk-based capital (RBC) requirements for life insurance companies, as promulgated by the NAIC, and these requirements are applicable to the Company. The RBC calculation serves as a benchmark for the regulation of life insurance companies by state insurance regulators. RBC provides for surplus formulas similar to target surplus formulas used by commercial rating agencies. The formulas specify various weighted factors that are applied to statutory-basis financial balances or various levels of activity based on the perceived degree of risk, and are set forth in the RBC requirements. The resulting figure is the authorized control level capital (ACL).

The RBC guidelines define specific capital levels based on a company's ACL that are determined by the ratio of a company's total adjusted capital (TAC) to its ACL. TAC is equal to statutory capital, plus the AVR and any voluntary investment reserves, 50% of dividend liability, and certain other specified adjustments. Companies where TAC is less than or equal to 2.0 times ACL are subject to certain corrective actions as set forth in RBC requirements.

As of December 31, 2024 and 2023, the statutory TAC of the Company exceeded the level requiring corrective action.

Use of Estimates—The preparation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates susceptible to significant change are those used in determining the liability for aggregate reserves for future policy benefits, losses, and claims. Although some variability is inherent in these estimates, management believes the amounts provided are adequate.

Allocation of Expenses—The Company operates within a group under Globe Life Inc. where personnel and facilities are shared. Under terms of the management contract, the subsidiaries of Globe Life Inc. are allocated general and administrative expenses based on total premium. The allocated amount is estimated to be in proportion to the Company incurring the expense as if the expense had been paid solely by the Company.

Going Concern—Each reporting period, the Company evaluates whether there is substantial doubt about an entity's ability to continue as a going concern. Management was not aware of any conditions or events that could raise substantial doubts concerning the entity's ability to continue as a going concern through 12 months from the date of issuance of the financial statements.

Subsequent Events—The Company evaluates events occurring subsequent to the balance sheet date to determine whether recognition or disclosure in the financial statements is required. If conditions of a subsequent event were to exist as of the balance sheet date, depending on materiality, the effects may be required to be recognized and disclosed in the financial statements. If conditions of a subsequent event arose after the balance sheet date, the effects are not required to be recognized in the financial statements; however, they may need to be disclosed in the financial statements depending on materiality.

Accordingly, we have evaluated the effects of events subsequent to the balance sheet date of December 31, 2024, and through April 25, 2025, which is the date the statutory-basis financial statements were available to be issued. In February 2025, the Company purchased previously sold agent debit balances back from AILIC Receivables Corp in the amount of $438,190 with an effective date of January 1, 2025. Agent debit balances have an admitted value of $0 and were repurchased using FHLB advances of $70,000 and intercompany loans of $368,190 with interest rates of 4.38% and 7.5%, respectively.

In March 2025, the Company executed a funds withheld coinsurance agreement with an unaffiliated and authorized reinsurer involving an existing block of business with an effective date of January 1, 2025. The initial reserves ceded of $465,990 were offset by a $457,695 ceding commissions and funds withheld of $8,295, resulting in a non-cash transaction at inception. The after-tax gain on the effective date from this agreement will be recorded within surplus resulting in no impact to net income.

With the exception of the cost of capital, the two transactions together have an immaterial impact on the projected year end 2025 surplus. We noted no other events or transactions that would require recognition or disclosure in the statutory basis financial statements.

New Accounting Standards—The Company evaluates updates to NAIC statutory accounting principle guidance to determine the impact on the Company's statutory-basis financial statements for pronouncements effective in both the current and future period.

Accounting Pronouncements Adopted in the Current Year: The NAIC adopted 2019-21, *Principles-Based Bond Project & Residual Interests* as a new concept for guidance within SSAP No. 21, *Other Admitted Assets.* The adoption of the concept provides guidance for debt securities that do not qualify as bonds under the principles-based bond definition in SSAP No. 26, *Bonds,* thus requiring the reporting of debt securities meeting the criteria to be reported on Schedule BA. In addition, guidance for measurement methods of residual interests is included in the adoption. This standard is effective for the Company beginning January 1, 2025, with early adoption permitted for residual interests. The Company has little to no debt securities that do not qualify as bonds. The Company early adopted this standard related to residual interests, and therefore the adoption had no impact on the statutory-basis financial statements.

Accounting Pronouncements Yet to be Adopted: The NAIC adopted 2022-14, *New Market Tax Credit Project* as a new concept. The adoption expands and amends guidance within SSAP No. 93, *Investments in Tax Credit Structures*, SSAP No. 94, *State and Federal Tax Credits*, SSAP No. 34, *Investment Income Due and Accrued*, and SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies* to include both federal and state tax credit investments. This standard is effective for the Company beginning January 1, 2025. Currently, the Company invests in credits in low income housing, however, the adoption is not expected to have a material impact on the statutory-basis financial statements.

The NAIC adopted 2023-17, *Short-Term Investments* as a new concept for guidance within SSAP No. 2, *Cash, Cash Equivalents, Drafts, and Short-Term Investments.* The adoption establishes principal concepts for the types of investments permitted for reporting as either cash equivalents (Schedule E2) or

short-term investments (Schedule DA). This standard is effective for the Company beginning January 1, 2025, and is not expected to have a material impact on the statutory-basis financial statements.

2. INVESTMENTS

Analysis of Investment Operations—Net investment income for the years ended December 31, 2024 and 2023, is summarized as follows:

	2024	2023
Bonds	$ 203,924	$ 197,900
Preferred stock—affiliated	2,495	2,671
Common stock—unaffiliated	384	177
Common stock—affiliated	16,804	14,832
Mortgage loans	4,767	4,001
Contract loans	23,638	21,310
Cash, cash equivalents, and short-term investments	4,723	2,921
Other invested assets	23,961	16,270
Miscellaneous investment income	(152)	(126)
Gross investment income	280,544	259,956
Less investment expenses	51,759	48,248
Net investment income	$ 228,785	$ 211,708

Selected information about disposals of bonds is as follows:

	At December 31,	
	2024	2023
Bonds:		
Proceeds from sales	$ 234,647	$ 87,343
Gross realized gains	$ 4,404	$ 663
Gross realized losses	$ (7,440)	$ (3,366)
Net gains (losses) on calls and redemptions	$ (853)	$ (168)

The above table includes securities called, redeemed, or otherwise disposed of as a result of a callable feature, which resulted in the receipt of prepayment penalty and acceleration fees. These fees are recorded as investment income at the time of the transaction and are summarized in the following table.

	At December 31,	
	2024	2023
Prepayment Penalty and Acceleration Fees:		
Number of issues (CUSIPs) called/redeemed	32	21
Investment income from fees	$ —	$ —

Portfolio Composition—The cost or amortized cost, gross unrealized gains and losses, and fair value of bonds and preferred stock as of December 31, 2024 and 2023, are as follows:

	2024				
	Book/Adj Carrying Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government	$ 3,055	$ 3,055	$ —	$ (55)	$ 3,000
Other government	42,437	42,437	18	(8,999)	33,456
Mortgage-backed securities	—	—	—	—	—
U.S. states, territories, and possessions	4,640	4,640	—	(801)	3,839
U.S. political subdivisions	136,280	136,280	205	(28,336)	108,149
U.S. special revenues	507,499	507,499	923	(68,382)	440,040
Industrial and miscellaneous	3,101,255	3,101,255	40,673	(290,485)	2,851,443
Asset-backed securities	16,452	16,452	8	(317)	16,143
Hybrid securities	136,756	136,756	4,852	(3,651)	137,957
Total bonds	$3,948,374	$3,948,374	$ 46,679	$ (401,026)	$3,594,027
Preferred stock—affiliated	$ 39,169	$ 39,169	$ —	$ —	$ 39,169
Common stock—unaffiliated	$ 10,024	$ 8,714	$ 1,310	$ —	$ 10,024

	2023				
	Book/Adj Carrying Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government	$ 3,256	$ 3,256	$ 1	$ (88)	$ 3,169
Other government	44,453	44,453	1	(10,348)	34,106
Mortgage-backed securities	1	1	—	—	1
U.S. states, territories, and possessions	4,628	4,628	14	(661)	3,981
U.S. political subdivisions	136,798	136,798	592	(22,241)	115,149
U.S. special revenues	516,484	516,484	3,901	(47,610)	472,775
Industrial and miscellaneous	3,275,767	3,275,767	70,224	(243,070)	3,102,921
Asset-backed securities	16,662	16,662	—	(666)	15,996
Hybrid securities	113,666	113,666	3,093	(2,433)	114,326
Total bonds	$4,111,715	$4,111,715	$ 77,826	$ (327,117)	$3,862,424
Preferred stock—affiliated	$ 39,169	$ 39,169	$ —	$ —	$ 39,169
Common stock—unaffiliated	$ 5,107	$ 3,958	$ 1,149	$ —	$ 5,107

The amortized cost of bonds at December 31, 2024 and 2023 includes adjustments for those securities that are other-than-temporarily impaired, if any. The book/adjusted carrying value includes additional adjustments for lower rated securities stated at the lower of amortized cost or fair value. At December 31, 2024 and 2023, the Company did not have any bonds with nonadmitted amounts.

Bonds by Contractual Maturity—The book/adjusted carrying value and fair value of bonds at December 31, 2024, by contractual maturity, are shown below. Expected and actual maturities will differ from contractual maturities because the issuers of such bonds may have the right to call or prepay obligations without call or prepayment penalties.

	Book/Adj Carrying Value	Fair Value
Due in one year or less	$ 30,248	$ 30,172
Due after one year through five years	210,775	212,887
Due after five years through ten years	269,132	272,337
Due after ten years	3,438,219	3,078,631
Total	$ 3,948,374	$ 3,594,027

Other-Than-Temporary Impairments—During the period ended December 31, 2024, the Company recorded other-than-temporary impairments of $659 for holdings in an asset-backed security. During the period ended December 31, 2023, the Company recorded other-than-temporary impairments of $8,398 and disposed of security holdings in corporate bonds which resulted in a realized loss of $101.

Unrealized Loss Analysis—The following tables disclose unrealized investment losses by class of investment at December 31, 2024 and 2023. The Company considers these investments to be only temporarily impaired.

	Analysis of Gross Unrealized Investment Losses At December 31, 2024					
	Less than Twelve Months		Twelve Months or Longer		Total	
Description of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds:						
U.S. government	$ 2,966	$ (55)	$ —	$ —	$ 2,966	$ (55)
Other government	4,835	(24)	25,515	(8,975)	30,350	(8,999)
U.S. states, territories, and possessions	852	(17)	2,987	(784)	3,839	(801)
U.S. political subdivisions	29,876	(1,716)	68,411	(26,620)	98,287	(28,336)
U.S. special revenues	176,895	(6,477)	232,873	(61,905)	409,768	(68,382)
Industrial and miscellaneous	454,073	(27,720)	1,477,865	(262,765)	1,931,938	(290,485)
Asset-backed securities	5,616	(9)	8,289	(308)	13,905	(317)
Hybrid securities	33,269	(1,782)	29,977	(1,869)	63,246	(3,651)
Total unrealized losses	$ 708,382	$ (37,800)	$1,845,917	$ (363,226)	$2,554,299	$ (401,026)

Analysis of Gross Unrealized Investment Losses
At December 31, 2023

Description of Securities	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds:						
U.S. government	$ —	$ —	$ 2,945	$ (88)	$ 2,945	$ (88)
Other government	—	—	32,591	(10,348)	32,591	(10,348)
U.S. states, territories, and possessions	—	—	3,103	(661)	3,103	(661)
U.S. political subdivisions	5,298	(42)	81,525	(22,199)	86,823	(22,241)
U.S. special revenues	68,487	(893)	207,863	(46,717)	276,350	(47,610)
Industrial and miscellaneous	71,303	(967)	1,888,246	(242,103)	1,959,549	(243,070)
Asset-backed securities	—	—	15,996	(666)	15,996	(666)
Hybrid securities	26,093	(808)	17,369	(1,625)	43,462	(2,433)
Total unrealized losses	$ 171,181	$ (2,710)	$2,249,638	$ (324,407)	$2,420,819	$ (327,117)

At December 31, 2024, the Company held 264 issues (CUSIPs) that had been in an unrealized loss position less than 12 months, and 768 issues that had been in an unrealized loss position 12 months or longer. At December 31, 2024 and 2023, the Company's entire bond and equity portfolio consisted of 1,211 and 1,202 issues, respectively.

The following table discloses loan-backed and other structured securities that have an unrealized loss as of December 31, 2024 and 2023.

