Symetra Financial Corporation

Consolidated Financial Statements

December 31, 2016

With Report of Independent Auditors

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

	Page
Report of Independent Auditors	3
Management's Report on the Effectiveness of Internal Control Over Financial Reporting	5
Report of Independent Auditors	6
Consolidated Balance Sheets	8
Consolidated Statements of Income (Loss)	9
Consolidated Statements of Comprehensive Income (Loss)	10
Consolidated Statements of Changes in Stockholder's Equity	11
Consolidated Statements of Cash Flows	12
Notes to Consolidated Financial Statements	13

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Report of Independent Auditors

The Board of Directors
Symetra Financial Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Symetra Financial Corporation (the Company), which comprise the consolidated balance sheets as of December 31, 2016 (Successor) and December 31, 2015 (Predecessor), and the related consolidated statements of income (loss), comprehensive income (loss), changes in stockholder's equity and cash flows for the period from February 1, 2016 to December 31, 2016 (Successor) and for the period from January 1, 2016 to January 31, 2016, and the years ended December 31, 2015 and 2014 (Predecessor) and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Symetra Financial Corporation at December 31, 2016 (Successor) and December 31, 2015 (Predecessor) , and the consolidated results of its operations and its cash flows for the period from February 1, 2016 to December 31, 2016 (Successor), and for the period from January 1, 2016 to January 31, 2016, and the years ended December 31, 2015 and 2014 (Predecessor) in conformity with U.S. generally accepted accounting principles.

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Application of Pushdown Accounting

As discussed in Note 1 to the consolidated financial statements, the Company became a wholly owned subsidiary of Sumitomo Life Insurance Company on February 1, 2016. The Company elected to apply "pushdown" accounting as of that date and as such the impacts of the sale transaction have been reflected herein.

Report on Internal Control Over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Symetra Financial Corporation's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 9, 2017 expressed an unqualified opinion thereon.

Ernst & Young LLP

March 9, 2017

MANAGEMENT'S REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
Symetra Financial Corporation

Management of Symetra Financial Corporation is responsible for designing, implementing, and maintaining effective internal control over financial reporting. The Company's internal controls over financial reporting is a process designed to provide reasonable assurance to our management and Board of Directors regarding preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of its internal control over financial reporting as of December 31, 2016 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

As a result of this assessment, management concluded that, as of December 31, 2016, its internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements.

Ernst & Young LLP, our independent auditors, have independently assessed the effectiveness of the Company's internal control over financial reporting, and their report follows this report.

Thomas M. Marra, *President and Chief Executive Officer*
March 9, 2017

Margaret A. Meister, *Executive Vice President and Chief Financial Officer*
March 9, 2017

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Report of Independent Auditors

The Board of Directors
Symetra Financial Corporation

Report on Internal Control Over Financial Reporting

We have audited Symetra Financial Corporation's internal control over financial reporting as of December 31, 2016, based on criteria established in the Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's Responsibility for Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on the entity's internal control over financial reporting based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

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

Definition and Inherent Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, Symetra Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in the Internal Control—Integrated Framework (2013), issued by the COSO.

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets as of December 31, 2016 (Successor) and December 31, 2015 (Predecessor), and the related consolidated statements of income (loss), comprehensive income (loss), changes in stockholder's equity and cash flows for the period from February 1, 2016 to December 31, 2016 (Successor), and for the period from January 1, 2016 to January 31, 2016, and the years ended December 31, 2015 and 2014 (Predecessor) of Symetra Financial Corporation, and our report dated March 9, 2017 expressed an unqualified opinion thereon.

Ernst & Young LLP

March 9, 2017

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

	Successor Company	Predecessor Company
	As of December 31, 2016	**As of December 31, 2015**
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value (amortized cost: 2016 Successor **$28,396.5;** 2015 Predecessor $25,891.9)	**$ 28,614.6**	$ 26,730.4
Marketable equity securities, at fair value (cost: 2016 Successor **$642.7;** 2015 Predecessor $175.8)	**717.4**	173.4
Trading securities:		
Marketable equity securities, at fair value (cost: 2015 Predecessor $416.9)	—	482.4
Mortgage loans, net	**5,692.2**	4,778.5
Policy loans	**57.0**	58.5
Investments in limited partnerships (includes amounts at fair value of 2016 Successor **$53.8**; 2015 Predecessor $45.9)	**249.1**	256.8
Derivatives and other invested assets (includes amounts at fair value of 2016 Successor **$309.8**; 2015 Predecessor $141.7)	**313.3**	146.2
Total investments	**35,643.6**	32,626.2
Cash and cash equivalents	**390.1**	172.2
Accrued investment income	**329.1**	320.7
Reinsurance recoverables	**298.8**	340.3
DAC and VOBA	**596.7**	666.1
Receivables and other assets	**216.1**	259.9
Other intangible assets, net	**1,362.0**	6.6
Goodwill	**563.0**	31.1
Separate account assets	**911.4**	909.8
Total assets	**$ 40,310.8**	$ 35,332.9
LIABILITIES AND STOCKHOLDER'S EQUITY		
Funds held under deposit contracts	**$ 33,350.3**	$ 29,571.8
Future policy benefits	**473.7**	432.8
Policy and contract claims	**152.8**	150.3
Other policyholders' funds	**118.1**	138.9
Notes payable	**707.5**	693.1
Deferred income tax liabilities, net	**210.8**	78.4
Other liabilities	**548.0**	429.0
Separate account liabilities	**911.4**	909.8
Total liabilities	**36,472.6**	32,404.1
Commitments and contingencies *(Note 10)*		
Preferred stock, Predecessor $0.01 par value; 10,000,000 shares authorized; none issued		—
Common stock, 2016 Successor and 2015 Predecessor: $0.01 par value; **1,000** shares and 750,000,000 shares authorized, respectively; **100** issued and outstanding and 125,064,342 issued and 116,011,039 outstanding, respectively	—	1.2
Additional paid-in capital	**3,677.7**	1,476.0
Treasury stock, at cost: 2015 Predecessor 9,053,303 shares	—	(134.6)
Retained earnings	**17.0**	1,070.8
Accumulated other comprehensive income, net of taxes	**143.5**	515.4
Total stockholder's equity	**3,838.2**	2,928.8
Total liabilities and stockholder's equity	**$ 40,310.8**	$ 35,332.9

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(In millions)

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Revenues:				
Premiums	**$ 717.5**	$ 61.2	$ 716.6	$ 629.1
Net investment income	**1,110.5**	110.4	1,336.4	1,320.5
Policy fees, contract charges, and other	**235.1**	19.8	222.9	190.4
Net realized gains (losses):				
Total other-than-temporary impairment losses on securities	**(10.6)**	(3.8)	(56.1)	(16.3)
Less: portion recognized in other comprehensive income (loss)	**(0.1)**	—	17.5	2.2
Net impairment losses on securities recognized in earnings	**(10.7)**	(3.8)	(38.6)	(14.1)
Other net realized gains (losses)	**(92.1)**	(23.2)	(57.9)	56.5
Net realized gains (losses)	**(102.8)**	(27.0)	(96.5)	42.4
Total revenues	**1,960.3**	164.4	2,179.4	2,182.4
Benefits and expenses:				
Policyholder benefits and claims	**568.8**	48.4	570.8	445.9
Interest credited	**863.6**	84.4	967.2	953.8
Other underwriting and operating expenses	**418.9**	35.9	403.0	362.5
Interest expense	**25.4**	3.8	44.9	37.7
Amortization of DAC and VOBA	**59.7**	8.6	90.1	78.1
Amortization of intangible assets	**79.7**	0.2	3.0	4.5
Total benefits and expenses	**2,016.1**	181.3	2,079.0	1,882.5
Income (loss) from operations before income taxes	**(55.8)**	(16.9)	100.4	299.9
Provision (benefit) for income taxes:				
Current	**22.0**	(24.2)	15.9	64.5
Deferred	**(94.8)**	13.8	(62.3)	(19.0)
Total provision (benefit) for income taxes	**(72.8)**	(10.4)	(46.4)	45.5
Net income (loss)	**$ 17.0**	$ (6.5)	$ 146.8	$ 254.4

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	**January 1 to January 31, 2016**	**For the Year Ended December 31, 2015**	**For the Year Ended December 31, 2014**
Net income (loss)	**$ 17.0**	$ (6.5)	$ 146.8	$ 254.4
Other comprehensive income (loss), net of taxes and reclassification adjustments:				
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of: 2016 Successor **$75.3**; 2016 Predecessor $61.7; 2015 and 2014 Predecessor $(324.7) and $212.5)	**140.1**	114.5	(603.0)	394.5
Other-than-temporary impairments on fixed maturities not related to credit losses (net of taxes of: 2016 Successor **$(0.1)**; 2016 Predecessor $0.0; 2015 and 2014 Predecessor $(6.1) and $(0.8))	**(0.3)**	—	(11.4)	(1.4)
Impact of net unrealized (gains) losses on DAC and VOBA (net of taxes of: 2016 Successor **$(7.5)**; 2016 Predecessor $(13.1); 2015 and 2014 Predecessor $55.7 and $(9.9))	**(14.0)**	(24.4)	103.3	(18.3)
Impact of cash flow hedges (net of taxes of: 2016 Successor **$9.5**; 2016 Predecessor $13.6; 2015 and 2014 Predecessor $19.3 and $12.0)	**17.7**	25.2	35.9	22.2
Other comprehensive income (loss)	**143.5**	115.3	(475.2)	397.0
Total comprehensive income (loss)	**$ 160.5**	$ 108.8	$ (328.4)	$ 651.4

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
(In millions)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Predecessor Company						
January 1, 2014	$ 1.2	$ 1,464.6	$ (93.4)	$ 975.9	$ 593.6	$ 2,941.9
Net income	—	—	—	254.4	—	254.4
Other comprehensive income (loss)	—	—	—	—	397.0	397.0
Stock-based compensation	—	4.9	—	—	—	4.9
Shares repurchased			(41.2)			(41.2)
Dividends declared	—	—	—	(196.4)	—	(196.4)
Balances as of December 31, 2014	$ 1.2	$ 1,469.5	$ (134.6)	$ 1,033.9	$ 990.6	$ 3,360.6

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Predecessor Company						
January 1, 2015	$ 1.2	$ 1,469.5	$ (134.6)	$ 1,033.9	$ 990.6	$ 3,360.6
Net income	—	—	—	146.8	—	146.8
Other comprehensive income (loss)	—	—	—	—	(475.2)	(475.2)
Stock-based compensation	—	6.5	—	—	—	6.5
Dividends declared	—	—	—	(109.9)	—	(109.9)
Balances as of December 31, 2015	$ 1.2	$ 1,476.0	$ (134.6)	$ 1,070.8	$ 515.4	$ 2,928.8

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Predecessor Company						
January 1, 2016	$ 1.2	$ 1,476.0	$ (134.6)	$ 1,070.8	$ 515.4	$ 2,928.8
Net loss	—	—	—	(6.5)	—	(6.5)
Other comprehensive income (loss)	—	—	—	—	115.3	115.3
Stock-based compensation	—	0.3	—	—	—	0.3
Balances as of January 31, 2016	$ 1.2	$ 1,476.3	$ (134.6)	$ 1,064.3	$ 630.7	$ 3,037.9

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Successor Company					
February 1, 2016	**$ —**	**$ 3,677.7**	**$ —**	**$ —**	**$ 3,677.7**
Net income	**—**	**—**	**17.0**	**—**	**17.0**
Other comprehensive income (loss)	**—**	**—**	**—**	**143.5**	**143.5**
Balances as of December 31, 2016	**$ —**	**$ 3,677.7**	**$ 17.0**	**$ 143.5**	**$ 3,838.2**

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Cash flows from operating activities				
Net income (loss)	**$ 17.0**	$ (6.5)	$ 146.8	$ 254.4
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Net realized (gains) losses	**102.8**	27.0	96.5	(42.4)
Accretion and amortization of invested assets, net	**293.4**	8.4	113.6	72.1
Amortization of intangible assets	**79.7**	0.2	3.0	4.5
Other amortization (accretion) and depreciation	**(37.2)**	1.6	21.3	20.2
Deferred income tax provision (benefit)	**(94.8)**	13.7	(62.3)	(19.0)
Interest credited on deposit contracts	**863.6**	84.4	967.2	953.8
Mortality and expense charges and administrative fees	**(175.2)**	(13.6)	(162.1)	(137.1)
Changes in:				
Accrued investment income	**0.1**	(8.5)	(15.8)	(6.9)
DAC and VOBA, net	**(155.6)**	(11.0)	(157.6)	(93.3)
Future policy benefits, net	**17.8**	(2.7)	16.9	18.0
Policy and contract claims	**8.6**	(6.1)	8.5	(18.1)
Other assets and liabilities	**60.6**	(44.7)	18.4	(28.3)
Other, net	**13.4**	1.0	(0.4)	0.4
Total adjustments	**977.2**	49.7	847.2	723.9
Net cash provided by (used in) operating activities	**994.2**	43.2	994.0	978.3
Cash flows from investing activities				
Purchases of:				
Fixed maturities and marketable equity securities	**(5,408.6)**	(448.7)	(6,919.9)	(5,750.1)
Derivatives and other investments	**(134.8)**	(5.7)	(153.1)	(128.5)
Issuances of mortgage loans	**(1,046.1)**	(45.4)	(1,016.2)	(896.6)
Maturities, calls, paydowns, and other repayments	**1,873.0**	129.8	1,882.2	1,795.0
Sales of fixed maturities and marketable equity securities	**1,672.0**	202.6	2,660.9	2,526.6
Sales and settlements of derivatives and other investments	**85.9**	0.3	62.8	60.9
Repayments of mortgage loans	**377.4**	33.9	368.7	309.0
Cash received (pledged or returned) as collateral, net	**166.0**	(19.7)	52.7	62.6
Other, net	**(13.6)**	20.6	2.7	(0.2)
Net cash provided by (used in) investing activities	**(2,428.8)**	(132.3)	(3,059.2)	(2,021.3)
Cash flows from financing activities				
Policyholder account balances:				
Deposits	**3,715.6**	365.4	4,335.2	3,125.6
Withdrawals	**(2,169.6)**	(168.6)	(2,148.8)	(1,998.3)
Net proceeds from borrowings	**300.0**	—	—	—
Repayment of senior notes	**(300.0)**	—	—	246.0
Cash dividends paid on common stock	**—**	—	(109.1)	(196.4)
Other, net	**—**	(1.2)	1.3	(51.1)
Net cash provided by (used in) financing activities	**1,546.0**	195.6	2,078.6	1,125.8
Net increase (decrease) in cash and cash equivalents	**111.4**	106.5	13.4	82.8
Cash and cash equivalents at beginning of period	**278.7**	172.2	158.8	76.0
Cash and cash equivalents at end of period	**$ 390.1**	$ 278.7	$ 172.2	$ 158.8
Supplemental disclosures of cash flow information				
Net cash paid (received) during the year for:				
Interest	**$ 36.7**	$ 5.6	$ 41.8	$ 31.2
Income taxes	**(4.5)**	—	25.0	75.0
Non-cash transactions during the period:				
Fixed maturities exchanges	**$ 309.1**	$ 11.1	$ 143.9	$ 279.7

See accompanying notes.

