STATUTORY-BASIS FINANCIAL STATEMENTS

The Western and Southern Life Insurance Company
Years Ended December 31, 2023, 2022 and 2021
With Report of Independent Auditors

Western & Southern Life

The Western and Southern Life Insurance Company

Statutory-Basis Financial Statements

Years Ended December 31, 2023, 2022 and 2021

Contents

Report of Independent Auditors 1

Financial Statements

Balance Sheets (Statutory-Basis) 4
Statements of Operations (Statutory-Basis) 5
Statements of Changes in Capital and Surplus (Statutory-Basis) 6
Statements of Cash Flow (Statutory-Basis) 7
Notes to Financial Statements (Statutory-Basis) 8

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Report of Independent Auditors

The Board of Directors
The Western and Southern Life Insurance Company

Opinion

We have audited the statutory-basis financial statements of The Western and Southern Life Insurance Company (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in capital and surplus and cash flows for each of the three years ended December 31, 2023, and the related notes to the financial statements (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the three years ended December 31, 2023, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the 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 at December 31, 2023 and 2022, or the results of its operations or its cash flows for the three years ended December 31, 2023.

Basis for Opinion

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 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.

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

As described in Note 1 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Ohio Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices 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 Financial Statements

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

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

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 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Ernst & Young LLP

April 17, 2024

The Western and Southern Life Insurance Company

Balance Sheets (Statutory-Basis)

	December 31 2023	2022
	(In Thousands)	
Admitted assets		
Cash and invested assets:		
Debt securities	**$ 2,844,267**	$ 2,769,710
Preferred and common stocks	**635,714**	902,050
Investments in common stocks of subsidiaries	**4,798,724**	4,592,609
Mortgage loans	**54,659**	55,841
Policy loans	**142,732**	142,493
Real estate:		
Properties held for the production of income	**817**	833
Properties occupied by the Company	**24,182**	24,705
Cash, cash equivalents and short-term investments	**153,730**	22,479
Receivable for securities	**2,114**	3,296
Derivatives	**—**	196
Securities lending reinvested collateral assets	**30,767**	17,779
Other invested assets	**2,438,680**	2,471,001
Total cash and invested assets	**11,126,386**	11,002,992
Investment income due and accrued	**37,542**	38,913
Premiums deferred and uncollected	**46,707**	47,582
Current federal income taxes recoverable	**102,121**	36,220
Receivables from parent, subsidiaries and affiliates	**64,239**	50,439
Other admitted assets	**12,657**	15,104
Separate account assets	**1,137,428**	1,131,631
Total admitted assets	**$ 12,527,080**	$ 12,322,881
Liabilities and capital and surplus		
Liabilities:		
Policy and contract liabilities:		
Life and annuity reserves	**$ 2,831,496**	$ 2,795,292
Accident and health reserves	**144,794**	143,743
Liability for deposit-type contracts	**174,161**	183,197
Policy and contract claims	**49,917**	53,974
Dividends payable to policyholders	**31,187**	33,995
Premiums received in advance	**2,754**	2,953
Total policy and contract liabilities	**3,234,309**	3,213,154
General expense due and accrued	**51,754**	44,050
Net deferred income tax liability	**7,984**	10,799
Transfer to (from) separate accounts due and accrued, net	**(22)**	(9)
Asset valuation reserve	**327,391**	370,006
Interest maintenance reserve	**49,848**	57,350
Other liabilities	**515,377**	419,442
Liability for postretirement benefits other than pensions	**93,081**	94,468
Payable for securities lending	**76,738**	80,925
Separate account liabilities	**1,137,428**	1,131,631
Total liabilities	**5,493,888**	5,421,816
Capital and surplus:		
Common stock, $1 par value, authorized 2,500 shares, issued and outstanding 2,500 shares	**2,500**	2,500
Surplus Notes	**995,644**	995,499
Paid-in surplus	**757,103**	607,103
Accumulated surplus	**5,277,945**	5,295,963
Total capital and surplus	**7,033,192**	6,901,065
Total liabilities and capital and surplus	**$ 12,527,080**	$ 12,322,881

See accompanying notes.

The Western and Southern Life Insurance Company

Statements of Operations (Statutory-Basis)

	Year Ended December 31		
	2023	**2022**	**2021**
	(In Thousands)		
Premiums and other revenues:			
Premiums and annuity considerations	**$ 212,486**	$ 214,967	$ 220,346
Net investment income	**590,763**	481,052	542,715
Considerations for supplementary contracts with life contingencies	**—**	31	8
Amortization of the interest maintenance reserve	**6,812**	6,802	6,688
Commissions and expenses on reinsurance ceded	**1,075**	1,061	1,055
Other revenues	**336**	209	339
Total premiums and other revenues	**811,472**	704,122	771,151
Benefits paid or provided:			
Death benefits	**129,169**	143,821	153,175
Annuity benefits	**117,163**	52,603	51,804
Disability and accident and health benefits	**11,899**	10,903	17,541
Surrender benefits	**46,428**	40,283	41,512
Payments on supplementary contracts with life contingencies	**202**	237	276
Other benefits	**3,489**	2,537	6,246
Increase in policy reserves and other policyholders' funds	**42,911**	(91,642)	33,034
Total benefits paid or provided	**351,261**	158,742	303,588
Insurance expenses and other deductions:			
Commissions	**16,784**	14,795	13,563
General expenses	**158,625**	146,735	197,470
Net transfers to (from) separate account	**(117,344)**	(52,808)	(51,774)
Reserve adjustments on reinsurance assumed	**(74)**	48	—
Other deductions	**42,720**	(52,197)	60,850
Total insurance expenses and other deductions	**100,711**	56,573	220,109
Gain (loss) from operations before dividends to policyholders, federal income tax expense, and net realized capital gains (losses)	**359,500**	488,807	247,454
Dividends to policyholders	**41,140**	47,950	43,535
Gain (loss) from operations before federal income tax expense and net realized capital gains (losses)	**318,360**	440,857	203,919
Federal income tax expense (benefit), excluding tax on capital gains	**(47,089)**	34,062	30,313
Gain (loss) from operations before net realized capital gains (losses)	**365,449**	406,795	173,606
Net realized capital gains (losses) (excluding gains (losses) transferred to IMR and capital gains tax)	**(16,061)**	(3,985)	(74,945)
Net income (loss)	**$ 349,388**	$ 402,810	$ 98,661

See accompanying notes.

The Western and Southern Life Insurance Company

Statements of Changes in Capital and Surplus (Statutory-Basis)

	Common Stock	Surplus Notes and Paid-In Surplus	Accumulated Surplus	Total Capital and Surplus
	(In Thousands)			
Balance, January 1, 2021	$ 2,500	$ 914,707	$ 4,740,533	$ 5,657,740
Net income (loss)	—	—	98,661	98,661
Change in net deferred income tax	—	—	30,231	30,231
Net change in unrealized gains (losses) on investments (net of deferred tax expense (benefit) of $111,301)	—	—	625,648	625,648
Change in net unrealized foreign exchange capital gain (loss)	—	—	(2,287)	(2,287)
Change in surplus notes	—	497,750	—	497,750
Net change in nonadmitted assets and related items	—	—	67,456	67,456
Change in asset valuation reserve	—	—	(258,434)	(258,434)
Dividends to stockholder	—	—	(50,000)	(50,000)
Change in unrecognized post retirement benefit obligation	—	—	89,365	89,365
Balance, December 31, 2021	2,500	1,412,457	5,341,173	6,756,130
Net income (loss)	—	—	402,810	402,810
Change in net deferred income tax	—	—	(44,085)	(44,085)
Net change in unrealized gains (losses) on investments (net of deferred tax expense (benefit) of ($53,721))	—	—	(569,358)	(569,358)
Change in net unrealized foreign exchange capital gain (loss)	—	—	208	208
Change in surplus notes	—	145	—	145
Net change in nonadmitted assets and related items	—	—	(89,828)	(89,828)
Change in asset valuation reserve	—	—	133,839	133,839
Change in unrecognized post retirement benefit obligation	—	—	121,204	121,204
Capital contribution	—	190,000	—	190,000
Balance, December 31, 2022	2,500	1,602,602	5,295,963	6,901,065
Net income (loss)	**—**	**—**	**349,388**	**349,388**
Change in net deferred income tax	**—**	**—**	**(11,576)**	**(11,576)**
Net change in unrealized gains (losses) on investments (net of deferred tax expense (benefit) of ($21,887))	**—**	**—**	**(162,717)**	**(162,717)**
Change in net unrealized foreign exchange capital gain (loss)	**—**	**—**	**913**	**913**
Change in surplus notes	**—**	**145**	**—**	**145**
Net change in nonadmitted assets and related items	**—**	**—**	**(19,841)**	**(19,841)**
Change in asset valuation reserve	**—**	**—**	**42,615**	**42,615**
Dividends to stockholder	**—**	**—**	**(245,000)**	**(245,000)**
Change in unrecognized post retirement benefit obligation	—	**—**	**28,200**	**28,200**
Capital contribution	—	**150,000**	**—**	**150,000**
Balance, December 31, 2023	**$ 2,500**	**$ 1,752,747**	**$ 5,277,945**	**$ 7,033,192**

See accompanying notes.

The Western and Southern Life Insurance Company

Statements of Cash Flow (Statutory-Basis)

	Year Ended December 31		
	2023	2022	2021
	(In Thousands)		
Operating activities			
Premiums collected net of reinsurance	$ **213,828**	$ 216,066	$ 221,565
Net investment income received	**488,006**	361,478	453,781
Benefits paid	**(317,916)**	(258,418)	(275,261)
Net transfers from (to) separate accounts	**117,331**	52,812	51,778
Commissions and expense paid	**(169,178)**	(218,473)	(158,324)
Dividends paid to policyholders	**(43,947)**	(46,770)	(47,553)
Federal income taxes recovered (paid)	**(18,157)**	(75,259)	2,619
Other, net	**1,409**	1,269	1,394
Net cash from (for) operations	**271,376**	32,705	249,999
Investing activities			
Proceeds from investments sold, matured or repaid:			
Debt securities	**179,708**	561,910	236,424
Preferred and common stocks	**325,142**	396,955	315,580
Mortgage loans	**1,182**	1,107	970
Real estate	**—**	—	771
Other invested assets	**392,898**	291,307	528,139
Net gains (losses) on cash, cash equivalents and short-term investments	**(34)**	(18)	(30)
Miscellaneous proceeds	**2,004**	19,350	44,383
Net proceeds from investments sold, matured or repaid	**900,900**	1,270,611	1,126,237
Cost of investments acquired:			
Debt securities	**(124,749)**	(462,989)	(347,164)
Preferred and common stocks	**(379,334)**	(816,114)	(807,957)
Real estate	**(2,456)**	(5,348)	(4,228)
Other invested assets	**(439,178)**	(563,986)	(533,987)
Miscellaneous applications	**(12,988)**	(830)	(6,291)
Total cost of investments acquired	**(958,705)**	(1,849,267)	(1,699,627)
Net change in policy and other loans	**(239)**	2,815	7,002
Net cash from (for) investments	**(58,044)**	(575,841)	(566,388)
Financing activities			
Surplus notes, capital notes	**145**	—	497,635
Capital and paid in surplus, less treasury stock	**150,000**	190,000	—
Borrowed funds	**60,666**	48,967	—
Net deposits on deposit-type contract funds and other insurance liabilities	**(9,036)**	(6,171)	(8,197)
Dividends paid to stockholder	**(245,000)**	—	(50,000)
Other cash provided (applied)	**(38,856)**	(25,207)	(91,150)
Net cash from (for) financing and miscellaneous sources	**(82,081)**	207,589	348,288
Net change in cash, cash equivalents and short-term investments	**131,251**	(335,547)	31,899
Cash, cash equivalents and short-term investments:			
Beginning of year	**22,479**	358,026	326,127
End of year	$ **153,730**	$ 22,479	$ 358,026
Cash flow information for noncash transactions:			
Dividend from Integrity Life Insurance Company in the form of common stock	$ **50,000**	$ —	$ —
Capital contribution to Western-Southern Life Assurance Company in the form of common stock	$ **(50,000)**	$ —	$ —

See accompanying notes.

1. Nature of Operations and Significant Accounting Policies

The Western and Southern Life Insurance Company (the Company) is a stock life insurance company that offers primarily individual traditional and whole life insurance policies. The Company is licensed in 46 states and the District of Columbia. For the year ended December 31, 2023, approximately 68.8% of the gross premiums and annuity considerations for the Company were derived from California, Illinois, Indiana, North Carolina, Ohio, and Pennsylvania. The Company is domiciled in Ohio. The Company is an indirect, wholly-owned subsidiary of Western & Southern Mutual Holding Company (Mutual Holding), a mutual holding company formed pursuant to the insurance regulations of the State of Ohio. Ohio law requires Mutual Holding to hold at least a majority voting interest in the Company. Currently, Mutual Holding indirectly holds 100% of the voting interest through Western & Southern Financial Group, Inc. (WSFG), its wholly-owned subsidiary. The Company wholly owns the following insurance entities: Western-Southern Life Assurance Company (WSLAC), Columbus Life Insurance Company (Columbus Life), Integrity Life Insurance Company (Integrity) and Gerber Life Insurance Company (Gerber Life). Integrity Life Insurance Company wholly owns National Integrity Life Insurance Company (National).