	Less than Twelve Months		Twelve Months or Longer	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
2024	$ 5,616	$ (9)	$ 8,289	$ (308)
2023	—	—	15,996	(666)

Pledged Assets—The Company had cash and bonds with book/adjusted carrying values of $550,573 and $579,426 on deposit with various state insurance and governmental regulatory agencies as required by law at December 31, 2024 and 2023, respectively.

Commercial Mortgage Loans—The Company invests in commercial mortgage loan participations. The portfolio consists of participations in transitional real estate loans with three to five year maturities that are originated and serviced by a third-party manager who also performs credit monitoring and impairment analysis of the loans.

During 2024, all new mortgage loans were commercial. In 2024, the minimum and maximum lending rate for new mortgage loans was 7.21% and 9.08%, respectively, and the maximum percentage of any one loan to the value of the collateral at the time of the loan was 63.8%. The Company does not have any significant credit risk exposure to any individual borrower. During 2023, all new mortgage loans were commercial.

The commercial mortgage loan portfolio is invested in a variety of commercial property types located in the United States. As of December 31, 2024 and 2023, the distribution of the portfolio by property type and geographic location was as follows:

	2024		2023	
	Carrying Value	% of Total	Carrying Value	% of Total
Property type:				
Hospitality	3,234	4 %	3,460	6 %
Multi-family	30,501	36 %	38,354	63 %
Retail	24,555	29 %	—	— %
Industrial	26,622	31 %	19,479	31 %
Total recorded investment	$ 84,912	100 %	$ 61,293	100 %
Less valuation allowance	—	—	—	—
Carrying value, net of valuation allowance	$ 84,912	100 %	$ 61,293	100 %

	2024		2023	
	Carrying Value	% of Total	Carrying Value	% of Total
Geographic location:				
Pacific	$ —	— %	$ 17,795	29 %
West South Central	21,477	25 %	3,460	6 %
East South Central	24,555	29 %	—	— %
South Atlantic	3,028	4 %	4,428	7 %
Middle Atlantic	26,621	31 %	20,631	34 %
New England	9,231	11 %	14,979	24 %
Total recorded investment	$ 84,912	100 %	$ 61,293	100 %
Less valuation allowance	—	—	—	—
Carrying value, net of valuation allowance	$ 84,912	100 %	$ 61,293	100 %

The following table contains the risk categories of the loan portfolio. Loans are rated from CM1 (highest quality) to CM7 (in process of foreclosure). The factors that contribute to the CM category include the sector type, the loan to value ratio (LTV), the debt service coverage ratio (DSC), whether the loan is a construction loan, and if the loan has cash reserves. These loans, originated in 2018 to 2024, are transitional or under construction, and may not yet be income producing.

	2024		2023	
	Carrying Value	Number of Loans	Carrying Value	Number of Loans
Risk categories:				
CM2	$ 78,650	5	$ 37,273	2
CM3	3,234	1	24,020	4
CM7	3,028	1	—	—
Carrying value, net of valuation allowance	$ 84,912	7	$ 61,293	6

In 2024, the Company had an other-than-temporary-impairment on $4,428 commercial mortgage loan, resulting in a realized loss of $1,400. The Company did not write down any loans in 2023 as a result of an other-than-temporary impairment.

The Company did not have any mortgage loans past due as of December 31, 2024 and 2023. The Company did not have any taxes, assessments, or advances that were not included in the mortgage loan total.

The Company participates or is a co-lender in mortgage loan agreements with other lenders for commercial mortgage loans. These amounts were $84,912 and $61,293 as of December 31, 2024 and 2023, respectively. Of these amounts, $3,028 and $0 represents investment in impaired loans with no allowance for credit losses as of December 31, 2024 and 2023, respectively.The average recorded investment of impaired loans was $3,028 and $0 and interest income recognized on these loans was $38 and $0 as of December 31, 2024 and 2023, respectively. The Company was subject to a participant or co-lender mortgage loan agreement for which the Company is restricted from unilaterally foreclosing on the impaired mortgage loan balance as of December 31, 2024.

The Company had $81,884 of loans in current status and $3,028 in loans that were 180+ days past due as of December 31, 2024. All of the Company's loans were in current status as of December 31, 2023. The recorded investment for commercial loans where the interest rate was reduced was $3,028 and $0 as of December 31, 2024 and 2023, respectively. For the year ended December 31, 2024, the number of loans impacted, and the average interest rate reduction was 1 loan and 8.5%, respectively. For the year ended December 31, 2023, the Company did not have any loans with interest rater reductions. The Company had $3,028 and $0 of loans with a non-accrual status as of December 31, 2024 and 2023, respectively.

Other Invested Assets—Other invested assets include surplus notes with an amortized cost of $129,605 and $92,323 and a fair value of $114,539 and $80,881 as of December 31, 2024 and 2023, respectively. All of the Company's surplus notes were rated NAIC 1-2 during each period. For this reason, the notes were reported at amortized cost, resulting in no related unrealized losses as of December 31, 2024 and 2023, respectively. Additionally, the Company has other limited partnerships which are presented in the following table:

	As of December 31,			
	Carrying Value		Unfunded Commitments[2]	
Investment Category:	2024	2023	2024	Redemption Term/Notice[1]
Commercial mortgage loans	$121,259	$ 80,481	$ 56,918	Fully redeemable and non-redeemable with varying terms.
Opportunistic and private credit	30,770	27,870	22,228	Fully redeemable and non-redeemable with varying terms.
Infrastructure	46,300	43,049	—	Fully redeemable and non-redeemable with varying terms.
Other	10,897	9,122	13,994	Non-redeemable with varying terms
Total limited partnerships	$209,226	$160,522	$ 93,140	

(1) Non-redeemable funds generally have an expected life of 7 to 12 years from fund closing with extension options of 1 to 4 years. Redemptions are paid out throughout the life of the funds at the General Partner's discretion. Redeemable funds can generally be redeemed over 6 to 36 months upon request from limited partners.

(2) Unfunded commitments include unfunded balances during the investment period. After an investment period ends, the fund can call capital based on limited and specified reasons. As of December 31, 2024, unfunded commitments totaled $143,275, including funds past the investment period.

Affiliated Investments—As of December 31, 2024 and 2023, the Company had the following subsidiaries:

	Ownership	Carrying Value[1]		Subsidiary Assets		Subsidiary Net Income	
	%	2024	2023	2024	2023	2024	2023
National Income Life Insurance Company (National Income)	100%	$ 59,225	$ 56,014	$546,693	$491,018	$ 21,614	$ 16,808
American Income Marketing Services (AIMS)	100%	$ 1,203	$ 1,203	N/A	N/A	N/A	N/A

(1) The Company's carrying value is presented as the following: National Income at statutory-basis equity and AIMS at its GAAP-basis equity. The carrying value in AIMS is a non-admitted asset in the statutory-basis financial statements.

National Income declared and paid dividends on its common stock to the Company in the amount of $16,804 and $14,832 during 2024 and 2023, respectively. The Company recorded these amounts in net investment income.

FHLB Membership—The Company is a member of the FHLB of Dallas. Membership provides the Company with access to various low cost collateralized borrowings and funding agreements. Membership requires the purchase of a minimum amount of FHLB common stock based on a percentage of admitted assets. Additional common stock purchases are required based on the amount of funds borrowed from the FHLB. The Company owned $4,696 and $2,851 of Class B membership stock, which is not eligible for redemption, as of December 31, 2024 and 2023, respectively. The Company owned $3,936 and $1,025 of activity stock as of December 31, 2024 and 2023, respectively. The maximum borrowing capacity was $235,293 and $242,238 as of December 31, 2024 and 2023, respectively, based on the amount of pledged assets as follows:

	2024	2023
Estimated fair value	$ 280,590	$ 285,063
Carrying value	$ 316,323	$ 307,342

The maximum amount of collateral pledged during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Estimated fair value	$ 294,378	$ 285,063
Carrying value	$ 319,048	$ 307,342

As of December 31, 2024, the Company had $80,337 in outstanding funding agreements with the FHLB compared to $25,123 as of December 31, 2023. The maximum of aggregate funding agreements outstanding during 2024 and 2023 was $80,000 and $25,000, respectively. Funding agreements with the FHLB are recorded in deposit-type contracts. The maximum amount of advances outstanding during 2024 and 2023 was $96,000 and $72,000, respectively. There were no outstanding advances as of December 31, 2024 and 2023. Advances from the FHLB are recorded in debt.

Concentrations of Credit Risk—The financial instruments that subject the Company to concentrations of potential credit risk are primarily bonds, equity securities, short-term investments, other invested assets and cash on deposit. Such instruments include investments in commercial paper of companies with high credit ratings, investments in money market securities, and investments in securities backed by the United States Government. The Company limits the amount of credit exposure with any one financial issuer or institution and believes that no significant concentration of credit risk exists with respect to the portfolio.

The Company maintains a diversified investment portfolio with limited concentration in any one issuer. The following table presents the distribution of the portfolio as of December 31, 2024, based on admitted value:

	Admitted Value
Investment-grade corporate securities	64 %
Municipal bonds	13 %
Other invested assets	8 %
Contract loans	6 %
Below-investment grade securities	2 %
Affiliated stock	2 %
Mortgage loans	2 %
Other governments	1 %
Cash, cash equivalents, and short-term investments	1 %
Loan-backed and other structured securities, non-affiliated equities, other bonds and real estate	1 %
Total	100 %

Excluding investments in affiliates, the Company's largest exposure to a single issuer of debt and equity securities was Telus Corp, which represented 1.2% of cash and invested assets.

Municipal bond investments are made in various states with 18% of the municipal bonds invested in the state of Texas. Corporate debt and equity investments are made in a wide range of industries. At December 31, 2024, the top ten industry concentrations, based on admitted value, were as follows:

	Admitted Value
Insurance	14 %
Electric utilities	10 %
Telecommunications	7 %
Pipelines	6 %
Banks	6 %
Transportation	4 %
Chemicals	4 %
Real estate investment trusts	4 %
Diversified financial services	4 %
Food	3 %

At December 31, 2024, 2% of cash and invested assets were represented by bonds rated below investment grade by the NAIC (NAIC designations 3–6). Par value of these investments was $105,138, book/adjusted carrying value (or admitted value) was $106,551, and fair value was $89,089. Included in these said investments are below investment grade loan-backed and other structured securities with a book/adjusted carrying value of $951. While these investments could be subject to additional credit risk, such risk should generally be reflected in fair value.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments Measured at Fair Value—The following tables summarize the investments measured and reported at fair value as of December 31, 2024 and 2023:

	Fair Value Measurements at December 31, 2024 Using:				
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Net Asset Value (NAV)**	**Total Fair Value**
Assets at fair value:					
Common stock—industrial and miscellaneous	$ —	$ 8,632	$ 1,392	$ —	$ 10,024
Preferred stock—perpetual affiliated	—	—	39,169	—	39,169
Cash equivalents—money market mutual funds	—	—	—	3,456	3,456
Total	$ —	$ 8,632	$ 40,561	$ 3,456	$ 52,649

	Fair Value Measurements at December 31, 2023 Using:				
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Net Asset Value (NAV)**	**Total Fair Value**
Assets at fair value:					
Common stock—industrial and miscellaneous	$ —	$ 3,876	$ 1,231	$ —	$ 5,107
Preferred stock—perpetual affiliated	—	—	39,169	—	39,169
Cash equivalents—money market mutual funds	—	—	—	4,227	4,227
Total	$ —	$ 3,876	$ 40,400	$ 4,227	$ 48,503

The following table represents changes in assets measured and reported at fair value using significant unobservable inputs (Level 3):

	Analysis of Changes in Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Common Stock	Preferred Stock	Total
Balance at December 31, 2022	$ 1,300	$ 39,169	$ 40,469
Total gains or losses:			
Included in net income	—	—	—
Included in surplus	(69)	—	(69)
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Settlements/amortization	—	—	—
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Balance at December 31, 2023	$ 1,231	$ 39,169	$ 40,400
Total gains or losses:			
Included in net income	—	—	—
Included in surplus	161	—	161
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Settlements/amortization	—	—	—
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Balance at December 31, 2024	$ 1,392	$ 39,169	$ 40,561

Included in Level 3 are common and preferred stock for which observable market data is not available.

