

EXAMINATION REPORT OF
FIDELITY & GUARANTY LIFE INSURANCE COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2022

Des Moines, Iowa
April 2, 2024

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, an examination has been made of the records, affairs, and financial condition of

FIDELITY & GUARANTY LIFE INSURANCE COMPANY

Des Moines, Iowa

As of December 31, 2022

at the Company's Main Administrative Office located at 801 Grand, Suite 2600, Des Moines, Iowa 50309. The report of such examination, containing applicable comments, explanations and financial data, is presented herein.

INTRODUCTION

Fidelity & Guaranty Life Insurance Company, hereinafter referred to as the ("Company"), was previously examined as of December 31, 2017, by the Iowa Insurance Division, and is domiciled and licensed as a life and annuity insurance company in the State of Iowa. The examination reported herein was conducted by the Iowa Insurance Division.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2018, to the close of business on December 31, 2022, including any material transactions and/or events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. The Handbook requires that we plan and perform the examination to evaluate the financial condition, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition.

HISTORY

The Company was incorporated as Fidelity & Guaranty Life Insurance Company in 1959 under the laws of Maryland and commenced business in 1960.

Until June 1, 1995, the Company was a wholly-owned subsidiary of United States Fidelity and Guaranty Company (“USF&G Company”), a Maryland domiciled property and casualty insurer. Effective June 1, 1995, USF&G Company declared a dividend payable to USF&G Corporation consisting of all of the issued and outstanding capital stock of the Company. As a result, the Company became a direct, wholly-owned subsidiary of USF&G Corporation.

On April 24, 1998, as a result of the merger of its parent, USF&G Corporation, with the St. Paul Companies, Inc. (“St. Paul”), an insurance company incorporated in the state of Minnesota, the Company became an indirect subsidiary of St. Paul.

Effective November 1, 2013, the Company re-domesticated from Maryland to Iowa. The re-domestication was reflected in the Company’s financial statements for the year ended December 31, 2013.

The Company became a controlled insurer of its current ultimate holding company on November 30, 2017, when CF Corporation (“CF Corp”) completed its acquisition of all of the outstanding shares of capital stock of Fidelity & Guaranty Life Holdings, Inc. (“FGLH”) pursuant to the Agreement and Plan of Merger, dated as of May 24, 2017, as amended, by and among CF Corp, FGL US Holdings, Inc., FGL Merger Sub, Inc., and FGL. A Form A for Acquisition or Control of a Domestic Insurer was filed by CF Corp on May 26, 2017; an Amended and Restated Application for Approval of Acquisition or Control of a Domestic Insurer was filed by CF Corp on August 10, 2017, and was subsequently approved by the Iowa Insurance Division on November 28, 2017. Upon completion of the acquisition of FGL, CF Corp changed its name to FGL Holdings, and FGL merged with and into Fidelity & Guaranty Life Holdings, Inc. (“FGLH”).

On February 7, 2020, FGLH and Fidelity National Financial, Inc. (“FNF”) entered into a merger agreement pursuant to which FNF would acquire FGLH. FNF completed the acquisition of FGLH on June 1, 2020 for approximately \$2.7 billion. FGLH became F&G Annuities & Life Inc. (“FGAL”). FGAL is the indirect parent of FGLIC. In connection with the acquisition, FNF issued approximately 24 million shares of common stock and paid approximately \$1.8 billion in cash to former holders of FGLH ordinary and preferred shares. At closing, all outstanding shares of FGLH common stock, excluding shares associated with the liability to former owners, were converted into the right to receive the Merger Consideration as defined in the Merger Agreement. The transaction was approved by a Special Committee of FGLH Directors, a Special Committee of FNF Directors and the FNF Board of Directors. FNF is the largest title insurance company in the United States and is domiciled in Florida.

Effective December 31, 2020, FGLH contributed all outstanding common shares of F&G Life Re, a foreign subsidiary, to the Company.

On March 14, 2022, FNF’s Board of Directors approved a dividend to its shareholders, on a pro rata basis, of 15% of the FGAL common stock. On November 3, 2022, FNF’s Board of Directors declared a distribution to FNF shareholders of sixty-eight (68) shares of FGAL’s common stock for every 1,000 shares of FNF common stock they own as of the close of business on November 22, 2022, the record date for the distribution. The distribution was effective December 1, 2022.

CAPITAL STOCK AND DIVIDENDS TO STOCKHOLDERS

Authorized capital consists of 50,000 shares of common stock, par value of \$100 per share. As of December 31, 2022, 30,000 shares were issued and outstanding, resulting in common capital stock of \$3,000,000. Gross paid in and contributed surplus is \$2,018 million.

The Company received capital contributions from its parent, FGLH, for the years 2018 through 2022 as follows:

<u>Year</u>	<u>Capital Contributions</u>
2018	\$955,400,000
2019	\$ 0
2020	\$108,000,000
2021	\$305,000,000
2022	\$470,000,000 (*)

(*) – Includes \$15 million capital contribution from FGLH on December 31, 2022, which was recorded as a contribution receivable, approved by the Iowa Insurance Department, and paid prior to February 28, 2023.

Dividends paid to its parent, FGLH, for the years 2018 through 2022 were as follows:

<u>Year</u>	<u>Dividends Paid</u>
2018	\$ 60,000,000
2019	\$100,491,000
2020	\$150,509,000
2021	\$ 38,300,000
2022	\$ 0

On December 29, 2020, the Company made a capital contribution to F&G Life Re in the amount of \$99,535,000.

SURPLUS NOTES

On December 31, 2009, the Company issued a surplus note (“2009 Surplus Note”) to its parent, FGLH, in the principal amount of \$30,000,000. Interest accrues at the rate of 6% per annum, with interest payments made quarterly. The unpaid principal balance matures on September 30, 2046, and may be prepaid in whole or in part at any time.

On March 31, 2013, the Company issued an additional surplus note (“2013 Surplus Note”) to its parent, FGLH, in the principal amount of \$195,000,000. Interest accrues at the rate of 6.5% per annum, with interest payments made quarterly. The unpaid principal balance matures on September 30, 2046, and may be prepaid in whole or in part at any time.