State regulatory authorities have powers relating to granting and revoking licenses to transact business, the licensing of agents, the regulation of premium rates and trade practices, the form and content of insurance policies, the content of advertising material, financial statements and the nature of permitted practices.

Included within the financial statements, the Company has established and operates a closed block for the benefit of holders of most participating individual ordinary and weekly industrial life insurance policies issued on or before the formation of Mutual Holding in 2000 (the Closed Block). Assets have been allocated to the Closed Block in an amount that is expected to produce cash flows which, together with anticipated revenue from the policies included in the Closed Block, are reasonably expected to be sufficient to support the Closed Block policies, the continuation of policyholder dividends, in aggregate, in accordance with the 2000 dividend scale if the experience underlying such scale continues, and for appropriate adjustments in the dividend scale if the experience changes. Invested assets allocated to the Closed Block consist primarily of high-quality debt securities, mortgage loans, policy loans, short-term investments, other invested assets, and securities lending reinvested collateral. Invested assets of $1,801.4 million and $1,828.7 million were allocated to the Closed Block as of December 31, 2023 and 2022, respectively. The assets allocated to the Closed Block inure solely for the benefit of the Closed Block policyholders and will not revert to the benefit of the Company. The purpose of the Closed Block is to protect the policy dividend expectations of these policies after the formation of Mutual Holding. The Closed Block will continue in effect until the last policy in the Closed Block is no longer in force.

Use of Estimates

The preparation of statutory-basis financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the Ohio Department of Insurance (the Department). The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP or SSAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. These practices differ in some respects from U.S. generally accepted accounting principles (GAAP). The more significant differences follow.

Investments

Investments in debt securities and mandatory redeemable preferred stocks are reported at amortized cost or fair value based on the NAIC's rating; for GAAP, such fixed maturity investments are designated at purchase as held-to-maturity, trading or available-for-sale. Held-to-maturity fixed investments are reported at amortized cost, and the remaining fixed maturity investments are reported at fair value with unrealized holding gains and losses reported in the statement of operations for those designated as trading and as a separate component of other comprehensive income (loss) for those designated as available-for-sale.

All single-class and multiclass mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using the retrospective method. The prospective method is used to determine amortized cost for securities that experience a decline that is deemed to be other-than-temporary. Securities that are in an unrealized loss position which the Company intends to sell, or does not have the intent and ability to hold until recovery, are written down to fair value as a realized loss. Securities that are in an unrealized loss position which the Company has the intent and ability to hold until recovery are written down to the extent the present value of expected future cash flows using the security's effective yield is lower than the amortized cost. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS and ABS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the extent the present value of expected future cash flows using the security's effective yield is lower than the amortized cost. If high credit quality securities are adjusted, the retrospective method is used.

The Company monitors other investments to determine if there has been an other-than-temporary decline in fair value. Factors that management considers for each identified security include the following:

- The extent the fair value has been below the book/adjusted carrying value;
- The reasons for the decline in value;
- Specific credit issues related to the issuer and current economic conditions, including the current and future impact of any specific events;
- For structured investments (e.g., residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities and other structured investments), factors such as overall deal structure and the Company's position within the structure, quality of underlying collateral, delinquencies and defaults, loss severities, recoveries, prepayments and cumulative loss projections are considered;

- For all equity securities and other debt securities with credit-related declines in fair value, the Company's intent and ability to hold the security long enough for it to recover its value to book/adjusted carrying value; and
- For all other debt securities with interest-related declines in fair value, the Company's intent to sell the security before recovery of its book/adjusted carrying value.

If the decline is judged to be other-than-temporary, an impairment charge to fair value is recorded as a net realized capital loss in the period the determination is made. Under GAAP, if the decline is judged to be other-than-temporary because the Company has the intent to sell the debt security or is more likely than not to be required to sell the debt security before its anticipated recovery, an impairment charge to fair value is recorded as a net realized capital loss. If the decline is judged to be other-than-temporary because the Company does not expect to recover the entire amortized cost basis of the security due to expected credit losses, an impairment charge is recorded to net realized capital loss as the difference between amortized cost and the net present value of expected future cash flows discounted at the effective interest rate implicit in the debt security prior to impairment.

Investments in real estate are reported net of required obligations rather than on a gross basis as for GAAP. Real estate owned and occupied by the Company is included in investments rather than reported as an operating asset as under GAAP, and investment income and operating expenses include rent for the Company's occupancy of those properties.

Under a formula prescribed by the NAIC, the Company defers the portion of realized capital gains and losses on sales of fixed income investments, principally debt securities and mortgage loans, attributable to changes in the general level of interest rates and amortizes those deferrals over the remaining period to maturity based on groupings of individual security sold in five-year bands. The net deferral is reported as the interest maintenance reserve (IMR) in the accompanying balance sheets. Realized capital gains and losses are reported in income net of federal income tax and transfers to the IMR. Under GAAP, realized capital gains and losses are reported in the statement of operations on a pretax basis in the period that the assets giving rise to the gains or losses are sold.

The asset valuation reserve (AVR) provides a valuation allowance for invested assets. The AVR is determined by an NAIC prescribed formula with changes reflected directly in capital and surplus. AVR is not recognized for GAAP.

Subsidiaries

The accounts and operations of the Company's subsidiaries are not consolidated with the accounts and operations of the Company as would be required under GAAP.

Policy Acquisition Costs

The costs of acquiring and renewing business are expensed when incurred. Under GAAP, policy acquisition costs, related to traditional life insurance and certain long-duration accident and health insurance policies sold, to the extent recoverable from future policy revenues, would be deferred and amortized over the premium-paying period of the related policies using assumptions consistent with those used in computing policy benefit reserves; for universal life insurance and investment products, to the extent recoverable from future gross profits, deferred policy acquisition costs are amortized generally in proportion to the present value of expected gross profits from surrender charges and investments, mortality, and expense margins.

Nonadmitted Assets

Certain assets designated as "nonadmitted" (principally investments in unaudited subsidiaries and controlled and affiliated entities, the pension asset, and a trademark license agreement), and other assets not specifically identified as admitted assets within the NAIC's *Accounting Practices and Procedures Manual*, are excluded from the accompanying balance sheets and are charged directly to accumulated surplus. Under GAAP, such assets are included in the balance sheets.

Premiums and Benefits

Revenues for universal life and annuity policies with mortality or morbidity risk, except for guaranteed interest and group annuity contracts, consist of the entire premium received, and benefits incurred represent the total of death benefits paid and the change in policy reserves. Premiums received for annuity policies without mortality or morbidity risk and for guaranteed interest and group annuity contracts are recorded using deposit accounting, and credited directly to an appropriate policy reserve account, without recognizing premium income. Under GAAP, premiums received in excess of policy charges would not be recognized as premium revenue and benefits would represent the excess of benefits paid over the policy account value and interest credited to the account values.

Benefit Reserves

Certain policy reserves are calculated using statutorily prescribed interest and mortality assumptions rather than on estimated expected experience or actual account balances as would be required under GAAP.

Reinsurance

A liability for reinsurance balances is required to be provided for unsecured policy reserves ceded to reinsurers not authorized to assume such business. Changes to those amounts are credited or charged directly to capital and surplus. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to earnings.

Policy and contract liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as would be required under GAAP. Commissions allowed by reinsurers on business ceded are reported as income when incurred rather than being deferred and amortized with policy acquisition costs as required under GAAP.

Employee Benefits

For purposes of calculating the Company's pension and postretirement benefit obligations, vested participants, non-vested participants and current retirees are included in the valuation. The prepaid pension asset resulting from the excess of the fair value of plan assets over the benefit obligation, which is nonadmitted under statutory accounting rules, is included in other comprehensive income under GAAP.

Deferred Income Taxes

Deferred tax assets are recorded for the amount of gross deferred tax assets expected to be realized in future years, and a valuation allowance is established for deferred tax assets not meeting a more-likely-than-not realization threshold. Deferred tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a time frame corresponding with Internal Revenue Service (IRS) tax loss carryback provisions, not to exceed three years, including amounts established in accordance with the provision of SSAP No. 5R, plus 2) for entities who meet the required realization threshold in SSAP No. 101, the lesser of the remaining gross deferred tax assets expected to be realized within three years of the balance sheet date or 15% of capital and surplus excluding any net deferred tax assets, electronic data processing equipment and operating software and any net positive goodwill, plus 3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. The remaining deferred tax assets are nonadmitted. Under GAAP, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not meeting a more-likely-than-not realization threshold.

Policyholder Dividends

Policyholder dividends are recognized when declared rather than over the term of the related policies.

Surplus Notes

Surplus Notes are classified as a component of equity rather than as long-term debt.

Statements of Cash Flow

Cash, cash equivalents and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding captions of cash and cash equivalents include cash balances and investments with initial maturities of three months or less.

Other significant statutory accounting practices follow.

Restricted Assets

The Company has assets pledged as collateral, or otherwise not exclusively under control of the Company, totaling $106.2 million and $147.4 million as of December 31, 2023 and 2022, respectively. These assets are primarily collateral held in relation to the Company's securities lending program. These restricted assets are discussed in more detail in their relevant section.

Investments

Debt securities, common stocks, preferred stocks, and short-term investments are stated at values prescribed by the NAIC, as follows:

Debt securities not backed by other loans are principally stated at amortized cost using the interest method.

Single-class and multiclass mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from Bloomberg and broker-dealer prepayment models or derived from empirical data and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities except securities that are deemed to be other-than-temporarily impaired and securities that are principal-only or interest-only, which are valued using the prospective method.

Unaffiliated common stocks are reported at fair value utilizing publicly quoted prices from third-party pricing services and the related unrealized capital gains and losses are reported in capital and surplus along with any adjustment for federal income taxes.

Redeemable preferred stocks that have characteristics of debt securities and are rated as medium quality or better are reported or amortized cost. All other redeemable preferred stocks are reported at the lower of amortized cost or fair value. Perpetual preferred stocks are valued at fair value, not exceeding any currently effective call price, utilizing publicly quoted prices from third-party pricing services and the related unrealized capital gains and losses are reported in capital and surplus along with any adjustment for federal income taxes.

There are no restrictions on unaffiliated common or preferred stocks.

Short-term investments include investments with remaining maturities of one year or less at the date of acquisition and are principally stated at amortized cost, which approximates fair value.

Cash equivalents are short-term highly liquid investments with original maturities of three months or less and are principally stated at amortized cost, which approximates fair value.

The Company’s insurance subsidiaries are reported at their underlying audited statutory equity. The Company’s noninsurance subsidiaries are reported based on underlying audited GAAP equity. The net change in the subsidiaries’ equity is included in capital and surplus.

Joint ventures, partnerships, and limited liability companies are carried at the Company's interest in the underlying audited GAAP equity of the investee. Undistributed earnings allocated to the Company are reported in the change in net unrealized capital gains or losses. Distributions from earnings of the investees are reported as net investment income when received. Because of the indirect nature of these investments, there is an inherent reduction in transparency and liquidity and increased complexity in valuing the underlying investments. As a result, these investments are actively managed by the Company's management via detailed evaluation of the investment performance relative to risk.

Mortgage loans are reported at unpaid principal balances, less an allowance for impairment. A mortgage loan is considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all principal and interest amounts due according to the contractual terms of the mortgage agreement. When management determines foreclosure is probable, the impairment is other than temporary; the mortgage loan is written down to realizable value and a realized loss is recognized.

Policy loans are reported at unpaid principal balances.

Real estate occupied by the Company and real estate held for the production of income are reported at depreciated cost net of related obligations. Real estate that the Company has the intent to sell is reported at the lower of depreciated cost or fair value, net of related obligations. Depreciation is computed by the straight-line method over the estimated useful life of the properties.

Property acquired in the satisfaction of debt is recorded at the lower of cost less accumulated depreciation or fair market value.

Debt securities and other loan interest are credited to income as it accrues. Dividends are recorded as income on ex-dividend dates. To the extent income is uncertain, due and accrued income is excluded and treated as nonadmitted through surplus.

The Company utilizes customized call and put options to hedge market volatility related to the S&P 500 index . At the beginning of these contracts, a premium is either paid or received for transferring the related risk. The options are not designated as a hedge for accounting purposes and are carried at fair value on the balance sheet with changes in fair value recorded in surplus. The related gains and losses from terminations or expirations are recorded in realized capital gains and losses.

Realized capital gains and losses are determined using the specific identification method.