1. Description of Business

Symetra Financial Corporation (the Company) is a Delaware corporation that, through its subsidiaries, offers products and services that serve the retirement, employment-based benefits and life insurance markets. These products and services are marketed through financial institutions, broker-dealers, benefits consultants, and independent agents and advisors in all 50 states and the District of Columbia. The Company's principal products include fixed, fixed indexed and variable deferred annuities, single premium immediate annuities (SPIA), medical stop-loss insurance, limited benefit medical insurance, group life and disability income (DI) insurance, individual life insurance and institutional life insurance including bank-owned life insurance (BOLI) and variable corporate owned life insurance (COLI). The Company also services its block of structured settlement annuities.

Sumitomo Life Merger

On February 1, 2016, the Company became a wholly-owned subsidiary of Sumitomo Life Insurance Company, a mutual company (sougo kaisha) organized under the laws of Japan (Sumitomo Life), in accordance with the terms of the Agreement and Plan of Merger (the Merger), dated August 11, 2015. Each outstanding share of the Company's common stock was converted into the right to receive $32.00 in cash, without interest. The aggregate cash consideration paid in connection with the Merger for all of the Company's outstanding shares of common stock was $3.7 billion. The Merger provides Sumitomo Life with a platform for growth in the United States, where it did not previously have a significant presence. Prior to the Merger, the Company's common stock was publicly traded on the New York Stock Exchange. Subsequent to the Merger, the Company ceased to be a Securities and Exchange Commission (SEC) registrant.

The Merger was accounted for under the acquisition method of accounting (purchase accounting, or PGAAP), and the Company elected "pushdown" accounting by applying the guidance allowed by Accounting Standards Codification (ASC) 805, *Business Combinations.* This resulted in the initial recognition of most of the Company's assets, including identifiable intangible assets, and liabilities at fair value as of the acquisition date, and the determination of goodwill based on the terms of the transaction and the new basis of net assets of the Company. The new basis of accounting is the basis of the accounting records in the preparation of future financial statements and related disclosures, and prior period results were not restated.

These financial statements include information as of December 31, 2016 and for the period February 1 to December 31, 2016 that relates to the Successor Company, following completion of the Merger. Information for the period of January 1, 2016 to January 31, 2016, the years ended December 31, 2015 and 2014, and as of December 31, 2015 relates to the Predecessor Company. Amounts are generally not comparable between the Successor Company and Predecessor Company due to the application of purchase accounting. Refer to Note 3 for further discussion.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). All significant intercompany transactions and balances have been eliminated. Certain reclassifications have been made to prior year financial information for it to conform to the current period presentation.

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The most significant estimates include those used to determine the following: valuation of assets and liabilities under PGAAP, valuation of investments carried at fair value; the balance, recoverability and amortization of deferred policy acquisition costs (DAC) and value of business acquired (VOBA); the liabilities for funds held under deposit contracts, future policy benefits, and policy and contract claims; and recoverability of goodwill and intangible assets. The recorded amounts reflect management's best estimates, though actual results could differ from those estimates.

Recognition of Insurance Revenue and Related Benefits

The Company's group insurance policies, which include medical stop-loss, limited benefit medical, and group life and DI, are short-duration contracts. Premiums from these products are recognized as revenue when earned over the life of the policy. Policyholder claims are charged to operations as incurred.

Traditional individual life insurance products, including term and whole life insurance products, are long-duration contracts, and the associated premiums and benefits are fixed. Premiums from these products are considered earned and

recognized as revenue when due. The Company establishes a reserve for future policy benefits associated with earned premiums, resulting in the recognition of profits over the life of the policy.

Deposits related to universal life (UL) insurance products and investment-type products are credited to policyholder account balances and reflected as liabilities, rather than as premium income, when received. Investment-type products include fixed deferred annuities, SPIAs, and structured settlements.

Revenues from UL insurance and investment-type products consist of net investment income on the policyholders' fund balances, and amounts assessed for cost of insurance, policy administration, and surrender charges. These assessments are recorded in policy fees, contract charges, and other in the consolidated statements of income (loss). Expenses charged to operations for these products include interest credited and claims incurred in excess of related policyholder account balances.

Revenue from variable annuities, life and COLI products include mortality and expense, policy administration and surrender charges. These fees are charged to policyholders' accounts based upon the daily net assets of the policyholders' account values and are recognized as revenue in policy fees, contract charges, and other in the consolidated statements of income (loss) when assessed.

Separate Account Assets and Liabilities

Separate account balances relate to the Company's variable products. Separate account assets are reported at fair value and represent funds that are invested on behalf of the Company's variable product policyholders. The assets of each separate account are legally segregated and are not subject to claims that arise out of the Company's other business activities. Investment risks associated with market value changes are borne by the policyholder, except to the extent of death benefits made by the Company with respect to certain accounts. Net investment income and realized gains and losses accrue directly to the policyholders and are not included in the Company's revenues. Separate account liabilities represent the policyholder's account balance in the separate account.

For variable annuity contracts with guaranteed minimum death benefits (GMDB), the Company contractually guarantees death benefits that may exceed the policyholder's account balance. The Company reinsures nearly all of the GMDB risk on its variable annuity contracts.

Funds Held Under Deposit Contracts

Funds held under deposit contracts includes liabilities for fixed deferred annuity contracts, fixed indexed annuities (FIA), SPIAs, structured settlement annuities, and universal life policies, including BOLI. For Successor Company, these liabilities also include PGAAP-related adjustments discussed below.

Liabilities for the fixed account portion of FIA and universal life policies are equal to account value, plus additional liabilities for policy benefits accrued but not yet earned, credited, or redeemed. Account value represents the amount available in cash to the policyholder, without regard to any surrender fees. This is computed as deposits net of withdrawals made by the policyholder, plus amounts credited based on contract specifications, less contract fees and charges assessed, plus any additional interest. Policy benefits accrued but not yet earned, credited, or redeemed relate to bonus interest, excess death benefits, and other policy benefits that can be attributed to a specific policy or group of policies.

The liability for the indexed account portion of FIA represents the present value of future estimated guaranteed benefits, as well as an embedded derivative related to expected index credits on these policies. The embedded derivative is recorded at fair value. See Note 6 for further discussion.

For SPIAs and structured settlements, liabilities are based on discounted amounts of estimated future benefits. Future benefits are either fully guaranteed or are contingent on the survivorship of the annuitant. For Predecessor Company and policies issued subsequent to the Merger, contingent future benefits are discounted with pricing mortality assumptions, which include provisions for longer life spans over time. The interest rate pattern used to calculate the reserves for these policies is set at issue, and interest rates for the pattern vary over time. For Successor Company, assumptions were reset for policies as of the date of the Merger, as discussed below. As of December 31, 2016, the weighted-average implied interest rate on the business was 4.03% and grades to 5.63% during the next 40 years.

Impact of Purchase Accounting

In conjunction with the Merger, liabilities for in-force business were recorded at fair value and the underlying contracts were considered to be new contracts for measurement and reporting purposes as of the acquisition date. Estimating the fair value of these liabilities required the use of current assumptions relative to future investment yields, mortality, persistency, and

other assumptions based on the Company's historical experience, modified as necessary to reflect anticipated trends. The Company's assumptions and estimates required significant judgment and, therefore, are inherently uncertain. The Company cannot determine with precision the ultimate amounts that it will pay to its contract holders or the timing of those payments. At the acquisition date, the Company updated the assumptions described above to reflect current best estimates.

Either a VOBA asset or an additional insurance liability was recorded to reflect the difference between the fair value of the liability and the amounts previously established. An additional insurance liability was established for the Company's lines of business related to structured settlement, SPIA, and certain BOLI policies. The liability is reported in funds held under deposit contracts and amortized over the policy period in proportion to the approximate consumption of losses. Amortization is recorded as a reduction of interest credited.

Future Policy Benefits

Liabilities for policies in-force as of the acquisition date were set to fair value, using assumptions that reflected current best estimates as of the acquisition date. See Note 3 for additional information on the impact of the Merger.

The Company estimates liabilities for future policy benefits for its traditional individual life policies as the present value of expected future policy benefits less future net premiums. The Company selects the net premiums so that the actuarial present value of future benefits equals the actuarial present value of future premiums. The Company sets the interest, mortality, and persistency assumptions in the year of issue and includes a provision for adverse deviation. The provision for adverse deviation is intended to provide coverage for the risk that actual experience may be worse than locked-in best-estimate assumptions. The Company derives mortality assumptions from both company-specific and industry statistics. Future benefits are discounted at interest rates that vary by year of policy issue. These rates are initially set to be consistent with investment rates at the time of issue, and are graded to a lower rate over time. Assumptions are set at the time each product is introduced and are not updated for actual experience unless the total product liability amount is determined to be inadequate to cover future policy benefits.

The Company estimates liabilities for future policy benefits for group long-term disability policies as the present value of future benefit payments, net of terminations and recoveries, and discounted at interest rates based on investment rates at the time of disability.

Policy Loans

Policy loans are carried at unpaid principal balances. Policy loans are not granted for amounts in excess of the accumulated cash surrender value of the policy or contract.

Investments in Limited Partnerships

The Company invests in limited partnerships where the primary return on investment is in the form of income tax credits and the tax benefit on the pass-through of partnership activity. These partnerships (collectively referred to as "tax credit investments") are established to invest in low-income housing and other qualifying purposes. The Company's investments are accounted for under the equity method. Typically, the investment is written down over time as partnership losses are allocated to the Company or when the carrying value of the investment exceeds the total amount of remaining benefits. Subsequent to the Merger, activity related to these investments is recorded in other net realized gains (losses). Prior to the Merger, amortization was recorded as a reduction to net investment income. The associated tax credits are reported in the provision for income taxes. For certain partnerships, the Company contributes its investment commitment over time, and the present value of any unfunded commitments is included in the asset balance and recorded in other liabilities.

Investments in limited partnerships also include alternative investments (private equity and hedge funds) recorded at fair value. For the Successor Company, changes in the fair value of these investments are recorded in realized gains (losses). The Company elected the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting. Prior to the Merger, the impact of changes in the fair value of alternative investments was recorded in net investment income.

Variable Interest Entities

The Company performs an ongoing qualitative assessment of its involvement with variable interest entities (VIEs). A VIE is an entity that does not have sufficient equity to finance its own activities without additional financial support, or where investors lack certain characteristics of a controlling financial interest. The Company assesses its contractual, ownership or other interests in a VIE to determine whether it has a variable interest in the entity, and if so, to determine whether the Company

has a controlling financial interest and would therefore be considered the primary beneficiary of the VIE. If it is determined the Company is the primary beneficiary of a VIE, the Company includes the assets and liabilities of the VIE in the consolidated financial statements.

The limited partnerships that the Company invests in meet the definition of a VIE. Because the Company, as a limited partner, lacks the ability to direct the activities of any of these partnerships, it is not considered the primary beneficiary and therefore has not consolidated them. The maximum exposure to loss in these VIEs was $253.4 and $276.7 as of December 31, 2016 and 2015, respectively. The maximum exposure to loss includes commitments to provide future capital contributions.

In the normal course of business, the Company also makes passive investments in structured securities issued by VIEs. These structured securities primarily include residential and commercial mortgage-backed securities and collateralized loan obligations. Because the Company lacks the ability to direct the activities that most significantly impact the economic performance of the VIEs, it is not considered the primary beneficiary and therefore does not consolidate them. The Company's maximum exposure to loss with respect to these investments is limited to the amortized cost of the Company's investment, which was $5,190.2 and $4,825.7 as of December 31, 2016 and 2015, respectively.

Subsequent Events

The Company has evaluated the effects of events subsequent to December 31, 2016, and all accounting and disclosure requirements related to subsequent events are included in the consolidated financial statements. Management has assessed material subsequent events through March 9, 2017, the date the financial statements were available to be issued. Disclosures about subsequent events are included in the relevant footnote.

Other Significant Accounting Policies

The following table includes significant accounting policies that are described in other notes to the financial statements, including the number of the note.

Significant Accounting Policy	Note #
Value of Business Acquired (VOBA)	3
Other Intangible Assets	3
Goodwill	3
Investments	4
Mortgage Loans	5
Derivative Financial Instruments	6
Fair Value of Financial Instruments	7
Deferred Policy Acquisition Costs (DAC)	8
Commitments and Contingencies	10
Segment Information	11
Reinsurance	12
Liability for Unpaid Claims	13
Income Taxes	15

Accounting Pronouncements

Standard	Description	Required date of adoption	Effect on the financial statements or other significant matters
Accounting Pronouncements Not Yet Adopted			
Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*	This standard amends disclosure requirements for companies that use the practical expedient to measure the fair value of certain investments using the net asset value per share. Under the standard, companies are no longer required to categorize fair value measurements for these investments in the fair value hierarchy.	January 1, 2017	Upon adoption, the Company will apply the new disclosure requirements to its investments in limited partnerships that are valued using the practical expedient.
Update No. 2015-09, *Financial Services - Insurance (Topic 944): Disclosures about Short-Duration Contracts*	This standard amends disclosure requirements for the liability for unpaid claims and claim adjustment expenses on short-duration contracts for insurance entities. Under the standard, companies must include certain additional quantitative and qualitative information about these liabilities in its financial statements.	January 1, 2017	Upon adoption, the Company will retrospectively apply the new disclosure requirements to its short-duration contracts, which are primarily related to its insurance policies in the Benefits segment.
Update No. 2016-01, *Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities*	This standard amends recognition and disclosure requirements primarily for equity investments carried at fair value. Under the standard, changes in fair value for equity investments will be recorded in income. In addition, the requirement to disclose the fair value of financial instruments held at amortized cost has been eliminated for nonpublic companies.	January 1, 2019	The Company is in the early stages of evaluating the potential impact of the standard on its financial statements. The Company will apply the standard using a modified retrospective approach.
Update No. 2016-02, *Leases (Topic 842)*	This standard amends the recognition requirements for all leases with a term greater than 12 months and provides new guidelines for the identification of a lease within a contract. Under the standard, companies must measure and recognize a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. In addition, the standard requires expanded quantitative and qualitative disclosures.	January 1, 2020	The Company is in the early stages of evaluating the potential impact of the standard on its financial statements. Upon adoption, the Company will apply the standard using a modified retrospective approach and apply the requirements to all new leases. The Company is considering whether to early adopt.

Standard	Description	Required date of adoption	Effect on the financial statements or other significant matters
Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*	This standard amends the credit loss measurement guidance for available-for-sale securities. Credit losses will be recognized in a credit allowance account rather than as reductions in the amortized cost of the securities. Further, entities are no longer allowed to consider length of time a security has been underwater as a factor when concluding a credit loss does not exist. This standard also amends existing guidance on the impairment of certain financial instruments by adding an impairment model that reflects expected credit losses. This requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.	January 1, 2021	The Company is in the early stages of evaluating the potential impact of the standard on its financial statements. Upon adoption, the Company will apply the standard using a modified retrospective approach. The Company is considering whether to early adopt.
Update No. 2017-04, *Intangibles - Goodwill and Other (Topic 350)*	This standard removes the requirement to calculate the implied fair value of goodwill (Step 2 of goodwill impairment test) to measure a goodwill impairment charge. A goodwill impairment will now be based on the amount by which a reporting unit's carrying value exceeds its fair value determined in Step 1 of the goodwill impairment test. This impairment test will be applied to goodwill at all reporting units, even those with zero or negative carrying amounts. Entities will be required to disclose the amount of goodwill at reporting units with zero or negative carrying amounts.	January 1, 2022	The Company is in the early stages of evaluating the potential impact of the standard on its financial statements. Upon adoption, the Company will apply the standard prospectively. The Company is considering whether to early adopt.