All payments of principal and interest are subject to regulatory approval. The Interest Paid on Surplus Notes during the examination period, were as follows:

<u>Year</u>	<u>2009 Surplus Note</u>	<u>2013 Surplus Note</u>
2018	1,800,000	12,675,000
2019	1,800,000	12,675,000
2020	1,800,000	12,675,000
2021	1,800,000	12,675,000
2022	1,800,000	12,675,000

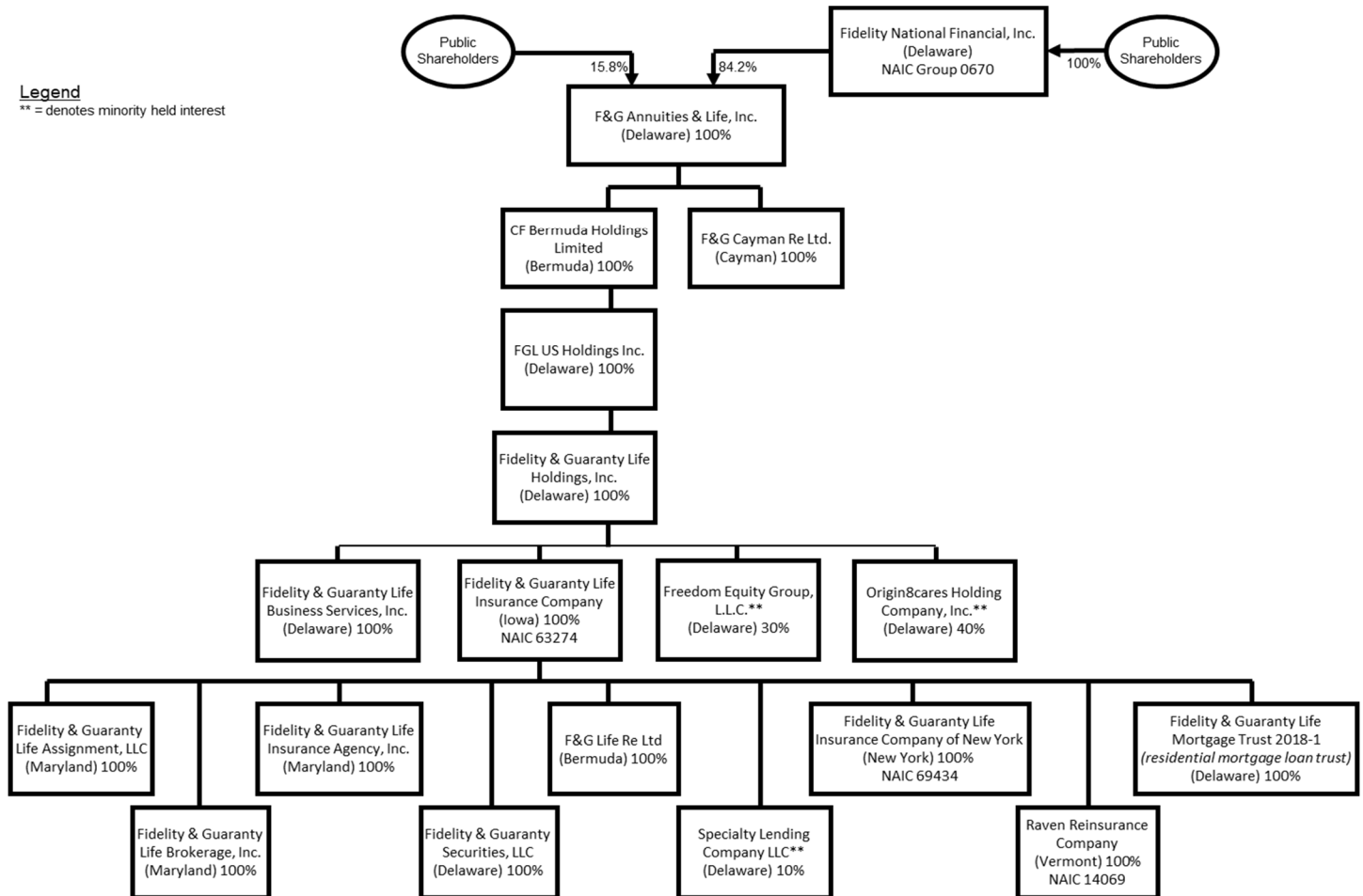
No principal payments were made.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of an Insurance Holding Company System as defined by Chapter 521A, Code of Iowa, and is a wholly-owned subsidiary of FGLH, a Delaware corporation. An Insurance Holding Company System Registration Statement was filed annually with the Iowa Insurance Division for each of the years in the examination period.

FGLIC directly owns 100% of the voting stock of Fidelity & Guaranty Life Insurance Company of New York (“FGLIC-NY”), a life insurer domiciled in the state of New York, Raven Reinsurance Company (“Raven Re”), a captive life insurer domiciled in the state of Vermont, and F&G Life Re, a life insurer domiciled in Bermuda.

An organizational chart, as of December 31, 2022, identifying the Company’s holdings and its relationship to its parent and the other companies involved with this examination is as follows:



MANAGEMENT AND CONTROL

STOCKHOLDERS

The Company shall hold an annual meeting of its stockholders to elect directors and transact any other business within its powers at such time and on such day within the month of May as shall be fixed by the Board of Directors.

At any time in the interval between annual meetings, special meetings of the stockholders may be called by the Chairman of the Board or the President or by a majority of the Board of Directors by vote at a meeting or in writing (addressed to the Secretary of the Company) with or without a meeting. A special meeting shall be called by the Secretary of the Company upon the request in writing of the holders of a majority of all the shares outstanding and entitled to vote on the business to be transacted at such meeting. Business transacted at all special meetings of stockholders shall be confined to the purpose or purposes stated in the notice of the meeting.

Meetings of stockholders shall be held at such place in the United States as is set from time to time by the Board of Directors.

Not less than ten (10) days nor more than sixty (60) days before each stockholders meeting, the Secretary shall give notice in writing or by electronic transmission of the meeting to each stockholder entitled to vote at the meeting and each other stockholder entitled to notice of the meeting. The notice shall state (a) the time and place of the meeting, (b) that the Articles of Incorporation authorize cumulative voting and, (c) if the meeting is a special meeting or notice of the purpose is required by statute, the purpose of the meeting.

At a meeting of stockholders', the presence, in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum and a majority of all the votes cast at a meeting in which a quorum is present is sufficient to approve any matter which properly comes before the meeting. In the absence of a quorum, the stockholders present in person or by proxy, by majority vote and without notice other than by announcement, may adjourn the meeting from time to time until a quorum shall attend in person or by proxy.