Premiums

Life and accident and health premiums are recognized as revenue when due. Premiums for annuity policies with mortality and morbidity risk, except for guaranteed interest and group annuity contracts, are also recognized as revenue when due. Premiums received for annuity policies without mortality or morbidity risk and for guaranteed interest and group annuity contracts are recorded using deposit accounting.

Policy Reserves

Life, annuity and accident and health disability benefit reserves are developed by actuarial methods and are determined based on published tables using statutorily specified interest rates and valuation methods that will provide, in the aggregate, reserves that are greater than or equal to the minimum or guaranteed policy cash values or the amounts required by the Department. The Company waives deduction of deferred fractional premiums on the death of life and annuity policy insureds and does return any premium beyond the date of death. Surrender values on policies do not exceed the corresponding benefit reserves. Policies issued subject to multiple table substandard extra premiums are valued on the standard reserve basis which recognizes the nonlevel incidence of the excess mortality costs. Additional reserves are established when the results of cash flow testing under various interest rate scenarios indicate the need for such reserves, or the net premiums exceed the gross premiums on any insurance in-force.

For policies issued in 2020 or after, life insurance reserves are developed using principle-based policyholder and asset assumptions with margins and floored at formulaic reserves based upon published tables using statutorily specified interest rates and valuation methods.

Formulaic policy reserves for life insurance and supplemental benefits are computed on the Commissioner's Reserve Valuation Method. The following mortality tables and interest rates are used:

	Percentage of Reserves	
	2023	**2022**
Life insurance:		
1941 Commissioners Standard Ordinary, 2-1/4% - 3-1/2%	**5.7 %**	6.1 %
1941 Standard Industrial, 2-1/2% - 3-1/2%	**8.6**	8.8
1958 Commissioners Standard Ordinary, 2-1/2% - 6%	**15.4**	16.3
1980 Commissioners Standard Ordinary, 4% - 6%	**40.6**	39.8
2001 Commissioners Standard Ordinary, 3-1/2% - 4-1/2%	**26.8**	23.7
2017 Commissioners Standard Ordinary, 3-1/2%	**1.1**	—
Other, 2-1/2% - 6%	**0.9**	4.3
	99.1	99.0
Other benefits (including annuities):		
Various, 2-1/2% - 8-1/4%	**0.9**	1.0
	100.0 %	100.0 %

The mean reserve method is used to adjust the calculated terminal reserve to the appropriate reserve at December 31. Mean reserves are determined by computing the regular mean reserve for the plan at the rated age and holding, in addition, one-half of the extra premium charge for the year. Policies issued after July 1 for substandard lives, are charged an extra premium plus the regular premium for the true age. Mean reserves are based on appropriate multiples of standard rates of mortality. An asset is recorded for deferred premiums net of loading to adjust the reserve for modal premium payments.

For substandard table ratings, mean reserves are based on 125% to 500% of standard mortality rates. For flat extra ratings, mean reserves are based on the standard or substandard mortality rates increased by 1 to 25 deaths per thousand.

As of December 31, 2023 and 2022, reserves of $13.2 million and $13.7 million, respectively, were recorded on in-force amounts of $774.5 million and $803.7 million, respectively, for which gross premiums are less than the net premiums according to the standard of valuation required by the Department. The Company anticipates investment income as a factor in the premium deficiency calculation for all accident and health contracts.

Tabular interest, tabular less actual reserves released, and tabular cost have been determined by formula. Tabular interest on funds not involving life contingencies is calculated as one-hundredth of the product of such valuation rate of interest times 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.

The establishment of appropriate reserves is an inherently uncertain process, and there can be no assurance that the ultimate liability will not exceed the Company's policy reserves and have an adverse effect on the Company's results of operations and financial condition. Due to the inherent uncertainty of estimating reserves, it has been necessary, and may over time continue to be necessary, to revise estimated future liabilities as reflected in the Company's policy reserves.

Policyholders' Dividends

The amount of policyholders' dividends to be paid (including those on policies included in the Closed Block) is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.

Policy and Contract Claims

Policy and contract claims in process of settlement represent the estimated ultimate net cost of all reported and unreported claims incurred through December 31, 2023 and 2022. The reserves for unpaid claims are estimated using individual case-basis valuations and statistical analysis. These estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Reinsurance

Reinsurance premiums and benefits paid or provided are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Securities Lending

At December 31, 2023, the Company had loaned various debt securities, preferred stocks and common stocks as part of a securities lending program administered by Deutsche Bank, of which the fair value was $74.5 million and $23.4 million in the general and separate account, respectively. At December 31, 2022, the Company had loaned various debt securities, preferred stocks and common stocks as part of a securities lending program administered by Deutsche Bank, of which the fair value was $78.7 million and

$59.7 million in the general and separate account, respectively. The Company maintains effective control over all loaned securities and, therefore, continues to report such securities as invested assets in the balance sheets. The general account collateral is managed by both an affiliated and unaffiliated agent. The separate account is managed by an unaffiliated agent.

The Company requires at the initial transaction that the fair value of the cash collateral received must be equal to 102% of the fair value of the loaned securities. The Company monitors the ratio of the fair value of the collateral to loaned securities to ensure it does not fall below 100%. If the fair value of the collateral falls below 100% of the fair value of the securities loaned, the Company nonadmits that portion of the loaned security. At December 31, 2023 and 2022, the Company did not nonadmit any portion of the loaned securities.

The Company reports all collateral on the balance sheet with an offsetting liability recognized for the obligation to return the collateral. Collateral for the securities lending program is either managed by an affiliated agent of the Company or is managed by Deutsche Bank, an unaffiliated agent. Collateral managed by an affiliated agent, which approximated $45.5 million and $62.6 million at December 31, 2023 and 2022, respectively, is invested primarily in investment-grade debt securities and cash equivalents and is included in the applicable amount on the balance sheets because the funds are available for the general use of the Company. At December 31, 2023 and 2022, collateral managed by an unaffiliated agent, which approximated $30.8 million and $17.8 million respectively, was invested in cash equivalents and was included in securities lending reinvested collateral assets on the balance sheet.

At December 31, 2023, the collateral for all securities on loan could be requested to be returned on demand by the borrower. At December 31, 2023 and 2022, the fair value of the total collateral in the general account was $76.3 million and $80.4 million, respectively. The fair value of the total collateral in the separate account was $24.1 million and $61.1 million at December 31, 2023 and 2022, respectively, which was all managed by an unaffiliated agent.

The aggregate collateral broken out by maturity date is as follows at December 31, 2023:

	Amortized Cost	**Fair Value**
	(In Thousands)	
Open	$ —	$ —
30 days or less	45,348	45,348
31 to 60 days	1,469	1,469
61 to 90 days	747	747
91 to 120 days	266	266
121 to 180 days	—	—
181 to 365 days	1,999	1,997
1 to 2 years	5,600	5,607
2 to 3 years	—	—
Greater than 3 years	20,826	20,826
Total collateral	$ 76,255	$ 76,260

At December 31, 2023, all of the collateral held for the securities lending program was invested in tradable securities that could be sold and used to pay for the $76.7 million and $24.1 million in the general and separate accounts, respectively, in collateral calls that could come due under a worst-case scenario where all collateral was called simultaneously.

The Company does not accept collateral that is not permitted by contract or custom to sell or repledge. The Company does not have any securities lending transactions that extend beyond one year from the reporting date.

Separate Account

The Company maintains a separate account, which holds all of the Company's pension plan assets. The assets of the separate account consist primarily of marketable securities, which are recorded at fair value. These assets are considered legally insulated from the general accounts.

There are no separate account liabilities that are guaranteed by the general account. (See Note 10 for further discussion on the general account's responsibility as it relates to the obligations of the Company's pension plan).

The activity within the separate account, including realized and unrealized gains or losses on its investments, has no effect on net income or capital and surplus of the Company. The Company's statements of operations reflect annuity payments to pension plan participants and other expenses of the separate account, as well as the reimbursement of such expenses from the separate account.

Federal Income Taxes

The Company files a consolidated income tax return with its eligible subsidiaries and affiliates. The provision for federal income taxes is allocated to the individual companies using a separate return method based upon a written tax-sharing agreement. Under the agreement, the benefits from losses of subsidiaries and affiliates are retained by the subsidiary and affiliated companies. The Company pays all federal income taxes due for all members of the group. The Company then immediately charges or reimburses, as the case may be, the members of the group an amount consistent with the method described in the tax-sharing agreement.

The Company includes interest and penalties in the federal income tax line on the statements of operations.

Postretirement Benefits Other Than Pensions

The Company accounts for its postretirement benefits other than pensions on an accrual basis. The postretirement benefit obligation for current retirees and fully eligible employees is measured by estimating the actuarial present value of benefits expected to be received at retirement using explicit assumptions.

Actuarial and investment gains and losses arising from differences between assumptions and actual experience upon subsequent remeasurement of the obligation may be recognized as a component of the net periodic benefit cost in the current period or amortized. The net gain or loss will be included as a component of net postretirement benefit cost for a year if, as of the beginning of the year, the unrecognized net gain or loss exceeds 10% of the postretirement benefit obligation. That gain or loss, if not recognized immediately, will be amortized over the average life expectancy of the employer's fully vested and retiree group.

Accounting Changes

There were no material accounting changes in 2023, 2022, or 2021.

Business Combinations

On December 31, 2018, the Company purchased 100% of the common stock of Gerber Life from Nestlé S.A. ("Nestlé"). Gerber Life is an insurer that operates primarily in the juvenile life insurance and medical stop-loss insurance markets. Gerber Life is New York-domiciled and is licensed in 50 states, the District of Columbia, Puerto Rico and certain Canadian provinces. The cost of the acquired entity was $1,257.3 million. The original goodwill balance was $945.5 million, of which $528.1 million was admitted, based on an admission limit of 10% of adjusted company surplus as of the last reported period..

The transaction was accounted for as a statutory purchase and reflects the following:

Year	Admitted Goodwill at Reporting Date	Goodwill Amortized in Period	Book Value of Acquisition	Admitted Goodwill as a % of Admitted Acquisition
		(In Thousands)		
2023	**$ 472,774**	**$ 94,555**	**$ 1,121,475**	**42.2 %**
2022	567,328	94,555	1,149,908	49.3

	2023	2022
	(In Thousands)	
Company Surplus as of September 30	**$ 6,672,215**	$ 6,532,219
Less September 30 electronic data processing	**10,441**	10,318
Less September 30 net deferred tax assets	**38,823**	51,157
Less September 30 net positive goodwill	**496,412**	590,967
Adjusted Company surplus as of September 30	**$ 6,126,539**	$ 5,879,777
Admitted goodwill as a percentage of adjusted surplus	**7.7 %**	9.6 %

Subsequent Events

The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date. For nonrecognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Company is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. Management has evaluated subsequent events through the issuance of these financial statements on April 17, 2024.

Note 4 describes events that occurred subsequent to the December 31, 2023, financial statement date; the Company sold equity and fixed income securities to two subsidiaries, received an ordinary dividend from a subsidiary, and paid an ordinary dividend to its parent.

2. Investments

The book/adjusted carrying value and fair value of the Company's investments in debt securities are summarized as follows:

	Book/ Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
At December 31, 2023:				
U.S. Treasury securities and obligations of U.S. government corporation and agencies	**$ 18,882**	**$ —**	**$ (287)**	**$ 18,595**
Debt securities issued by states of the U.S. and political subdivisions of the states	**9,810**	**401**	**—**	**10,211**
Non-U.S. government securities	**61,405**	**1,069**	**(12,055)**	**50,419**
Corporate securities	**2,516,971**	**94,263**	**(172,694)**	**2,438,540**
Commercial mortgage-backed securities	**22,356**	**42**	**(4,483)**	**17,915**
Residential mortgage-backed securities	**109,326**	**2,867**	**(10,142)**	**102,051**
Asset-backed securities	**105,517**	**2,356**	**(4,585)**	**103,288**
Total	**$ 2,844,267**	**$ 100,998**	**$ (204,246)**	**$ 2,741,019**
At December 31, 2022:				
U.S. Treasury securities and obligations of U.S. government corporation and agencies	$ 23,341	$ 314	$ (394)	$ 23,261
Debt securities issued by states of the U.S. and political subdivisions of the states	9,805	341	—	10,146
Non-U.S. government securities	77,002	23	(12,656)	64,369
Corporate securities	2,385,532	62,279	(235,690)	2,212,121
Commercial mortgage-backed securities	22,852	32	(4,447)	18,437
Residential mortgage-backed securities	120,923	3,874	(11,603)	113,194
Asset-backed securities	130,255	1,844	(8,123)	123,976
Total	$ 2,769,710	$ 68,707	$ (272,913)	$ 2,565,504

At December 31, 2023 and 2022, the Company held unrated or below-investment-grade corporate debt securities with a book/adjusted carrying value of $185.7 million and $90.7 million, respectively, and an aggregate fair value of $177.2 million and $78.3 million, respectively. As of December 31, 2023 and 2022, such holdings amounted to 6.5% and 3.3%, respectively, of the Company's investments in debt securities and 1.5% and 0.7%, respectively, of the Company's total admitted assets. The Company performs periodic evaluations of the relative credit standing of the issuers of these debt securities. The Company considers these evaluations in its overall investment strategy.