3. Sumitomo Life Merger

On February 1, 2016 (the Merger date), the Company became a wholly-owned subsidiary of Sumitomo Life Insurance Company. Refer to Note 1 for further details on this transaction.

The following table summarizes the fair value of assets acquired and liabilities assumed at the acquisition date:

	Fair Value As of February 1, 2016
Assets	
Fixed maturities	$ 26,938.4
Marketable equity securities	627.5
Mortgage loans	5,077.0
Policy loans	58.3
Investments in limited partnerships	271.0
Derivatives and other invested assets	155.6
Total investments	33,127.8
Cash and cash equivalents	278.7
Accrued investment income	329.2
Reinsurance recoverables	321.5
VOBA	457.6
Receivables and other assets	266.1
Other intangible assets	1,441.7
Goodwill	563.0
Separate account assets	858.2
Total assets	$ 37,643.8
Liabilities	
Funds held under deposit contracts	$ 31,004.8
Future policy benefits	459.3
Policy and contract claims	144.2
Other policyholders' funds	150.7
Notes payable	711.2
Deferred income tax liabilities, net	228.3
Other liabilities	409.4
Separate account liabilities	858.2
Total liabilities	33,966.1
Net assets acquired	$ 3,677.7

Value of Business Acquired (VOBA)

In conjunction with the Merger, a portion of the purchase price was allocated to the right to receive future gross profits from cash flows and earnings of the Company's existing business. This VOBA was based on the actuarially estimated present value of future cash flows from the Company's insurance policies and annuity contracts in-force on the date of the Merger. The estimated present value of future cash flows used in the calculation of VOBA is based on certain assumptions, including lapse rates, mortality experience, maintenance expenses, crediting rates, and investment performance that the Company expects to experience in future years. Similar to its accounting for deferred policy acquisition costs (DAC), the Company amortizes VOBA for deferred annuity contracts and universal life insurance policies over the lives of the contracts or policies in proportion to the estimated future gross profits.

For the Company's lines of business related to structured settlement, SPIA, and certain BOLI policies, the estimated fair value of the in-force contract obligations exceeded the book value of assumed in-force insurance policy liabilities, resulting in the establishment of an additional liability. See the "Funds Held Under Deposit Contracts" accounting policy above for further discussion.

Other Intangible Assets

In conjunction with the Merger, a portion of the purchase price was allocated to specifically identifiable intangible assets. Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful life of the assets. Amortizable intangible assets primarily consist of value of distribution acquired (VODA), value of customer relationships acquired (VOCRA), trade names and technology. VODA represents the present value of expected future profits associated with the expected future business derived from distribution relationships in existence as of the Merger date. VOCRA represents the present value of the expected future profits associated with the Company's group insurance business in-force in the Benefits segment as of the Merger date, including the value of renewals associated with this business. Identified intangible assets were valued using the excess earnings method, relief from royalty method or cost approach, as appropriate.

Other intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant change in the extent or manner in which an asset is used or any other significant adverse change that would indicate that the carrying amount of an asset or group of assets may not be recoverable. Impairment is only recorded if the asset's carrying amount is not recoverable through its undiscounted future cash flows. If an impairment exists, the amount is measured as the difference between the carrying amount and fair value.

Identified intangible assets recognized by the Company included the following:

	Estimated Fair Value on Acquisition Date	Weighted Average Estimated Useful Life
Value of distribution acquired (VODA)	$ 782.0	35 years
Value of customer relationships acquired (VOCRA)	386.7	10 years
Trade names	190.0	17 years
Technology	72.0	5 years
Total intangible assets subject to amortization	1,430.7	24.3 years
Insurance licenses	11.0	Indefinite
Total intangible assets	$ 1,441.7	

The following table sets forth the estimated future aggregate amortization expense:

Year	Amount
2017	$ 87.0
2018	87.0
2019	87.0
2020	87.0
2021	73.4

Goodwill

Goodwill was determined based on the terms of the transaction and the fair value of the net assets of the Company under the new basis of accounting. It represents the acquisition price in excess of the fair value of net assets acquired in the Merger, including identifiable intangible assets, and reflects the Company's future growth potential, assembled workforce and other sources of value not associated with identifiable assets. The Company's goodwill balance was assigned to its reporting units, which are the same as the Company's reportable segments (Benefits, Deferred Annuities, Income Annuities and Individual Life). The goodwill recognized is not deductible for tax purposes.

The Company has elected not to amortize goodwill, and it will be reviewed for impairment at least annually, as of July 1, or more frequently if there are indicators of impairment, with consideration given to financial performance and estimates of the future profitability of the associated lines of business. When evaluating whether goodwill is impaired, the Company generally first determines through qualitative analysis whether relevant events and circumstances indicate that it is more likely than not that goodwill balances are impaired. If it is determined that it is more likely than not that an impairment exists, the Company

compares its estimate of the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. If the fair value is lower than the carrying amount, the Company determines the implied fair value of goodwill and records an impairment equal to the excess of the existing goodwill balance over the implied fair value. During the third quarter of 2016, the Company performed its annual impairment assessment of goodwill and determined that goodwill was not impaired.

Treatment of certain merger-related costs and outstanding employee awards

The Company recorded costs related to the Merger in the predecessor or successor periods based on the specific facts and circumstances underlying each individual transaction. Certain merger-related costs that were fully contingent on the completion of the Merger were not expensed in either the Predecessor or Successor Company statements of income (loss). Liabilities for payment of these contingent costs were included in the opening balance sheet as of February 1, 2016. This included fees of $30.3 paid to the Company's financial advisors.

At or immediately prior to the effective time of the Merger, unvested and outstanding awards granted under the Symetra Financial Corporation Equity Plan were canceled and converted into a right to receive an amount in cash, without interest. This included stock options, restricted stock and performance unit awards. Upon completion of the Merger, a total of $52.3 became payable to eligible employees under these arrangements. Of this amount, $35.6 was recorded as a liability as of February 1, 2016 and $16.7 was recorded as an expense of the Successor Company.

4. Investments

The Company's investment portfolio consists in large part of fixed maturities and commercial mortgage loans, as well as a smaller allocation of marketable equity securities, investments in limited partnerships, derivatives, and other investments. Equity investments primarily consist of common stock and exchange-traded funds (ETFs) in support of long-duration insurance products in the Income Annuities segment.

Available-for-Sale Securities

The Company classifies its investments in fixed maturities as available-for-sale and carries them at fair value. Fixed maturities primarily include bonds, mortgage-backed securities, collateralized loan obligations and redeemable preferred stock. See Note 7 for information on the valuation of these securities and additional disclosures regarding fair value measurements.

In addition, as of the Merger date, the Company classified all of its investments in marketable equity securities as available-for-sale. Prior to the Merger, a portion was classified as trading.

The Company reports net unrealized gains (losses) related to its available-for-sale securities in accumulated other comprehensive income (AOCI) in stockholder’s equity, net of related DAC and VOBA adjustments and deferred income taxes. The cost of securities sold is determined using the specific-identification method.

The Company reports interest and dividends earned, including prepayment fees or interest-related make whole payments, in net investment income. Prepayments of fixed maturities and commercial mortgage loans result in accelerated amortization of the premium or discount associated with the investment, which is recorded in realized gains and losses.

Interest income for fixed maturities is recognized using the effective yield method. For mortgage-backed securities, the Company recognizes income using a constant effective yield based on anticipated prepayments and the estimated economic life of the securities. Quarterly, the Company compares actual prepayments to anticipated prepayments and recalculates the effective yield to reflect actual payments plus anticipated future payments. The Company includes any resulting adjustment in net investment income in the current period.

When the collectability of interest income for fixed maturities is considered doubtful, any accrued but uncollectible interest is deducted from investment income in the current period. The Company then places the securities on nonaccrual status, and they are not restored to accrual status until all delinquent interest and principal are paid.

The following tables summarize the Company's available-for-sale fixed maturities and marketable equity securities. As of the Merger date, the book value of the Company’s fixed maturity and marketable equity securities was increased to fair value, which resulted in the elimination of previously recorded unrealized gains and losses from accumulated other comprehensive income and an overall net premium balance included in the new cost basis.

	As of December 31, 2016 (Successor Company)			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
U.S. government and agencies	**$ 397.3**	**$ 0.4**	**$ (5.6)**	**$ 392.1**
State and political subdivisions	**943.0**	**1.3**	**(13.5)**	**930.8**
Corporate securities	**21,761.2**	**428.2**	**(152.5)**	**22,036.9**
Residential mortgage-backed securities	**2,657.7**	**3.7**	**(52.5)**	**2,608.9**
Commercial mortgage-backed securities	**930.9**	**2.7**	**(6.4)**	**927.2**
Collateralized loan obligations	**1,198.7**	**18.7**	**(3.8)**	**1,213.6**
Other debt obligations	**507.7**	**4.2**	**(6.8)**	**505.1**
Total fixed maturities	**28,396.5**	**459.2**	**(241.1)**	**28,614.6**
Marketable equity securities, available-for-sale	**642.7**	**81.9**	**(7.2)**	**717.4**
Total	**$ 29,039.2**	**$ 541.1**	**$ (248.3)**	**$ 29,332.0**

	As of December 31, 2015 (Predecessor Company)			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
U.S. government and agencies	$ 479.8	$ 3.7	$ (1.4)	$ 482.1
State and political subdivisions	842.5	34.1	(1.5)	875.1
Corporate securities	19,639.5	955.0	(313.6)	20,280.9
Residential mortgage-backed securities	2,539.2	132.7	(9.9)	2,662.0
Commercial mortgage-backed securities	1,186.5	36.2	(5.0)	1,217.7
Collateralized loan obligations	663.1	0.1	(18.4)	644.8
Other debt obligations	541.3	30.5	(4.0)	567.8
Total fixed maturities	25,891.9	1,192.3	(353.8)	26,730.4
Marketable equity securities, available-for-sale	175.8	1.2	(3.6)	173.4
Total	$ 26,067.7	$ 1,193.5	$ (357.4)	$ 26,903.8

The Company maintains a diversified portfolio of corporate fixed maturity securities across industries. The following table presents the composition of the Company's corporate securities portfolio by sector:

	December 31, 2016 (Successor Company)		As of December 31, 2015 (Predecessor Company)	
	Fair Value	% of Total	Fair Value	% of Total
Industrial	$ 4,077.7	18.5%	$ 3,995.4	19.7%
Consumer discretionary	3,023.3	13.7	2,829.5	14.0
Health care	2,879.6	13.1	2,463.9	12.1
Consumer staples	2,824.6	12.8	2,676.5	13.2
Utilities	2,485.4	11.3	2,103.9	10.4
Financial	2,281.4	10.3	2,090.8	10.3
Other	4,464.9	20.3	4,120.9	20.3
Total	$ 22,036.9	100.0%	$ 20,280.9	100.0%

The following tables summarize gross unrealized losses and fair values of the Company's available-for-sale investments. The tables are aggregated by investment category and present separately those securities that have been in a continuous unrealized loss position for less than twelve months and for twelve months or more. The Successor Company has no securities in an unrealized loss position for twelve months or more because the book value of the Company's investments was marked to fair value as of the Merger date.

	As of December 31, 2016 (Successor Company)					
	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
Fixed maturities:						
U.S. government and agencies	$ 273.4	$ (5.6)	41	$ —	$ —	—
State and political subdivisions	758.8	(13.5)	118	—	—	—
Corporate securities	8,380.4	(152.5)	546	—	—	—
Residential mortgage-backed securities	2,382.4	(52.5)	468	—	—	—
Commercial mortgage-backed securities	449.6	(6.4)	54	—	—	—
Collateralized loan obligations	384.2	(3.8)	27	—	—	—
Other debt obligations	388.6	(6.8)	48	—	—	—
Total fixed maturities	13,017.4	(241.1)	1,302	—	—	—
Marketable equity securities, available-for-sale	95.0	(7.2)	36	—	—	—
Total	$ 13,112.4	$ (248.3)	1,338	$ —	$ —	—

	As of December 31, 2015 (Predecessor Company)					
	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
Fixed maturities:						
U.S. government and agencies	$ 153.4	$ (1.4)	18	$ —	$ —	—
State and political subdivisions	92.3	(1.3)	15	5.4	(0.2)	2
Corporate securities	6,046.7	(235.4)	550	544.8	(78.2)	96
Residential mortgage-backed securities	384.7	(5.6)	65	113.7	(4.3)	22
Commercial mortgage-backed securities	268.3	(4.5)	23	25.3	(0.5)	4
Collateralized loan obligations	566.4	(18.4)	52	—	—	—
Other debt obligations	140.5	(4.0)	15	—	—	—
Total fixed maturities	7,652.3	(270.6)	738	689.2	(83.2)	124
Marketable equity securities, available-for-sale	138.3	(3.6)	4	—	—	—
Total	$ 7,790.6	$ (274.2)	742	$ 689.2	$ (83.2)	124

Based on National Association of Insurance Commissioners (NAIC) ratings as of December 31, 2016 and 2015, the Company held below-investment-grade fixed maturities with fair values of $1,303.5 and $1,039.0, respectively, and amortized costs of $1,227.4 and $1,083.2, respectively. These holdings amounted to 4.6% and 3.8% of the Company's investments in fixed maturities at fair value as of December 31, 2016 and 2015, respectively.

The following table summarizes the amortized cost and fair value of fixed maturities as of December 31, 2016, by contractual years to maturity. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized Cost	Fair Value
One year or less	**$ 919.9**	**$ 921.5**
Over one year through five years	**7,711.7**	**7,774.5**
Over five years through ten years	**9,765.0**	**9,875.6**
Over ten years	**4,809.7**	**4,894.1**
Total fixed maturities with contractual maturity dates	**23,206.3**	**23,465.7**
Residential mortgage-backed securities	**2,657.7**	**2,608.9**
Commercial mortgage-backed securities	**930.9**	**927.2**
Collateralized loan obligations	**1,198.7**	**1,213.6**
Other asset-backed securities	**402.9**	**399.2**
Total fixed maturities	**$ 28,396.5**	**$ 28,614.6**

The following table summarizes the Company's net investment income:

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Fixed maturities	**$ 924.5**	$ 96.3	$ 1,160.5	$ 1,136.7
Marketable equity securities	**19.4**	0.3	18.1	17.8
Mortgage loans	**195.1**	21.3	247.6	215.7
Investments in limited partnerships (1):	**—**	(4.4)	(60.0)	(23.9)
Other	**7.5**	0.2	8.0	7.9
Total investment income	**1,146.5**	113.7	1,374.2	1,354.2
Investment expenses	**(36.0)**	(3.3)	(37.8)	(33.7)
Net investment income	**$ 1,110.5**	$ 110.4	$ 1,336.4	$ 1,320.5

(1) Predecessor Company income includes net gains (losses) on changes in the fair value of alternative investments held as of period end for which the Company elected the fair value option, totaling $(0.8), $(19.7) and $3.8 for the one month ended January 31, 2016 and the years ended December 31, 2015 and 2014, respectively.