Fair Value Hierarchy—The following tables summarize the fair values of all financial instruments by level within the fair value hierarchy as of December 31, 2024 and 2023:

	2024						
Type of Financial Instrument	**Admitted Value**	**Aggregate Fair Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**	**Net Asset Value (NAV)**
Assets:							
Bonds	$ 3,948,374	$ 3,594,027	$ —	$ 3,513,470	$ 80,557	$ —	$ —
Preferred stock—affiliated	39,169	39,169	—	—	39,169	—	—
Common stock—unaffiliated	10,024	10,024	—	8,632	1,392	—	—
Cash, cash equivalents, and short-term investments	39,745	39,745	36,289	—	—	—	3,456
Contract loans[1]	312,412	312,412	—	—	—	312,412	—
Mortgage loans[2]	84,912	85,379	—	—	85,379	—	—
Other invested assets:							
LIHTC partnership interests	67,821	70,737	—	—	70,737	—	—
Surplus notes—unaffiliated	114,451	101,664	—	101,664	—	—	—
Surplus notes—affiliated	15,154	12,875	—	—	12,875	—	—
Residual tranches	760	3.009	—	—	3,009	—	—
Total Assets:	$ 4,632,822	$ 4,269,041	$ 36,289	$ 3,623,766	$293,118	$ 312,412	$ 3,456
Liabilities:							
Interest bearing deposit-type funds	$ (165,601)	$ (165,601)	$ —	$ (165,601)	$ —	$ —	$ —
Borrowed funds—affiliated	(25,245)	(25,245)	—	(25,245)	—	—	—
Total Liabilities:	$ (190,846)	$ (190,846)	$ —	$ (190,846)	$ —	$ —	$ —

(1) Contract loans cannot be valued separately from their associated insurance liabilities, thus making the determination of fair value not practicable.
(2) The Company invests in mortgage loans with 1 month floating rates. For this reason, the fair value approximates book value.

	2023						
Type of Financial Instrument	Admitted Value	Aggregate Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)	Net Asset Value (NAV)
Assets:							
Bonds	$ 4,111,715	$ 3,862,424	$ —	$ 3,780,831	$ 81,593	$ —	$ —
Preferred stock—affiliated	39,169	39,169	—	—	39,169	—	—
Common stock—unaffiliated	5,107	5,107	—	3,876	1,231	—	—
Cash, cash equivalents, and short-term investments	48,983	48,983	44,756	—	—	—	4,227
Contract loans[1]	284,452	284,452	—	—	—	284,452	—
Mortgage loans[2]	61,293	61,119	—	—	61,119	—	—
Other invested assets:							
LIHTC partnership interests	67,251	74,170	—	—	74,170	—	—
Surplus notes—unaffiliated	77,168	67,155	—	67,155	—	—	—
Surplus notes—affiliated	15,155	13,726	—	—	13,726	—	—
Residual tranches	—	1,568	—	—	1,568	—	—
Total assets	$ 4,710,293	$ 4,457,873	$ 44,756	$ 3,851,862	$272,576	$ 284,452	$ 4,227
Liabilities:							
Interest bearing deposit-type funds	$ (113,553)	$ (113,553)	$ —	$ (113,553)	$ —	$ —	$ —
Borrowed funds—affiliated	(25,271)	(25,271)	—	(25,272)	—	—	—
Total liabilities	$ (138,824)	$ (138,824)	$ —	$ (138,825)	$ —	$ —	$ —

(1) Contract loans cannot be valued separately from their associated insurance liabilities, thus making the determination of fair value not practicable.
(2) The Company invests in mortgage loans with 1 month floating rates. For this reason, the fair value approximates book value.

The Company invests in a portfolio of private placement bonds that is managed by a third party. Amortized cost of these bonds was $72,818 and $76,328 as of December 31, 2024 and 2023, respectively. The fair value of those classified as Level 2 was $7,736 and $8,598 and those classified as Level 3 was $60,958 and $63,987 at December 31, 2024 and 2023, respectively.

4. FUTURE POLICY BENEFITS AND REINSURANCE

Reserves for Life Contracts and Deposit-Type Contracts

- The Company waives deduction of deferred fractional premiums upon death of the insured and returns any modal premium paid beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- Extra premiums are charges for substandard lives plus the gross premium for a rate age or plus the gross premium for the true age. Mean reserves are determined by computing the regular mean reserve for the plan and in addition, one-half for the extra premium charge for the year for traditional products.
- At December 31, 2024 and 2023, the Company had insurance in force of $344,892 and $363,921, for which a premium deficiency reserve of $3,319 and $3,439, respectively, was recorded.
- The tabular interest, tabular less actual reserves released, and tabular costs have been determined by formula as prescribed in the NAIC Annual Statement Instructions.
- For the determination of tabular interest on funds not involving life contingencies for each valuation rate of interest, the tabular interest is calculated as one hundredth of the product of such valuation rate of interest multiplied by the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

Analysis of Annuity Actuarial Reserves and Deposit-Type Contracts by Withdrawal Characteristics —The amount of annuity actuarial reserves and deposit-type contract funds and other liabilities without life or disability contingencies as of December 31, 2024 and 2023, were as follows:

Individual Annuities:	**2024**	**2023**
Subject to discretionary withdrawal:		
At book value less current surrender charge of 5% or more	$ —	$ —
At book value without adjustment	99	157,996
Total subject to discretionary withdrawal	99	157,996
Not subject to discretionary withdrawal	151	628
Total gross	250	158,624
Reinsurance ceded	—	—
Total net	$ 250	$ 158,624
Amount 'at book value less current surrender charge of 5% or more' that will move to 'at book value without adjustment' for the first time within the year after the statement date	$ —	—

Deposit-Type Contracts:	2024	2023
Subject to discretionary withdrawal:		
At book value less current surrender charge of 5% or more	$ —	$ —
At book value without adjustment	85,264	88,430
Total subject to discretionary withdrawal	85,264	88,430
Not subject to discretionary withdrawal	80,337	25,123
Total gross	165,601	113,553
Reinsurance ceded	—	—
Total net	$ 165,601	$ 113,553
Amount 'at book value less current surrender charge of 5% or more' that will move to 'at book value without adjustment' for the first time within the year after the statement date	$ —	$ —

The following information is obtained from the annual statement, which is filed with the Department. It is provided to reconcile annuity reserves, deposit-type contract funds, and other liabilities with life or disability contingencies to amounts reported in the statutory-basis statements of admitted assets, liabilities, and capital and surplus. As of December 31, 2024 and 2023, these amounts were as follows:

	2024	2023
Life and accident and health annual statement:		
Exhibit 5—annuities section—total (net)	$ 99	$ 158,465
Exhibit 5—supplementary contracts with life contingencies section—total (net)	151	158
Exhibit of deposit-type contracts—column 1, line 14	165,601	113,553
Total	$ 165,851	$ 272,176

Analysis of Life Actuarial Reserves by Withdrawal Characteristics—The amount of life actuarial reserves as of December 31, 2024 and 2023, were as follows:

	Cash Value		Reserve	
	2024	2023	2024	2023
Subject to discretionary withdrawal:				
Term policies with cash value	$ 3,121	$ 2,590	$ 63,440	$ 66,594
Other permanent cash value life	3,394,875	3,188,200	4,811,121	4,583,767
Not subject to discretionary withdrawal or no cash values:				
Term policies with cash value	—	—	34,015	36,057
Accidental death benefits	—	—	73,987	69,606
Disability—active lives	—	—	33,222	32,156
Disability—disabled lives	—	—	17,417	17,733
Miscellaneous reserves	—	—	35,603	33,709
Total gross	3,397,996	3,190,790	5,068,805	4,839,622
Reinsurance ceded	(557,835)	(477,797)	(927,903)	(807,696)
Total net	$ 2,840,161	$ 2,712,993	$ 4,140,902	$ 4,031,926

The following information as of December 31, 2024 and 2023 is provided to reconcile life reserves to amounts reported in the statutory-basis statements of admitted assets, liabilities, and capital and surplus:

	2024	2023
Life and accident and health annual statement:		
Exhibit 5—life insurance section—total (net)	$ 4,016,273	$ 3,913,196
Exhibit 5—accidental death benefits section—total (net)	54,187	50,873
Exhibit 5—disability - active lives section—total (net)	23,490	22,842
Exhibit 5—disability - disabled lives section—total (net)	17,418	17,733
Exhibit 5—miscellaneous reserves section—total (net)	29,534	27,282
Total	$ 4,140,902	$ 4,031,926

Change in Incurred Losses and Loss Adjustment Expenses—The activity in the liability for policy and contract claims for accident and health policies for the year ended December 31, 2024 and 2023, is summarized as follows:

	2024	2023
Balance at January 1—net of reinsurance recoverables	$ 21,227	$ 20,306
Incurred related to:		
Current year	30,321	28,913
Prior years	(3,876)	(2,528)
Total incurred	26,445	26,385
Paid related to:		
Current year	14,306	13,538
Prior years	11,282	11,926
Total paid	25,588	25,464
Balance at December 31—net of reinsurance recoverables	$ 22,084	$ 21,227

At the end of each year, the liability for unpaid health claims includes an estimate of claims incurred but not yet reported to the Company. Such estimates are updated regularly based upon the Company's most recent claims data with recognition of emerging experience trends. Due to the nature of the Company's health business, the payment lags are relatively short and most claims are fully paid within a year from the time incurred. Fluctuations in claims experience can lead to either over or under estimation of the liability for any given year.

The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2024 and 2023 was $552 and $554, respectively.

Reinsurance Assumed and Ceded—The Company reinsures the portion of insurance risk in excess of its retention limits to both affiliated and unaffiliated companies. The Company also assumes certain insurance risks of both affiliated and unaffiliated companies. The aggregate reserves for future policy benefits, unearned premiums, policy and contract claims, premiums, and benefits are reported after adding or deducting amounts related to reinsurance assumed or ceded.

The Company has a ceding agreement with an unaffiliated company with funds withheld and yearly renewable term ("YRT"). The agreement was amended effective October 1, 2024, with $59,779 in reinsurance credits taken.

The Company had an assumption annuity coinsurance agreement with its affiliate, United American. Effective November 1, 2024, the parties mutually agreed to terminate the agreement.

The Company had an assumption annuity coinsurance agreement with its affiliate, Liberty National. Effective November 1, 2024, the parties mutually agreed to terminate the agreement.

The Company has reinsured portions of certain life insurance policies that it underwrites to limit certain risks. The Company retains varying amounts of individual insurance up to a maximum retention, and this retention limit may have changed in the past as these limits are not static over long periods of time. The Company is not relieved of its primary obligations to the policyholders and is therefore contingently liable in the event that assuming reinsurers are unable to meet their obligations.

The amounts related to reinsurance assumed and ceded as of and for the years ended December 31, 2024 and 2023, are shown below:

	2024		2023	
	Affiliated	Unaffiliated	Affiliated	Unaffiliated
Assumed:				
Aggregate reserves for future policy benefits	$ —	$ —	$ 158,361	$ —
Policy and contract claims unpaid	$ —	$ —	$ 11,411	$ —
Premiums	$ (134,158)	$ —	$ 3,187	$ —
Incurred benefits	$ 28,003	$ —	$ 50,688	$ —
Commissions and reinsurance expense allowances	$ (158)	$ —	$ 98	$ —
Ceded:				
Aggregate reserves for future policy benefits	$ 729,237	$ 198,666	$ 672,410	$ 135,286
Premiums	$ 308,862	$ 90,480	$ 342,279	$ 32,454
Reserve adjustments	$ 972	$ —	$ 2,569	$ —
Incurred benefits	$ 67,509	$ 27,063	$ 65,388	$ 26,458
Premium taxes	$ 7,077	$ —	$ 7,862	$ —
Commissions and reinsurance expense allowances	$ 68,655	$ 20,102	$ 77,851	$ 8,710

A contingent liability exists with respect to deductions from the aggregate reserves for future policy benefits, policy and contract claims, and unearned premiums, which would become a liability in the event that such reinsurance companies are unable to meet their obligations under the existing reinsurance agreements.

Ceded Reinsurance Report

Section 1—General Interrogatories

- Are any of the reinsurers, listed in Schedule S as nonaffiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

  Yes ( ) No (X)

- Have any of the policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in insurance business?

  Yes ( ) No (X)

Section 2—Ceded Reinsurance Report—Part A

- Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

  Yes ( ) No (X)

- Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

  Yes ( ) No (X)

Section 3—Ceded Reinsurance Report—Part B

- What is the estimated amount of the aggregate reduction in surplus, for agreements, not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making the estimate.