Unrealized gains and losses on investments in unaffiliated common stocks, mutual funds and common stocks of subsidiaries are reported directly in capital and surplus and do not affect net income. The unrealized gains and unrealized losses on, and the cost and fair value of those investments and preferred stocks are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
At December 31, 2023:				
Preferred stocks	**$ 53,381**	**$ 1,804**	**$ (406)**	**$ 54,779**
Common stocks, unaffiliated	**$ 206,721**	**$ 163,213**	**$ (1,346)**	**$ 368,588**
Common stocks, mutual funds	**190,611**	**21,865**	**(129)**	**212,347**
Common stocks, subsidiaries	**4,024,050**	**942,652**	**(167,978)**	**4,798,724**
	$ 4,421,382	**$ 1,127,730**	**$ (169,453)**	**$ 5,379,659**

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
At December 31, 2022:				
Preferred stocks	$ 44,868	$ 2,453	$ (4,807)	$ 42,514
Common stocks, unaffiliated	$ 290,425	$ 212,017	$ (8,987)	$ 493,455
Common stocks, mutual funds	390,433	1,629	(25,981)	366,081
Common stocks, subsidiaries	3,843,604	956,870	(207,865)	4,592,609
	$ 4,524,462	$ 1,170,516	$ (242,833)	$ 5,452,145

The following table shows unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	Unrealized Losses Less Than 12 Months		Unrealized Losses Greater Than or Equal to 12 Months	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	(In Thousands)			
At December 31, 2023:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ —	$ —	$ (287)	$ 5,574
Debt securities issued by states of the U.S. and political subdivisions of the states	—	—	—	—
Non-U.S. government securities	—	—	(12,055)	39,135
Corporate securities	(1,056)	70,371	(171,638)	1,143,248
Commercial mortgage-backed securities[1]	—	—	(4,483)	16,622
Residential mortgage-backed securities[1]	(118)	5,364	(10,024)	76,108
Asset-backed securities[1]	(105)	4,776	(4,480)	66,938
Total	$ (1,279)	$ 80,511	$ (202,967)	$1,347,625
Preferred stocks	$ (406)	$ 11,144	$ —	$ —
Common stocks, unaffiliated	$ (1,346)	$ 22,807	$ —	$ —
Common stocks, mutual funds	(129)	5,865	—	
Total	$ (1,475)	$ 28,672	$ —	$ —

[1] Amounts relate to securities subject to SSAP 43R.

	Unrealized Losses Less Than 12 Months		Unrealized Losses Greater Than or Equal to 12 Months	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	(In Thousands)			
At December 31, 2022:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ (316)	$ 4,746	$ (78)	$ 722
Debt securities issued by states of the U.S. and political subdivisions of the states	—	—	—	—
Non-U.S. government securities	(8,514)	49,059	(4,142)	14,328
Corporate securities	(205,116)	1,258,582	(30,574)	83,859
Commercial mortgage-backed securities(1)	(2,573)	9,681	(1,874)	7,117
Residential mortgage-backed securities(1)	(11,331)	89,104	(272)	2,028
Asset-backed securities(1)	(6,719)	70,775	(1,404)	16,583
Total	$ (234,569)	$1,481,947	$ (38,344)	$ 124,637
Preferred stocks	$ (4,807)	$ 26,923	$ —	$ —
Common stocks, unaffiliated	$ (8,987)	$ 42,253	$ —	$ —
Common stocks, mutual funds	(25,981)	327,028	—	—
Total	$ (34,968)	$ 369,281	$ —	$ —

(1) Amounts relate to securities subject to SSAP 43R.

Investments that are impaired at December 31, 2023 and 2022, for which other-than-temporary impairments have not been recognized, consist mainly of corporate debt securities, asset-backed securities, residential mortgage-backed securities and unaffiliated common stocks.

The aggregated unrealized loss is approximately 12.3% and 13.5% of the carrying value of securities considered temporarily impaired at December 31, 2023 and 2022, respectively. At December 31, 2023, there were a total of 424 securities held that are considered temporarily impaired, 346 of which have been impaired for 12 months or longer. At December 31, 2022, there were a total of 570 securities held that were considered temporarily impaired, 29 of which had been impaired for 12 months or longer. The Company recorded other-than-temporary impairments on securities of $20.1 million, $12.4 million and $3.0 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The following is a list of each loan-backed security held at December 31, 2023, with a recognized other-than-temporary impairment (OTTI) for the year ended December 31, 2023, where the present value of future cash flows expected to be collected was less than the amortized cost basis of the securities.

CUSIP	Book/Adj Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Future Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized Cost After Other-Than-Temporary Impairment	Fair Value	Date of Other-Than-Temporary Impairment
			(In Thousands)			
For the year ended, December 31, 2023:						
52521H-AJ-2	$ 423	$ 422	$ 1	$ 422	$ 391	06/30/2023
Total	XXX	XXX	$ 1	XXX	XXX	XXX

The Company had no OTTI on loan-backed securities for the year ended December 31, 2023, due to the intent to sell the security or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis of the security.

A summary of the cost or amortized cost and fair value of the Company's debt securities at December 31, 2023, by contractual maturity, is as follows:

	Book/ Adjusted Carrying Value	Fair Value
	(In Thousands)	
Years to maturity:		
One or less	$ 22,031	$ 21,943
After one through five	315,795	320,525
After five through ten	436,766	449,543
After ten	1,832,476	1,725,754
Mortgage-backed securities/asset-backed securities	237,199	223,254
Total	$ 2,844,267	$ 2,741,019

The expected maturities may differ from contractual maturities in the foregoing table because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties and because asset-backed and mortgage-backed securities (including floating-rate securities) provide for periodic payments throughout their lives.

Proceeds from sales of investments in debt securities during 2023, 2022 and 2021 were $60.6 million, $248.3 million, and $33.6 million; gross gains of $0.6 million, $5.1 million, and $1.0 million and gross losses of $1.5 million, $1.0 million, and $0.0 million were realized on these sales in 2023, 2022 and 2021, respectively.

Proceeds from the sales of investments in equity securities during 2023, 2022 and 2021 were $357.2 million, $372.1 million, and $284.5 million; gross gains of $80.7 million, $67.6 million, and $45.3 million and gross losses of $12.4 million, $22.3 million, and $4.1 million were realized on these sales in 2023, 2022 and 2021, respectively.

Realized capital gains (losses) are reported net of federal income taxes and amounts transferred to the IMR as follows for the years ended December 31:

	2023	2022	2021
	(In Thousands)		
Realized capital gains (losses)	**$ (17,404)**	$ 10,230	$ (78,811)
Less amount transferred to IMR (net of related taxes (benefits) of $(183) in 2023, $1,327 in 2022, and $248 in 2021)	**(689)**	4,993	932
Less federal income tax expense (benefit) of realized capital gains (losses)	**(654)**	9,222	(4,798)
Net realized capital gains (losses)	**$ (16,061)**	$ (3,985)	$ (74,945)

Net investment income was generated from the following for the years ended December 31:

	2023	2022	2021
	(In Thousands)		
Debt securities	**$ 145,319**	$ 141,466	$ 158,760
Equity securities	**294,929**	107,536	32,007
Mortgage loans	**2,273**	2,318	2,363
Real estate	**10,536**	9,982	12,377
Policy loans	**10,582**	10,704	11,067
Cash, cash equivalents and short-term investments	**2,588**	1,567	688
Other invested assets	**195,684**	274,692	390,541
Other	**621**	252	(785)
Gross investment income	**662,532**	548,517	607,018
Investment expenses	**71,769**	67,465	64,303
Net investment income	**$ 590,763**	$ 481,052	$ 542,715

The Company's investments in mortgage loans principally involve commercial real estate. At December 31, 2023, 79.7% of such mortgages, or $43.6 million, involved properties located in Ohio, Washington, and South Carolina. Such investments consist of primarily first-mortgage liens on completed income-producing properties. The aggregate mortgage outstanding to any one borrower does not exceed $21.2 million. During 2023, there were no loans issued. At the issuance of a loan, the percentage of any one loan to value of security, exclusive of insured, guaranteed or purchase money mortgage did not exceed 80.0%. During 2023, the Company did not reduce interest rates on any outstanding mortgages.

Derivative Instruments

The Company entered into an equity hedge program designed to hedge the market value risks associated with the broad equity market. Hedging this risk reduces the economic sensitivity to price declines. At the beginning of these contracts, a premium is either paid or received for transferring the related risk. The options are not designated as a hedge for accounting purposes and are carried at fair value on the balance sheet with changes in fair value recorded in surplus. The related gains and losses from terminations or expirations are recorded in realized capital gains and losses. The change in fair value was $0.0 million, $0.0 million, and $50.6 million for the years ended December 31, 2023, 2022, and 2021, respectively. The net gain/(loss) recognized through net income within realized gains and losses was $0.0 million, $0.0 million, and $(97.2) million for the years ended December 31, 2023, 2022, and 2021, respectively. The Company closed the hedge in the first quarter of 2021.

Information related to the Company's derivative instruments as described above and the effects of offsetting on the balance sheet consisted of the following for the years ended December 31:

	2023	2022
	(In Thousands)	
Derivative assets:		
Gross amount of recognized assets	$ —	$ 196
Gross amounts offset	—	—
Net amount of assets	$ —	$ 196
Derivative liabilities:		
Gross amount of recognized liabilities	$ —	$ —
Gross amounts offset	—	—
Net amount of liabilities	$ —	$ —

3. Fair Values of Financial Instruments

Included in various investment-related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value such as when impaired or, for certain bonds and preferred stocks, when carried at the lower of cost or market.

The Company uses fair value measurements to record the fair value of certain assets and liabilities and to estimate the fair value of financial instruments not recorded at fair value but required to be disclosed at fair value. Certain financial instruments, particularly policyholder liabilities other than investment-type contracts, are excluded from this fair value discussion.

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on the following hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels. The

Company's policy is to recognize transfers in and transfers out of levels at the beginning of the quarterly reporting period.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include exchange-traded equity securities and mutual funds, including those which are part of the Company's separate account assets.

- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The Company's Level 2 assets and liabilities primarily include debt securities within the Company's separate account for which public quotations are not available, but that are priced by third-party pricing services or internal models using observable inputs. Also included in Level 2 assets and liabilities are preferred stock, fixed income residual tranches, and stock warrants. The fair value of these instruments is determined through the use of third-party pricing services or models utilizing market observable inputs.

- Level 3 - Significant unobservable inputs for the asset or liability. The Company's Level 3 assets and liabilities primarily include private real estate funds within the Company's separate account that are priced utilizing significant unobservable inputs. Also included in Level 3 assets and liabilities are common and preferred stocks being priced by broker quotes or utilizing recent financing for similar securities.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, including discount rates, estimates of timing, amount of expected future cash flows and the credit standing of the issuer. Such estimates do not consider the tax impact of the realization of unrealized gains or losses.

For Level 3 investments, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial instrument.

Certain investments utilize net asset value (NAV) as a practical expedient for fair value. These investments are reported separately from the hierarchy. Investments utilizing NAV consist mainly of equity interest in limited partnerships and limited liabilities in the separate account. These investments contain fixed income, common stock, and real estate characteristics. The interests in these partnerships can be sold or transferred with prior consent from the general partner. The average remaining life of the investments is 16.7 years. The Company's unfunded commitment for these investments is $74.5 million. In addition, a collective trust in the separate account utilizing NAV is primarily investing in domestic fixed income securities. Shares in the trust can be redeemed at their net asset value. The NAV for this investment is $10.91. The Company does not intend to sell any investments utilizing NAV.

As described below, certain fair values are determined through the use of third-party pricing services. Management does not adjust prices received from third parties; however, the Company does analyze the third-party pricing services' valuation methodologies and related inputs and performs additional evaluation to determine the appropriate level within the fair value hierarchy. The Company performs annual due diligence of third-party pricing services, which includes assessing the vendor's valuation qualifications, control environment, analysis of asset class-specific valuation methodologies and understanding of market observable assumptions and unobservable assumptions, if any, employed in the valuation methodology. Care should be exercised in deriving conclusions about the Company's business, its value or financial position based on the fair value information of financial instruments presented below. The following discussion describes the valuation methodologies utilized by the Company for assets and liabilities measured or disclosed at fair value.

Debt and Equity Securities

The fair values of debt securities and asset/mortgage-backed securities have been determined through the use of third-party pricing services utilizing market observable inputs. Private placement securities trading in less liquid or illiquid markets with limited or no pricing information are valued using either broker quotes or by discounting the expected cash flows using current market-consistent rates applicable to the yield, credit quality and maturity of each security.