Each outstanding share of stock, regardless of class, is entitled to one vote on each matter submitted to vote at a meeting of stockholders.

BOARD OF DIRECTORS

The business and affairs of the Company shall be managed under the direction of its Board of Directors. All powers of the Company may be exercised by or under authority of the Board of Directors, except as conferred on or reserved to the stockholders by statute or by the Articles of Incorporation or By-Laws.

The Company shall have at least five (5) directors. A majority of the entire Board of Directors may alter the number of directors to not exceed twenty-five (25) or less than the minimum number permitted herein, but the action may not affect the tenure of office of any director.

At each annual meeting, the stockholders shall elect directors to hold office until the next annual meeting and until their successors are elected and qualify.

After each meeting of stockholders at which a Board of Directors shall have been elected, the Board of Directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business; and in the event that no other time is designated by the stockholders, the Board of Directors shall meet one hour after the time for such stockholders meeting or immediately following the close of such meeting, whichever is later, on the day of such meeting. Such first regular meeting shall be held at any place in or out of the State of Iowa as may be designated by the stockholders, or in default of such designation at the place designated by the Board of Directors for such first regular meeting, or in default of such designation at the place of the holding of the immediately preceding meeting of stockholders. No notice of such

first meeting shall be necessary if held as hereinabove provided. Any other regular meeting of the Board of Directors shall be held on such date and at any place in or out of the State of Iowa as may be designated from time to time by the Board of Directors.

Special meetings of the Board of Directors may be called at any time by the Chairman of the Board or the President or by a majority of the Board of Directors by vote at a meeting, or in writing with or without a meeting. A special meeting of the Board of Directors shall be held on such date and at any place in or out of the State of Iowa as may be designated from time to time by the Board of Directors. In the absence of such designation such meeting shall be held at such place as may be designated in the call.

A majority of the entire Board of Directors shall constitute a quorum for the transaction of business. In the absence of a quorum, the directors present by majority vote and without notice other than by announcement may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting, if a unanimous written consent which sets forth the action is given in writing or by electronic transmission by each member of the Board or Committee, and filed in paper or electronic form with the minutes of proceedings of the Board.

Members of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting.

The Board of Directors duly elected and serving as of December 31, 2022, were:

<u>Name</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Christopher Blunt	Chairman and FGAL Chief Executive Officer	2023
Raymond Quirk	FNF Director	2023
Michael Nolan	FNF Chief Executive Officer	2023
Anthony Park	FNF Chief Financial Officer	2023
Wendy JB Young	Executive Vice President, FGAL Chief Financial Officer	2023

COMMITTEES

The Board of Directors may appoint from among its members an Executive Committee and other committees composed of two (2) or more directors and delegate to these committees any of the powers of the Board of Directors, except the power to declare dividends or other distributions of stock, elect directors, issue stock, recommend to the stockholders any action which requires stockholder approval, adopt, amend or repeal the By-Laws, or approve any merger or share exchange which does not require stockholder approval.

As of December 31, 2022, the Company's sole Board Committee was the Audit Committee. Effective December 1, 2022, the Company designated the Audit Committee of FGAL as the Audit Committee of the Company.

The membership of the FGAL Audit Committee as of December 31, 2022, was as follows:

Douglas Ammerman, Chairperson
Douglas Martinez
John Rood

The FGAL Board of Directors oversees the corporate governance duties of its subsidiaries and provides monitoring on key aspects of the Company, including execution of its business strategy, risk appetite and exposure.

OFFICERS

The Company shall have a Chairman of the Board, who shall be a director of the Company, a President, who shall be a director of the Company, a Secretary, and a Treasurer. It may also have one or more Vice Presidents, one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. A person may hold more than one office in the Company but may not serve concurrently as both President and Vice President of the Company.

The Board of Directors shall elect the Chairman of the Board, President, Treasurer, and Secretary. The Board of Directors may elect other officers of the Company, or it may authorize any committee or officer to appoint other officers. An officer serves for one year and until such officer's successor is elected and qualifies.

The duly elected Officers of the Company at December 31, 2022 are listed below:

<u>Name</u>	<u>Title</u>
Christopher Blunt	President & Chief Executive Officer
Wendy JB Young	Executive Vice President, FGAL Chief Financial Officer
John Currier Jr.	President, Retail Markets
Scott Cochran*	President, Institutional & New Markets
John Phelps, II	Executive Vice President, Chief Distribution Officer
Leena Punjabi	Senior Vice President, Chief Investment Officer
David Martin	Senior Vice President, Chief Risk Officer
Steven Sanders	Senior Vice President, Life Distribution
Ronald Barrett	Senior Vice President, Annuity Distribution

*Scott Cochran resigned as President of Institutional & New Markets to become a special adviser to the CEO of F&G until December 31, 2023.

The compensation of Officers is shown in Exhibit A to be found immediately following the signature page of this report.

CONFLICT OF INTEREST

The Company has established procedures for the annual disclosure to the FGAL Board of Directors of any material interest or affiliation on the part of the directors, officers, responsible employees and members of their immediate family, which is in conflict with, or is likely to be in conflict with the official duties of such person. For the fiscal year ended December 31, 2022, an examination review of the available statements indicated there were no conflicts found that would appear to interfere with that person's official duties.

CORPORATE RECORDS

The minutes of the meetings of the shareholders, the FGLIC Board of Directors, and the audit committee of the FGAL Board of Directors were reviewed for the examination period.

The Bylaws were amended December 2, 2019, to reduce the minimum number of directors from nine (9) to seven (7). The Bylaws were then amended March 17, 2020, to reduce the minimum number of directors from seven (7) to five (5).

The Articles of Incorporation were amended and restated effective November 10, 2021, to reflect the new statutory home and principal office.

The review and adoption of the FGLIC financial examination report as of December 31, 2017, was not evidenced in the FGLIC Board of Directors' meeting minutes, as required by Iowa Code Chapter 507.10.

INTERCOMPANY AGREEMENTS

The Company is party to a Services Agreement with Fidelity & Guaranty Life Business Services, Inc. ("FGLBS"). FGLBS provides certain management and administrative services to the Company.

The Company is party to a Tax Sharing Agreement with its parent, FGLH, and affiliates FGLIC-NY, Raven Re, and F&G Life Re.

The Company is party to a number of intercompany reinsurance agreements, as detailed in the Affiliated Reinsurance section below.