The following table summarizes the Company's net realized gains (losses):

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Fixed maturities:				
Gross gains on sales	**$ 20.7**	$ 2.4	$ 13.7	$ 27.6
Gross losses on sales	**(24.3)**	(1.2)	(22.2)	(6.8)
Net impairment losses	**(10.7)**	(3.8)	(38.6)	(14.1)
Marketable equity securities, trading (1)	**—**	(22.5)	10.0	55.7
Investments in limited partnerships (2):				
Alternative investments	**15.2**	—	—	—
Tax credit investments	**(47.1)**	(0.6)	(44.8)	(16.7)
Other (3)	**(60.3)**	(0.8)	(21.8)	(4.8)
DAC and VOBA adjustment	**3.7**	(0.5)	7.2	1.5
Net realized gains (losses)	**$ (102.8)**	$ (27.0)	$ (96.5)	$ 42.4

(1) Predecessor Company results include net gains (losses) on changes in the fair value of trading securities held as of period end totaling $(22.7), $(4.0) and $32.3 for the one month ended January 31, 2016 and the years ended December 31, 2015 and 2014, respectively.
(2) Successor Company results reflect losses related to tax credit investments and changes in the fair value of alternative investments. Prior to the Merger, changes in the fair value of alternative investments and amortization of tax credit investments were recorded in net investment income. Historical periods have not been adjusted.
(3) This includes net gains (losses) on calls and redemptions, changes in the fair value of the Company's convertible securities, net gains (losses) on derivatives not designated for hedge accounting and other instruments, including an embedded derivative related to the Company's fixed indexed annuity (FIA) product, and gains (losses) on commercial mortgage loans and sales of available-for-sale equity securities. For more information on net gain (losses) on derivatives not designated as hedges, refer to Note 6.

Other-Than-Temporary Impairments (OTTI)

The Company's review of available-for-sale investment securities for OTTI includes both quantitative and qualitative criteria. Quantitative criteria include the length of time and amount that each security is in an unrealized loss position (i.e., is underwater) and, for fixed maturities, whether expected future cash flows indicate that a credit loss exists.

While all securities are monitored for impairment, the Company's experience indicates that, under normal market conditions, securities for which the cost or amortized cost exceeds fair value by less than 20% do not typically represent a significant risk of impairment and, often, fair values recover over time as the factors that caused the declines improve. If the estimated fair value has declined and remained below cost or amortized cost by 20% or more for at least six months, the Company further analyzes the decrease in fair value to determine whether it is an other-than-temporary decline. To make this determination for each security, the Company considers, among other factors:

- Extent and duration of the decline in fair value below cost or amortized cost;
- Financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations, earnings potential or compliance with terms and covenants of the security;
- Changes in the financial condition of the security's underlying collateral;
- Any downgrades of the security by a rating agency;
- Nonpayment of scheduled interest, or the reduction or elimination of dividends; and
- Other indications that a credit loss has occurred.

Fixed Maturities

For fixed maturities, the Company concludes an OTTI has occurred if a security is underwater and there is an intent to sell the security, or it is more likely than not that the Company will be required to sell the security prior to recovery of its amortized cost, considering any regulatory developments, prepayment or call notifications and the Company's liquidity needs. If there is an intent or requirement to sell the security, the entire unrealized loss is recognized as an OTTI in net realized gains (losses).

An OTTI has also occurred if the present value of expected cash flows is less than the amortized cost of the security (i.e., a credit loss exists). In such cases, the Company isolates the portion of the total unrealized loss related to the credit loss, which is recognized in realized gains (losses) on the consolidated statements of income (loss), and the remainder is recorded as a non-credit OTTI through other comprehensive income.

To determine the amount of a credit loss, the Company calculates the recovery value by discounting its estimate of future cash flows from the security. The discount rate is the original effective yield for corporate securities, which reflects book value adjustments made at PGAAP, or current effective yield for mortgage-backed and other structured securities. The amount of the credit loss equals the difference between the carrying value and recovery value of the security.

Determination of Credit-Related OTTI on Corporate Securities

To determine the recovery value for a corporate security, the Company performs an analysis including, but not limited to, the following:

- Expected cash flows of the issuer;
- Fundamentals of the industry in which the issuer operates;
- Fundamentals of the issuer to determine what the Company would recover if the issuer were to file for bankruptcy or restructure its debt outside of bankruptcy;
- Expectations regarding defaults and recovery rates;
- Changes to the rating of the security by a rating agency;
- Third-party guarantees; and
- Additional available market information.

Determination of Credit-Related OTTI on Structured Securities

To determine the recovery value for a structured security, including residential mortgage-, commercial mortgage- and other asset-backed securities, the Company performs an analysis including, but not limited to, the following:

- Expected cash flows from the security;
- Creditworthiness;
- Delinquency, debt-service coverage, and loan-to-value ratios on the underlying collateral;
- Underlying collateral values, vintage year and level of subordination;

- Geographic concentrations; and
- Susceptibility to prepayment due to changes in the interest rate environment.

The largest write-downs recorded through net realized gains (losses) on fixed maturities were related to investments in the following sectors:

	Successor Company		Predecessor Company					
	February 1 to December 31, 2016		January 1 to January 31, 2016		For the Year Ended December 31, 2015		For the Year Ended December 31, 2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Financials	**$ 4.2**	**39.2%**	$ —	—%	$ 1.8	4.7%	$ 0.6	4.3%
U.S. Federal Government (1)	**3.7**	**34.6**	—	—	1.6	4.1	1.2	8.5
Health care	**1.6**	**15.0**	—	—	—	—	—	—
Energy	**0.4**	**3.7**	3.8	100.0	30.5	79.0	8.9	63.1
Materials	**—**	**—**	—	—	1.5	3.9	2.9	20.6
Other	**0.8**	**7.5**	—	—	3.2	8.3	0.5	3.5
Net impairment losses recognized in earnings	**$ 10.7**	**100.0%**	$ 3.8	100.0 %	$ 38.6	100.0%	$ 14.1	100.0%

(1) Impairments on U.S. Federal Government securities are due to the Company's intent to sell.

The following table presents the severity and duration of the gross unrealized losses on the Company's underwater available-for-sale fixed maturities, after the recognition of OTTI:

	As of December 31, 2016 (Successor Company)			As of December 31, 2015 (Predecessor Company)		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
Fixed maturities:						
Underwater by 20% or more:						
Less than 6 consecutive months	**$ 1.9**	**$ (0.6)**	**2**	$ 86.4	$ (37.1)	56
6 consecutive months or more	**0.1**	**(0.3)**	**5**	44.9	(21.5)	22
Total underwater by 20% or more	**2.0**	**(0.9)**	**7**	131.3	(58.6)	78
All other underwater fixed maturities	**13,015.4**	**(240.2)**	**1,295**	8,210.2	(295.2)	761
Total underwater fixed maturities	**$ 13,017.4**	**$ (241.1)**	**1,302**	$ 8,341.5	$ (353.8)	839

Marketable Equity Securities

For equity securities, the Company concludes an OTTI has occurred if it does not have the intent or ability to hold the security until recovery, or if qualitative factors otherwise indicate that the security's cost will not be recovered. If an OTTI exists, the entire unrealized loss is recognized as an OTTI in net realized gains (losses).

The Company reviewed its available-for-sale securities with unrealized losses as of December 31, 2016 and 2015 in accordance with its impairment policy and determined, after the recognition of OTTI, that the remaining declines in fair value were temporary. For fixed maturities, the Company did not intend to sell its underwater securities, and it was not more likely than not that the Company will be required to sell the securities before recovery of cost or amortized cost, which may be maturity. This conclusion is supported by the Company's spread analyses, cash flow modeling and expected continuation of contractually required principal and interest payments.

Changes in the amount of credit-related OTTI recognized in net income where the portion related to other factors was recognized in other comprehensive income (OCI) were as follows:

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Balance, beginning of period	$ —	$ 27.7	$ 20.1	$ 23.1
Increases recognized in the current period:				
For which an OTTI was not previously recognized	**4.1**	—	8.3	1.1
For which an OTTI was previously recognized	**0.9**	—	7.8	1.8
Decreases attributable to:				
Securities sold or paid down during the period	**(0.6)**	(0.4)	(7.4)	(5.8)
Previously recognized credit losses on securities impaired during the period due to a change in intent to sell (1)	**—**	—	(1.1)	(0.1)
Balance, end of period	**$ 4.4**	$ 27.3	$ 27.7	$ 20.1

(1) Represents circumstances where the Company determined in the period that it intended to sell the security prior to recovery of its amortized cost.

Investments in Limited Partnerships — Affordable Housing Project Investments

The Company invests in limited partnerships that are established to fund low-income housing and other qualifying purposes, where the primary return on investment is in the form of income tax credits. These are collectively referred to as "tax credit investments," and the majority of the Company's such investments relate to affordable housing project investments. As of December 31, 2016 and 2015, the Company's tax credit investments had carrying values of $195.2 and $210.9, respectively, of which $186.0 and $193.1, respectively, related to affordable housing project investments.

The following table sets forth the impact of affordable housing project investments on net income. These amounts do not include the impacts of the Company's holdings in other types of tax credit investments.

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Amortization	**$ (24.0)**	$ (2.1)	$ (30.6)	$ (25.8)
Write downs	**(1.0)**	(0.5)	(8.3)	(8.5)
Tax benefit from amortization and write downs	**8.8**	0.9	13.6	12.0
Tax credits, net	**35.5**	3.1	45.2	48.4
Impact to net income	**$ 19.3**	$ 1.4	$ 19.9	$ 26.1

5. Mortgage Loans

The Company originates and manages a portfolio of mortgage loans, which are secured by first-mortgage liens on income-producing commercial real estate, primarily in the retail, industrial and office building sectors. Loans are underwritten based on loan-to-value (LTV) ratios and debt-service coverage ratios (DSCR), as well as detailed market, property and borrower analyses. The Company's mortgage loan portfolio is considered a single portfolio segment and class of financing receivables, which is consistent with how the Company assesses and monitors the risk and performance of the portfolio. A large majority of these loans have personal guarantees, and all mortgaged properties are inspected annually. The Company updates each loan's LTV ratio every period based on the carrying value of the property, while property information (such as property value and income for DSCR) is updated annually, primarily during the third quarter.

The Company's mortgage loan portfolio is diversified by geographic region, loan size and scheduled maturity. As of December 31, 2016, the three states with the largest concentrations of the Company's commercial mortgage loans were

California, Texas and Washington, comprising 27.2%, 11.4%, and 7.3%, respectively, of total outstanding principal. Of the loans in California, 41.9% related to properties located in the Los Angeles area.

For the Predecessor Company and loans issued subsequent to the Merger, the carrying value of mortgage loans reflects outstanding principal balances, adjusted for unamortized deferred fees and costs, net of an allowance for loan losses.

Loan origination fees and costs are deferred and amortized over the life of the loan. Interest income, including amortization of deferred fees and expenses, is recorded in net investment income using the effective interest rate method.

As of the Merger date, all outstanding mortgage loans were measured at fair value, which resulted in the establishment of a net premium for the portfolio. This net premium is amortized into net investment income for each loan based on its expected maturity, using the effective interest rate method. As of December 31, 2016, the unamortized premium balance was $228.4. Each mortgage loan was individually analyzed and assigned a discount rate used to determine the fair value. Various market factors were considered in determining the net present value of the expected cash flow stream, including the characteristics of the borrower, the underlying collateral, underlying credit worthiness of the tenants, and tenant payment history. Known events and risks, such as refinancing and credit-related risks, were also considered in the fair value determination. In addition, the balances of deferred costs, unearned fees, and allowance for loan losses were set to zero.

Allowance for Mortgage Loans

The allowance for losses on mortgage loans provides for the risk of credit loss inherent in the lending process. The allowance consists of a portfolio reserve for probable losses incurred but not specifically identified and, as needed, specific reserves for impaired loans. The allowance for losses on mortgage loans is evaluated at each reporting period and adjustments are recorded when appropriate. Loans are specifically evaluated for impairment if the Company considers it probable that amounts due according to the terms of the loan agreement will not be collected, or the loan is modified in a troubled debt restructuring. The Company establishes specific reserves for these loans when the fair value is less than the carrying value.

To assist in its evaluation of the allowance for loan losses, the Company utilizes the following credit quality indicators to categorize its loans as lower, medium or higher risk:

- *Lower Risk Loans* – Loans with an LTV ratio of less than 65%, and a DSCR of greater than 1.50.
- *Medium Risk Loans* – Loans that have an LTV ratio of less than 65% but a DSCR below 1.50, or loans with an LTV ratio between 65% and 80% and a DSCR of greater than 1.50.
- *Higher Risk Loans* – Loans with an LTV ratio greater than 80%, or loans which have an LTV ratio between 65% and 80% and a DSCR of less than 1.50.

Loans held as of the Merger date (referred to as PGAAP loans) were adjusted to fair value, which incorporated expectations for credit losses at that time, and the allowance was set to zero. The Company separately monitors these loans for deterioration in credit quality or other indicators that a loss has incurred. Any allowance related to these PGAAP loans reflects losses incurred subsequent to the Merger.

The following table sets forth the Company's mortgage loans by risk category, consistent with how the allowance for loan losses is evaluated:

	As of December 31, 2016 (Successor Company)		As of December 31, 2015 (Predecessor Company)	
	Balance	**%**	**Balance**	**%**
Lower risk	**$ 760.4**	**70.3%**	$ 3,103.2	64.9%
Medium risk	**261.9**	**24.2**	1,129.3	23.6
Higher risk	**59.2**	**5.5**	547.9	11.5
Subtotal, excluding certain PGAAP loans	**1,081.5**	**100.0**	4,780.4	100.0%
Lower risk	**3,097.6**	**67.2**	—	
Medium risk	**1,071.3**	**23.2**	—	
Higher risk	**441.3**	**9.6**	—	
Subtotal, certain PGAAP loans (1)	**4,610.2**	**100.0%**	—	
Loans specifically evaluated for impairment (2)	**—**		1.7	
Other (3)	**0.5**		(3.6)	
Total	**$ 5,692.2**		$ 4,778.5	

(1) Represents loans set to fair value on February 1, 2016 for which there are no indications of subsequent credit deterioration.
(2) As of December 31, 2016 and 2015, reserve amounts of $**0.0** and $0.2, respectively, were held for loans specifically evaluated for impairment.
(3) Includes allowance for loan losses and deferred fees and costs.

In developing the portfolio reserve for incurred but not specifically identified losses, the Company evaluates loans by risk category. The Company considers past loan experience, commercial real estate market conditions, third-party data for expected losses on loans with similar LTV ratios and DSCRs, personal guarantees, and other relevant factors when determining whether an allowance is needed for loans categorized as medium or higher risk. In developing its provision for specifically identified loans, a market valuation on the collateral is performed to determine if a reserve is necessary.