  $271,463

- Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies and contracts which were in-force or which had existing reserves established by the Company as of the effective date of the agreement?

  Yes (X) No ( )

  Reinsurance credits of $59,779 were taken for the amendment to the agreement.

5. PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Deferred and uncollected life and health insurance premiums and annuity considerations as of December 31, 2024 and 2023, were as follows:

	2024			2023		
	Gross	Loading	Net of Loading	Gross	Loading	Net of Loading
Ordinary life new business	$ 20,098	$ (11,732)	$ 8,366	$ 15,942	$ (10,039)	$ 5,903
Ordinary life renewal	314,382	(124,628)	189,754	331,361	(131,978)	199,383
Group life	630	(247)	383	670	(262)	408
Assumed annuity-renewal	—	—	—	701	—	701
Ceded life—new business	(140)	69	(71)	(220)	107	(113)
Ceded life—renewal	(68,193)	29,144	(39,049)	(73,784)	31,497	(42,287)
Total	$ 266,777	$ (107,394)	$ 159,383	$ 274,670	$ (110,675)	$ 163,995
Nonadmitted (greater than 90 days)			—			—
Total admitted			$ 159,383			$ 163,995

The Company had no direct written premiums from managing general agents in 2024 or 2023.

6. INCOME TAXES

A. *Net Deferred Tax Asset/Liability*

1. The components of the net deferred tax asset/(liability) at December 31 are as follows:

		December 31, 2024			December 31, 2023			Change		
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a)	Gross deferred tax assets	$ 261,556	$ 3,669	$ 265,225	$ 234,545	$ 4,501	$ 239,046	$ 27,011	$ (832)	$ 26,179
(b)	Statutory valuation allowance adjustments	—	—	—	—	—	—	—	—	—
(c)	Adjusted gross deferred tax assets	261,556	3,669	265,225	234,545	4,501	239,046	27,011	(832)	26,179
(d)	Deferred tax assets nonadmitted	43,643	2,399	46,042	22,808	2,739	25,547	20,835	(340)	20,495
(e)	Subtotal net admitted deferred tax asset	217,913	1,270	219,183	211,737	1,762	213,499	6,176	(492)	5,684
(f)	Deferred tax liabilities	164,139	1,270	165,409	159,044	1,762	160,806	5,095	(492)	4,603
(g)	Net admitted deferred tax asset (net deferred tax liability)	$ 53,774	$ —	$ 53,774	$ 52,693	$ —	$ 52,693	$ 1,081	$ —	$ 1,081

The Company has not established a statutory valuation allowance in determining its adjusted gross deferred tax assets as management believes that it is more likely than not that all of its gross deferred tax assets will be realized.

2. The amount of admitted adjusted gross deferred tax assets under each component of SSAP No. 101 are presented below:

	December 31, 2024		
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
(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).	$ 53,774	$ —	$ 53,774
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	$ 67,781	$ —	$ 67,781
2. Adjusted gross deferred tax assets allowed per limitation threshold.	XXX	XXX	$ 53,774
(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.	$ 164,139	$ 1,270	$ 165,409
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 217,913	$ 1,270	$ 219,183

	December 31, 2023		
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
(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).	$ 52,693	$ —	$ 52,693
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	$ 58,897	$ —	$ 58,897
2. Adjusted gross deferred tax assets allowed per limitation threshold.	XXX	XXX	$ 52,693
(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.	$ 159,044	$ 1,762	$ 160,806
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 211,737	$ 1,762	$ 213,499

	Change		
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
(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).	$ 1,081	$ —	$ 1,081
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	$ 8,884	$ —	$ 8,884
2. Adjusted gross deferred tax assets allowed per limitation threshold.	XXX	XXX	$ 1,081
(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.	$ 5,095	$ (492)	$ 4,603
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 6,176	$ (492)	$ 5,684

3. The following table discloses the calculations for recovery period and threshold limitations:

		2024	2023
(a)	Ratio percentage used to determine recovery period and threshold limitation amount	514 %	523 %
(b)	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	$ 416,840	$ 404,564

4. The following table discloses the impact of tax planning strategies:

		December 31, 2024		December 31, 2023		Change	
		Ordinary Percent	Capital Percent	Ordinary Percent	Capital Percent	Ordinary Percent	Capital Percent
(a)	Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
	1. Adjusted gross DTAs amount from Note 6A1(c)	$261,556	$ 3,669	$234,545	$ 4,501	$ 27,011	$ (832)
	2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	— %	— %	— %	— %	— %	— %
	3. Net admitted adjusted gross DTAs amount from Note 6A1(e)	$217,913	$ 1,270	$211,737	$ 1,762	$ 6,176	$ (492)
	4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	1 %	— %	4 %	— %	(3)%	— %
(b)	Does the Company's tax planning strategies include the use of reinsurance?	Yes					

B. *Temporary Differences*

There are no temporary differences for which deferred tax liabilities are not recognized.

C. *Deferred Income Taxes*

The change in deferred income taxes reported in surplus before consideration of nonadmitted asset is comprised of the following components:

	December 31, 2024			December 31, 2023			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Net deferred tax asset (liability)	$ 97,417	$ 2,399	$99,816	$ 75,501	$ 2,739	$78,240	$ 21,916	$ (340)	$21,576
Tax-effect of unrealized gains and losses	(11,178)	(865)	(12,043)	(10,230)	(1,524)	(11,754)	(948)	659	(289)
Tax-effect of other surplus gains and losses	—	—	—	—	—	—	—	—	—
Net tax-effect without unrealized gains and losses and prior period adjustments	$108,595	$ 3,264	$111,859	$ 85,731	$ 4,263	$89,994	$ 22,864	$ (999)	$21,865

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

1. Current income tax:

	December 31, 2024	December 31, 2023	Change
a. Federal	$ 60,678	$ 29,664	$ 31,014
b. Foreign	—	—	—
c. Subtotal	60,678	29,664	31,014
d. Federal income tax on net capital gains (losses)	(2,210)	(2,209)	(1)
e. Utilization of capital loss carryforwards	—	—	—
f. Other	—	—	—
g. Federal and foreign income taxes incurred	$ 58,468	$ 27,455	$ 31,013

2. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are presented below:

		December 31, 2024	December 31, 2023	Change
(a)	Ordinary			
	(1) Policyholder reserves	$ 111,761	$ 102,055	$ 9,706
	(2) Investments	—	—	—
	(3) Deferred acquisition costs	137,458	124,559	12,899
	(4) Policyholder dividends accrual	2	1	1
	(5) Fixed assets	2,363	1,046	1,317
	(6) Compensation and benefits accrual	375	316	59
	(7) Pension accrual	—	—	—
	(8) Receivables — nonadmitted	—	—	—
	(9) Net operating loss carry-forward	—	—	—
	(10) Tax credit carry-forward	—	—	—
	(11) Unrealized gains (losses)	424	707	(283)
	(12) Unrealized gains (loss) on foreign exchange	—	—	—
	(13) Other (including items <5% of total ordinary tax assets)	9,173	5,861	3,312
	(99) Subtotal	261,556	234,545	27,011
(b)	Statutory valuation allowance adjustment	—	—	—
(c)	Nonadmitted	43,643	22,808	20,835
(d)	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	217,913	211,737	6,176
(e)	Capital:			
	(1) Investments	3,669	4,501	(832)
	(2) Net capital loss carry-forward	—	—	—
	(3) Real estate	—	—	—
	(4) Other (including items <5% of total capital tax assets)	—	—	—
	(99) Subtotal	3,669	4,501	(832)
(f)	Statutory valuation allowance adjustment	—	—	—
(g)	Nonadmitted	2,399	2,739	(340)
(h)	Admitted capital deferred tax assets (2e99 - 2f - 2g)	1,270	1,762	(492)
(i)	Admitted deferred tax assets (2d + 2h)	$ 219,183	$ 213,499	$ 5,684

3. The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are presented below:

		December 31,		
		2024	2023	Change
(a)	Ordinary			
	(1) Investments	$ 2,096	$ 1,565	$ 531
	(2) Fixed assets	—	—	—
	(3) Deferred and uncollected premium	33,470	34,292	(822)
	(4) Policyholder reserves	8,297	9,042	(745)
	(5) Deferred compensation	—	—	—
	(6) Agent advances	108,104	102,796	5,308
	(7) Unrealized gains (loss) on foreign exchange	11,602	10,937	665
	(8) Other (including items <5% of total ordinary tax liabilities)	570	412	158
	(99) Subtotal	164,139	159,044	5,095
(b)	Capital:			
	(1) Investments	404	238	166
	(2) Real estate	—	—	—
	(3) Unrealized gains (losses)	865	1,524	(659)
	(4) Other (including items <5% of total capital tax liabilities)	1	—	1
	(99) Subtotal	1,270	1,762	(492)
(c)	Deferred tax liabilities (3a99 + 3b99)	165,409	160,806	4,603
	Net deferred tax assets/liabilities (2i - 3c)	$ 53,774	$ 52,693	$ 1,081

E. *Book to Tax Adjustments*

Among the more significant book to tax adjustments were the following:

		December 31,		
		2024	2023	Change
(1)	Current income taxes incurred	$ 58,468	$ 27,455	$ 31,013
(2)	Change in deferred income tax (without tax on unrealized gains and losses or foreign exchange gains and losses)	(21,865)	(11,517)	(10,348)
(3)	Total income tax reported	$ 36,603	$ 15,938	$ 20,665
(4)	Net gain from operations before federal income tax and realized gains	$259,142	$196,914	$ 62,228
(5)	Realized capital gains (losses) before federal income tax, after transfer to IMR	(3,365)	(13,333)	9,968
(6)	Income before taxes	255,777	183,581	72,196
		21 %	21 %	— %
	Expected income tax expense (benefit) at statutory rate	53,713	38,552	15,161
(7)	Increase (decrease) in actual tax reported resulting from:			
	a. Dividends received deduction	(4,054)	(3,676)	(378)
	b. Tax adjustment for IMR	(873)	(727)	(146)
	c. Deferred tax benefit on nonadmitted assets	(1,200)	(15)	(1,185)
	d. Tax credits	(16,472)	(14,702)	(1,770)
	e. Reinsurance Surplus adjustment	7,402	(1,063)	8,465
	f. Other	(1,913)	(2,431)	518
(8)	Total income tax reported	$ 36,603	$ 15,938	$ 20,665

F. *Federal Taxes*

1. As of December 31, 2024 and 2023, the Company had no net operating loss or tax credit carryforwards.

2. The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are as follows:

2024	$ —
2023	$ —
2022	$ —

3. The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code is $0 and $0 at December 31, 2024 and 2023, respectively.

G. *Consolidated Federal Income Tax Return*

The Company's federal income tax return is consolidated with its ultimate parent, Globe Life Inc., as well as its affiliated subsidiaries including: Liberty National Life Insurance Company, Globe Life Insurance Company of New York, Family Heritage Life Insurance Company of America, Globe Life And Accident Insurance Company, United American Insurance Company, National Income Life Insurance Company, TMK Buildings Corporation, Brown Service Funeral Homes Company, Inc., Torchmark Insurance Agency, Inc., Specialized Advertising Group, Inc., Globe Marketing Services, Inc., AILIC Receivables Corporation, American Income Marketing Services, Inc., Liberty National Auto Club, Inc., Globe Life Insurance Agency, Inc., American Life and Health Group, Inc., EVRY Healthcare Inc., EVRY Health Insurance Company of Texas, and TMK Re, Ltd.

Each company pays a share of the total tax liability determined as if computed separately. Companies that would report a loss are reimbursed to the extent that their losses are utilized by affiliates with taxable income. The calculation is made pursuant to Federal Income Tax Regulation 1.1552-1(a)(2) and 1.1502-33(d)(3)(ii).

The Company's income tax returns are routinely audited by the Internal Revenue Service (IRS). The statute of limitation for the assessment of additional tax is closed for all tax years prior to 2017. Management believes that adequate provision has been made in the statutory-basis financial statements for any potential assessments that may result from the completed examinations, future tax examinations, and other tax-related matters for all open tax years.

The Company currently does not have any tax contingencies that are required to be recognized in accordance with SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets*.

H. *Repatriation Transition Tax (RTT)*

The Company does not owe RTT for the year.

I. *Alternative Minimum Tax (AMT) Credit*

The Company had no AMT credit carryforwards as of the beginning of the year. As a result, no AMT credits were recovered during the year or exist as of the end of the year.