FIDELITY BONDS AND OTHER INSURANCE

The Company is protected by a Financial Institution Bond. The limits on the bond are \$10 million per single loss limit with a \$200,000 deductible and a shared aggregate loss limit of \$20 million which meets the NAIC recommended minimum amount.

The Company does not have any employees and does not own any property that would require any additional coverages as of December 31, 2022.

EMPLOYEES' WELFARE

The Company does not have any employees and therefore does not provide any defined benefit pension plan benefits or other postretirement benefits.

STATUTORY DEPOSIT

As of December 31, 2022, the book/adjusted carrying value of securities that were held as special deposits in the States of Alabama, Arkansas, Georgia, Maine, Maryland, New Mexico, North Carolina, Texas, Virginia, Puerto Rico, and other non-US jurisdictions totaled \$13,050,131.

The book/adjusted carrying value of securities held in deposit for the benefit of all policyholders totaled \$19,576,352,273.

REINSURANCE

A review found that reinsurance agreements entered into during the examination years contained proper insolvency clauses and none of the contract provisions were noted to be outside the general practice of the industry. Specific reinsurance terms are as follows:

AFFILIATED

A life reinsurance agreement on a yearly renewable term basis effective March 18, 1970 by and between FGLIC-NY and FGLIC.

A life reinsurance agreement on a coinsurance basis effective March 18, 1970 by and between FGLIC-NY and FGLIC.

A life reinsurance agreement on a yearly renewable term basis effective October 1, 1984 by and between FGLIC-NY and FGLIC.

A life reinsurance agreement on a yearly renewable term basis effective November 1, 2004 by and between FGLIC-NY and FGLIC.

A trust agreement among FGLIC, Raven Re and US Bank, NA executed on October 5, 2012 and effective as of October 1, 2012 as approved by the Maryland Insurance Administration (“MIA”) on September 10, 2012.

A reinsurance agreement between FGLIC and Raven Re effective as of October 1, 2012. The transaction was approved by the MIA on September 10, 2012 and a facility size notional increase was approved by the MIA on September 28, 2012. Since the 2012 agreement was due to expire on September 30, 2017, the Company negotiated an extension on June 30, 2017. The agreement was extended for another five years until September 30, 2022. Effective October 1, 2022, the parties agreed to amend the reinsurance agreement to cover additional FIA, DA and MYGA policy issues years and extend the expiration date to September 30, 2027.

A coinsurance agreement between FGLIC and Front Street Re (Cayman) Ltd. (“FSR”) effective as of December 31, 2012. The coinsurance agreement was approved by the MIA on December 13, 2012.

On September 17, 2014, FGLIC entered into a reinsurance agreement with FSR (the “2014 FSR Agreement”). The 2014 FSR Agreement provides for 30% quota share coinsurance by FSR of multiyear guaranty annuity policies issued by FGLIC.

On December 22, 2020, FGLIC entered into a fixed indexed annuities funds, withheld coinsurance agreement (“FWH Coinsurance Agreement”) with F&G Life Re Ltd., (“F&G Life Re”) an affiliated Bermuda reinsurer. The FWH Coinsurance Agreement provides that FGLIC will cede approximately \$5 billion of closed block fixed index annuities business and existing interest maintenance reserve on a funds withheld basis to F&G Life Re.

FGLIC entered into a novation agreement of the 2012 FSR Agreement with Freestone Re Ltd. (“Freestone Re”) and FSR (the “Freestone Re 2012 Novation Agreement”), effective April 1, 2021. The Freestone Re 2012 Novation Agreement provides that Freestone Re will assume FSR’s original liabilities and obligations under the 2012 FSR Agreement. The Freestone Re 2012 Novation Agreement was amended effective December 22, 2021 to replace the name Freestone Re with F&G Cayman Re throughout due to the merger of Freestone Re and F&G Cayman Re, with F&G Cayman Re surviving, which was effective December 31, 2021.

FGLIC entered into a novation agreement of the 2014 FSR Agreement with Freestone Re and FSR (the “Freestone Re 2014 Novation Agreement”), effective April 1, 2021. The Freestone Re 2014 Novation Agreement provides that Freestone Re will assume FSR’s original liabilities and obligations under the 2014 FSR Agreement. The Freestone Re 2014 Novation Agreement was amended effective December 22, 2021 to replace the name Freestone Re with F&G Cayman Re throughout due to the merger of Freestone Re and F&G Cayman Re, with F&G Cayman Re surviving, which was effective December 31, 2021. The affiliated agreements discussed above with the Company are affiliated both before and after the merger. The statutory reserves ceded to F&G Cayman Re under this agreement were \$493,596,063 and \$563,754,504 as of December 31, 2022 and 2021, respectively.

Effective December 31, 2022, the Company entered into a Coinsurance Agreement with F&G Life Re, an affiliated Bermuda reinsurer, to reinsure a quota share of PRT group annuity contracts. A portion of the contracts reinsured are held by the Company’s general account and others are held by the Company’s separate account. The cession from the Company to F&G Life Re is on a 80% quota share basis. Reinsurance of the separate account contracts are maintained on a modified coinsurance basis and reinsurance of the general account contracts are maintained on a funds withheld basis. On the funds withheld portion of the transaction, the Company ceded approximately \$383,100,00 in certain PRT Statutory Reserves and Interest Maintenance Reserve. The Company also established a modified coinsurance reserve of approximately \$1,686,326,000 associated with the PRT Separate Account Insurance Liabilities.

CEDED

Fixed-Rate Deferred Annuities and Fixed-Indexed Annuities:

Kubera Insurance Ltd. (“Kubera”) and Somerset Reinsurance Ltd. (“Somerset”)

The Company entered into a reinsurance agreement with Kubera, a third-party reinsurer, effective December 31, 2018, to cede certain multi-year guaranteed annuity (“MYGA”) and deferred annuity (“DA”) reserves on a coinsurance funds withheld basis, net of applicable existing reinsurance. In accordance with the terms of this agreement, the Company cedes a quota share percentage of MYGA and DA policies for certain issue years to Kubera.

Effective October 31, 2021, the Company amended the Fixed-Indexed Annuities (“FIA”) treaty to include additional FIA policies. The amendment resulted in a deferred reinsurance gain of \$4,061,082. Additionally, the reinsurer novated all insurance liabilities under the DA treaty to Somerset. The Company now directly cedes the DA business to Somerset instead of Kubera. Due to the novation, the retrocession agreement between the reinsurer and Somerset was terminated. The FIA treaty was subsequently amended and restated on October 1, 2022 whereby the Company recaptured \$52,397,188 in statutory reserves solely related to waiver of surrender charges.