The following table summarizes the activity in the Company's allowance for mortgage loan losses, which includes portfolio and specific reserves:

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	**January 1 to January 31, 2016**	**For the Year Ended December 31, 2015**	**For the Year Ended December 31, 2014**
Allowance at beginning of period (1)	**$ —**	$ 8.1	$ 8.1	$ 8.1
Provision for loans not specifically identified	**0.7**	—	—	—
Allowance at end of period	**$ 0.7**	$ 8.1	$ 8.1	$ 8.1

(1) Balance was reset to $0.0 on February 1, 2016 due to PGAAP.

Non-performing loans, defined generally as those in default, close to being in default or more than 90 days past due, are placed on non-accrual status. As of December 31, 2016 and 2015, no loans were considered non-performing.

6. Derivative Instruments

The Company uses derivative financial instruments to hedge certain portions of its exposure to equity market risk, interest rate risk and foreign currency exchange risk. Derivative financial instruments currently held consist primarily of equity market contracts, interest rate swaps, and foreign currency swaps. Derivative instruments may be exchange-traded or contracted in the over-the-counter (OTC) market. The Company has established policies for managing its derivatives, including prohibitions on derivatives market-making and other speculative derivatives activities. All of the Company's derivative financial instruments are individually recognized at fair value as either assets within derivatives and other invested assets, or liabilities within other liabilities in the consolidated balance sheets.

The accounting for changes in the fair value of derivative instruments depends on whether it qualifies and has been designated for hedge accounting. To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating

the designated risk of the hedged item. Effectiveness of the hedge is formally assessed at inception and throughout the life of the hedging relationship. In addition, in connection with purchase accounting, the Company formally redesignated its hedge accounting relationships as of the Merger date.

When a derivative is designated as a cash flow hedge and is determined to be highly effective, changes in its fair value are recorded as a component of OCI and reclassified into net income in the same period during which the hedged transaction affects net income. Any hedge ineffectiveness is recorded in the consolidated statements of income (loss) within net realized gains (losses). If a derivative instrument does not qualify, or is not designated for hedge accounting, the changes in its fair value are recorded in the consolidated statements of income (loss) within net realized gains (losses).

The Company prospectively discontinues hedge accounting when: (1) the criteria to qualify for hedge accounting is no longer met (e.g., the derivative is no longer highly effective in offsetting the change in cash flows of a hedged item); (2) the derivative expires, is sold, terminated or exercised; or (3) the derivative is de-designated as a hedging instrument for hedge accounting purposes. If it is determined that a derivative no longer qualifies as an effective hedge, the derivative continues to be carried in the consolidated balance sheet at its fair value, with changes in fair value recognized prospectively in income.

The Company also issues fixed indexed annuity contracts that contain embedded derivatives, which are recorded at fair value in funds held under deposit contracts in the consolidated balance sheets. Changes in fair value are recognized in net realized gains (losses).

Derivative Exposure

The following table sets forth the fair value of the Company's derivative instruments:

	As of December 31, 2016 (Successor Company)			As of December 31, 2015 (Predecessor Company)		
	Notional Amount	Fair Value Assets	Fair Value Liabilities	Notional Amount	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedges:						
Cash flow hedges:						
Interest rate swaps	**$ 719.8**	**$ 3.3**	**$ 16.3**	$ 424.5	$ 6.1	$ 3.1
Foreign currency swaps	**701.1**	**141.9**	**—**	679.8	61.8	—
Total derivatives designated as hedges	**$ 1,420.9**	**$ 145.2**	**$ 16.3**	$ 1,104.3	$ 67.9	$ 3.1
Derivatives not designated as hedges:						
Index options	**$ 5,116.4**	**$ 161.7**	**$ 1.7**	$ 3,794.0	$ 71.3	$ —
Total return swaps	**384.0**	**—**	**22.8**	—	—	—
Interest rate swaps	**126.5**	**0.2**	**0.3**	118.3	0.1	0.8
Embedded derivatives	**—**	**—**	**532.4**	—	—	385.7
Other derivatives	**39.8**	**0.3**	**0.2**	132.2	0.2	0.5
Total derivatives not designated as hedges	**5,666.7**	**162.2**	**557.4**	4,044.5	71.6	387.0
Total derivatives	**$ 7,087.6**	**$ 307.4**	**$ 573.7**	$ 5,148.8	$ 139.5	$ 390.1

Equity Market Contracts and Embedded Derivatives

The Company uses indexed call options as part of its equity market risk management strategy. The Company offers a FIA contract that permits the contract holder to allocate all or a portion of their account value to an index-linked component, where interest credited to the contract is linked to index performance, subject to caps or performance margins set by the Company. The contract holders may elect to rebalance index options at renewal dates, typically annually. As of each renewal date, the Company has the opportunity to re-price the indexed component by establishing revised cap rates or performance margins, subject to contractual guarantees. The Company transacts in call options according to the portfolio allocation decisions of the contract holders, such that the Company is economically hedged with respect to equity returns for the current interest term. These derivatives are not designated for hedge accounting.

The index-based crediting feature in these contracts is an embedded derivative instrument that is bifurcated from the host contract for measurement purposes, because it possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract.

In 2016, the Company entered into total return swaps to economically hedge market risk with relation to the Company's investments in marketable equity securities. In a total return swap, the Company agrees with other parties to make payments based on the return of two market indices, including both the income generated and any capital gains, in exchange for payments based on a set rate.

Foreign Currency Contracts

The Company uses foreign currency swaps and forwards as part of its foreign currency risk management strategy, to reduce exchange risk with respect to the Company's investments denominated in foreign currencies. In a foreign currency swap transaction, the Company agrees with other parties to exchange, at specified intervals, one currency for another at a specified rate of exchange. Generally, the notional amount of each currency is exchanged at the maturity of the currency swap by each party. These derivatives qualify and are designated as cash flow hedges, and accumulated gains (losses) are reclassified into income when interest and principal payments on the underlying foreign bonds are received.

Interest Rate Swaps

The Company uses interest rate swaps as part of its interest rate risk management strategy. In an interest rate swap, the Company agrees with other parties to exchange, at specified intervals, the difference between floating-rate and fixed-rate interest amounts calculated by reference to an agreed upon notional principal amount. The Company primarily uses interest rate swaps to synthetically convert variable rate fixed maturities, including investments in collateralized loan obligations, to fixed rate securities. Most of these derivatives qualify and are designated as cash flow hedges, and accumulated gains (losses) are reclassified into income when interest payments on the underlying bonds are received.

Collateral Arrangements and Offsetting of Financial Instruments

The Company's derivative contracts are typically governed by an International Swaps and Derivatives Association (ISDA) Master Agreement. For each ISDA, the Company and the counterparty have also entered into a credit support annex (CSA) to reduce the risk of counterparty default in derivative transactions by requiring the posting of cash collateral or other financial assets. The CSA requires either party to post collateral when net exposures from all derivative contracts between the parties exceed pre-determined contractual thresholds, which vary by counterparty. The amount of net exposure is the difference between the derivative contract's fair value and the fair value of the collateral held for such agreements with each counterparty. Collateral amounts required to be posted or received are determined daily based on the net exposure with each counterparty under a master netting agreement. The Company is also required to post initial and variation margin on certain centrally cleared instruments and, as a result, may have collateral posted related to derivatives in an asset position. The Company does not offset recognized collateral amounts pledged or received against the fair value amounts recognized for derivative contracts.

In the consolidated balance sheets, the Company recognizes cash collateral received in cash and cash equivalents, and the obligation to return cash collateral in other liabilities. Non-cash collateral received is not recognized in the consolidated balance sheets. In the event of default, the counterparty relinquishes claim to the assets pledged as collateral, and the Company recognizes the collateral as its own asset recorded at fair value, or, in the case of cash collateral, derecognizes its obligation to return collateral.

The following tables present the potential effect of netting arrangements by counterparty on the Company's consolidated balance sheets:

	As of December 31, 2016 (Successor Company)			
		Gross Amount of Collateral (Received) Posted		
Counterparty:	**Fair Value Presented in the Balance Sheets**	**Financial Instruments**	**Cash Collateral**	**Net Amount**
Assets:				
A	$ 25.9	$ —	$ (10.5)	$ 15.4
B	95.2	—	(95.2)	—
C	25.6	—	(25.6)	—
E	25.1	—	(25.1)	—
G	30.4	—	(29.9)	0.5
H	18.3	—	(18.3)	—
I	32.9	—	(25.1)	7.8
J	32.5	—	(32.5)	—
Other	21.5	—	(20.3)	1.2
Total derivative assets	$ 307.4	$ —	$ (282.5)	$ 24.9

	As of December 31, 2016 (Successor Company)			
		Gross Amount of Collateral Received (Posted)		
Counterparty:	**Fair Value Presented in the Balance Sheets**	**Financial Instruments**	**Cash Collateral**	**Net Amount**
Liabilities:				
A	$ 14.9	$ —	$ —	$ 14.9
B (1)	17.2	(17.2)	—	—
I	8.0	—	—	8.0
Other	1.2	—	—	1.2
Total derivative liabilities (2)	$ 41.3	$ (17.2)	$ —	$ 24.1

(1) Amounts exclude additional financial instruments and cash collateral of **$12.8** and **$1.4**, respectively. These were posted by the Company to comply with regulatory requirements to collateralize the initial margin on certain centrally cleared instruments, but are in excess of the fair value of the liability as of December 31, 2016.

(2) Excludes embedded derivatives of **$532.4** which have no counterparty.

	As of December 31, 2015 (Predecessor Company)			
		Gross Amount of Collateral (Received) Posted		
	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Counterparty:				
Assets:				
A	$ 11.4	$ —	$ (11.4)	$ —
B (1)	38.1	12.1	(37.7)	12.5
C	14.2	—	(13.7)	0.5
F	19.9	—	(19.9)	—
G	21.9	—	(21.9)	—
H	10.0	—	(10.0)	—
Other	24.0	—	(21.3)	2.7
Total derivative assets	$ 139.5	$ 12.1	$ (135.9)	$ 15.7

(1) Amounts include financial instrument collateral of $12.1 posted by the Company to comply with regulatory requirements on certain centrally cleared instruments.

	As of December 31, 2015 (Predecessor Company)			
		Gross Amount of Collateral Received (Posted)		
	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Counterparty:				
Liabilities:				
F	$ 0.5	$ —	$ —	$ 0.5
Other	3.9	—	—	3.9
Total derivative liabilities (1)	$ 4.4	$ —	$ —	$ 4.4

(1) Excludes embedded derivatives of $385.7 which have no counterparty.

Derivatives Designated as Hedges

The following table presents the amount of gain (loss) recognized in OCI on derivatives qualifying and designated as cash flow hedges:

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Interest rate swaps	**$ (18.9)**	$ 11.3	$ 2.4	$ 3.6
Foreign currency swaps	**62.5**	29.1	62.7	34.5
Total	**$ 43.6**	$ 40.4	$ 65.1	$ 38.1

See Note 9 for amounts reclassified out of accumulated other comprehensive income (AOCI) into net income. The Company expects to reclassify net gains of $15.5 from AOCI into net income in the next 12 months. Actual amounts may vary from this estimate as a result of market conditions.

As of December 31, 2016, the maximum term over which the Company is hedging its exposure to the variability in future cash flows is approximately 24 years. For the period February 1 to December 31, 2016, a loss of $1.9 was recognized related to

hedging ineffectiveness. For the period January 1 to January 31, 2016, and the years ended December 31, 2015 and 2014, no material hedge ineffectiveness was recorded.

Derivatives Not Designated as Hedges

The following table shows the effect of derivatives not designated as hedges in the consolidated statements of income (loss), which is recorded in net realized gains (losses):

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Index options	**$ 84.3**	$ (33.2)	$ (23.9)	$ 33.4
Total return swaps	**(22.8)**	—	—	—
Embedded derivatives	**(84.5)**	29.4	6.9	(38.7)
Other derivatives	**1.9**	3.8	1.7	3.8
Total	**$ (21.1)**	$ —	$ (15.3)	$ (1.5)

7. Fair Value of Financial Instruments

The Company determines the fair value of its financial instruments based on the fair value hierarchy, which favors the use of observable inputs over the use of unobservable inputs when measuring fair value. The Company has categorized its financial instruments into the three-level hierarchy, which gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The level assigned to a fair value measurement is based on the lowest-level input that is significant to the measurement. The fair value measurements for the Company's financial instruments are categorized as follows:

- *Level 1* — Unadjusted quoted prices in active markets for identical instruments.
- *Level 2* — Quoted prices for similar instruments in active markets and model-derived valuations whose inputs are observable. This category includes those financial instruments that are valued using industry-standard pricing methodologies or models. All significant inputs are observable or derived from observable information in the marketplace.
- *Level 3* — Fair value estimates whose significant inputs are unobservable. This includes financial instruments for which fair value is estimated based on industry-standard pricing methodologies and internally developed models utilizing significant inputs not based on or corroborated by readily available market information. In limited circumstances, this may also utilize estimates based on non-binding broker quotes.

The following tables present the fair value of the Company's financial instruments classified by the valuation hierarchy described above. The financial instruments are separated between those measured at fair value on a recurring basis and those not carried at fair value, but for which disclosure of fair value is required.

	As of December 31, 2016 (Successor Company)				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:					
Financial assets:					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 392.1	$ 392.1	$ —	$ 392.1	$ —
State and political subdivisions	930.8	930.8	—	930.8	—
Corporate securities	22,036.9	22,036.9	—	21,979.9	57.0
Residential mortgage-backed securities	2,608.9	2,608.9	—	2,608.9	—
Commercial mortgage-backed securities	927.2	927.2	—	926.3	0.9
Collateralized loan obligations	1,213.6	1,213.6	—	1,213.6	—
Other debt obligations	505.1	505.1	—	497.5	7.6
Total fixed maturities, available-for-sale	28,614.6	28,614.6	—	28,549.1	65.5
Marketable equity securities, available-for-sale	717.4	717.4	684.6	26.9	5.9
Investments in limited partnerships, alternative investments	53.8	53.8	—	27.5	26.3
Derivatives and other invested assets:					
Index options	161.7	161.7	—	154.6	7.1
Foreign currency swaps	141.9	141.9	—	141.9	—
Other	6.0	6.0	0.6	3.7	1.7
Total derivatives and other invested assets	309.6	309.6	0.6	300.2	8.8
Total investments carried at fair value	29,695.4	29,695.4	685.2	28,903.7	106.5
Separate account assets	911.4	911.4	911.4	—	—
Total assets at fair value	$ 30,606.8	$ 30,606.8	$ 1,596.6	$ 28,903.7	$ 106.5
Financial liabilities:					
Embedded derivatives	$ 532.4	$ 532.4	$ —	$ —	$ 532.4
Subject to fair value disclosure requirements:					
Financial assets:					
Mortgage loans	$ 5,692.2	$ 5,538.2	$ —	$ —	$ 5,538.2
Investments in limited partnerships, tax credit investments	195.2	204.0	—	—	204.0
Cash and cash equivalents	390.1	390.1	390.1	—	—
Financial liabilities:					
Funds held under deposit contracts (1):					
Deferred annuities	$ 18,566.6	$ 18,228.6	$ —	$ —	$ 18,228.6
Income annuities	7,293.8	7,633.6	—	—	7,633.6
Notes payable:					
Capital Efficient Notes (CENts)	$ 150.3	$ 152.4	$ —	$ 152.4	$ —
Senior notes	257.2	246.7	—	246.7	—
Term loan	300.0	300.0	—	—	300.0

(1) The carrying value of this balance excludes **$7,489.9** of liabilities related to insurance contracts and embedded derivatives.