The fair values of actively traded equity securities and exchange traded funds (including exchange traded funds with debt like characteristics) have been determined utilizing publicly quoted prices obtained from third-party pricing services. The fair values of certain equity securities for which no publicly quoted prices are available have been determined through the use of third-party pricing services utilizing market observable inputs. Actively traded mutual funds are valued using the net asset values of the funds. The fair value of equity securities included in Level 3 has been determined by utilizing broker quotes or recent financing for similar securities.

Mortgage Loans

The fair values for mortgage loans, consisting principally of commercial real estate loans, are estimated using discounted cash flow analyses, using interest rates currently being offered for similar loans collateralized by properties with similar investment risk. The fair values for mortgage loans in default are established at the lower of the fair value of the underlying collateral less costs to sell or the carrying amount of the loan.

Cash, Cash Equivalents and Short-Term Investments

The fair values of cash, cash equivalents and short-term investments are based on quoted market prices or stated amounts.

Securities Lending Reinvested Collateral Assets

The fair values of securities lending reinvested collateral assets are determined through the use of third-party sources utilizing publicly quoted prices.

Other Invested Assets

Other invested assets primarily include surplus debentures and fixed income residual tranches for which fair values have been determined through the use of third-party pricing services utilizing market observable inputs.

Derivative Instruments

The fair values of free-standing derivative instruments, primarily stock warrants, are determined through the use of third-party pricing services or models utilizing market observable inputs.

Assets Held in Separate Accounts

Assets held in separate accounts include debt securities, equity securities, mutual funds, surplus notes, private equity, and private debt fund investments. The fair values of debt securities, equity securities and mutual funds have been determined using the same methodologies as similar assets held in the general account. The fair values of private equity and private debt fund investments have been determined utilizing the net asset values of the funds. The fair values of the private real estate funds have been determined by significant unobservable inputs.

Life and Annuity Reserves for Investment-Type Contracts and Deposit Fund Liabilities

The fair value of liabilities for investment-type contracts is based on the present value of estimated liability cash flows, which are discounted using rates that incorporate risk-free rates and margins for the Company's own credit spread and the riskiness of cash flows. Key assumptions to the cash flow model include the timing of policyholder withdrawals and the level of interest credited to contract balances. Fair values for insurance reserves are not required to be disclosed. However, the estimated fair values of all insurance reserves and investment contracts are taken into consideration in the Company's overall management of interest rate risk.

Securities Lending Liability

The liability represents the Company's obligation to return collateral related to securities lending transactions. The liability is short-term in nature and therefore, the fair value of the obligation approximates the carrying amount.

Assets and liabilities measured at fair value on a recurring basis are outlined below:

	Assets/ (Liabilities) Measured at Fair Value	Fair Value Hierarchy Level Level 1	Level 2	Level 3	NAV
		(In Thousands)			
At December 31, 2023					
Assets:					
Bonds, exchange traded funds	**$ 151,108**	**$ 151,108**	**$ —**	**$ —**	**$ —**
Common stocks, unaffiliated	**368,588**	**348,596**	**—**	**17,110**	**2,882**
Common stocks, mutual funds	**212,347**	**212,347**	**—**	**—**	**—**
Preferred stocks	**54,779**	**—**	**40,161**	**14,618**	**—**
Other invested assets, fixed income residual tranche	**28,626**	**—**	**28,626**	**—**	**—**
Separate account assets	**1,137,428**	**731,114**	**125,126**	**23,734**	**257,454**
Total assets	**$ 1,952,876**	**$ 1,443,165**	**$ 193,913**	**$ 55,462**	**$ 260,336**

	Assets/ (Liabilities) Measured at Fair Value	Fair Value Hierarchy Level Level 1	Level 2	Level 3	NAV
		(In Thousands)			
At December 31, 2022					
Assets:					
Common stocks, unaffiliated	$ 493,455	$ 467,200	$ —	$ 23,394	$ 2,861
Common stocks, mutual funds	366,081	366,081	—	—	—
Preferred stocks	42,514	—	26,917	15,597	—
Other invested assets, fixed income residual tranche	28,701	—	28,701	—	
Derivative assets	196	—	196	—	—
Separate account assets	1,131,631	709,833	134,147	—	287,651
Total assets	$ 2,062,578	$ 1,543,114	$ 189,961	$ 38,991	$ 290,512

The reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2023 are as follows:

	Beginning Asset/ (Liability) as of January 1, 2023	Total Realized/Unrealized Gains (Losses) Included in:			Purchases, Sales, Issuances and Settlements	Transfers Into Level 3**	Transfers Out of Level 3	Ending Asset/ (Liability) as of December 31, 2023
		Net Income	Surplus	Other*				
	(In Thousands)							
Assets:								
Common stocks, unaffiliated	$ 23,394	$ —	$ (6,284)	$ —	$ —	$ —	$ —	$ 17,110
Preferred stocks	15,597	—	(1,979)	—	1,000	—	—	14,618
Separate account assets	—	—	—	—	—	23,734	—	23,734
Total assets	$ 38,991	$ —	$ (8,263)	$ —	$ 1,000	$ 23,734	$ —	$ 55,462

* Gains and losses for assets held in separate accounts do not impact net income or surplus as the change in value of assets held in separate accounts is offset by a change in value of liabilities related to separate accounts.
** Transfers into Level 3 are due to using a pricing source with unobservable inputs.

The gross purchases, issuances, sales and settlements included in the reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2023, are as follows:

	Purchases	Issuances	Sales	Settlements	Net Purchases, Issuances, Sales and Settlements
	(In Thousands)				
Assets:					
Common stocks, unaffiliated	$ —	$ —	$ —	$ —	$ —
Preferred stocks	1,000	—	—	—	1,000
Separate account assets	—	—	—	—	—
Total assets	$ 1,000	$ —	$ —	$ —	$ 1,000

The reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2022, is as follows:

	Beginning Asset/ (Liability) as of January 1, 2022	Total Realized/Unrealized Gains (Losses) Included in:			Purchases, Sales, Issuances and Settlements	Transfers Into Level 3*	Transfers Out of Level 3	Ending Asset/ (Liability) as of December 31, 2022
		Net Income	Surplus	Other				
	(In Thousands)							
Assets:								
Common stocks, unaffiliated	$ 21,416	$ —	$ 848	$ —	$ —	$ 1,130	$ —	$ 23,394
Preferred stocks	4,227	—	2,370	—	9,000	—	—	15,597
Total assets	$ 25,643	$ —	$ 3,218	$ —	$ 9,000	$ 1,130	$ —	$ 38,991

* Transfers into Level 3 are due to changes in the price source.

The gross purchases, issuances, sales and settlements included in the reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2022, are as follows:

	Purchases	Issuances	Sales	Settlements	Net Purchases, Issuances, Sales and Settlements
	(In Thousands)				
Assets:					
Common stocks, unaffiliated	$ —	$ —	$ —	$ —	$ —
Preferred stocks	9,000	—	—	—	9,000
Total Assets	$ 9,000	$ —	$ —	$ —	$ 9,000

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2023 and 2022.

The carrying amounts and fair values of the Company's significant financial instruments follow:

	December 31, 2023					
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3	NAV
	(In Thousands)					
Assets:						
Bonds	$ 2,844,267	$ 2,741,019	$ 156,682	$ 2,577,577	$ 6,760	$ —
Common stock:						
Unaffiliated	368,588	368,588	348,596	—	17,110	2,882
Mutual funds	212,347	212,347	212,347	—	—	—
Preferred stock	54,779	54,779	—	40,161	14,618	—
Mortgage loans	54,659	49,978	—	—	49,978	—
Cash, cash equivalents and short-term investments	153,730	153,733	153,733	—	—	—
Other invested assets:						
Surplus notes	38,977	37,495	—	37,495	—	—
Fixed income residual tranche	28,626	28,626	—	28,626	—	—
Securities lending reinvested collateral assets	30,767	30,767	30,767	—	—	—
Separate account assets	1,137,428	1,137,428	731,114	125,126	23,734	257,454
Liabilities:						
Life and annuity reserves for investment-type contracts and deposit fund liabilities	$ (2,476)	$ (2,417)	$ —	$ —	$ (2,417)	$ —
Securities lending liability	(76,738)	(76,738)	—	(76,738)	—	—

	December 31, 2022					
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3	NAV
	(In Thousands)					
Assets:						
Bonds	$ 2,769,710	$ 2,565,504	$ 8,887	$ 2,553,262	$ 3,355	$ —
Common stock:						
Unaffiliated	493,455	493,455	467,200	—	23,394	2,861
Mutual funds	366,081	366,081	366,081	—	—	—
Preferred stock	42,514	42,514	—	26,917	15,597	—
Mortgage loans	55,841	50,158	—	—	50,158	—
Cash, cash equivalents and short-term investments	22,479	22,479	22,479	—	—	—
Other invested assets:						
Surplus notes	39,025	35,761	—	35,761	—	—
Fixed income residual tranche	28,701	28,701	—	28,701	—	—
Securities lending reinvested collateral assets	17,779	17,779	17,779	—	—	—
Derivative assets	196	196	—	196	—	
Separate account assets	1,131,631	1,131,631	709,833	134,147	—	287,651
Liabilities:						
Life and annuity reserves for investment-type contracts and deposit fund liabilities	$ (2,823)	$ (2,733)	$ —	$ —	$ (2,733)	$ —
Securities lending liability	(80,925)	(80,925)	—	(80,925)	—	—

4. Related-Party Transactions

The Company owns a 100% interest in Integrity and WSLAC, whose carrying values based on underlying statutory surplus at December 31, 2023, are $1.3 billion and $1.9 billion, respectively. The accounting policies of Integrity and WSLAC are the same as those of the Company described in Note 1. The summary financial data for Integrity and WSLAC follows:

	2023	2022
	(In Thousands)	
Integrity:		
Admitted Assets	**$ 9,057,180**	$ 9,377,215
Liabilities	**7,729,686**	8,081,440
Statutory Surplus	**$ 1,327,494**	$ 1,295,775
Net Income	**$ 28,010**	$ 5,477
WSLAC:		
Admitted Assets	**$ 30,938,412**	$ 25,363,432
Liabilities	**28,998,249**	23,586,209
Statutory Surplus	**$ 1,940,163**	$ 1,777,223
Net Income	**$ (62,605)**	$ (84,549)

The Company has an equity interest in certain partnerships that made payments of principal and interest under mortgage financing arrangements to subsidiaries in the amount of $26.0 million, $18.1 million, and $39.0 million in 2023, 2022 and 2021, respectively. The principal balance of the mortgage financing arrangements with subsidiaries was $259.9 million and $267.3 million at December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, the Company had $294.7 million and $275.7 million, respectively, invested in the Touchstone Funds, which are exchange traded and mutual funds administered by Touchstone Advisors, Inc., an indirect subsidiary of the company.

At December 31, 2023 and 2022, the Company had $630.6 million and $709.4 million, respectively, invested in fixed income residual tranches and various private equity and private debt funds managed by Fort Washington Investment Advisors, Inc., an indirect subsidiary of the Company.

At December 31, 2023 and 2022, the Company had $1,255.8 million and $1,214.0 million, respectively, invested in WS Real Estate Holdings, LLC, which is a holding company managed by Eagle Realty Group, LLC, an indirect subsidiary of the Company.

In April 2024, the Company sold $62.9 million of equity securities in exchange for cash to National, which was referenced in Note 1, *Subsequent Events*.

In March 2024, the Company paid a $155.0 million ordinary dividend to WSFG, which was referenced in Note 1, *Subsequent Events*. The dividend was in the form of cash.

In March 2024, the Company received a $155.0 million ordinary dividend from WSLAC, which was referenced in Note 1, *Subsequent Events*. The dividend was in the form of cash.

In March 2024, the Company sold $50.0 million of fixed income securities in exchange for cash to Gerber Life, which was referenced in Note 1, *Subsequent Events*.

In December 2023, the Company received a $150.0 million capital contribution from WSFG. The contribution was in the form of cash.

In December 2023, the Company paid a $275.0 million capital contribution to WSLAC. The contribution was in the form of $225.0 million and $50.0 million in cash and equity securities, respectively.

In December 2023, the Company received a $125.0 million ordinary dividend from Integrity. The dividend was in the form of $75.0 million and $50.0 million in cash and equity securities, respectively.

In August 2023, the Company entered into a Pension Risk Transfer agreement with WSLAC. Refer to Note 10 for more detail.

In June and July 2023, the Company sold $25.0 million and $24.0 million of equity securities, respectively, in exchange for cash to Gerber Life.

In March 2023, the Company paid a $245.0 million ordinary dividend to WSFG. The dividend was in the form of cash.

In March 2023, the Company received a $150.0 million ordinary dividend from WSLAC. The dividend was in the form of cash.

In the the first quarter of 2023, the Company sold $80.0 million of equity securities in exchange for cash to National.

The Company has an outstanding loan issued January 6, 2023, in the amount of $72.2 million due to WSLAC. Any outstanding principal is due January 6, 2033.