The Company recognized amortization of the deferred reinsurance gains from all Kubera amendments above in income of \$1,867,250 during 2022. The unamortized deferred reinsurance gains related to the Kubera treaties were \$5,005,316 at December 31, 2022. The statutory reserves ceded to Kubera under these agreements were \$8,934,297,245 and \$9,721,400,876 as of December 31, 2022 and 2021, respectively; the statutory reserves ceded to Somerset were \$564,939,000 and \$776,911,780 as of December 31, 2022 and 2021, respectively.

Canada Life Assurance Company

Effective May 1, 2020, the Company entered into an indemnity reinsurance agreement with the Canada Life Assurance Company (“Canada Life”), an unaffiliated reinsurer, to reinsure a 100% quota share of the guaranteed minimum withdrawal benefits (“GMWB”) riders attached to certain FIA policies. The cession of this business resulted in a deferred reinsurance gain of \$36,792,301. This treaty was subsequently amended effective January 1, 2021, and January 1, 2022, and now covers FIA policies with GMWB issued from January 1, 2020 to December 31, 2023..

Effective January 1, 2021, the Company amended the reinsurance treaty to include the GMWB rider for additional FIA policies. The amendment of the cession of this business resulted in a deferred reinsurance gain of \$2,171,300. The unamortized deferred reinsurance gain as of December 31, 2021 was \$30,436,397. In 2022, the Company recognized amortization for the deferred reinsurance gain in income in the amount of \$3,912,913.

Effective October 1, 2022, the treaty was then amended and restated to cover additional FIA policies. The amendment and restatement of this cession for this business resulted in a deferred reinsurance gain of \$31,896,952. In 2022, the Company recognized income for the amortization of the deferred reinsurance gain in the amount of \$2,011,360. The unamortized deferred reinsurance gain as of December 31, 2022 was \$56,409,076. The statutory reserves ceded under this agreement as of December 31, 2022 and 2021 were \$391,456,211 and \$170,848,874, respectively.

Hannover Life Reassurance Company of America

In March 2017, the Company entered into an indemnity reinsurance agreement with Hannover Life Reassurance Company of America (“Hannover Re”), an unaffiliated reinsurer, effective January 1, 2017, to reinsure 70% quota share of certain guaranteed minimum withdrawal benefit (“GMWB”) riders and guaranteed minimum death benefit (“GMDB”) riders. Under the reinsurance agreement, Hannover Re reimburses the Company for a quota share of the GMWB and GMDB benefits. The indemnity agreement was amended on September 28, 2017 to include additional inforce and new business

issued through December 31, 2017. The statutory reserves ceded to Hannover Re under this agreement were \$930,641,974 and \$856,485,834 as of December 31, 2022 and December 31, 2021, respectively.

New Reinsurance Company Ltd.

Effective December 31, 2022, FGLIC entered into an indemnity reinsurance agreement with New Reinsurance Company Ltd. (“New Re”), a wholly owned subsidiary of Munich Re, to cede a quota share of certain FIA policies and related waiver of surrender charges, issued after January 1, 2022, on a coinsurance and yearly renewable term basis. The coinsurance quota share is only applicable to the base contract benefits under the FIA policies. The yearly renewable term is applicable to the waiver of surrender charges. The statutory reserves ceded under this agreement were \$185,331,392 as of December 31, 2022. This treaty resulted in a deferred reinsurance gain of \$136,189,505 as of December 31, 2022.

Aspida Life Re Ltd.

On January 15, 2021, the Company executed a Funds Withheld Coinsurance Agreement with Aspida Life Re Ltd. (“Aspida Life Re”), a Bermuda reinsurer. In accordance with the terms of this agreement, the Company cedes to the reinsurer, on a fifty percent funds withheld coinsurance basis, certain MYGA business written effective January 1, 2021. Effective September 1, 2022, the Company amended the reinsurance treaty to increase the ceded quota share to 75% capped at \$350,000,000 cession per month for policies issued on or after September 1, 2022. The statutory reserves ceded to Aspida Life Re under this agreement were \$3,204,340,464 as of December 31, 2022.

Front Street Re (Cayman Islands) Ltd., Freestone Re Ltd. & F&G Cayman Re Ltd.

Effective April 1, 2021, the Company entered into a novation agreement of the 2012 FSR Agreement with Freestone Re Ltd. (“Freestone Re”) and FSR (the “Freestone Re 2012 Novation Agreement”). The Freestone Re 2012 Novation Agreement provides that Freestone Re will assume FSR’s original liabilities and obligations under the 2012 FSR Agreement. The Freestone Re 2012 Novation Agreement was amended effective December 22, 2021, to replace the name Freestone Re with F&G Cayman Re throughout due to the merger of Freestone Re and F&G Cayman Re, with F&G Cayman Re surviving, which was effective December 31, 2021.

Effective April 1, 2021, the Company entered into a novation agreement of the 2014 FSR Agreement with Freestone Re and FSR (the “Freestone Re 2014 Novation Agreement”). The Freestone Re 2014 Novation Agreement provides that Freestone Re will assume FSR’s original liabilities and obligations under the 2014 FSR Agreement. The Freestone Re 2014 Novation Agreement was amended effective December 22, 2021 to replace the name Freestone Re with F&G Cayman Re throughout due to the merger of Freestone Re and F&G Cayman Re, with F&G Cayman Re surviving, which was effective December 31, 2021.

The agreements discussed above with the Company are affiliated both before and after the merger. The statutory reserves ceded to F&G Cayman Re under this agreement were \$493,596,063 as of December 31, 2022.

Raven Re

Effective October 1, 2012, the Company entered into a reinsurance agreement with Raven Re, its wholly-owned subsidiary. The transaction was approved by the Maryland Insurance Administration (“MIA”) on September 10, 2012 and a facility size notional increase was approved by the MIA on September 28, 2012. As the 2012 agreement was due to expire on September 30, 2017, the Company negotiated an extension on June 30, 2017. The agreement was extended for another five years until September 30, 2022. Effective October 1, 2022, the parties agreed to add additional, but similar business, and extend the treaty expiration date to September 30, 2027.

The statutory reserves ceded to Raven Re under this agreement were \$189,423,345, as of December 31, 2022.