	As of December 31, 2015 (Predecessor Company)				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:					
Financial assets:					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 482.1	$ 482.1	$ —	$ 482.1	$ —
State and political subdivisions	875.1	875.1	—	875.1	—
Corporate securities	20,280.9	20,280.9	—	20,246.8	34.1
Residential mortgage-backed securities	2,662.0	2,662.0	—	2,662.0	—
Commercial mortgage-backed securities	1,217.7	1,217.7	—	1,216.5	1.2
Collateralized loan obligations	644.8	644.8	—	555.2	89.6
Other debt obligations	567.8	567.8	—	525.3	42.5
Total fixed maturities, available-for-sale	26,730.4	26,730.4	—	26,563.0	167.4
Marketable equity securities, available-for-sale	173.4	173.4	140.5	27.0	5.9
Marketable equity securities, trading	482.4	482.4	482.2	—	0.2
Investments in limited partnerships, alternative investments	45.9	45.9	—	17.7	28.2
Derivatives and other invested assets:					
Index options	71.3	71.3	—	67.6	3.7
Foreign currency swaps	61.8	61.8	—	61.8	—
Other	8.6	8.6	0.6	6.4	1.6
Total derivatives and other invested assets	141.7	141.7	0.6	135.8	5.3
Total investments carried at fair value	27,573.8	27,573.8	623.3	26,743.5	207.0
Separate account assets	909.8	909.8	909.8	—	—
Total assets at fair value	$ 28,483.6	$ 28,483.6	$ 1,533.1	$ 26,743.5	$ 207.0
Financial liabilities:					
Embedded derivatives	$ 385.7	$ 385.7	$ —	$ —	$ 385.7
Subject to fair value disclosure requirements:					
Financial assets:					
Mortgage loans	$ 4,778.5	$ 4,995.6	$ —	$ —	$ 4,995.6
Investments in limited partnerships, tax credit investments	210.9	197.1	—	—	197.1
Cash and cash equivalents	172.2	172.2	172.2	—	—
Financial liabilities:					
Funds held under deposit contracts (1):					
Deferred annuities	$ 16,292.9	$ 16,487.2	$ —	$ —	$ 16,487.2
Income annuities	6,490.9	7,816.1	—	—	7,816.1
Notes payable:					
Capital Efficient Notes (CENts)	$ 149.9	$ 151.5	$ —	$ 151.5	$ —
Senior notes	547.7	555.1	—	555.1	—

(1) The carrying value of this balance excludes $6,788.0 of liabilities related to insurance contracts and embedded derivatives.

Financial Instruments Measured at Fair Value on a Recurring Basis

Fixed Maturities

The vast majority of the Company's fixed maturities have been classified as Level 2 measurements. To make this assessment, the Company determines whether the market for a security is active and if significant pricing inputs are observable. The Company predominantly utilizes third-party independent pricing services to assist management in determining the fair value of its fixed maturity securities. As of December 31, 2016 and 2015, pricing services provided prices for 94.8% and 94.9% of the Company's fixed maturities, respectively.

As of December 31, 2016, the Company had $1,362.5, or 4.8%, of its fixed maturities invested in private placement securities. The use of significant observable inputs in determining the fair value of the Company's investments in private placement securities resulted in the classification of $1,318.3, or 96.8%, as Level 2 measurements as of December 31, 2016. As of December 31, 2015, the Company had $1,157.6, or 4.3%, of its fixed maturities invested in private placement securities, of which $1,138.8, or 98.4%, were classified as Level 2 measurements.

Corporate Securities

The majority of corporate securities classified as Level 2 measurements are priced by independent pricing services utilizing evaluated pricing models. Because many corporate securities do not trade on a daily basis, evaluated pricing models apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare valuations. The significant inputs for security evaluations include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and other reference data, including market research publications.

As of December 31, 2016 and 2015, $1,228.4, or 5.6%, and $1,073.3, or 5.3%, respectively, of Level 2 corporate securities were privately placed. These securities were generally valued using a matrix pricing approach. The significant inputs to the measurement are the base credit spread, treasury yield and expected future cash flows of the security, which are all observable inputs. The base spread is determined based on trades of similar publicly-traded securities, and the expected future cash flows are based on the contractual terms of the security. This approach also incorporates an illiquidity spread, determined based on premiums demanded by investors for privately placed securities. The illiquidity spread is an unobservable input, which ranges from 5 to 40 basis points and is based on the credit quality of the security. The illiquidity spread does not significantly impact the resulting valuation and thus management does not believe it prohibits Level 2 classification.

Residential Mortgage-backed Securities

The Company's residential mortgage-backed securities (RMBS) classified as Level 2 measurements are priced by pricing services that utilize evaluated pricing models. Because many RMBS do not trade on a daily basis, evaluated pricing models apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare evaluations. The significant observable inputs for security evaluations include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and other reference data, including market research publications. In addition, the pricing services use models and processes to develop prepayment and interest rate scenarios. The pricing services monitor market indicators, industry and economic events, and their models take into account market convention.

Marketable Equity Securities

Marketable equity securities are investments in common stock (mainly in publicly traded companies), ETFs, and certain nonredeemable preferred stocks. When the fair values of the Company's marketable equity securities are based on quoted market prices in active markets for identical assets, they are classified as Level 1 measurements. The fair values of nonredeemable preferred stocks are determined by pricing services utilizing evaluated pricing models and are classified as a Level 2 measurement. These valuations are created based on benchmark curves using industry standard inputs and exchange prices of underlying securities and common stock of the same issuer.

Investments in Limited Partnerships

Investments in limited partnerships recorded at fair value relate to the Company's alternative investments, primarily private equity and hedge funds. The Company utilizes the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting. The fair value is determined using the practical expedient based

on the Company's proportionate interest in the underlying partnership or fund's net asset values (NAV). The Company's ability to redeem or otherwise liquidate these investments varies by partnership. If the partnership terms generally allow for redemption or liquidation within one year, the investment is classified as a Level 2 measurement. Otherwise, the investment is classified as a Level 3 measurement.

Index Options

Index options consist primarily of Standard & Poor's 500 Index® (S&P 500) options. The fair values of these index options were determined using option pricing models. Significant inputs include index implied volatilities, index dividend yields, index prices, a risk-free rate, option term and option strike price. As these inputs are observable, most index options are classified as a Level 2 measurement.

Foreign Currency Swaps

Foreign currency swaps are valued using an income approach. These swaps are priced utilizing a discounted cash flow model. The significant inputs include the projected cash flows, currency spot rates, swap yield curve and cross currency basis curve. As these inputs are observable, the foreign currency swaps are classified as a Level 2 measurement.

Separate Accounts

Separate account assets are primarily invested in mutual funds with published NAVs, which are classified as a Level 1 measurement.

Embedded Derivatives

Embedded derivatives relate to the Company's FIA product, which credits interest to the policyholder's account balance based on increases in selected indices, primarily the S&P 500. The fair value of the embedded derivative reflects the excess of the projected benefits based on the indexed fund value over the projected benefits based on the guaranteed fund value. The excess benefits are projected using best estimates for surrenders, mortality and indexed fund interest, and discounted at a risk-free rate plus a spread for nonperformance and policyholder behavior risk. Because the estimates utilize significant unobservable inputs, the Company classifies the embedded derivatives as a Level 3 measurement.

Other Financial Instruments Subject to Fair Value Disclosure Requirements

Cash and cash equivalents consist of demand bank deposits and short-term highly liquid investments with original maturities of three months or less at the time of purchase. These are classified as a Level 1 measurement.

The fair value of the Company’s mortgage loans is measured by discounting the projected future cash flows using the current rate at which the loans would be made to borrowers with similar credit ratings and for the same maturities. Because these estimates utilize significant unobservable inputs, mortgage loans are classified as a Level 3 measurement.

The fair value of the Company’s investments in limited partnerships associated with tax credit investments is estimated based on the discounted future economic benefits over the remaining life of each investment, using a market rate of return based on similar investments observed by brokers. The future economic benefits are based on assumptions about the partnerships' future performance and related tax benefits passed through to the Company. Because these estimates utilize significant unobservable inputs, investments in limited partnerships are classified as a Level 3 measurement.

The fair values of funds held under deposit contracts related to investment-type contracts are estimated based on the present value of the discounted cash flows. Cash flows were projected using best estimates for lapses, mortality and expenses, and discounted at a risk-free rate plus a spread for nonperformance and policyholder behavior risk. Because these estimates utilize significant unobservable inputs, the Company classifies funds held under deposit contracts as a Level 3 measurement.

The fair value of the Company’s notes payable is determined by an independent pricing service utilizing evaluated pricing models, consistent with how fair value was determined for the majority of its corporate securities. The use of observable inputs resulted in the classification of notes payable as a Level 2 measurement. The Company believes the carrying value of its term loans approximates fair value as the borrowings pay a floating interest rate plus a spread based on the rating of the Company's senior debt which the Company believes approximates a market interest rate. Because these estimates utilize significant unobservable inputs, term loans are classified as a Level 3 measurement.

Rollforward of Financial Instruments Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following tables present additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the period February 1, 2016 through December 31, 2016 (Successor Company):

						Unrealized Gains (Losses) Included in:			
	Balance as of February 1, 2016	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (Loss) (5)	Realized Gains (Losses)(4)	Balance as of December 31, 2016
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 50.0	$ 13.0	$ —	$ 2.6	$ (8.4)	$ —	$ (0.9)	$ 0.7	$ 57.0
Commercial mortgage-backed securities	1.2	—	—	—	(0.3)	—	—	—	0.9
Collateralized loan obligations	10.0	—	—	(10.0)	—	—	—	—	—
Other debt obligations	43.4	—	—	(36.1)	0.6	—	(0.3)	—	7.6
Total fixed maturities, available-for-sale	104.6	13.0	—	(43.5)	(8.1)	—	(1.2)	0.7	65.5
Marketable equity securities, available-for-sale	6.1	—	(0.2)	—	0.3	—	(0.3)	—	5.9
Investments in limited partnerships	27.5	1.2	—	—	(6.8)	(2.3)	—	6.7	26.3
Derivatives and other invested assets:									
Index options	3.3	9.9	—	—	(4.6)	2.8	—	(4.3)	7.1
Other	1.6	1.0	—	—	—	0.1	—	(1.0)	1.7
Total derivatives and other invested assets	4.9	10.9	—	—	(4.6)	2.9	—	(5.3)	8.8
Total Level 3 assets	$ 143.1	$ 25.1	$ (0.2)	$ (43.5)	$ (19.2)	$ 0.6	$ (1.5)	$ 2.1	$ 106.5
Financial Liabilities:									
Embedded derivatives	$ 334.9	$ 119.2	$ (6.2)	$ —	$ —	$ 84.5	$ —	$ —	$ 532.4

(1) Issues and settlements are related to the Company's embedded derivative liabilities.
(2) Transfers into and/or out of Level 3 are reported at the value as of the beginning of the period in which the transfer occurs. Gross transfers into Level 3 were **$11.0** for the period February 1, 2016 through December 31, 2016. Gross transfers out of Level 3 were **$54.5** for the period February 1, 2016 through December 31, 2016, of which most were related to fixed maturities for which observable inputs became available.
(3) Other is comprised of transactions such as pay downs, calls, amortization and redemptions.
(4) Amounts are included in net realized gains (losses) on the consolidated statements of income (loss). Amounts shown for financial liabilities are (gains) losses in net income.
(5) Amounts are generally included in changes in unrealized gains (losses) on available-for-sale securities on the consolidated statements of comprehensive income (loss).

The following table presents additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the period January 1 to January 31, 2016 (Predecessor Company):

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2016	Purchases and issues(1)	Sales and settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (Loss) (5)	Realized Gains (Losses)(4)	Balance as of January 31, 2016
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 34.1	$ 8.1	$ —	$ 8.6	$ —	$ —	$ (0.8)	$ —	$ 50.0
Commercial mortgage-backed securities	1.2	—	—	—	—	—	—	—	1.2
Collateralized loan obligations	89.6	10.0	—	(89.6)	—	—	—	—	10.0
Other debt obligations	42.5	—	—	—	—	—	0.9	—	43.4
Total fixed maturities, available-for-sale	167.4	18.1	—	(81.0)	—	—	0.1	—	104.6
Marketable equity securities, available-for-sale	5.9	—	—	—	—	—	—	—	5.9
Marketable equity securities, trading	0.2	—	—	—	—	—	—	—	0.2
Investments in limited partnerships	28.2	—	—	—	—	(0.7)	—	—	27.5
Derivatives and other invested assets:									
Index options	3.7	0.4	—	—	—	(0.7)	—	(0.1)	3.3
Other	1.6	—	—	—	(1.1)	0.2	—	0.9	1.6
Total derivatives and other invested assets	5.3	0.4	—	—	(1.1)	(0.5)	—	0.8	4.9
Total Level 3 assets	$ 207.0	$ 18.5	$ —	$ (81.0)	$ (1.1)	$ (1.2)	$ 0.1	$ 0.8	$ 143.1
Financial Liabilities:									
Embedded derivatives	$ 385.7	$ 16.2	$ (1.0)	$ —	$ —	$ (29.4)	$ —	$ —	$ 371.5

(1) Issues and settlements are related to the Company's embedded derivative liabilities.

(2) Transfers into and/or out of Level 3 are reported at the value as of the beginning of the period in which the transfer occurs. Gross transfers into Level 3 were $13.7 for the period January 1 to January 31, 2016. Gross transfers out of Level 3 were $94.7 for the period January 1 to January 31, 2016, which related to fixed maturities for which observable inputs became available.

(3) Other is comprised of transactions such as pay downs, calls, amortization and redemptions.

(4) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income. All other realized and unrealized gains and losses recognized in net income are included in net realized gains (losses). Amounts shown for financial liabilities are (gains) losses in net income.

(5) Amounts are included in changes in unrealized gains (losses) on available-for-sale securities on the consolidated statements of comprehensive income (loss).