J. *Corporate Alternative Minimum Tax (CAMT)*

The Inflation Reduction Act was enacted on August 16, 2022, and included a new corporate alternative minimum tax (CAMT). The CAMT is effective for tax years beginning after 2022.

Effective December 29, 2023, the Consolidated Tax Allocation Agreement (Agreement) was amended to allocate responsibility for payment of the CAMT. Under the amended Agreement, Globe Life, Inc. (Parent) shall pay the tax imposed by CAMT and the Company will not be obligated to pay to Parent any additional amount attributable to the CAMT. As a result, the Company, as a member of the tax-controlled group, did not recognize a liability for CAMT in its 2024 financial statements.

K. *Tax Penalties*

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company did not recognize any interest income and/or expense related to income taxes in its statutory-basis Statement of Operations for 2024 and 2023. The Company also did not recognize any Federal tax penalties in its statutory-basis Statement of Operations for 2024 and 2023. The Company does not have any accrued interest receivables and/or payables relating to prior year IRS

examination settlements as of December 31, 2024 and 2023. The Company had no accrued penalties as of December 31, 2024 and 2023.

7. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plans—The Company has a funded noncontributory defined benefit plan for all hourly employees who have completed one year of service with the Company. Certain assets of the Company in the form of a guaranteed investment contract in the amount of $43,893 and $43,428 were allocated in 2024 and 2023, respectively, to pay future benefits. The benefits are set as a monthly amount for each year of service with the Company. Cost for the plan has been calculated on the projected unit credit actuarial cost method. Contributions are made periodically to fund plan obligations. All plan measurements are as of December 31 of the respective year.

The information about the Company's defined benefit pension plan as of December 31, 2024 and 2023 is as follows:

	2024	2023
Accumulated benefit obligation	$ 43,774	$ 42,627
Projected benefit obligation	43,774	42,627

Fair Value Measurements at December 31, 2024				
Description for each class of plan assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Unallocated insurance contract	$ —	$ 43,893	$ —	$ 43,893

Fair Value Measurements at December 31, 2023				
Description for each class of plan assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Unallocated insurance contract	$ —	$ 43,428	$ —	$ 43,428

The following table discloses the assumptions used to determine the Company's pension liabilities and costs for the appropriate periods. The discount rate is used to determine projected benefit obligations and pension expense. The discount rate is determined based on the expected duration of plan liabilities. A yield is then derived based on the current market yield of a hypothetical portfolio of higher-quality corporate bonds which match the liability duration. Differences between assumptions and actual experience are included in actuarial gain or loss.

Weighted Average Pension Plan Assumptions	2024	2023
For benefit obligations—December 31—discount rate	5.88 %	5.40 %
For periodic benefit cost for the year:		
Discount rate	5.40	5.78
Expect long-term rate of return	6.25	6.25
Rate of compensation increase[1]	N/A	N/A
Interest crediting rates for cash balance plans and other plans with promised interest crediting rates	4.22	4.27

(1) The Company does not project a benefit obligation since the benefit formula for the plan does not contain a salary component.

The following table presents the components of net periodic pension cost as of December 31, 2024 and 2023 for the defined benefit pension plan:

	2024	2023
Service cost	$ 1,675	$ 1,468
Interest cost	2,264	2,130
Expected return on assets	(2,670)	(2,657)
Amortization of prior service cost	1,071	1,075
Amortization of net loss	—	(206)
Net periodic benefit cost	$ 2,339	$ 1,811

The following table presents a reconciliation at December 31, 2024 and 2023 from the beginning to the end of the year of the accumulated benefit obligation of the defined benefit pension plan:

	2024	2023
Changes in benefit obligation:		
Obligation—balance at January 1	$ 42,627	$ 37,467
Service cost	1,675	1,468
Interest cost	2,264	2,130
Actuarial (gain) loss	(2,742)	2,995
Benefits paid	(1,261)	(1,433)
Plan amendments	1,211	—
Obligation—balance at December 31	43,774	42,627
Changes in plan assets:		
Plan assets—fair value at January 1	43,428	43,117
Return on assets	1,726	1,744
Contributions	—	—
Benefits paid	(1,261)	(1,433)
Plan assets—fair value at December 31	43,893	43,428
Funded status at December 31	$ 119	$ 801

The portion of unassigned surplus that is expected to be reflected in pension expense in 2025 is as follows:

	Defined Benefit Plan
Amortization of prior service cost	$ 1,167
Amortization of net loss	
Total	$ 1,167

The following table illustrates the estimated pension benefit payments, which reflect the expected future service that is projected to be paid:

	Defined Benefit Plan
2025	$ 1,570
2026	1,760
2027	1,964
2028	2,133
2029	2,297
2030-2034	13,672

Cost for the defined benefit pension plan has been calculated on the projected unit credit actuarial cost method. All plan measurements for the defined benefit plan are as of December 31 of the respective year. The defined benefit pension plan covering the hourly employees is funded. Contributions are made to fund the plan subject to minimums required by regulations and maximums allowed for tax purposes. Defined benefit plan contributions were $0 in 2024 and $0 in 2023. The Company does not have any regulatory contribution requirements for 2024, and the Company currently intends to make voluntary contributions of $1,458 in 2025.

In addition, the Company has a SERP, which provides an additional supplemental defined pension benefit to a limited number of executives. The supplemental benefit is based on the participant’s qualified plan benefit without consideration to the regulatory limits on compensation and benefit payments applicable to qualified plans, except that eligible compensation is capped at $1 million.

The Company's liability to this plan was $2,264 and $1,989 at December 31, 2024 and 2023, respectively. Pension cost is determined in the same manner as the defined benefit plan. Expense recognized for the plan was $137 and $143 for the years ended December 31, 2024 and 2023, respectively.

Defined Contribution Plans—In addition to the defined benefit plans, the Company has a qualified 401(k) and profit sharing plan for its exempt employees. The Company makes annual contributions to the plan of 6.0% of each employee’s compensation, subject to limitation. All Company contributions are subject to a vesting schedule based on the employee’s years of service. For the years ended December 31, 2024 and 2023, Company contributions totaled $930 and $947, respectively.

Beginning in 2022, the Company added a Qualified Automatic Contribution Arrangement (QACA) to the plan in which the Company makes additional contributions up to 3.5% of an employee's annual contributions. For the year ended December 31, 2024 and 2023, Company contributions totaled $348 and $375, respectively.

8. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

Summary of Transactions—A summary of transactions between the Company, its parent, subsidiaries and affiliates as of and for the years ended December 31, 2024 and 2023, are as follows:

The Company has an investment management agreement with the Parent Company wherein the Company is charged a fee based on the total value of the securities managed. Total investment management fees incurred were $7,044 and $6,696 for the years ended December 31, 2024 and 2023, respectively.

The Company has a separate service agreement with the Parent Company to provide a wide variety of services, resulting in allocated expense to the Company of $12,168 and $14,448 in 2024 and 2023, respectively. The Parent Company agreement is a master service agreement with the Company and the other insurance affiliates and was approved by the Department. The fee is based on the ratio of certain expenses at the affiliate level to comparable Parent Company consolidated expenses, which is then applied to the Parent Company's total operating expenses for the prior year.

The Company is a party to a service agreement by and between Liberty National, Family Heritage, Globe Life, and United American. The agreement establishes that all parties may, from time to time, act to furnish a particular service or services becoming a “Service Provider” or receive a particular service or services as a “Service Beneficiary” and provides for allocation of salary expense and other costs of providing such services to the appropriate Service Beneficiary. Allocated expense related to this agreement for 2024 and 2023 was $42,669 and $40,992, respectively.

The Company has agreed to provide National Income, a subsidiary of the Company, certain legal, actuarial, marketing and other services with respect to National Income’s life and accident and health businesses. In 2024 and 2023, the Company charged a fee of $9,324 and $8,971, respectively, for these services. The Company also services the agent balance receivables on behalf of another of its affiliates, American Income Life Insurance Company Receivables Corp (AILRC). In 2024 and 2023, the Company charged AILRC $2,175 and $1,986, respectively, for these services.

During 2024 and 2023, the Company sold agent balances totaling $556,605 and $510,392, respectively, to its affiliate, AILRC. The agent balances were sold to AILRC at a discount and amortized through investment expense, a component of investment income, evenly over the life of the agent balances. Amortization expense of $24,561 and $21,385 was recorded in 2024 and 2023, respectively. The cash settlements are the net of commissions advanced at the discounted rate and commissions earned, plus the service fees.

The company is a member of a controlled group of affiliates and the operations of the Company may not be indicative of those that would have occurred had the company operated as a stand-alone entity.

Capital—The Company owned 19,169 shares of the Parent Company's 7.15% Cumulative Preferred Stock, Series A, and 20,000 shares of the Parent Company's 6.5% Cumulative Preferred Stock, Series A, as of December 31, 2024 and 2023, respectively. The carrying value of the stock was $39,169 as of December 31, 2024 and 2023. The Company received cash dividends of $1,300 for the 6.5% Cumulative Preferred Stock and $1,371 for the 7.15% Cumulative Preferred Stock in both 2024 and 2023. The Department limits the Company’s carrying value of investment in affiliated preferred stock to 2% of prior year total admitted assets. No amounts were required to be nonadmitted as of December 31, 2024 or 2023.

During 2012, the Company applied for and obtained approval from the Department to issue surplus notes in the aggregate of $50,000. The Company issued a $25,000 par value surplus note to the Parent Company on December 31, 2012. The surplus note was issued with an interest rate of 5.25% and a maturity date of December 31, 2042. The carrying value of the surplus note was $25,000 at

December 31, 2024 and 2023. Semi-annual interest payments are due in April and October. The surplus note has the following repayment conditions and restrictions: 1) payments of principal and interest can only be made from the issuer's available surplus when the amount of surplus over all liabilities is equal to or greater than the surplus existing immediately after the issuance of the surplus note; and 2) payments can only be made with the prior approval of the Indiana Insurance Commissioner.

The surplus notes are direct, unsecured obligations of the Company. In the event of liquidation, the notes are subordinate to holders of policy claims, other indebtedness, and other creditor claims. The surplus notes were issued pursuant to rule 144A under the securities act of 1933. All proceeds were received in cash. Interest expense as of December 31, 2024 and 2023 was $1,312 and $1,312, respectively. Total interest paid since inception of the note is $15,477.

In 2017, the Parent Company sold the $25,000 surplus notes to Globe Life And Accident Insurance Company, an affiliate.

Affiliate Transactions for Current and Prior Years—In addition to the balances and transactions with affiliates summarized in the section above, the Company also entered into a variety of reinsurance transactions that have been disclosed in Note 4 and borrowing transactions with affiliates that are described below:

The Company borrowed $2,500 at an interest rate of 8.25% from Family Heritage on June 23, 2023. The borrowing was repaid in full on July 18, 2023. The Company incurred interest expense of $14 on the borrowing in 2023. The Company did not have any borrowings from Family Heritage in 2024.

The Company borrowed $5,000, $20,000, and $10,000 at an interest rate of 7.50%, 7.75%, and 8.25%, from Globe Life And Accident on December 30, 2024, February 6, 2023, and June 28, 2023, respectively. The borrowings were repaid in full on Janunary 13, 2025, February 15, 2023, and August 23, 2023, respectively. The Company incurred interest expense of $1 and $166 on the borrowings in 2024 and 2023, respectively.

The Company borrowed $20,000, $10,000, $10,000, $8,000, $7,000, $10,000, and $10,000 at an interest rate of 8.00%, 8.00%, 8.50%, 8.50%, 8.50%, 7.50%, and 8.50% on November 6, 2024, September 24, 2024, June 24, 2024, April 4, 2024, March 29, 2024, January 31, 2023 and November 9, 2023, respectively, from United American. The November 6, 2024 borrowing of $20,000 has a scheduled maturity of on or before May 7, 2025. The other borrowings were repaid in full on October 11, 2024, July 17, 2024, April 18, 2024, April 4, 2024, February 21, 2023 and November 15, 2023, respectively. The Company incurred interest expense of $367 and $58 on the borrowings in 2024 and 2023, respectively.