In December 2022, the Company received a $190.0 million capital contribution from WSFG. The contribution was in the form of cash.

In December 2022, the company paid a $320.0 million capital contribution to WSLAC. The contribution was in the form of cash.

In December 2022, the Company paid a $50.0 million capital contribution to Columbus Life. The contribution was in the form of cash.

In December 2022, the Company received an $80.0 million ordinary dividend from Integrity. The dividend was in the form of cash.

In December 2021, the company paid a $250.0 million capital contribution to WSLAC. The contribution was in the form of cash.

In November 2021, the Company paid a $50.0 million ordinary dividend to WSFG. The dividend was in the form of cash.

In March 2021, the Company paid a $100.0 million capital contribution to Columbus Life. The contribution was in the form of cash.

The Company had $64.2 million and $50.4 million receivable from parent, subsidiaries and affiliates as of December 31, 2023 and 2022, respectively. The Company had $0.3 million and $0.5 million payable to parent, subsidiaries and affiliates as of December 31, 2023 and 2022, respectively. The terms of the settlement generally require that these amounts be settled in cash within 30 days.

The Company has entered into multiple reinsurance agreements with affiliated entities. See Note 5 for further description.

5. Reinsurance

Certain premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. The ceded reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources.

The Company has a ceded reinsurance agreement with Columbus Life. Under the reinsurance agreement, Columbus Life reinsures the former liabilities of Columbus Mutual, a former affiliate, which was merged into the Company. Life and accident and health reserves ceded from the Company to Columbus Life totaled $421.5 million and $443.8 million at December 31, 2023 and 2022, respectively.

In 2006, the Company entered into a yearly renewable term reinsurance agreement with Lafayette Life, an affiliated entity, whereby the Company provides reinsurance coverage on certain life products and associated riders as this coverage is recaptured by Lafayette Life from unaffiliated reinsurers. Life reserves ceded from Lafayette Life to the Company under this agreement totaled $0.8 million and $0.9 million at December 31, 2023 and 2022, respectively.

Certain premiums and benefits are ceded to other unaffiliated insurance companies under various reinsurance agreements. The majority of the ceded business is due to ceding substandard business to reinsurers (facultative basis).

The effects of reinsurance on premiums, annuity considerations and deposit-type funds are as follows for the years ended December 31:

	2023	2022	2021
	(In Thousands)		
Direct premiums	**$ 218,455**	$ 220,548	$ 225,660
Assumed premiums:			
Affiliates	**1,074**	1,185	1,203
Nonaffiliates	—	—	—
Ceded premiums:			
Affiliates	—	—	—
Nonaffiliates	**(7,043)**	(6,766)	(6,517)
Net premiums	**$ 212,486**	$ 214,967	$ 220,346

The Company's ceded reinsurance arrangements impacted certain other items in the accompanying financial statements by the following amounts as of and for the years ended December 31:

	2023	2022	2021
	(In Thousands)		
Policy and contract claims:			
Affiliates	**$ —**	**$ —**	**$ —**
Nonaffiliates	**3,846**	2,401	4,696
Policy and contract liabilities:			
Affiliates	**421,470**	443,797	460,048
Nonaffiliates	**33,465**	30,758	28,786
Amounts recoverable on reinsurance contracts:			
Affiliates	—	—	—
Nonaffiliates	**118**	221	303

In 2023, 2022 and 2021, the Company did not commute any ceded reinsurance nor did it enter into or engage in any agreement that reinsures policies or contracts that were in-force or had existing reserves as of the effective date of such agreements.

At December 31, 2023, the Company has no significant reserves ceded to unauthorized reinsurers. Amounts payable or recoverable for reinsurance on policy and contract liabilities are not subject to periodic or maximum limits.

Neither the Company nor any of its related parties, control directly or indirectly, any reinsurers with whom the Company conducts business. No policies issued by the Company have been reinsured with a foreign company, which is controlled, either directly or indirectly, by a party not primarily engaged in the business of insurance. The Company does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement. At December 31, 2023, there are no reinsurance agreements in effect such that the amount of losses paid or accrued exceed the total direct premium collected. The Company remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

There would be no reduction in surplus at December 31, 2023, if all reinsurance agreements were cancelled.

6. Federal Income Taxes

The Company and its eligible subsidiaries and affiliates file a consolidated federal income tax return. Amounts due (to)/from the Internal Revenue Service for federal income taxes, net of the amounts due (to)/ from subsidiaries and affiliates, were $102.1 million and $36.2 million at December 31, 2023 and 2022, respectively. The tax years 2014 through 2022 remain subject to examination by major tax jurisdictions.

The amount of federal income taxes incurred that will be available for recoupment at December 31, 2023, in the event of future capital losses is $0.0 million, $27.6 million, and $61.2 million from 2023, 2022 and 2021, respectively.

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

	12/31/2023 (In Thousands)		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross deferred tax assets	$ 203,714	$ 8,217	$ 211,931
(b) Statutory valuation allowance adjustments	—	—	—
(c) Adjusted gross deferred tax assets (a - b)	203,714	8,217	211,931
(d) Deferred tax assets nonadmitted	—	—	—
(e) Subtotal net admitted deferred tax assets (c - d)	203,714	8,217	211,931
(f) Deferred tax liabilities	168,514	51,401	219,915
(g) Net admitted deferred tax asset/(net deferred tax liability) (e - f)	$ 35,200	$ (43,184)	$ (7,984)

	12/31/2022 (In Thousands)		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross deferred tax assets	$ 180,314	$ 13,498	$ 193,812
(b) Statutory valuation allowance adjustments	—	—	—
(c) Adjusted gross deferred tax assets (a - b)	180,314	13,498	193,812
(d) Deferred tax assets nonadmitted	—	—	—
(e) Subtotal net admitted deferred tax assets (c - d)	180,314	13,498	193,812
(f) Deferred tax liabilities	167,632	36,979	204,611
(g) Net admitted deferred tax asset/(net deferred tax liability) (e - f)	$ 12,682	$ (23,481)	$ (10,799)

	Change (In Thousands)		
	(7) Ordinary	(8) Capital	(9) (Col 7+8) Total
(a) Gross deferred tax assets	$ 23,400	$ (5,281)	$ 18,119
(b) Statutory valuation allowance adjustments	—	—	—
(c) Adjusted gross deferred tax assets (a - b)	23,400	(5,281)	18,119
(d) Deferred tax assets nonadmitted	—	—	—
(e) Subtotal net admitted deferred tax assets (c - d)	23,400	(5,281)	18,119
(f) Deferred tax liabilities	882	14,422	15,304
(g) Net admitted deferred tax asset/(net deferred tax liability) (e - f)	$ 22,518	$ (19,703)	$ 2,815

	12/31/2023 (In Thousands)		
Admission Calculation Components SSAP No. 101	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	**$ —**	**$ 8,217**	**$ 8,217**
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (a) above) after application of the threshold limitation (the lesser of (b)1 and (b)2 below)	**20,977**	**—**	**20,977**
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	**20,977**	**—**	**20,977**
2. Adjusted gross deferred tax assets allowed per limitation threshold.	**XXX**	**XXX**	**934,023**
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by gross deferred tax liabilities	**182,737**	**—**	**182,737**
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((a) + (b) + (c))	**$ 203,714**	**$ 8,217**	**$ 211,931**

Admission Calculation Components SSAP No. 101	12/31/2022 (In Thousands) (4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ —	$ 13,498	$ 13,498
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (a) above) after application of the threshold limitation (the lesser of (b)1 and (b)2 below)	39,349	—	39,349
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	39,349	—	39,349
2. Adjusted gross deferred tax assets allowed per limitation threshold.	XXX	XXX	982,746
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by gross deferred tax liabilities	140,965	—	140,965
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((a) + (b) + (c))	$ 180,314	$ 13,498	$ 193,812

Admission Calculation Components SSAP No. 101	Change (In Thousands) (7) Ordinary	(8) Capital	(9) (Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	$ —	$ (5,281)	$ (5,281)
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (a) above) after application of the threshold limitation (the lesser of (b)1 and (b)2 below)	(18,372)	—	(18,372)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(18,372)	—	(18,372)
2. Adjusted gross deferred tax assets allowed per limitation threshold.	XXX	XXX	(48,723)
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by gross deferred tax liabilities	41,772	—	41,772
(d) Deferred tax assets admitted as the result of application of SSAP No. 101 Total ((a) + (b) + (c))	$ 23,400	$ (5,281)	$ 18,119

	2023	2022
Ratio percentage used to determine recovery period and threshold limitation amount	**879%**	848%

Impact of tax planning strategies	12/31/2023 (1) Ordinary	(2) Capital
	(In Thousands)	
(a) Adjusted gross DTAs amount	**$203,714**	**$8,217**
(b) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	**11.28%**	**3.88%**
(c) Net admitted adjusted gross DTAs amount	**$203,714**	**$8,217**
(d) Percentage of net admitted adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	**11.28%**	**3.88%**

Impact of tax planning strategies	12/31/2022 (3) Ordinary	12/31/2022 (4) Capital
	(In Thousands)	
(a) Adjusted gross DTAs amount	$180,314	$13,498
(b) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	11.99%	6.96%
(c) Net admitted adjusted gross DTAs amount	$180,314	$13,498
(d) Percentage of net admitted adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	11.99%	6.96%

Impact of tax planning strategies	Change (5) Ordinary	Change (6) Capital
	(In Thousands)	
(a) Adjusted gross DTAs amount	$23,400	$(5,281)
(b) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	(0.71)%	(3.08)%
(c) Net admitted adjusted gross DTAs amount	$23,400	$(5,281)
(d) Percentage of net admitted adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	(0.71)%	(3.08)%

The Company's tax planning strategies include the use of reinsurance.

Current income taxes incurred consist of the following major components:

	12/31/2023	12/31/2022	12/31/2021
		(In Thousands)	
(1) Current income tax			
(a) Federal	**$ (47,285)**	$ 33,781	$ 30,114
(b) Foreign	**196**	281	199
(c) Subtotal	**(47,089)**	34,062	30,313
(d) Federal income tax on net capital gains	**(654)**	9,222	(4,798)
(e) Utilization of capital loss carryforwards	**—**	—	—
(f) Other	**—**	—	—
(g) Federal and foreign income taxes incurred	**$ (47,743)**	$ 43,284	$ 25,515

	(1) 12/31/2023	(2) 12/31/2022	(3) (Col 1-2) Change
(2) Deferred tax assets:			
(a) Ordinary		(In Thousands)	
(1) Discounting of unpaid losses	$ —	$ —	$ —
(2) Unearned premium revenue	—	—	—
(3) Policyholder reserves	**31,053**	30,684	369
(4) Investments	**26,058**	28,658	(2,600)
(5) Deferred acquisition costs	**19,527**	18,992	535
(6) Policyholder dividends accrual	**3,133**	3,596	(463)
(7) Fixed assets	—	—	—
(8) Compensation and benefits accrual	**45,514**	50,512	(4,998)
(9) Pension accrual	—	—	—
(10) Receivables - nonadmitted	**74,438**	43,517	30,921
(11) Net operating loss carryforward	—	—	—
(12) Tax credit carryforward	—	—	—
(13) Other	**3,991**	4,355	(364)
(99) Subtotal	**203,714**	180,314	23,400
(b) Statutory valuation allowance adjustment	—	—	—
(c) Nonadmitted	—	—	—
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	**203,714**	180,314	23,400
(e) Capital			
(1) Investments	**8,217**	13,498	(5,281)
(2) Net capital loss carryforward	—	—	—
(3) Real estate	—	—	—
(4) Other	—	—	—
(99) Subtotal	**8,217**	13,498	(5,281)
(f) Statutory valuation allowance adjustment	—	—	—
(g) Nonadmitted	—	—	—
(h) Admitted capital deferred tax assets (2e99- 2f - 2g)	**8,217**	13,498	(5,281)
(i) Admitted deferred tax assets (2d + 2h)	**$ 211,931**	$ 193,812	$ 18,119

		(1) 12/31/2023	(2) 12/31/2022	(3) (Col 1-2) Change
		(In Thousands)		
(3) Deferred tax liabilities:				
(a) Ordinary				
	(1) Investments	**$ 153,049**	$ 153,707	$ (658)
	(2) Fixed assets	**6,054**	4,578	1,476
	(3) Deferred and uncollected premium	**7,264**	7,585	(321)
	(4) Policyholder reserves	**1,095**	1,762	(667)
	(5) Other	**1,052**	—	1,052
	(99) Subtotal	**168,514**	167,632	882
(b) Capital				
	(1) Investments	**51,401**	36,979	14,422
	(2) Real estate	**—**	—	—
	(3) Other	**—**	—	—
	(99) Subtotal	**51,401**	36,979	14,422
(c) Deferred tax liabilities (3a99 + 3b99)		**219,915**	204,611	15,304
(4) Net deferred tax assets/liabilities (2i - 3c)		**$ (7,984)**	$ (10,799)	$ 2,815

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

	12/31/2023	Effective Tax Rate	12/31/2022	Effective Tax Rate	12/31/2021	Effective Tax Rate
	(In Thousands)		*(In Thousands)*		*(In Thousands)*	
Provision computed at statutory rate	**$ 63,345**	**21.00 %**	$ 94,728	21.00 %	$ 26,273	21.00 %
Dividends received deduction	**(2,781)**	**(0.93)**	(3,577)	(0.79)	(2,613)	(2.09)
Tax credits	**(195)**	**(0.06)**	652	0.14	(1,227)	(0.98)
Other invested assets and nonadmitted change	**39,127**	**12.97**	2,072	0.46	(19,292)	(15.42)
Affiliated income	**(57,750)**	**(19.15)**	—	—	—	—
Nonadmitted pension asset	**(34,098)**	**(11.30)**	—	—	—	—
Other	**(43,815)**	**(14.52)**	(6,506)	(1.44)	(7,857)	(6.28)
Total statutory income taxes	**$ (36,167)**	**(11.99)%**	$ 87,369	19.37 %	$ (4,716)	(3.77)%
Federal and foreign taxes incurred	**$ (47,743)**	**(15.83)%**	$ 43,284	9.60 %	$ 25,515	20.39 %
Change in net deferred income taxes	**11,576**	**3.84**	44,085	9.77	(30,231)	(24.16)
Total statutory income taxes	**$ (36,167)**	**(11.99)%**	$ 87,369	19.37 %	$ (4,716)	(3.77)%

At December 31, 2023, the Company had $0.0 million of net operating loss carryforwards, net capital loss carryforwards and tax credit carry forwards; the company had $0.0 million of deferred tax liabilities that are not recognized.