The following tables present additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the year ended December 31, 2015 (Predecessor Company):

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2015	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (Loss) (5)	Realized Gains (Losses)(4)	Balance as of December 31, 2015
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 71.6	$ 16.2	$ —	$ (41.5)	$ (7.2)	$ —	$ (5.1)	$ 0.1	$ 34.1
Commercial mortgage-backed securities	2.5	—	—	(0.8)	(0.4)	—	(0.1)	—	1.2
Collateralized loan obligations	—	89.6	—	—	—	—	—	—	89.6
Other debt obligations	71.7	—	—	(24.5)	(2.4)	—	(2.3)	—	42.5
Total fixed maturities, available-for-sale	145.8	105.8	—	(66.8)	(10.0)	—	(7.5)	0.1	167.4
Marketable equity securities, available-for-sale	—	—	—	6.1	—	—	(0.2)	—	5.9
Marketable equity securities, trading	0.4	—	(0.3)	—	—	(0.1)	—	0.2	0.2
Investments in limited partnerships	71.5	4.0	—	(28.5)	(3.0)	(13.8)	—	(2.0)	28.2
Derivatives and other invested assets:									
Index options	2.4	5.8	—	—	—	(2.4)	—	(2.1)	3.7
Other	3.5	2.3	—	—	(5.5)	3.0	—	(1.7)	1.6
Total derivatives and other invested assets	5.9	8.1	—	—	(5.5)	0.6	—	(3.8)	5.3
Total Level 3 assets	$ 223.6	$ 117.9	$ (0.3)	$ (89.2)	$ (18.5)	$ (13.3)	$ (7.7)	$ (5.5)	$ 207.0
Financial Liabilities:									
Embedded derivatives	$ 230.1	$ 170.5	$ (8.1)	$ —	$ —	$ (6.8)	$ —	$ —	$ 385.7

(1) Issues and settlements are related to the Company's embedded derivative liabilities.
(2) Transfers into and/or out of Level 3 are reported at the value as of the beginning of the period in which the transfer occurs. Gross transfers into Level 3 were $6.0 for the year ended December 31, 2015. Gross transfers out of Level 3 were $95.2 for the year ended December 31, 2015, of which most were related to fixed maturities for which observable inputs became available.
(3) Other is comprised of transactions such as pay downs, calls, amortization and redemptions.
(4) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income. All other realized and unrealized gains and losses recognized in net income are included in net realized gains (losses). Amounts shown for financial liabilities are (gains) losses in net income.
(5) Amounts are included in changes in unrealized gains (losses) on available-for-sale securities on the consolidated statements of comprehensive income (loss).

8. Deferred Policy Acquisition Costs (DAC) and Value of Business Acquired (VOBA)

The Company defers costs that are directly related to the successful acquisition or renewal of insurance contracts. These primarily include commissions, distribution costs directly related to sales, third-party underwriting costs and the portion of salaries and benefits directly related to processing successful new and renewal contracts. All other acquisition-related costs, including costs incurred for soliciting potential customers, managing the distribution and underwriting functions, training, administration, unsuccessful acquisition or renewal efforts, market research and product development are not deferrable and are expensed in the period incurred.

In addition, as a result of the Merger, the Company's DAC balance was reset to $0.0, and a balance for VOBA was established. Refer to Footnote 3 for a more detailed discussion.

The Company amortizes DAC and VOBA for deferred annuity contracts and universal life insurance policies over the lives of the contracts or policies in proportion to the estimated future gross profits. The Company makes assumptions as to lapse rates, mortality experience, maintenance expenses, crediting rates, and investment performance. Actual profits can vary from the estimates and can thereby result in increases or decreases to DAC and VOBA amortization. The Company regularly evaluates its assumptions and, when necessary, revises the estimated gross profits of these contracts, resulting in assumption and experience unlocking adjustments to DAC and VOBA amortization. When such estimates are revised, the impact is recorded in the consolidated statements of income (loss).

The Company amortizes acquisition costs for traditional individual life insurance policies over the premium paying period of the related policies, using assumptions consistent with those used in computing policy reserves. The Company amortizes acquisition costs for immediate annuities using a constant yield approach.

The Company adjusts the unamortized DAC and VOBA balances for the effect of net unrealized gains and losses on securities as if they had been realized as of the balance sheet date. The Company includes the impact of this adjustment, net of tax, in AOCI. The Company also adjusts its unamortized DAC and VOBA balances for the effect of realized gains and losses including changes in fair value of the embedded derivatives for the Company's FIA policies. These adjustments are recognized in net realized gains (losses) in the consolidated statements of income (loss).

For some products, policyholders can elect to modify product benefits, features, rights or coverage by exchanging a contract for a new contract; by amendment, endorsement or rider to a contract; or by election of a feature or coverage within a contract. These transactions are known as internal replacements. If the modification substantially changes the original contract, the remaining DAC balance is immediately written off through earnings and any eligible costs associated with the replacement contract are deferred. If the modification does not substantially change the contract, the DAC is retained and amortized over the life of the modified contract and any acquisition costs associated with the related modification are expensed as incurred.

The following table provides a reconciliation of the beginning and ending balance for DAC:

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	**January 1 to January 31, 2016**	**For the Year Ended December 31, 2015**	**For the Year Ended December 31, 2014**
Unamortized balance at beginning of period	**$ —**	$ 677.5	$ 513.9	$ 419.9
Deferral of acquisition costs	**215.4**	19.6	247.7	171.4
Adjustments for realized (gains) losses	**(1.6)**	(0.4)	6.0	0.7
Amortization — excluding unlocking	**(9.9)**	(8.4)	(86.4)	(67.0)
Amortization — impact of unlocking (1)	**(1.1)**	(0.2)	(3.7)	(11.1)
Unamortized balance at end of period	**202.8**	688.1	677.5	513.9
Accumulated effect of net unrealized gains	**(3.4)**	(41.0)	(11.4)	(118.8)
Balance at end of period	**$ 199.4**	$ 647.1	$ 666.1	$ 395.1

(1) Includes the impact of assumption and experience unlocking related to quarterly investment prepayment activity as well as the Company's annual unlocking process, which takes place during the third quarter of each year.

The following table provides a reconciliation of the beginning and ending balance for VOBA:

	Successor Company
	February 1 to December 31, 2016
Unamortized balance at beginning of period	**$ 457.6**
Adjustments related to realized (gains) losses	**4.5**
Amortization — excluding unlocking	**(40.7)**
Amortization — impact of unlocking (1)	**(8.0)**
Unamortized balance at end of period	**413.4**
Accumulated effect of net unrealized gains	**(16.1)**
Balance at end of period	**$ 397.3**

(1) Includes the impact of assumption and experience unlocking related to quarterly investment prepayment activity.

9. Stockholder's Equity

The following tables summarize the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the for the periods February 1 to December 31, 2016 and January 1 to January 31, 2016, and for the years ended December 31, 2015 and 2014:

	Net Unrealized Gains (Losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC and VOBA	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of February 1, 2016	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Other comprehensive income (loss) before reclassifications, net of taxes (1)	**131.0**	**(0.3)**	**(11.5)**	**28.3**	**147.5**
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	**—**	**—**	**—**	**(6.6)**	**(6.6)**
Foreign currency swaps	**—**	**—**	**—**	**(9.0)**	**(9.0)**
Net realized (gains) losses	**13.8**	**0.1**	**(3.7)**	**(0.8)**	**9.4**
Total provision (benefit) for income taxes	**(4.8)**	**—**	**1.2**	**5.8**	**2.2**
Total reclassifications from AOCI, net of taxes	**9.0**	**0.1**	**(2.5)**	**(10.6)**	**(4.0)**
Other comprehensive income (loss) after reclassifications	**140.0**	**(0.2)**	**(14.0)**	**17.7**	**143.5**
Balance as of December 31, 2016	**$ 140.0**	**$ (0.2)**	**$ (14.0)**	**$ 17.7**	**$ 143.5**

(1) Other comprehensive income (loss) before reclassifications is net of taxes of **$70.5**, **$(0.1)**, **$(6.3)**, **$15.3** and **$79.4**, respectively, for the period February 1 to December 31, 2016.

(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income (loss).

	Net Unrealized Gains (Losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2016	$ 520.0	$ (17.7)	$ (28.1)	$ 41.2	$ 515.4
Other comprehensive income (loss) before reclassifications, net of taxes (1)	112.7	—	(24.7)	26.2	114.2
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(0.6)	(0.6)
Foreign currency swaps	—	—	—	(1.0)	(1.0)
Net realized (gains) losses	2.8	—	0.5	—	3.3
Total provision (benefit) for income taxes	(1.0)	—	(0.2)	0.6	(0.6)
Total reclassifications from AOCI, net of taxes	1.8	—	0.3	(1.0)	1.1
Other comprehensive income (loss) after reclassifications	114.5	—	(24.4)	25.2	115.3
Balance as of January 31, 2016	$ 634.5	$ (17.7)	$ (52.5)	$ 66.4	$ 630.7

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $60.7, $0.0, $(13.3), $14.2 and $61.6, respectively, for the period January 1 to January 31, 2016.

(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income (loss).

	Net Unrealized Gains (Losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2015	$ 1,130.2	$ (13.5)	$ (131.4)	$ 5.3	$ 990.6
Other comprehensive income (loss) before reclassifications, net of taxes (1)	(645.0)	(11.4)	108.0	42.3	(506.1)
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(4.4)	(4.4)
Foreign currency swaps	—	—	—	(5.5)	(5.5)
Net realized (gains) losses	53.5	11.1	(7.2)	—	57.4
Total provision (benefit) for income taxes	(18.7)	(3.9)	2.5	3.5	(16.6)
Total reclassifications from AOCI, net of taxes	34.8	7.2	(4.7)	(6.4)	30.9
Other comprehensive income (loss) after reclassifications	(610.2)	(4.2)	103.3	35.9	(475.2)
Balance as of December 31, 2015	$ 520.0	$ (17.7)	$ (28.1)	$ 41.2	$ 515.4

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $(347.3), $(6.1), $58.2, $22.8 and $(272.4), respectively, for the year ended December 31, 2015.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income (loss).

	Net Unrealized Gains (Losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2014	$ 737.8	$ (14.2)	$ (113.1)	$ (16.9)	$ 593.6
Other comprehensive income (loss) before reclassifications, net of taxes (1)	393.8	(1.4)	(17.3)	24.7	399.8
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(2.5)	(2.5)
Foreign currency swaps	—	—	—	(1.4)	(1.4)
Net realized (gains) losses	(2.1)	3.3	(1.5)	—	(0.3)
Total provision (benefit) for income taxes	0.7	(1.2)	0.5	1.4	1.4
Total reclassifications from AOCI, net of taxes	(1.4)	2.1	(1.0)	(2.5)	(2.8)
Other comprehensive income (loss) after reclassifications	392.4	0.7	(18.3)	22.2	397.0
Balance as of December 31, 2014	$ 1,130.2	$ (13.5)	$ (131.4)	$ 5.3	$ 990.6

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $212.0, $(0.8), $(9.4), $13.4, and $215.2, respectively, for the year ended December 31, 2014.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income (loss).

Stock-Based Compensation

Prior to the Merger, the Company had two stock-based compensation plans: the Symetra Financial Corporation Equity Plan, amended and restated on March 5, 2014, (the Equity Plan) and the Symetra Financial Corporation Employee Stock Purchase Plan, amended and restated on May 11, 2010, (the Stock Purchase Plan).

The Equity Plan authorized the Company to issue various types of awards, including restricted stock, stock options, stock appreciation rights, restricted stock units, performance shares, performance units and other types of awards to employees, directors and consultants.

The Stock Purchase Plan allowed eligible employees to purchase shares of the Company's common stock at a 15% discount from the market price.

Immediately prior to the effective time of the Merger, the awards outstanding were canceled and converted into the right to receive an amount in cash. In addition, the Equity Plan and Stock Purchase Plan were terminated subsequent to the Merger, and no awards were issued under the Plans in 2016. For more information, refer to Note 3, Sumitomo Life Merger.

Restricted Shares and Stock Options

Stock-based compensation expense for restricted shares, recognized in other underwriting and operating expenses in the consolidated statements of income (loss), was $5.0 and $3.6 for the years ended December 31, 2015 and 2014, respectively. The related income tax benefit for the years ended December 31, 2015 and 2014 was $1.8 and $1.3, respectively.

Stock-based compensation expense for stock options was $1.1 and $1.0 for the years ended December 31, 2015 and 2014, respectively, and the related tax benefit was $0.4 for both years.

10. Commitments and Contingencies

Leases

The Company has office space and certain equipment under leases that expire at various dates through 2025, subject to certain renewal options. The Company accounts for these leases primarily as operating leases.

Future minimum lease commitments, including cost escalation clauses, for the next five years and thereafter are as follows:

	Lease Payments
2017	$ 16.8
2018	18.0
2019	17.7
2020	17.6
2021	14.2
Thereafter	44.5
Total	$ 128.8

Litigation

Because of the nature of its business, the Company is subject to legal actions filed or threatened in the ordinary course of its business operations. The Company establishes liabilities for litigation and regulatory actions when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. For matters where a loss is believed to be reasonably possible, but not probable, no liability is established. For such matters, the Company may provide an estimate of the possible loss or range of loss or a statement that such an estimate cannot be made. The Company reviews relevant information with respect to litigation and regulatory matters on a quarterly and annual basis and updates its established liabilities, disclosures and estimates of reasonably possible losses or range of loss based on such reviews.

Although the Company cannot predict the outcome of any litigation or regulatory action, the Company does not believe that any such matters will have an impact on its financial condition or results of operations that differs materially from the Company's established liabilities. Given the inherent difficulty in predicting the outcome of such matters, however, it is possible that an adverse outcome in certain such matters could be material to the Company's financial condition or results of operations for any particular reporting period.

Other Commitments

As of December 31, 2016 and 2015, unfunded mortgage loan commitments were $48.9 and $81.0, respectively. The Company had no other material commitments or contingencies as of December 31, 2016 and 2015.

11. Segment Information

The Company offers a broad range of products and services that include retirement, group health and employee benefits and life insurance products. These operations are managed separately as three divisions, consisting of four business segments based on product groupings, and a fifth reportable segment consisting primarily of unallocated corporate items and surplus investment income. The five segments are Benefits, Deferred Annuities, Income Annuities, Individual Life and Other. There were no changes to the Company's operating segments as a result of the Merger.

Results for the Successor Company reflect the application of pushdown accounting, and prior periods were not adjusted. The primary profitability measure that management uses to manage business segment results is pre-tax adjusted operating income (loss), which is defined as follows:

- For the Predecessor Company, pre-tax adjusted operating income was defined as income from operations, excluding certain net realized gains (losses). Excluded gains (losses) are associated with:
    - investment sales or disposal,
    - investment impairments,
    - changes in the fair value of mark-to-market investments and derivative investments (except for certain index options discussed below), and
    - changes in the fair value of embedded derivatives related to the Company's FIA product.
- For the Successor Company, pre-tax adjusted operating income was defined as income from operations, with adjustment to intangible asset amortization and excluding certain net realized gains (losses). For segment results, intangible asset amortization related to VODA and trade names is amortized based on the projected cash flow pattern underlying the initial valuation of these assets. Excluded gains (losses) are associated with:
    - investment sales or disposal,
    - investment impairments,
    - changes in the fair value of mark-to-market investments and derivative investments (except for certain index options discussed below),
    - changes in the fair value of embedded derivatives related to the Company's FIA product, and
    - amortization and write-downs associated with tax credit investments.
- In the Deferred Annuities segment, net gains (losses) on certain index options purchased to economically hedge exposure from FIA products sold in the late 1990s are included in pre-tax adjusted operating income in both the Predecessor Company and Successor Company.