The Company borrowed $25,000, $1,651, $25,857, $70,696, $44,046, $30,000, $25,000, $25,000, $1,278, $20,447, $25,000, $70,696, $25,857, and $1,651 at an interest rate of 0.00%, 0.00%, 0.00%, 0.00%, 0.00%, 8.50%, 8.50%, 7.00%, 0.00%, 0.00%, 8.25%, 0.00%, 0.00%, and 8.50% from the Parent company on December 18, 2024, September 13, 2024, June 24, 2024, June 3, 2024, March 28, 2024, February 28, 2024, November 15, 2023, November 16, 2022, March 23, 2023, March 28, 2023, May 17, 2023, Jun3 1, 2023, June 22, 2023, and September 13, 2023, respectively. The borrowings were repaid in full on December 18, 2024, September 13, 2024, June 24, 2024, June 3, 2024, April 4, 2024, March 22, 2024, May 14, 2024, May 17, 2023, March 23, 2023, March 28, 2023, November 15, 2023, June 22, 2023, July 11, 2023, and September 13, 2023, respectively. The Company incurred interest expense of $950 and $1,953 on the borrowings in 2024 and 2023, respectively.

Globe Life And Accident borrowed $22,000 at an interest rate of 8.50% from the Company on August 19, 2024. The borrowing was repaid in full on December 23, 2024. The Company earned interest income of $644 on the borrowing in 2023. Globe Life And Accident did not have any borrowings from the Company in 2023.

Liberty National borrowed $40,000, $10,000, and $15,000, at an interest rate of 8.50%, 8.50%, and 8.50% from the Company on April 22, 2024, March 25, 2024, and January 26, 2024, respectively. The borrowings were repaid in full on April 29, 2024, April 24, 2024, and January 31, 2024, respectively. The Company earned interest income of $152 on the borrowings in 2024. Liberty National did not have any borrowings from the Company in 2023.

National Income borrowed $5,000 and $5,000 at an interest rate of 0.00% and 0.00% from the Company on June 25, 2024 and June 27, 2023. The borrowings were repaid in full on June 25, 2024 and June 27, 2023.

United American borrowed $10,000 and $10,000 at an interest rate of 8.50% and 7.50% from the Company on January 30, 2024 and January 24, 2023. The borrowings were repaid in full on February 2, 2024 and January 31, 2023. The Company earned interest income of $5 and $14 on the borrowings in 2024 and 2023.

The Parent company borrowed $60,000, $15,000, $10,000, $10,000 $25,000 and $20,000 at an interest rate of 0.00%, 8.50%, 8.50%, 8.50%, 8.50% and 7.50% from the Company on December 19, 2024, July 23, 2024, July 3, 2024, January 9, 2024, January 2, 2024, and January 11, 2023, respectively. The borrowings were repaid in full on December 19, 2024, August 16, 2024, August 16, 2024, January 29, 2024, January 29, 2024, and February 15, 2023, respectively. The Company earned interest income of $379 and $142 on the borrowings in 2024 and 2023, respectively.

Non Insurance Investments in Subsidiary, Controlled, and Affiliated Entities (SCA)—The following tables list SCA for the year ended December 31, 2024:

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)				
a. SSAP No. 97 8a Entities				
8a entity description				
Total SSAP No. 97 8a Entities	XXX	$ —	$ —	$ —
b. SSAP No. 97 8b(ii) Entities				
8b(ii) entity description				
American Income Marketing Services	100%	1,203	—	1,203
Total SSAP No. 97 8b(ii) Entities	XXX	1,203	—	1,203
c. SSAP No. 97 8b(iii) Entities				
8b(iii) entity description				
Total SSAP No. 97 8b(iii) Entities	XXX	—	—	—
d. SSAP No. 97 8b(iv) Entities				
8b(iv) entity description				
Total SSAP No. 97 8b(iv) Entities	XXX	—	—	—
e. SSAP No. 97 8b Entities (except 8b(i) entities) (b+c+d)	XXX	1,203	—	1,203
f. Aggregate Total (a + e)	XXX	$ 1,203	$ —	$ 1,203

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**
(2) NAIC Filing Response Information						
a. SSAP No. 97 8a Entities						
8a entity description						
Total SSAP No. 97 8a Entities	XXX	XXX	$ —	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
8b(ii) entity description						
American Income Marketing Services	N/A		—	N/A	N/A	I
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	—	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
8b(iii) entity description						
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	—	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
8b(iv) entity description						
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	—	XXX	XXX	XXX
e. SSAP No. 97 8b Entities (except 8b(i) entities) (b+c+d)	XXX	XXX	—	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	$ —	XXX	XXX	XXX

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

** I - Immaterial or M - Material

Entity	Reporting Entity's Share of Net Income (Loss)	Accumulated Share of Net Income (Losses)	Reporting Entity's Share of Equity, Including Negative Equity	Guaranteed Obligation / Commitment for Financial Support (Yes/No)	Reported Value
AILO 1, LLC	$ (576)	$ (4,702)	$ 248	No	$ —
Carlyle Revolving Loan Fund II, L.P.	$ 62	$ —	$ (86)	Yes	$ (86)

9. CAPITAL AND SURPLUS AND SHAREHOLDER'S DIVIDEND RESTRICTIONS

The Company has 23,360,214 common shares authorized and 11,680,107 common shares issued outstanding. All shares are Class A shares. The common stock of the Company is wholly-owned by the Parent Company.

Dividends—The Company declared and paid $227,250 and $144,929 in dividends to the Parent Company during the year ended December 31, 2024 and 2023, respectively. Extraordinary dividends of $60,000 and $0 were paid in 2024 or 2023.

Statutory regulations in the State of Indiana limit the payment of dividends by stock life insurance companies in any one year to an amount equal to the greater of statutory net gain from operations from the previous year or 10% of surplus reported for the previous year. Dividends in excess of these limitations are not available without special approval of the regulatory authorities. The maximum dividend the Company can make without prior approval in 2025 is $198,464.

Surplus Notes—The Company had $25,000 in surplus notes outstanding at December 31, 2024 and 2023. Interest expense of $1,312 in both 2024 and 2023 related to these notes is included in the accompanying statutory-basis financial statements. Payments of principal and interest can only be made from the Company's available surplus when the amount of surplus over all liabilities is double that of the amount of principal and interest then being paid. Payments can only be made with the prior approval of the Department. The note is a direct, unsecured obligation of the Company. In the event of liquidation, the note is subordinate to holders of policy claims, other indebtedness and other creditor claims. The entire amount of the note is held by the Company's affiliate, Globe Life And Accident and Insurance Company.

Unassigned Surplus—The portion of unassigned surplus increased or (reduced) by each item below is as follows as of December 31, 2024 and 2023:

	2024	2023
Nonadmitted asset values	$ (102,784)	$ (76,576)
Asset valuation reserve	$ (54,596)	$ (51,619)
Net unrealized gains (losses)—net of tax	$ 13,857	$ 12,706

The 2024 and 2023 net unrealized loss as presented above differs from the amount disclosed in the Company's annual statement within note 13.J. The difference is due to net unrealized foreign exchange capital gain, net of tax of $16,933 and $26,667, respectively and less prior year's adjustment of tax on repatriation of $1,776. The change in net unrealized foreign exchange capital gains is presented on the Statutory-Basis Statement of Changes in Capital and Surplus.

10. COMMITMENTS AND CONTINGENCIES

Leases—Future minimum rental commitments required under operating leases having remaining noncancelable lease terms in excess of one year at December 31, 2024 were as follows:

	Year Ending December 31,						
	2025	2026	2027	2028	2029	Thereafter	Total
Operating lease commitments	$ 158	$ 48	$ 34	$ 34	$ 17	$ —	$ 292

Lease expense included in general expenses was $436 and $470 for the years ended December 31, 2024 and 2023, respectively. The Company has the option to renew most of its leases at the end of the lease term at the fair value for a period of five to ten years.

Unfunded Investment Commitments—For the year ended December 31, 2024, the Company had the following unfunded commitments in investments:

	2024
By type:	
Limited partnerships	$ 93,140
Bonds	37,223
Residual interests	15,260
Commercial mortgage loans	4,814
Low-income housing	21,518
Total unfunded commitments	171,955

Litigation—American Income and its subsidiary, in common with the insurance industry in general, are subject to litigation, including: putative class action litigation; alleged breaches of contract; torts, including bad faith and fraud claims based on alleged wrongful or fraudulent acts of American Income's agents; alleged employment discrimination; alleged worker misclassification; and miscellaneous other causes of action. Based upon information presently available, and in light of legal and other factual defenses available to American Income, management does not believe that it is reasonably possible that such litigation will have a material adverse effect on American Income's financial condition, future operating results or liquidity; however, assessing the eventual outcome of litigation necessarily involves forward-looking speculation as to judgments to be made by judges, juries and appellate courts in the future. This bespeaks caution, particularly in states with reputations for high punitive damage verdicts. American Income's management recognizes that large punitive damage awards bearing little or no relation to actual damages continue to be awarded by juries in jurisdictions in which American Income and its subsidiary have substantial business, creating the potential for unpredictable material adverse judgments in any given punitive damage suit.

On September 1, 2023, plaintiff Miné Caglar Cost ("Plaintiff") filed a complaint against American Income in the Superior Court of the State of California for the County of Los Angeles, asserting a single claim for violation of the Private Attorneys General Act ("PAGA") (*Cost v. American Income Life Insurance Company, et al*., Case No. 23SMCV04113). Plaintiff is a former California independent insurance sales agent who alleges one cause of action for civil penalties under PAGA arising out of alleged violations of the wage-and-hour provisions of the California Labor Code stemming from American Income's alleged misclassification of Plaintiff and other California-based sales agents as independent contractors. American Income filed a motion to compel arbitration on an individual basis and stay the representative component of Plaintiff's claims, to which Plaintiff stipulated. On December 12, 2023, the Court approved the parties' stipulation to compel the matter to individual arbitration and stayed the case pending the completion of the individual arbitration, to commence on October 27, 2025.

On November 30, 2023, American Income and its parent company, Globe Life Inc., received subpoenas from the U.S. Attorney's Office for the Western District of Pennsylvania, seeking documents relating to sales practices by certain independent sales agents contracted to sell American Income policies. American Income and Globe Life Inc. continue to fully cooperate in responding to the Department of Justice's requests. The Department of Justice has not asserted any claims or made allegations against American Income and Globe Life Inc., and management currently is not aware that any legal proceedings are contemplated by governmental authorities. While no assurances can be made, at present management does not believe that it is reasonably possible or probable that this matter will result in a material loss.

On September 26, 2024, American Income and its parent company, Globe Life Inc., were notified by the EEOC that the EEOC conducted an investigation of charges filed against American Income and/or Globe Life Inc. by five former American Income sales agents and one then-current sales agent. The EEOC asserts that there is reasonable cause to believe the six complainants were employees, not independent contractors, of American Income and/or Globe Life Inc. and were discriminated against on the basis of sex, and that one complainant was also discriminated against on the basis of race. In addition, the EEOC asserts that there is reasonable cause to believe that a class of female workers were employees, not independent contractors, and were subject to unlawful conduct which also constitutes a pattern-or-practice of discrimination. The EEOC's investigative findings are not binding on American Income and Globe Life Inc. The EEOC's procedures provide for a conciliation process that has concluded without achieving a resolution. The EEOC may elect to file a lawsuit in federal court on behalf of the workers based on the alleged statutory violations. The EEOC has not filed any legal proceedings at this time. In the event the EEOC elects to pursue any claims in court, American Income intends to defend against any such lawsuit vigorously. The outcome of litigation of this type would be inherently uncertain and cannot be reasonably estimated or determined at this time. There is always the possibility that a Court rules in a manner that is adverse to the interests of American Income.

During 2024 and 2023, the Company paid $105 to settle one claim and $20 to settle one claim, respectively, related to extra contractual obligations or bad faith claims stemming from lawsuits.

Unclaimed Property Audits—The Globe Life Inc. insurance subsidiaries are currently the subject of audits regarding the identification, reporting and escheatment of unclaimed property arising from life insurance policies and a limited number of annuity contracts. These audits are being conducted by private entities that have contracted with forty-seven states through their respective Departments of Revenue, and have not resulted in any financial assessment from any state nor indicated any liability. The audits are wide-ranging and seek large amounts of data regarding claims handling, procedures, and payments of contract benefits arising from unreported death claims. No estimate of range can be made at this time for loss contingencies related to possible administrative penalties or amounts that could be payable to the states for the escheatment of abandoned property.

11. ELECTRONIC DATA PROCESSING EQUIPMENT

Electronic data processing equipment (EDP) and operating and non-operating software at December 31, 2024 and 2023, consisted of the following:

	2024	2023
Electronic data processing equipment—net	$ 2,712	$ 1,600
System software—net	14,727	14,920
Balance—net	17,439	16,520
Total nonadmitted	14,727	14,920
Total admitted	$ 2,712	$ 1,600

Depreciation expense related to EDP and software totaled $5,616 and $7,035, for the years ended December 31, 2024 and 2023, respectively. The Company recorded total depreciation of $5,895 and $7,331, in 2024 and 2023, respectively. Total accumulated depreciation for 2024 and 2023 was $5,414 and $4,551, respectively.