F&G Life Re, Ltd. (“F&G Life Re”)

On December 22, 2020, the Company entered into a FIA funds withheld coinsurance agreement (“FWH Coinsurance Agreement”) with F&G Life Re. Effective December 31, 2020, the Company ceded \$4,886,728,875 of its FIA statutory reserves and \$73,177,394 of its existing IMR liability. The statutory reserves ceded to F&G Life Re under this agreement were \$4,382,339,220, as of December 31, 2022 .

Pension Risk Transfer:

F&G Life Re

On December 31, 2022, FGLIC entered into a group annuities modified coinsurance/funds withheld coinsurance agreement (“Group Annuities FWH Coinsurance Agreement”) with F&G Life Re. The Group Annuities Funds Withheld Coinsurance Agreement provides that FGLIC will cede General Account Insurance Liabilities and Separate Account Insurance Liabilities on an 80% funds withheld coinsurance basis to F&G Life Re.

Life Insurance:

Wilton Re

The Company has a reinsurance agreement with Wilton Reassurance Company (“Wilton Re”), an unaffiliated reinsurer. Pursuant to the agreed upon terms, Wilton Re purchased through a 100% quota share reinsurance agreement certain FGLIC life insurance policies. At December 31, 2022 the reserves ceded to Wilton Re totaled \$1,349,748,272.

Other Coinsurance

There are other smaller existing coinsurance agreements in place where the Company has ceded risks on certain blocks of policies on a coinsurance basis.

TERRITORY AND PLAN OF OPERATION

At December 31, 2022, the Company was authorized to transact business in all U.S. states, except New York, and was also licensed in Puerto Rico and the District of Columbia. The Company writes fixed-indexed and fixed-rate deferred annuities, immediate annuities, and indexed universal life contracts. The Company also provides funding agreement backed notes and pension risk transfer (“PRT”) solutions through consultants and brokers as part of the Company’s institutional distribution channels.

GROWTH OF COMPANY

The growth of the Company is reflected by the following significant data taken from official copies of filed annual statements for the years indicated.

<u>Year</u>	<u>Total Admitted Assets</u>	<u>Separate Account Assets</u>	<u>Total Liabilities</u>	<u>Separate Account Liabilities</u>	<u>Capital And Surplus</u>	<u>Life Insurance In Force (in thousands)</u>
2018	\$ 24,714,470,071	\$ 1,355,932,065	\$23,169,291,733	\$ 867,955,590	\$ 1,545,178,342	\$ 72,102,728
2019	26,975,929,298	1,412,466,214	25,462,649,832	1,078,739,641	1,513,279,468	71,414,544
2020	29,409,823,057	1,501,162,634	28,161,113,467	1,188,778,891	1,248,709,585	72,688,265
2021	38,358,118,122	3,063,383,729	36,885,448,086	2,173,464,614	1,472,670,031	77,343,854
2022	46,733,184,299	6,480,940,981	44,856,326,005	4,381,484,532	1,876,858,294	87,521,966

<u>Year</u>	<u>Aggregate Life Reserves</u>	<u>Aggregate A&H Reserves</u>	<u>Asset Valuation Reserves</u>	<u>Group Annuity Premium</u>	<u>Individual Annuity Premium</u>	<u>Life Premium</u>
2018	\$ 15,231,845,207	\$ 33,902	\$ 150,920,533	\$ 110,577	\$ (1,792,472,859)	\$ 179,174,916
2019	16,311,859,601	23,305	258,703,880	382,015	2,370,461,659	198,922,903
2020	14,439,745,526	12,182	374,084,652	159,618	(830,259,632)	235,352,429
2021	13,248,461,623	5,039	1,022,678,971	1,121,073,491	(522,272,544)	304,972,876
2022	17,541,552,518	6,097	716,155,068	(741,128,578)	5,921,446,781	427,123,214

ACCOUNTS AND RECORDS

Trial balance general ledgers were taken for each year under examination and were found to be in agreement with the office copies of the filed annual statements for those years.

During the course of the examination no statutory violations or material differences with the amounts reflected in the financial statements, as presented in the annual statement at December 31, 2022, were identified.

SUBSEQUENT EVENTS

On November 13, 2023, FGAL announced its intent to enter into an agreement under which FNF will make an investment of approximately \$250 million in FGAL with the net proceeds to be used to support the growth of assets under management. The transaction closed January 16, 2024.

On March 31, 2023, the Company received a capital contribution of \$130 million from FGLH. On March 31, 2023, Raven Re paid a \$42.3 million extraordinary dividend to the Company.

Effective July 1, 2023, the New Re agreement was amended to reinsure additional FIA products. The coinsurance quota share is only applicable to the base contract benefits under the FIA policies. The yearly renewable term is applicable to the waiver of surrender charges and return of premium. The statutory reserves ceded to New Re under this amended agreement as of December 31, 2023 were \$408,681,933.

Effective July 1, 2023, the Aspida Life Re Ltd. agreement was amended to provide that reinsured policies issued on or after July 1, 2023 are ceded on a sixty percent (60%) quota share basis, capped at \$230,000,000 cession per month. The statutory reserves ceded to Aspida Life Re Ltd. under this agreement as of December 31, 2023 were \$6,398,563,362.

Effective September 1, 2023, the Company executed a Coinsurance Agreement with Everlake Life Insurance Company (“ELIC”), a third-party reinsurer. In accordance with the terms of this agreement, FGLIC cedes to ELIC, on a coinsurance basis, certain MYGA business written effective September 1, 2023. The policies are ceded on a thirty percent (30%) quota share basis. The statutory reserves ceded to ELIC under this agreement as of December 31, 2023 were \$617,511,517.

Effective October 31, 2023, the Company, ELIC, and The Bank of New York Mellon entered into a Trust Agreement. ELIC will establish and maintain a Trust Account to secure the reinsurer’s obligations to the Company under the Coinsurance Agreement.

Effective December 1, 2023, the Company amended the FIA treaty with Kubera Insurance Ltd. to include additional FIA policies. The statutory reserves ceded to Kubera were \$11,400,703,858 as of December 31, 2023.

Effective December 1, 2023, the Company executed an additional flow funds withheld coinsurance agreement with Somerset to cede certain MYGA business written on and after December 1, 2023. The statutory reserves ceded to Somerset were \$719,517,351 as of December 31, 2023 (includes business ceded under Somerset DA treaty).