The Inflation Reduction Act (the "IRA") was enacted on August 16, 2022, and included a provision for a new Corporate Alternative Minimum Tax (CAMT), effective in 2023, that is based on the adjusted financial statement income set forth on the applicable financial statement of an "applicable corporation."

The controlled group of corporations of which the reporting entity is a member has determined that it is not an "applicable corporation" for purposes of CAMT during the reporting period, and is not liable for the CAMT.

7. Capital and Surplus

The Company is required by statutory regulations to meet minimum risk-based capital standards. Risk-based capital is a method of measuring the minimum amount of capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. At December 31, 2023 and 2022, the Company exceeded the minimum risk-based capital.

Ohio insurance law limits the amount of dividends that can be paid to a parent in a holding company structure without prior approval of the regulators to the greater of 10% of statutory surplus or statutory net income as of the preceding December 31 less any dividends paid in the preceding 12 months, but only to the extent of earned surplus as of the preceding December 31. Based on these limitations, the Company is able to pay dividends of up to \$703.3 million by the end of 2024 without seeking prior regulatory approval based on capital and surplus of \$7,033.2 million at December 31, 2023.

The Company currently has the following outstanding surplus notes:

	2023	**2022**
	(In Thousands)	
2019 Notes, 5.15% interest rate, due 2049	**$ 497,861**	$ 497,775
2021 Notes, 3.75% interest rate, due 2061	**497,783**	497,724
Total carrying value of surplus notes	**$ 995,644**	$ 995,499

On January 23, 2019, the Company issued \$500.0 million in surplus notes (the "2019 Notes") due January 15, 2049, at a discount of \$2.6 million. The entire balance was received in cash, none of which came from related parties. Interest on the 2019 Notes is fixed at 5.15% and payable semiannually on January 15 and July 15 of each year. The 2019 Notes and are administered by The Bank of New York Mellon. Subject to the approval of the Ohio Director of Insurance (the "Director"), the Company has the option to redeem the 2019 Notes (i) in whole within 90 days after the occurrence of a "Tax Event" where the Company receives an opinion of tax counsel that there is a more than insubstantial risk that interest payable on the 2019 Notes is not deductible by the Company, at a redemption price equal to the principal amount of the 2019 Notes to be redeemed (the ''Par Value Redemption Price''), (ii) in whole or in part, on or after January 23, 2024 but prior to July 15, 2048, at a redemption price equal to the greater of (a) the Par Value Redemption Price or (b) the sum of the present value of the remaining scheduled principal and interest payments on the 2019 Notes from the redemption date to July 15, 2048, discounted to the redemption date on a semi-annual basis at an adjusted treasury rate plus 35 basis points or (iii) in whole or in part, on or after July 15, 2048, at the Par Value Redemption Price, plus, in each case of (i), (ii) and (iii), accrued and unpaid interest payments on the 2019 Notes to be redeemed to the redemption date.

On April 28, 2021, the Company issued \$500.0 million in surplus notes (the "2021 Notes") due April 28, 2061 at a discount of \$2.4 million. The entire balance was received in cash, none of which came from related parties. Interest on the 2021 Notes is fixed at 3.75% and payable semiannually on April 28 and

October 28 of each year. The 2021 Notes are administered by The Bank of New York Mellon. Subject to the approval of the Director, the Company has the option to redeem the 2021 Notes (i) in whole within 90 days after the occurrence of a "Tax Event" where the Company receives an opinion of tax counsel that there is a more than insubstantial risk that interest payable on the 2021 Notes is not deductible by the Company, at a redemption price equal to the principal amount of the 2021 Notes to be redeemed (the ''Par Value Redemption Price''), (ii) in whole or in part, prior to October 28, 2060, at a redemption price equal to the greater of (a) the Par Value Redemption Price or (b) the sum of the present value of the remaining scheduled principal and interest payments on the 2021 Notes from the redemption date to October 28, 2060, discounted to the redemption date on a semi-annual basis at an adjusted treasury rate plus 25 basis points or (iii) in whole or in part, on or after October 28, 2060, at the Par Value Redemption Price, plus, in each case of (i), (ii) and (iii), accrued and unpaid interest payments on the 2021 Notes to be redeemed to the redemption date.

The 2019 Notes and 2021 Notes (collectively the "Notes") do not have payments that are contractually linked nor are any of the payments subject to administrative offsetting provisions. Additionally, proceeds from the Notes were not used to purchase an asset directly from the holders. The Notes were issued pursuant to Rule 144A as defined by the Securities Act of 1933. The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and "prior claims" (those claims referred to in classes 1 through 7 of Section 3903.42 of the Ohio Revised Code) against the Company. Under Ohio insurance laws, the Notes are not part of the legal liabilities of the Company. Each payment of principal of, interest on or redemption price with respect to the Notes, may be made only with the prior approval of the Director, and only out of surplus earnings.

Interest expense of $44.5 million and $44.5 million was recognized from the Notes in 2023 and 2022, respectively. Life-to-date interest expense recognized December 31, 2023, was $175.1 million. There has been no principal paid as of December 31, 2023. As of December 31, 2023, there was unapproved interest of $3.2 million related to 2023 that will come due in 2024. In the event the Company was subject to a liquidation event, the Notes would have preference over the common shareholders. No affiliates of the Company hold any of the Notes. As of the closing, Guggenheim Partners was the only holder of more than 10% of the outstanding Notes on record at the Depository Trust Company.

8. Commitments and Contingencies

The Company is named as a defendant in various legal actions arising principally from claims made under insurance policies and contracts. The Company believes the resolution of these actions will not have a material effect on the Company's financial position or results of operations.

At December 31, 2023, the Company does not have any material lease agreements as a lessee for office space or equipment.

At December 31, 2023, the Company has future commitments to provide additional capital contributions of $723.6 million to investments in joint ventures, limited partnerships and limited liability companies.

The Company guarantees the payment of all policyholder obligations of each of the following wholly-owned subsidiaries: WSLAC, Columbus Life and Integrity. In addition, the Company guarantees all policyholder obligations of National and The Lafayette Life Insurance Company (Lafayette Life), an affiliated entity which is wholly-owned by WSFG. Guarantees on behalf of wholly-owned subsidiaries or on behalf of related parties that are considered to be unlimited (as in the case of the guarantee on behalf of Lafayette Life) are exempt from the initial liability recognition criteria and therefore no liability has been recognized in the financial statements. Due to the unlimited nature of the guarantees, the Company is unable to estimate the maximum potential amount of future payments under the guarantees. In the unlikely event the guarantees would be triggered, the Company may be permitted to take control of the underlying assets to recover all or a portion of the amounts paid under the guarantees.

The Company has guaranteed one mortgage loan in which the borrower is an affiliated limited liability company involved in development of real estate. This guarantee has a maximum exposure to the Company of $12.8 million for 506 Phelps Holdings, LLC, in the event the real estate collateral of the affiliated limited liability company is not sufficient to cover the payment of the loan. The fair value of the real estate collateral at December 31, 2023, was approximately $33.1 million. This loan matured in February 2024.

9. Life and Annuity Reserves and Deposit-Type Contract Liabilities

At December 31, 2023, the Company's general and separate account annuity reserves and deposit-type contract liabilities that are subject to discretionary withdrawal (with adjustment), subject to discretionary withdrawal (without adjustment), and not subject to discretionary withdrawal provisions are summarized as follows:

Individual Annuities	General Account	Separate Account With Guarantees	Separate Account Non-guaranteed	Total	Percent
	(In Thousands)				
Subject to discretionary withdrawal at book value without adjustment (minimal or no charge or adjustment)	$ 60,064	$ —	$ —	$ 60,064	95.9 %
Not subject to discretionary withdrawal	2,541	—	—	2,541	4.1
Total individual annuity reserves (before reinsurance)	62,605	—	—	62,605	100.0 %
Reinsurance ceded	58,796	—	—	58,796	
Net individual annuity reserves	$ 3,809	$ —	$ —	$ 3,809	

Group Annuities	General Account	Separate Account With Guarantees	Separate Account Non-guaranteed	Total	Percent
	(In Thousands)				
Not subject to discretionary withdrawal	$ 2,388	$ —	$ 1,113,295	$ 1,115,683	100.0 %
Total group annuity reserves (before reinsurance)	2,388	—	1,113,295	1,115,683	100.0 %
Reinsurance ceded	2,388	—	—	2,388	
Net group annuity reserves	$ —	$ —	$ 1,113,295	$ 1,113,295	

Deposit-type contracts (no life contingencies)	General Account	Separate Account With Guarantees	Separate Account Non-guaranteed	Total	Percent
	(In Thousands)				
Subject to discretionary withdrawal at book value without adjustment (minimal or no charge or adjustment)	$ 191,472	$ —	$ —	$ 191,472	98.6 %
Not subject to discretionary withdrawal	2,812	—	—	2,812	1.4
Total deposit-type contract liability (before reinsurance)	194,284	—	—	194,284	100.0 %
Reinsurance ceded	20,123	—	—	20,123	
Total deposit-type contract liability	$ 174,161	$ —	$ —	$ 174,161	

Interest rate changes may have temporary effects on the sale and profitability of annuity products offered by the Company. Although the rates offered by the Company are adjustable in the long-term, in the short-term they may be subject to contractual and competitive restrictions, which may prevent timely adjustment. The Company's management constantly monitors interest rates with respect to a spectrum of product durations and sells annuities that permit flexible responses to interest rate changes as part of the Company's management of interest spreads. However, adverse changes in investment yields on invested assets will affect the earnings on those products with a guaranteed return.

At December 31, 2023, the Company's general and separate account life insurance account values, cash value, and reserves for policies subject to discretionary withdrawal, not subject to discretionary withdrawal, or with no cash value are summarized as follows:

	General Account			Separate Account - Guaranteed and Nonguaranteed		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
	(In Thousands)					
Subject to discretionary withdrawal, surrender values, or policy loans:						
Term policies with cash value	$ —	$ —	$ —	$ —	$ —	$ —
Universal life	—	—	—	—	—	—
Universal life with secondary guarantees	—	—	—	—	—	—
Indexed universal life	—	—	—	—	—	—
Indexed universal life with secondary guarantees	—	—	—	—	—	—
Indexed life	—	—	—	—	—	—
Other permanent cash value life insurance	—	2,804,330	3,142,811	—	—	—
Variable life	—	—	—	—	—	—
Variable universal life	—	—	—	—	—	—
Miscellaneous reserves	—	—	—	—	—	—
Not subject to discretionary withdrawal or no cash values:						
Term policies without cash value	XXX	XXX	—	XXX	XXX	—
Accidental death benefits	XXX	XXX	3,538	XXX	XXX	—
Disability - active lives	XXX	XXX	4,021	XXX	XXX	—
Disability - disabled lives	XXX	XXX	18,536	XXX	XXX	—
Miscellaneous reserves	XXX	XXX	—	XXX	XXX	—
Total life reserves (before reinsurance)	—	2,804,330	3,168,906	—	—	—
Reinsurance Ceded	—	—	341,220	—	—	—
Net life reserves	$ —	$ 2,804,330	$ 2,827,686	$ —	$ —	$ —

10. Employee Retirement Benefits

The Company has a noncontributory pension plan under a deposit administration group annuity contract covering substantially all employees and field representatives that meet eligibility requirements while working for the Company and attaining normal retirement age. In addition, the Company provides certain health care and life insurance benefits for certain retired employees or their beneficiaries. Substantially all of the Company's employees and field representatives may become eligible for those benefits when they reach normal retirement age while working for the Company.