12. FOREIGN EXCHANGE ADJUSTMENT

The Company is licensed to sell insurance in Canada and New Zealand. Invested assets held in Canada and New Zealand were $578,064 and $607,841 (U.S. dollars) at December 31, 2024 and 2023, respectively. The net foreign exchange adjustment resulting from the translation of assets denominated in foreign currencies was approximately $16,933 and $26,667, at December 31, 2024 and 2023, respectively. The change in this foreign exchange adjustment, net of tax, of $(9,734) and $1,020 for the years ended December 31, 2024 and 2023, respectively, is included in the accompanying statutory-basis statements of changes in capital and surplus.

13. PARTICIPATING POLICIES

The Company does not currently write any participating business. The Company accounts for its policyholder dividends on an accrual basis consistent with SSAP No. 51, *Life Contracts* and SSAP No. 54, *Individual and Group Accident and Health Contracts*. The Company incurred dividends in the amount of $13 and $16 to life and annuity policyholders in 2024 and 2023, respectively, and did not allocate any additional income to such policyholders.

14. RECONCILIATION TO THE ANNUAL STATEMENT

The accompanying 2024 and 2023 statutory-basis financial statements differ from the amounts shown in the Company's statutory annual statement for 2024 and 2023, respectively.

Following is a reconciliation of account balances as reported to state regulatory authorities to amounts reported herein:

Statements of Operations	**2024**
Increase in aggregate reserves for life and accident and health contracts as reported in the Company's annual statement	$ (35,514)
Adjustment to reclassify foreign exchange	41,752
Increase in aggregate reserves for future policy benefits as reported in the accompanying statutory-basis statements of operations	$ 6,238
Foreign Currency Translation Adjustment as reported in the Company's annual statement	$ 41,752
Adjustment to reclassify foreign exchange	(41,752)
Foreign Currency Translation Adjustment as reported in the accompanying statutory-basis statements of operations	$ —

Statements of Operations	2023
Increase in aggregate reserves for life and accident and health contracts as reported in the Company's annual statement	$ 220,281
Adjustment to reclassify foreign exchange	(9,815)
Increase in aggregate reserves for future policy benefits as reported in the accompanying statutory-basis statements of operations	$ 210,466
Foreign Currency Translation Adjustment as reported in the Company's annual statement	$ (9,815)
Adjustment to reclassify foreign exchange	9,815
Foreign Currency Translation Adjustment as reported in the accompanying statutory-basis statements of operations	$ —

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STATUTORY-BASIS SUPPLEMENTAL SCHEDULES
(See Independent Auditor's Report)

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2024
(To Be Filed by April 1)

Of The American Income Life Insurance Company

ADDRESS (City, State and Zip Code) Indianapolis , IN 46250

NAIC Group Code 0290 NAIC Company Code 60577 Federal Employer's Identification Number (FEIN) 74-1365936

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 5,323,620,198

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	TELUS Corporation	Bonds	$ 60,936,054	1.1 %
2.02	National Income Life Insurance Company	Affiliated Common Stock	$ 59,224,646	1.1 %
2.03	Ares Real Estate Enhanced Income Fund, L.P.	Other Invested Asset	$ 58,148,157	1.1 %
2.04	Bell Canada, Inc.	Bonds	$ 51,057,546	1.0 %
2.05	Rogers Communications Inc.	Bonds	$ 45,472,445	0.9 %
2.06	Globe Life Inc.	Affiliated Preferred Stock	$ 39,169,000	0.7 %
2.07	Nutrien Ltd.	Bonds	$ 36,605,909	0.7 %
2.08	PIMCO Commercial Real Estate Debt Fund II Onshore Feeder, LP	Other Invested Asset	$ 35,261,468	0.7 %
2.09	Vale Overseas Limited	Bonds	$ 33,234,442	0.6 %
2.10	Canadian Pacific Railway Company	Bonds	$ 32,131,618	0.6 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 1,905,818,260	35.8 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 1,936,004,785	36.4 %	3.08	NAIC 2	$ 39,169,000	0.7 %
3.03	NAIC 3	$ 90,097,175	1.7 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 16,013,978	0.3 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 439,619	0.0 %	3.12	NAIC 6	$	0.0 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$ 448,494,343	8.4 %
4.03	Foreign-currency-denominated investments	$ 51,914,415	1.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 42,920,109	0.8 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$ 411,692,730	7.7 %
5.02	Countries designated NAIC-2	$ 36,801,613	0.7 %
5.03	Countries designated NAIC-3 or below	$	0.0 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: Luxembourg	$ 57,133,074	1.1 %
6.02	Country 2: Cayman Islands	$ 54,734,442	1.0 %
	Countries designated NAIC - 2:		
6.03	Country 1: Mexico	$ 36,801,613	0.7 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$ 51,914,415	1.0 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$ 51,914,415	1.0 %
8.02	Countries designated NAIC-2	$	0.0 %
8.03	Countries designated NAIC-3 or below	$	0.0 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1: New Zealand	$ 51,914,415	1.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC - 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01	Vale Overseas Limited	2.C FE	$ 33,234,442	0.6 %
10.02	Global Transport Income Fund Master Partnership SCSP	BA	$ 31,123,354	0.6 %
10.03	Johnson Controls International plc	2.B FE	$ 28,551,134	0.5 %
10.04	Reign Exchange Ltd.	1.G FE	$ 21,500,000	0.4 %
10.05	Grupo Bimbo, S.A.B. de C.V.	2.A FE	$ 21,377,445	0.4 %
10.06	Cooperatieve Rabobank U.A.	1.D FE	$ 20,359,779	0.4 %
10.07	Koninklijke Philips N.V.	2.A FE	$ 16,371,795	0.3 %
10.08	Tyco Electronics Group S.A.	1.G FE	$ 15,831,358	0.3 %
10.09	AXA SA	1.G FE	$ 15,693,411	0.3 %
10.10	Lafarge S.A.	2.A FE	$ 10,638,147	0.2 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ ] No [X]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$ 651,757,118	12.2 %
11.03	Canadian-currency-denominated investments	$ 485,654,506	9.1 %
11.04	Canadian-denominated insurance liabilities	$ 467,788,468	8.8 %
11.05	Unhedged Canadian currency exposure	$ 485,654,506	9.1 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [ ] No [X]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02	National Income Life Insurance Company	$ 59,224,646	1.1 %
13.03	Globe Life Inc.	$ 39,169,000	0.7 %
13.04	Global Transport Income Fund Master Partnership SCSP	$ 31,123,354	0.6 %
13.05	PIMCO Tactical Opportunities Onshore Fund, LP	$ 27,746,977	0.5 %
13.06	Global Infrastructure Partners IV-A/B, LP	$ 15,176,854	0.3 %
13.07	Federal Home Loan Bank of Dallas	$ 8,632,100	0.2 %
13.08	Petershill IV LLC	$ 7,611,153	0.1 %
13.09	Ares Pathfinder Fund II, L.P.	$ 3,109,170	0.1 %
13.10	The First National Bank of McGregor	$ 1,391,624	0.0 %
13.11		$	0.0 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06	Northern Institutional Funds - Treasury Portfolio	$ 3,456,014	$ 3,456,014	$
14.07	First American Funds, Inc. - Treasury Obligations Fund	$ 1	$ 1	$
14.08		$ 0	$	$
14.09		$ 0	$	$
14.10		$ 0	$	$
14.11		$ 0	$	$
14.12		$ 0	$	$
14.13		$ 0	$	$
14.14		$ 0	$	$
14.15		$ 0	$	$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02	91 to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03	81 to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04	71 to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05	below 70%	$	0.0 %	$	0.0 %	$	0.0 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02	Repurchase agreements	$	0.0 %	$	$	$
20.03	Reverse repurchase agreements	$	0.0 %	$	$	$
20.04	Dollar repurchase agreements	$	0.0 %	$	$	$
20.05	Dollar reverse repurchase agreements	$	0.0 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

		Owned		Written	
		1	2	3	4
21.01	Hedging	$	0.0 %	$	0.0 %
21.02	Income generation	$	0.0 %	$	0.0 %
21.03	Other	$	0.0 %	$	0.0 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
22.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
23.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02	Income generation	$	0.0 %	$	$	$
23.03	Replications	$	0.0 %	$	$	$
23.04	Other	$	0.0 %	$	$	$

SUMMARY INVESTMENT SCHEDULE

	Investment Categories	Gross Investment Holdings 1 Amount	Gross Investment Holdings 2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	Admitted Assets as Reported in the Annual Statement 4 Securities Lending Reinvested Collateral Amount	Admitted Assets as Reported in the Annual Statement 5 Total (Col. 3 + 4) Amount	Admitted Assets as Reported in the Annual Statement 6 Percentage of Column 5 Line 13
1.	Long-Term Bonds (Schedule D, Part 1):						
	1.01 U.S. governments	3,054,859	0.062	3,054,859	0	3,054,859	0.062
	1.02 All other governments	42,437,122	0.865	42,437,122	0	42,437,122	0.865
	1.03 U.S. states, territories and possessions, etc. guaranteed	4,639,672	0.095	4,639,672	0	4,639,672	0.095
	1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	136,279,969	2.778	136,279,969	0	136,279,969	2.779
	1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	507,498,796	10.346	507,498,796	0	507,498,796	10.348
	1.06 Industrial and miscellaneous	3,117,707,007	63.556	3,117,707,007	0	3,117,707,007	63.571
	1.07 Hybrid securities	136,756,392	2.788	136,756,392	0	136,756,392	2.789
	1.08 Parent, subsidiaries and affiliates	0	0.000	0	0	0	0.000
	1.09 SVO identified funds	0	0.000	0	0	0	0.000
	1.10 Unaffiliated bank loans	0	0.000	0	0	0	0.000
	1.11 Unaffiliated certificates of deposit	0	0.000	0	0	0	0.000
	1.12 Total long-term bonds	3,948,373,817	80.489	3,948,373,817	0	3,948,373,817	80.509
2.	Preferred stocks (Schedule D, Part 2, Section 1):						
	2.01 Industrial and miscellaneous (Unaffiliated)		0.000	0	0	0	0.000
	2.02 Parent, subsidiaries and affiliates	39,169,000	0.798	39,169,000	0	39,169,000	0.799
	2.03 Total preferred stocks	39,169,000	0.798	39,169,000	0	39,169,000	0.799
3.	Common stocks (Schedule D, Part 2, Section 2):						
	3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	0	0.000		0	0	0.000
	3.02 Industrial and miscellaneous Other (Unaffiliated)	10,023,724	0.204	10,023,724	0	10,023,724	0.204
	3.03 Parent, subsidiaries and affiliates Publicly traded	0	0.000	0	0	0	0.000
	3.04 Parent, subsidiaries and affiliates Other	60,428,067	1.232	59,224,642	0	59,224,642	1.208
	3.05 Mutual funds		0.000	0	0	0	0.000
	3.06 Unit investment trusts		0.000	0	0	0	0.000
	3.07 Closed-end funds		0.000	0	0	0	0.000
	3.08 Exchange traded funds	0	0.000	0	0	0	0.000
	3.09 Total common stocks	70,451,791	1.436	69,248,366	0	69,248,366	1.412
4.	Mortgage loans (Schedule B):						
	4.01 Farm mortgages	0	0.000	0	0	0	0.000
	4.02 Residential mortgages	0	0.000	0	0	0	0.000
	4.03 Commercial mortgages	84,911,790	1.731	84,911,790	0	84,911,790	1.731
	4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
	4.05 Total valuation allowance	0	0.000	0	0	0	0.000
	4.06 Total mortgage loans	84,911,790	1.731	84,911,790	0	84,911,790	1.731
5.	Real estate (Schedule A):						
	5.01 Properties occupied by company	2,958,696	0.060	2,958,696	0	2,958,696	0.060
	5.02 Properties held for production of income	0	0.000	0	0	0	0.000
	5.03 Properties held for sale	0	0.000	0	0	0	0.000
	5.04 Total real estate	2,958,696	0.060	2,958,696	0	2,958,696	0.060
6.	Cash, cash equivalents and short-term investments:						
	6.01 Cash (Schedule E, Part 1)	36,289,290	0.740	36,289,290	0	36,289,290	0.740
	6.02 Cash equivalents (Schedule E, Part 2)	3,456,015	0.070	3,456,015	0	3,456,015	0.070
	6.03 Short-term investments (Schedule DA)		0.000	0	0	0	0.000
	6.04 Total cash, cash equivalents and short-term investments	39,745,305	0.810	39,745,305	0	39,745,305	0.810
7.	Contract loans	312,412,472	6.369	312,412,472	0	312,412,472	6.370
8.	Derivatives (Schedule DB)	0	0.000	0	0	0	0.000
9.	Other invested assets (Schedule BA)	407,413,083	8.305	407,413,083	0	407,413,083	8.307
10.	Receivables for securities	42,638	0.001	42,638	0	42,638	0.001
11.	Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12.	Other invested assets (Page 2, Line 11)	0	0.000	0	0	0	0.000
13.	Total invested assets	4,905,478,592	100.000	4,904,275,167	0	4,904,275,167	100.000

AMERICAN INCOME LIFE INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF REINSURANCE RISKS

AS OF DECEMBER 31, 2024

(Dollar amounts in thousands)

Reinsurance Credit

1. Reinsurance contracts subject to Appendix A-791, *Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual:*

   We have entered into, renewed or amended no reinsurance contracts on or after January 1, 1996, which include risk limiting features, as described in SSAP No. 61R, *Life, Deposit-Type and Accident and Health Reinsurance* (SSAP No. 61R). Deposit accounting, as described in SSAP No. 61R was not applied for any reinsurance contracts, which include risk limiting features.