Effective December 31, 2023, the Company recaptured the Canada Life reinsurance agreements and entered into a reinsurance treaty with Corbeau Re, Inc. (“Corbeau Re”), a wholly owned captive reinsurance company, to cede certain FIA policies with GMWB and guaranteed withdrawal payment (“GWP”) riders. In accordance with the terms of this agreement, the Company cedes a 100% quota share of GMWB and GWP paid in excess of account value. In connection with the reinsurance agreement between the Company and Corbeau Re (the “Corbeau Treaty”), Corbeau Re entered into an excess of loss reinsurance agreement (“XOL”) with Canada Life Barbados Branch. The statutory reserves ceded under this agreement as of December 31, 2023 was \$872,386,173.

Effective October 1, 2023, the Company recaptured the PRT reinsurance agreement with its affiliate F&G Life Re and entered into a coinsurance agreement with F&G Cayman Re Ltd (“F&G Cayman Re”), an affiliated reinsurer, to reinsure a quota share of PRT group annuity contracts. Reinsurance of the general account contracts are maintained on a coinsurance funds withheld basis. Reinsurance of the separate account contracts are maintained on a modified coinsurance basis for the separate account statutory reserves and coinsurance basis for the general account statutory reserves.

The Company ceded \$354,767,009 in certain PRT general account statutory reserves for general account contracts and interest maintenance reserve on a funds withheld basis as of December 31, 2023. The Company ceded \$68,462,674 in certain PRT general account statutory reserves for separate account contracts on a coinsurance basis as of December 31, 2023. The Company also established a modified coinsurance reserve associated with the PRT separate account statutory of \$3,243,689,619 as of December 31, 2023.

FINANCIAL STATEMENTS
AND COMMENTS THEREON

Note: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2022.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Assets</u>	<u>Non-Admitted</u>	<u>Net-Admitted</u>
Bonds	\$30,301,070,356	\$	\$30,301,070,356
Stocks:			
Preferred stocks	718,607,203		718,607,203
Common stocks	2,028,040,602	33,048	2,028,007,554
Mortgage loans on real estate:			
First liens	390,236,337		390,236,337
Cash, cash equivalents and short-term investments	2,074,993,449		2,074,993,449
Contract loans	50,861,080	38,694	50,822,386
Derivatives	326,953,632		326,953,632
Other invested assets	3,135,406,955	8,941,650	3,126,465,305
Receivables for securities	29,247,648		29,247,648
Investment income due and accrued	296,607,524		296,607,524
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	(6,589,907)	57,329,901	(63,919,808)
Deferred premiums and agents' balances not yet due	48,101,380		48,101,380
Accrued retrospective premiums			
Reinsurance Ceded:			
Amounts recoverable from reinsurers	40,884,887		40,884,887
Funds held with reinsured companies	540,000		540,000
Other amounts receivable under reinsurance contracts	14,192,938		14,192,938
Amounts receivable relating to uninsured plans			
Current federal and foreign income tax recoverable and interest			
Net deferred tax asset	156,141,663		156,141,663
Guaranty funds receivable or on deposit	1,365,418		1,365,418
Electronic data processing equipment	73,058,045	73,058,045	0
Furniture and equipment	12,062,995	12,062,995	0
Receivable from parent, subsidiaries and affiliates	15,000,000		15,000,000
Aggregate write-ins for other than invested assets:			
Due from Separate Account	358,979,114		358,979,114
CSV of COLI	327,301,754		327,301,754
LOC Collateral-Kubera	10,050,000		10,050,000
Summary of remaining write-ins	1,146,931	552,353	594,578
Totals of Aggregate write-ins for other than invested assets	697,477,799	552,353	696,925,446
From Separate Accounts Statement	<u>6,480,940,981</u>		<u>6,480,940,981</u>
 Total Assets	 <u>\$46,885,200,985</u>	 <u>\$152,016,686</u>	 <u>\$46,733,184,299</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$17,541,552,518
Aggregate reserve for accident and health contracts	6,097
Liability for deposit-type contracts	2,747,191,399
Contract claims:	
Life	33,583,635
Accident and health	
Provision for policyholders' dividends apportioned for payment	0
Premiums and annuity considerations for life and A&H contracts received in advance	129,713
Other amounts payable on reinsurance including assumed and ceded	(2,713,383)
Interest maintenance reserve	157,594,327
Commissions to agents due or accrued	39,220,560
General expenses due or accrued	42,728,682
Transfers to Separate Accounts due or accrued(net)	
Taxes, licenses and fees due or accrued	8,731,800
Current federal and foreign income taxes	3,841,089
Amounts withheld or retained by company as agent or trustee	1,357,323
Amounts held for agents' account	
Remittances and items not allocated	224,768,046
Miscellaneous liabilities:	
Asset valuation reserve	716,155,068
Reinsurance in unauthorized and certified companies	21,217,709
Funds held under reinsurance treaties	18,171,533,390
Payable to parent, subsidiaries and affiliates	39,450,921
Funds held under coinsurance	207,526,397
Derivatives	140,375
Payable for securities	2,553,805
Aggregate write-ins for liabilities:	
Retained asset account	116,524,305
Options collateral liabilities	177,433,194
Due to Separate Account	149,800,000
Summary of remaining write-ins	74,514,503
Total Aggregate write-ins for liabilities	<u>518,272,202</u>
From Separate Accounts Statement	<u>4,381,484,532</u>
Total Liabilities	<u>\$44,856,326,005</u>
Common capital stock	\$ 3,000,000
Surplus notes	225,000,000
Gross paid in and contributed surplus	2,018,811,290
Deferred reinsurance gain net of amortization	431,272,455
Unassigned funds (surplus)	<u>(801,225,451)</u>
Total Capital and Surplus	<u>\$ 1,876,858,294</u>
Total Liabilities, Capital and Surplus	<u>\$46,733,184,299</u>