The Company uses a December 31 measurement date for all plans.

A summary of assets, obligations and assumptions of the pension and other postretirement benefit plans at December 31, are as follows:

	Pension Benefits		Postretirement Medical	
	2023	**2022**	**2023**	**2022**
	(In Thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 883,366**	$ 1,208,163	**$ 94,468**	$ 154,087
Service cost	**20,373**	33,641	**79**	163
Interest cost	**45,899**	29,615	**4,719**	2,921
Contribution by plan participants	**—**	—	**4,457**	4,626
Actuarial (gain) loss	**42,624**	(334,481)	**1,648**	(55,388)
Benefits paid	**(54,372)**	(53,572)	**(12,312)**	(11,941)
Plan amendments	**—**	—	**—**	—
Settlements	**(63,026)**	—	**—**	—
Benefit obligation at end of year	**$ 874,864**	$ 883,366	**$ 93,059**	$ 94,468
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 1,070,044**	$ 1,284,221	**$ —**	$ —
Actual return on plan assets	**160,648**	(160,605)	**—**	—
Employer contribution	**—**	—	**7,854**	7,315
Plan participants' contributions	**—**	—	**4,457**	4,626
Benefits paid	**(54,371)**	(53,572)	**(12,311)**	(11,941)
Settlements	**(63,026)**	—	**—**	—
Fair value of plan assets at end of year	**$ 1,113,295**	$ 1,070,044	**$ —**	$ —

	Pension Benefits		Postretirement Medical	
	2023	**2022**	**2023**	**2022**
	(In Thousands)			
Funded status:				
Overfunded (underfunded) obligation	**$ 238,431**	$ 186,678	**$ (93,059)**	$ (94,468)
Unrecognized net (gain) or loss	**—**	—	**—**	—
Unrecognized prior service cost	**—**	—	**—**	—
Net amount recognized*	**$ 238,431**	$ 186,678	**$ (93,059)**	$ (94,468)
Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	**$ 796,625**	$ 817,582	**$ 93,059**	$ 94,468

*Nonadmitted if overfunded

	Pension Benefits		
	2023	**2022**	**2021**
	(In Thousands)		
Components of net periodic benefit cost:			
Service cost	**$ 20,373**	$ 33,641	$ 35,815
Interest cost	**45,899**	29,615	25,031
Expected return on plan assets	**(75,560)**	(91,126)	(83,066)
Amount of recognized gains and losses	**4,173**	9,867	22,281
Amount of prior service cost recognized	**531**	476	(579)
Total net periodic benefit cost (benefit)	**$ (4,584)**	$ (17,527)	$ (518)

	Postretirement Medical		
	2023	**2022**	**2021**
	(In Thousands)		
Components of net periodic benefit cost:			
Service cost	**$ 79**	$ 163	$ 248
Interest cost	**4,719**	2,921	2,927
Amount of recognized gains and losses	**(11,306)**	(6,777)	(1,838)
Amount of prior service cost recognized	**—**	(1,392)	(1,392)
Total net periodic benefit cost (benefit)	**$ (6,508)**	$ (5,085)	$ (55)

	Pension Benefits		Postretirement Medical	
	2023	**2022**	**2023**	**2022**
	(In Thousands)			
Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost:				
Items not yet recognized as a component of net periodic cost - prior year	**$ 149,145**	$ 242,238	**$ (75,546)**	$ (28,326)
Net transition asset or obligation recognized	**—**	—	**—**	—
Net prior service cost or credit arising during the period	**—**	—	**—**	—
Net prior service cost or credit recognized	**(531)**	(476)	**—**	1,392
Net gain and loss arising during the period	**(42,464)**	(82,750)	**1,647**	(55,388)
Net gain and loss recognized	**(4,173)**	(9,867)	**11,306**	6,777
Items not yet recognized as a component of net periodic cost - current year	**$ 101,977**	$ 149,145	**$ (62,593)**	$ (75,545)

Assumptions used to determine net periodic benefit cost for the year ended December 31:

	Pension Benefits		**Postretirement Medical**	
	2023	**2022**	**2023**	**2022**
Discount rate	**5.46%**	3.00%	**5.43%**	2.88%
Rate of compensation increase	**4.60%**	4.60%	**N/A**	N/A
Expected long-term rate of return on plan assets	**7.25%**	7.25%	**N/A**	N/A

Assumptions used to determine the benefit obligation at December 31:

	Pension Benefits		**Postretirement Medical**	
	2023	**2022**	**2023**	**2022**
Discount rate	**5.13%**	5.46%	**5.07%**	5.43%
Rate of compensation increase	**4.60%**	4.60%	**N/A**	N/A

The Company's non-admitted pension asset was $238.4 million and $186.7 million at December 31, 2023 and 2022, respectively.

The Company utilizes a full yield curve approach in the estimation of liabilities, service cost, and interest cost for pension and postretirement benefits by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The yield curve utilized in the cash flow analysis is comprised of highly rated (Aaa or Aa) corporate bonds. The discount rate was decreased from 5.46% at December 31, 2022, to 5.13% at December 31, 2023. This resulted in a $34.2 million increase in the pension benefit obligation in 2023. The discount rate was increased from 3.00% at December 31, 2021, to 5.46% at December 31, 2022. This resulted in a $327.6 million decrease in the pension benefit obligation in 2022.

The Company employs a prospective building block approach in determining the long-term expected rate of return for plan assets. Historical returns are determined by asset class. The historical relationships between equities, fixed income securities, and other assets are reviewed. The Company applies long-term asset return estimates to the plan’s target asset allocation to determine the weighted-average long-term return. The Company’s long-term asset allocation was determined through modeling long-term returns and asset return volatilities and is guided by an investment policy statement created for the plan.

The asset allocation for the defined benefit pension plan at the end of 2023 and 2022, and the target allocation for 2023 by asset category, are as follows:

	Target Allocation Percentage	Percentage of Plan Assets	
	2023	**2023**	**2022**
Asset category:			
Equity securities	**60 %**	65 %	64 %
Fixed income securities	**13**	11	12
Short-term investments	**2**	—	—
Other	**25**	24	24
Total	**100 %**	100 %	100 %

The plan employs a total return investment approach whereby a mix of fixed income and equity investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The total portfolio is structured with multiple sub-portfolios, each with a specific fixed income or equity asset management discipline. Each sub-portfolio is subject to individual limitations and performance benchmarks as well as limitations at the consolidated portfolio level. Quarterly asset allocation meetings are held to evaluate portfolio asset allocations and to establish the optimal mix of assets given current market conditions and risk tolerance. Investment mix is measured and monitored on an ongoing basis through regular investment reviews, annual liability measurements, and periodic asset/ liability studies.

The Company's pension plan assets consist primarily of debt and equity securities, mutual funds and private equity funds, all of which are carried at fair value.

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date (an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets primarily include exchange-traded equity securities and mutual funds.

- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The Company's Level 2 assets include certain debt securities for which public price quotations are not available, but that use other market observable inputs from third-party pricing service quotes or internal valuation models using observable inputs. Level 2 assets also include private funds that invest primarily in domestic debt securities where the Company has the right to redeem its interest at net asset values. The underlying debt securities within these funds employ similar valuation methodologies as the Company's other investments in debt securities.

- Level 3 - Significant unobservable inputs for the asset or liability. The Company's Level 3 assets primarily include private real estate funds.

Debt Securities

The fair values of actively traded debt securities have been determined through the use of third-party pricing services utilizing market observable inputs.

Equity Securities

The fair values of actively traded equity securities have been determined utilizing publicly quoted prices from third-party pricing services.

Mutual Funds

The fair values of mutual funds have been determined utilizing the net asset values of the funds.

Private Equity and Fixed Income Funds

The fair values of private equity and fixed income funds have been determined utilizing the net asset values of the funds. The fair values of the private real estate funds have been determined by utilizing significant unobservable inputs.

Other Assets

Other assets primarily include securities lending reinvested collateral and cash equivalents. The fair value of securities lending reinvested collateral assets are from third-party sources utilizing publicly quoted prices. The fair value of the cash equivalents are based on quoted market prices.

The fair value of the pension plan's assets by asset category is as follows:

	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2*	Level 3
		(In Thousands)		
At December 31, 2023:				
Debt securities:				
Debt securities issued by states of the U.S. and political subdivisions of the states	**$ 2,209**	**$ —**	**$ 2,209**	**$ —**
Corporate securities	**103,856**	**—**	**103,856**	**—**
Residential mortgage-backed securities	**701**	**—**	**701**	**—**
Asset-backed securities	**10,936**	**—**	**10,936**	**—**
Equity securities:				
Common equity	**604,439**	**560,335**	**44,104**	**—**
Mutual funds	**116,393**	**116,393**	**—**	**—**
Preferred stock	**2,765**	**—**	**2,765**	**—**
Other invested assets:				
Private equity and fixed income funds	**213,350**	**—**	**213,350**	**—**
Surplus notes	**2,711**	**—**	**2,711**	**—**
Real estate	**23,734**	**—**	**—**	**23,734**
Other assets	**56,334**	**54,386**	**1,948**	**—**
Total plan assets	**$ 1,137,428**	**$ 731,114**	**$ 382,580**	**$ 23,734**

* Includes investments using net asset value (NAV) as a practical expedient.

	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2*	Level 3
	(In Thousands)			
At December 31, 2022:				
Debt securities:				
Debt securities issued by states of the U.S. and political subdivisions of the states	$ 2,040	$ —	$ 2,040	$ —
Corporate securities	112,201	—	112,201	—
Residential mortgage-backed securities	777	—	777	—
Asset-backed securities	11,843	—	11,843	—
Equity securities:				
Common equity	555,090	513,330	41,760	—
Mutual funds	123,560	123,560	—	—
Preferred stock	2,597	—	2,597	—
Other invested assets:				
Private equity and fixed income funds	225,570	—	225,570	—
Surplus notes	2,542	—	2,542	—
Real estate	20,321	—	20,321	—
Other assets	75,090	72,943	2,147	—
Total plan assets	$ 1,131,631	$ 709,833	$ 421,798	$ —

* Includes investments using net asset value (NAV) as a practical expedient.

For measurement purposes of the postretirement benefit obligation at December 31, 2023, a 5.275 percent annual rate of increase in the per capita cost of covered health care benefits is assumed for 2024. The rate was assumed to decrease gradually to 4.75 percent for 2031 and remain at that level thereafter.

At December 31, 2023, the assets of the Company's pension include approximately $52.7 million invested in the Touchstone Family of Funds, which are administered by the Company, and $240.7 million invested in private equity and fixed income funds managed by Fort Washington Investment Advisors, Inc. At December 31, 2022, the assets of the Company's pension include approximately $67.0 million invested in the Touchstone Family of Funds, which are administered by the Company, $251.4 million invested in private equity and fixed income funds managed by Fort Washington Investment Advisors, Inc.

As of December 31, 2023, future benefit payments for the pension plan are expected as follows (in millions):

2024	$	53.4
2025		54.1
2026		54.6
2027		55.4
2028		56.3
Five years thereafter		295.2

Future benefit payments for the postretirement medical plan, net of amounts contributed by plan participants, are expected as follows (in millions):

2024	$	7.7
2025		7.6
2026		7.3
2027		7.1
2028		6.9
Five years thereafter		32.6

The Company did not make any contributions to the pension plan in 2023 and 2022. The Company does not expect to make contributions to the pension plan during 2024.

In 2023, the Company entered into a group annuity contract with WSLAC to transfer risk and administration costs associated with its pension benefit obligations in the amount of $54.6 million, which is included in the Settlements line in the change in projected benefits obligation table.

The Company made contributions to the postretirement medical plan of $7.9 million in 2023 and expects to contribute $69.1 million between 2024 and 2033, inclusive. The Company received no subsidies in 2023. The Company's postretirement medical plan did not collect the Medicare Part D Subsidy for claims activity occurring after January 1, 2013.

The Company sponsors a contributory employee retirement savings plan covering substantially all eligible, full-time employees. This plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Company's contributions to the plan are based on a combination of the employee's contributions to the plan and a percentage of the employee's earnings for the year. The total of the Company's contributions to the defined contribution plan were $5.7 million, $5.0 million, and $4.8 million for 2023, 2022 and 2021, respectively.

11. Premium and Annuity Considerations Deferred and Uncollected

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

	Gross	Net of Loading
	(In Thousands)	
Ordinary new business	$ 3,585	$ 270
Ordinary renewal	63,673	45,719
Accident and health renewal	389	324
Assumed investment type-contracts	394	394
Total	$ 68,041	$ 46,707