2. Reinsurance contracts NOT subject to Appendix A-791, *Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual:*

   We have applied reinsurance accounting, as described in SSAP No. 61R, to no reinsurance contract entered into, renewed or amended on or after January 1, 1996, which include risk limiting features, as described in SSAP No. 61R because we have no such reinsurance contracts. Thus, there are no related or applicable reinsurance reserve credits, as described in SSAP No. 61R.

3. Payments to reinsurers (excluding reinsurance contracts with a federal or state facility)

   We have not entered into, renewed or amended reinsurance contracts on or after January 1, 1996, which contain provisions which allow (1) the reporting of losses or settlements with the reinsurer to occur less frequently than quarterly or (2) payments due from the reinsurer to not be made in cash within ninety days of the settlement date unless there is no activity during the period.

   We have not entered into, renewed or amended reinsurance contracts on or after January 1, 1996, which contain a payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

4. Reinsurance contracts NOT subject to Appendix A-791, *Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual* and NOT yearly-renewable term that meet the risk transfer requirements under SSAP No. 61R:

   We have not reflected reinsurance reserve for any reinsurance contracts entered into, renewed or amended on or after January 1, 1996 for the following:

   a. Assumption Reinsurance - for which there are no such reinsurance contracts;

   b. Non-proportional reinsurance, which does not result in significant surplus relief - for which there are no such reinsurance contracts.

5. Reinsurance contracts NOT subject to Appendix A-791, *Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual* and NOT yearly-renewable term, under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement:

   AIL entered into a reinsurance agreement in 2021 which does not qualify for risk transfer under U.S. GAAP accounting rules; however, the treaty does satisfy the accounting rules for risk transfer under statutory accounting principles. As such, this agreement is accounted as reinsurance under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP").

6. If affirmative disclosure is required for (5) above, explain why the contract(s) is treated differently for GAAP and SSAP:

   Due to the design of the treaty noted in Note 5, this treaty does not qualify for risk transfer under U.S. GAAP accounting rules; however, the treaty does satisfy the accounting rules for risk transfer under statutory accounting principles.

AMERICAN INCOME LIFE INSURANCE COMPANY

SUPPLEMENTAL SCHEDULE OF SELECTED STATUTORY-BASIS FINANCIAL DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024
(Dollar amounts in thousands)

INVESTMENT INCOME EARNED:		
U.S. government bonds	$	67
Other bonds—unaffiliated		203,857
Preferred stock—affiliated		2,495
Common stock—unaffiliated		384
Common stock—affiliated		16,804
Mortgage loans		4,767
Contract loans		23,638
Cash and cash equivalents		4,723
Other invested assets		23,961
Aggregate write-ins for investment income		(152)
GROSS INVESTMENT INCOME	$	280,544
MORTGAGE LOANS—BOOK VALUE		
Commercial mortgages	$	84,912
MORTGAGE LOANS BY STANDING—BOOK VALUE		
Good standing	$	81,884
Good standing with restructured terms		—
Foreclosure in process		3,028
REAL ESTATE OWNED—book value less encumbrances	$	2,959
OTHER LONG TERM ASSETS—statement value	$	407,413
BONDS AND STOCK OF PARENT, SUBSIDIARY, AND AFFILIATES—book value:		
Preferred stock	$	39,169
Common stock		60,428
TOTAL	$	99,597

(Continued)

SUPPLEMENTAL SCHEDULES
YEAR ENDED DECEMBER 31, 2024
(Dollar amounts in thousands)

BONDS AND SHORT-TERM INVESTMENTS BY NAIC DESIGNATION AND MATURITY

Bonds by maturity—statement value:	
Due within one year or less	$ 47,811
Over 1 year through 5 years	237,879
Over 5 years through 10 years	326,591
Over 10 years through 20 years	2,007,846
Over 20 years	1,328,247
Total by maturity	$ 3,948,374
Bonds by NAIC designation—statement value:	
NAIC 1	$ 1,905,818
NAIC 2	1,936,005
NAIC 3	90,097
NAIC 4	16,014
NAIC 5	—
NAIC 6	440
Total by NAIC designation	$ 3,948,374
TOTAL BONDS PUBLICLY TRADED	$ 3,368,676
TOTAL BONDS PRIVATELY PLACED	$ 579,698
PREFERRED STOCK—statement value	$ 39,169
COMMON STOCK—market value	$ 62,325
SHORT-TERM INVESTMENTS	$ —
CASH AND CASH EQUIVALENTS	$ 39,745

(Continued)

AMERICAN INCOME LIFE INSURANCE COMPANY

SUPPLEMENTAL SCHEDULES
YEAR ENDED DECEMBER 31, 2024
(Dollar amounts in thousands)

LIFE INSURANCE IN FORCE:	
Ordinary	$ 62,479,884
Group life	$ 269,357
AMOUNT OF ACCIDENTAL DEATH INSURANCE IN FORCE	
UNDER ORDINARY POLICIES	$ 92,845,752
LIFE INSURANCE POLICIES WITH DISABILITY PROVISIONS IN FORCE:	
Ordinary	$ 24,997,228
Group	$ 9,438
SUPPLEMENTARY CONTRACTS IN FORCE:	
Ordinary—involving life contingencies income payable	$ 17
ANNUITIES—ordinary:	
Deferred—fully paid account balance	$ 178
Deferred—not fully paid account balance	$ —
ACCIDENT AND HEALTH INSURANCE—premiums in force:	
Ordinary	$ 111,659
Group	$ 5,559
DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS:	
Deposit funds—account balance	$ 83,769
Dividend accumulations—account balance	$ 953
CLAIM PAYMENTS 2024:	
Group accident and health:	
2024	$ 2,386
2023	$ 1,006
2022	$ 155
2021 and prior	$ 94
Other accident and health:	
2024	$ 11,920
2023	$ 7,773
2022	$ 1,162
2021 and prior	$ 1,265

(Concluded)

30th April 2025

To: The Directors
American Income Life Insurance Company

From: Peter Davies
Consulting Actuary

Re: American Income Life Insurance Company: Report as at 31st December 2024 under Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this report in terms of the above sections of the Act, and I would like to comment further as follows:

1. The American Income Life Insurance Company is a USA-based company registered in the State of Indiana.

   The Company operates a branch in New Zealand, for which I am the Appointed Actuary.

   I have provided a separate Section 78 report in respect of the branch.

2. The Company is required to lodge its own accounts with the New Zealand Companies Office, and these accounts are required to be accompanied by a Section 78 report.

Level 1, Building 1, 61 Constellation Drive, Mairangi Bay, Auckland 0652 Telephone (09) 489-3551 e-mail: pdavies@actuary.co.nz
P.O. Box 35-258, Browns Bay, Auckland 0753 home page: www.actuary.co.nz

3. I note that the company's actuarial valuation has been carried out by David Zhao, Appointed Actuary, and a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

   I have been provided with a set of the Company's accounts, and with Mr Sonnedecker's actuarial memorandum in relation to her valuation as at 31st December 2024.

   I note that the Company's accounts include the following information:

	2024	2023
Statutory Balance sheet Capital:	US$414,980,679	US$405,577,014
NAIC RBC* Capital calculation:	US$470,614,233	US$457,257,395
Risk Based capital Requirement:	US$81,066,472	US$77,322,820
Solvency coverage ratio:	581%	591%

   * National Association of Insurance Commissioners Risk Based Capital

4. I have reviewed the actuarial information included in the audited accounts for American Income Life Insurance Company as at 31st December 2024. "Actuarial information" includes the following:

   - policy liabilities;
   - balance sheet and other information allowed for in the calculation of the company's solvency position; and
   - disclosures regarding the methodology and assumptions used for calculating policy liabilities, and other disclosures.

5. No limitations have been placed on my work.

6. I am independent with respect to American Income Life Insurance Company as defined under professional standard ISA (NZ) 620 of the External Reporting Board.

7. I have been provided with all information that I have requested in order to carry out this review.

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8. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.

9. In 2013, the Company established a Statutory Fund in New Zealand in terms of the Insurance (Prudential Supervision) Act, and set up a Custodial account within this Fund, under a local trustee arrangement, holding investment assets for the preferential benefit of New Zealand policyholders.

10. Technically, the Company's license requires the Company itself to demonstrate its solvency in terms of the Insurance (Prudential Supervision) Act 2010. This calculation has not been carried out, although clearly the Company is in a strong financial position as assessed by the regulators in the USA.

    I would anticipate however that the New Zealand regulators will still maintain an ongoing active interest in the financial position of the Company, as assessed by the Insurance Commissioner of Indiana.

I would be very happy to answer any queries concerning this report.

Yours sincerely

Peter Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary

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30th April 2025

To: The Directors
American Income Life Insurance Company

From: Peter Davies
Consulting Actuary

Re: American Income Life Insurance Company - New Zealand Branch: Report as at 31st December 2024 under Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this report in terms of the above sections of the Act, and I would like to comment further as follows:

1. I have reviewed the actuarial information included in the audited accounts for American Income Life Insurance Company – New Zealand Branch as at 31st December 2024. "Actuarial information" includes the following:

   - policy liabilities;
   - solvency calculations in terms of the RBNZ Solvency Standard;
   - balance sheet and other information allowed for in the calculation of the company's solvency position; and
   - disclosures regarding the methodology and assumptions used for calculating policy liabilities, and other disclosures.

2. No limitations have been placed on my work.

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3. I am independent with respect to American Income Life Insurance Company as defined under professional standard ISA (NZ) 620 of the External Reporting Board.

4. I have been provided with all information that I have requested in order to carry out this review.

5. In my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately used.

6. During 2013, the Company set up a Statutory Fund in terms of the Insurance (Prudential Supervision) Act. It also established a Custodial account within the Statutory Fund, under a local trustee structure, holding investment assets for the preferential benefit of New Zealand policyholders. The assets of the Custodial account have to be sufficient to meet the RBNZ's solvency requirements in respect of New Zealand policyholders.

   The Branch's solvency positions under the RBNZ Interim Solvency Standard as at 31st December were as follows:

	December 2024 (2022 Interim Solvency Standard)			December 2023 (2022 Interim Solvency Standard)		
	Custodial Fund	Other	Total Statutory Fund	Custodial Fund	Other	Total Statutory Fund
Actual Solvency Capital	82,993,603	13,853,394	96,846,997	82,799,868	13,101,132	95,901,000
Minimum Solvency Capital	36,961,317	2,390,402	39,351,719	39,750,746	2,870,075	42,620,821
Solvency Margin	46,032,286	11,462,992	57,495,278	43,049,122	10,231,057	53,280,179
Solvency Ratio	224.5%	579.5%	246.1%	208.3%	456.5%	225.0%

   Assuming the Branch is able to achieve its business plans, the Branch is expected to meet the RBNZ solvency requirement at all times over the next four years.

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I would be very happy to answer any queries concerning this report.

Yours sincerely

Peter Davies B.Bus.Sc., FIA, FNZSA
Appointed Actuary

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