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

Premiums and annuity considerations	\$5,607,441,419
Considerations for supplementary contracts with life contingencies	5,526,409
Net investment income	1,299,078,287
Amortization of interest maintenance reserve (IMR)	(4,456,204)
Separate accounts net gain from operations	(120,983,475)
Commissions and expense allowances on reinsurance ceded	48,690,340
Reserve adjustments on reinsurance ceded	1,686,326,446
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	2,100,184
Aggregate write-ins for miscellaneous income:	
Interest maintenance reserve adjustment related to reinsurance	0
Miscellaneous income	334,837
Miscellaneous income other CSV of COLI	21,466,986
Summary of remaining write-ins	<u>(4,800,389)</u>
Total	<u>\$8,540,724,840</u>
Death benefits	\$ 43,829,256
Matured endowments(excluding guaranteed annual pure endowments)	40,620
Annuity benefits	448,019,714
Disability benefits and benefits under accident and health policies	648,839
Surrender benefits and withdrawals for life contracts	830,792,881
Interest and adjustments on contracts or deposit-type contract funds	76,072,661
Payments on supplementary contracts with life contingencies	11,746,358
Increase in aggregate reserves for life and accident and health	<u>4,293,091,953</u>
Total	<u>\$5,704,242,282</u>
Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	701,964,789
Commissions and expense allowances on reinsurance assumed	2,311
General insurance expenses	357,364,221
Insurance taxes, licenses and fees, excluding federal income taxes	19,542,272
Increase in loading on deferred and uncollected premiums	(649,282)
Net transfers to or (from) separate accounts net of reinsurance	1,215,032,205
Aggregate write-ins for deductions:	
Investment return transferred to reinsurer on funds held under reinsurance treaty	783,242,445
Risk charge ceded	825,000
Policy settlements	309,077
Summary of remaining write-ins	46,800,382
Total Aggregate write-ins for deductions:	<u>831,176,904</u>
Total	<u>\$8,828,675,702</u>

Net gain from operations before dividends to policyholders and federal income taxes	\$ (287,950,862)
Dividends to policyholders	<u>0</u>
Net gain from operations after dividends to policyholders and before federal income taxes	\$ (287,950,862)
Federal and foreign income taxes incurred	<u>29,176,347</u>
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	\$ (317,127,209)
Net realized capital gains or (losses)	<u>74,244,435</u>
Net income (loss)	<u>\$ (242,882,774)</u>

CAPITAL AND SURPLUS ACCOUNT

Capital and Surplus, December 31, 2021	<u>\$1,472,670,031</u>
Net income (loss)	\$ (242,882,774)
Change in net unrealized capital gains(losses)	(485,485,678)
Change in net unrealized foreign exchange capital gain (loss)	(8,515,344)
Change in net deferred income tax	31,884,231
Change in non-admitted assets	(35,595,719)
Change in liability for reinsurance in unauthorized and certified Companies	6,958,071
Change in reserve on account of change in valuation basis (increase)	
Change in asset valuation reserve	306,523,902
Surplus withdrawn from Separate Accounts during period	(1,330,520,810)
Other changes in surplus in Separate Account Statement	1,330,520,810
Cumulative effect of changes in accounting principles	(66,395,520)
Surplus adjustments:	
Paid in	470,000,000
Dividends to stockholders	0
Aggregate write-ins for gains and losses in surplus:	
Amortization of ceding commission	(42,128,321)
Change in net unrealized capital (gains) losses from derivatives on reinsurance ceded	182,210,615
Prior Period correction- 2021 commission expenses	(9,583,676)
Summary of remaining write-ins	297,198,476
Total Aggregate write-ins for gains and losses in surplus	<u>427,697,094</u>
Net change in capital and surplus for the year	<u>404,188,263</u>
Capital and Surplus, December 31, 2022	<u>\$1,876,858,294</u>

CASH FLOW

CASH FROM OPERATIONS

Premiums collected net of reinsurance	\$ 5,453,300,997
Net investment income	1,449,988,295
Miscellaneous income	<u>2,084,263,706</u>
Total	\$ 8,987,552,998
Benefit and loss related payments	\$ 1,342,610,511
Net transfers to Separate Accounts	1,215,032,205
Commissions, expenses paid and aggregate write-ins for deductions	1,786,399,771
Dividends paid to policyholders	
Federal and foreign income taxes paid (excluding tax on capital gains)	<u>(41,101,099)</u>
Total	<u>\$ 4,302,941,388</u>
Net cash from operations	<u>\$ 4,684,611,610</u>

CASH FROM INVESTMENTS

Proceeds from investments sold, matured or repaid:	
Bonds	\$ 3,186,168,734
Stocks	541,965,778
Mortgage loans	73,926,386
Other invested assets	897,721,106
Net gains on cash, cash equivalents and short-term investments	(11,171)
Miscellaneous proceeds	<u>306,718,203</u>
Total investment proceeds	<u>\$ 5,006,489,036</u>
Cost of investments acquired (long-term only):	
Bonds	\$ 9,237,163,950
Stocks	1,006,252,192
Mortgage loans	293,869,455
Other invested assets	1,176,644,016
Miscellaneous applications	<u>484,605,382</u>
Total investments acquired	<u>\$12,198,534,995</u>
Net increase (decrease) in contract loans and premium notes	<u>13,105,102</u>
Net cash from investments	<u>\$ (7,205,151,061)</u>

CASH FROM FINANCING AND MISCELLANEOUS SOURCES

Cash provided (applied):	
Capital and paid in surplus, less treasury stock	\$ 470,000,000
Net deposits on deposit-type contracts and other liabilities	631,730,832
Dividends to stockholders	
Other cash provided (applied)	<u>1,948,039,862</u>
Net cash from financing and miscellaneous sources	\$ 3,049,770,694

RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Net change in cash, cash equivalents and short-term investments	\$ 529,231,243
Cash, cash equivalents and short-term investments:	
Beginning of year	<u>1,545,762,206</u>
End of year	<u>\$ 2,074,993,449</u>

CONCLUSION

The assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

In addition to the undersigned, Jan Moenck, CFE, CIA, CBA, CFSA; Amy Alves, CFE, CPA; Kristina Gaddis, CFE, CISA, AES and Edward Toy of Risk & Regulatory Consulting, LLC participated in the examination and the preparation of this report.

Both the Financial and IT portions of this examination were completed by Risk & Regulatory Consulting, LLC. The IID engaged Insurance Strategies Consulting to perform the actuarial components of the examination. Insurance Strategies Consulting subcontracted with Assurity Resources, Inc. This work was led by Carl Harris, FSA, MAAA and coordinated by Robert Panah, CFE, CISA, MCM, FLMI.

Respectfully submitted,

/s/ Taylor Phillips
Taylor Phillips CFE, CPA
Examiner-in-Charge
Risk & Regulatory Consulting, LLC on behalf of the
Iowa Insurance Division
State of Iowa

/s/ Amanda Theisen
Amanda Theisen, CFE
Assistant Chief Examiner
Iowa Insurance Division
State of Iowa