The accounting policies of the segments are the same as those described for the Company, except for the method of capital allocation. The Company has an internally developed risk-based capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. This model accounts for the unique and specific nature of the risks inherent in the Company’s segments, and a portion of net investment income on surplus investments, but not the invested assets, is allocated to the segments based on the level of allocated capital.

The following tables present selected financial information by segment and reconcile segment pre-tax adjusted operating income (loss) to amounts reported in the consolidated statements of income (loss):

	February 1 to December 31, 2016 (Successor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 686.7	$ —	$ —	$ 30.8	$ —	$ 717.5
Net investment income	18.8	579.5	288.8	202.9	20.5	1,110.5
Policy fees, contract charges, and other	17.4	20.4	0.8	195.0	1.5	235.1
Certain realized gains (losses)	—	0.3	—	—	—	0.3
Total operating revenues	722.9	600.2	289.6	428.7	22.0	2,063.4
Benefits and expenses:						
Policyholder benefits and claims	497.6	2.8	—	68.4	—	568.8
Interest credited	—	354.8	264.2	245.5	(0.9)	863.6
Other underwriting and operating expenses	183.7	99.0	18.4	87.4	30.4	418.9
Interest expense	—	—	—	0.5	24.9	25.4
Amortization of DAC and VOBA	0.6	56.5	0.7	1.9	—	59.7
Amortization of intangible assets	40.0	15.7	2.1	1.6	—	59.4
Total benefits and expenses	721.9	528.8	285.4	405.3	54.4	1,995.8
Segment pre-tax adjusted operating income (loss)	$ 1.0	$ 71.4	$ 4.2	$ 23.4	$ (32.4)	$ 67.6
Total operating revenues	$ 722.9	$ 600.2	$ 289.6	$ 428.7	$ 22.0	$ 2,063.4
Add: Excluded realized gains (losses)	(1.3)	(27.5)	(17.1)	(12.4)	(44.8)	(103.1)
Total revenues	721.6	572.7	272.5	416.3	(22.8)	1,960.3
Total segment benefits and expenses	721.9	528.8	285.4	405.3	54.4	1,995.8
Add: Excluded amortization of intangible assets	11.3	8.1	1.0	(0.1)	—	20.3
Total benefits and expenses	733.2	536.9	286.4	405.2	54.4	2,016.1
Income (loss) from operations before income taxes	$ (11.6)	$ 35.8	$ (13.9)	$ 11.1	$ (77.2)	$ (55.8)
As of December 31, 2016						
Total investments	$ 95.3	$ 19,610.2	$ 7,204.2	$ 6,513.4	$ 2,220.5	$ 35,643.6
DAC and VOBA	2.4	423.5	8.8	162.0	—	596.7
Other intangible assets	783.4	511.2	52.9	14.5	—	1,362.0
Goodwill	308.0	198.8	50.2	6.0	—	563.0
Separate account assets	—	652.2	—	259.2	—	911.4
Total assets	1,272.9	21,943.8	7,380.5	7,345.1	2,368.5	40,310.8
Future policy benefits, losses, claims, and loss expense (1)	272.8	19,531.9	7,239.2	6,954.5	(21.6)	33,976.8
Other policyholders' funds	26.3	22.1	5.0	49.9	14.8	118.1
Notes payable	—	—	—	—	707.5	707.5

(1) Includes funds held under deposit contracts, future policy benefits, and policy and contract claims on the consolidated balance sheets.

	January 1 to January 31, 2016 (Predecessor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 58.6	$ —	$ —	$ 2.6	$ —	$ 61.2
Net investment income	2.1	57.3	29.8	22.9	(1.7)	110.4
Policy fees, contract charges, and other	1.4	2.0	—	16.2	0.2	19.8
Certain realized gains (losses)	—	(0.5)	—	—	—	(0.5)
Total operating revenues	62.1	58.8	29.8	41.7	(1.5)	190.9
Benefits and expenses:						
Policyholder benefits and claims	37.1	0.2	—	11.1	—	48.4
Interest credited	—	33.2	29.7	21.6	(0.1)	84.4
Other underwriting and operating expenses	16.3	8.4	1.5	7.3	2.4	35.9
Interest expense	—	—	—	—	3.8	3.8
Amortization of DAC	0.2	6.6	0.6	1.2	—	8.6
Amortization of intangible assets	0.2	—	—	—	—	0.2
Total benefits and expenses	53.8	48.4	31.8	41.2	6.1	181.3
Segment pre-tax adjusted operating income (loss)	$ 8.3	$ 10.4	$ (2.0)	$ 0.5	$ (7.6)	$ 9.6
Total operating revenues	$ 62.1	$ 58.8	$ 29.8	$ 41.7	$ (1.5)	$ 190.9
Add: Excluded realized gains (losses)	—	(1.9)	(22.5)	0.6	(2.7)	(26.5)
Total revenues	62.1	56.9	7.3	42.3	(4.2)	164.4
Total benefits and expenses	53.8	48.4	31.8	41.2	6.1	181.3
Income (loss) from operations before income taxes	$ 8.3	$ 8.5	$ (24.5)	$ 1.1	$ (10.3)	$ (16.9)

	For the Year Ended December 31, 2015 (Predecessor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 683.2	$ —	$ —	$ 33.4	$ —	$ 716.6
Net investment income	23.4	663.6	380.9	290.9	(22.4)	1,336.4
Policy fees, contract charges, and other	17.7	21.7	0.8	180.7	2.0	222.9
Certain realized gains (losses)	—	(1.0)	—	—	—	(1.0)
Total operating revenues	724.3	684.3	381.7	505.0	(20.4)	2,274.9
Benefits and expenses:						
Policyholder benefits and claims	456.9	0.6	—	113.3	—	570.8
Interest credited	—	374.8	336.0	257.8	(1.4)	967.2
Other underwriting and operating expenses	188.6	100.8	19.1	86.7	7.8	403.0
Interest expense	—	—	—	0.5	44.4	44.9
Amortization of DAC	1.8	71.8	6.1	10.4	—	90.1
Amortization of intangible assets	3.0	—	—	—	—	3.0
Total benefits and expenses	650.3	548.0	361.2	468.7	50.8	2,079.0
Segment pre-tax adjusted operating income (loss)	$ 74.0	$ 136.3	$ 20.5	$ 36.3	$ (71.2)	$ 195.9
Total operating revenues	$ 724.3	$ 684.3	$ 381.7	$ 505.0	$ (20.4)	$ 2,274.9
Add: Excluded realized gains (losses)	0.1	(34.6)	(6.3)	(5.3)	(49.4)	(95.5)
Total revenues	724.4	649.7	375.4	499.7	(69.8)	2,179.4
Total benefits and expenses	650.3	548.0	361.2	468.7	50.8	2,079.0
Income (loss) from operations before income taxes	$ 74.1	$ 101.7	$ 14.2	$ 31.0	$ (120.6)	$ 100.4
As of December 31, 2015:						
Total investments	$ 7.2	$ 16,985.5	$ 7,051.2	$ 6,307.4	$ 2,274.9	$ 32,626.2
DAC	3.5	400.2	64.6	197.8	—	666.1
Other intangible assets	6.6	—	—	—	—	6.6
Goodwill	31.1	—	—	—	—	31.1
Separate account assets	—	694.3	—	215.5	—	909.8
Total assets	176.2	18,525.1	7,195.3	7,061.5	2,374.8	35,332.9
Future policy benefits, losses, claims and loss expense (1)	252.4	17,115.9	6,436.6	6,370.1	(20.1)	30,154.9
Other policyholders' funds	25.3	41.4	7.5	54.0	10.7	138.9
Notes payable	—	—	—	—	693.1	693.1

(1) Includes funds held under deposit contracts, future policy benefits, and policy and contract claims on the consolidated balance sheets.

	For the Year Ended December 31, 2014 (Predecessor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 595.3	$ —	$ —	$ 33.8	$ —	$ 629.1
Net investment income	21.0	619.7	382.0	283.0	14.8	1,320.5
Policy fees, contract charges, and other	15.6	23.0	1.0	149.0	1.8	190.4
Certain realized gains (losses)	—	0.6	—	—	—	0.6
Total operating revenues	631.9	643.3	383.0	465.8	16.6	2,140.6
Benefits and expenses:						
Policyholder benefits and claims	365.9	0.3	—	79.7	—	445.9
Interest credited	—	354.9	342.1	258.4	(1.6)	953.8
Other underwriting and operating expenses	170.9	91.6	20.3	76.7	3.0	362.5
Interest expense	—	—	—	—	37.7	37.7
Amortization of DAC	0.7	67.4	4.7	5.3	—	78.1
Amortization of intangible assets	4.5	—	—	—	—	4.5
Total benefits and expenses	542.0	514.2	367.1	420.1	39.1	1,882.5
Segment pre-tax adjusted operating income (loss)	$ 89.9	$ 129.1	$ 15.9	$ 45.7	$ (22.5)	$ 258.1
Total operating revenues	$ 631.9	$ 643.3	$ 383.0	$ 465.8	$ 16.6	$ 2,140.6
Add: Excluded realized gains (losses)	—	(12.2)	63.8	2.7	(12.5)	41.8
Total revenues	631.9	631.1	446.8	468.5	4.1	2,182.4
Total benefits and expenses	542.0	514.2	367.1	420.1	39.1	1,882.5
Income (loss) from operations before income taxes	$ 89.9	$ 116.9	$ 79.7	$ 48.4	$ (35.0)	$ 299.9

12. Reinsurance

The Company reinsures portions of its insurance risk, primarily in the Individual Life and Benefits segments, in order to spread risk and limit losses. The following summarizes the Company's reinsurance coverage by line of business:

- *Medical stop-loss.* In 2016, the Company began reinsuring the excess of $2.0 per individual claim. Previously, the Company reinsured the majority of its exposure in excess of $1.7 per individual claim.
- *Group life & DI.* The Company typically reinsures group life mortality risk in excess of $0.25 per individual and line of coverage, and morbidity risk in excess of $8.0 thousand of gross monthly benefit per life. The Company also has catastrophic coverage for group life policies.
- *Individual life.* The Company's reinsurance coverage varies by product, policy issue year and issue age of the insured. For newly issued and fully underwritten policies, the Company retains up to a maximum of $3.0 per life. In addition, in 2014, the Company executed an inter-company reinsurance agreement to manage its statutory capital position.

The Company remains liable to its policyholders to the extent that counterparties to reinsurance contracts do not meet their contractual obligations. Accordingly, the future policy benefit reserves and policy and contract claims liabilities are reported gross of any related reinsurance recoverables, which are reported as assets. The Company reports premiums, benefits, and settlement expenses net of reinsurance in the consolidated statements of income (loss). The Company accounts for reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured business on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

The following table sets forth net life insurance in force:

	Successor Company	Predecessor Company	
	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
Direct life insurance in force	**$ 86,142.8**	$ 76,853.1	$ 66,931.6
Amounts assumed from other companies	**187.0**	184.7	184.8
Amounts ceded to other companies	**(24,452.4)**	(23,558.3)	(22,628.9)
Net life insurance in force	**$ 61,877.4**	$ 53,479.5	$ 44,487.5
Percentage of amount assumed to net	**0.30%**	0.35%	0.42%
Percentage of amount ceded to direct	**28.39%**	30.65%	33.81%

The Company evaluates the financial condition of its reinsurers to monitor its exposure to losses from reinsurer insolvencies. The Company analyzes reinsurance recoverables according to the credit ratings and financial health of its reinsurers and is not aware of its major reinsurers currently experiencing financial difficulties. As of December 31, 2016, $191.5 of the reinsurance recoverable was associated with two highly rated reinsurers, each representing approximately 32% of the recoverable balance. Of the total amount due from reinsurers, 97.9% and 99.5% were with reinsurers rated A- or higher by A.M. Best, as of December 31, 2016 and 2015, respectively. The Company had no write-offs or reserve for uncollectible reinsurance in 2016, 2015 or 2014.

Reinsurance recoverables are composed of the following amounts:

	Successor Company	Predecessor Company
	As of December 31, 2016	As of December 31, 2015
Life insurance		
Reinsurance recoverables on:		
Funds held under deposit contracts	**$ 99.8**	$ 96.7
Future policy benefits	**130.9**	148.3
Policy and contract claims	**6.9**	4.5
Paid claims, expense allowance, premium tax recoverables and other	**3.7**	5.9
Total life insurance	**241.3**	255.4
Accident and health insurance		
Reinsurance recoverables on:		
Future policy benefits	**47.6**	76.2
Policy and contract claims	**8.0**	4.1
Paid claims, expense allowance and premium tax recoverables	**1.9**	4.6
Total accident and health insurance	**57.5**	84.9
Total reinsurance recoverables	**$ 298.8**	$ 340.3

The following table sets forth the effect of reinsurance on premiums and policy fees and contract charges. It is disaggregated by accident and health and life insurance products, which are short- and long-duration contracts, respectively.

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Premiums:				
Direct:				
Accident and health	**$ 626.3**	$ 56.7	$ 676.0	$ 592.6
Life insurance	**127.5**	10.7	123.1	104.8
Total	**753.8**	67.4	799.1	697.4
Total Assumed	**0.3**	—	0.1	—
Ceded:				
Accident and health (1)	**(0.6)**	(4.0)	(43.5)	(30.9)
Life insurance	**(36.0)**	(2.2)	(39.1)	(37.4)
Total	**(36.6)**	(6.2)	(82.6)	(68.3)
Total premiums	**717.5**	61.2	716.6	629.1
Policy fees and contract charges:				
Direct life insurance	**195.2**	16.0	180.0	145.0
Ceded life insurance	**(9.1)**	(0.5)	(8.6)	(6.1)
Total policy fees and contract charges (2)	**186.1**	15.5	171.4	138.9
Total premiums and other amounts assessed to policyholders	**$ 903.6**	$ 76.7	$ 888.0	$ 768.0
Percentage of assumed to total premiums and other amounts assessed to policyholders	**0.03%**	—%	0.01%	—%

(1) Decrease in ceded premiums related to long-term disability income business recaptured during 2016.
(2) Total policy fees and contract charges represents amounts charged to policyholders other than premiums and recorded in policy fees, contract charges and other in the consolidated statements of income (loss). This primarily consists of cost of insurance charges.

Reinsurance benefits reduced policyholder benefits and claims by $27.2 and $3.5 for the periods February 1 to December 31, 2016 and January 1 to January 31, 2016, respectively, and $70.1 and $75.8 for the years ended December 31, 2015 and 2014, respectively.

13. Liability for Unpaid Claims and Claim Adjustment Expenses

Liabilities for policy and contract claims, which primarily represent liabilities for claims under medical stop-loss, group term life insurance, group short- and long-term disability, and individual life policies, are established on the basis of reported losses. The Company also provides for claims incurred but not reported (IBNR). For medical stop-loss policies, this is based on expected loss ratios, claims paying completion patterns and historical experience. If expected loss ratios increase or expected claims paying completion patterns extend, the IBNR claim liability increases. The Company reviews estimates for reported but unpaid claims and IBNR claims quarterly. Any necessary adjustments are reflected in earnings.

The following table provides a reconciliation of the beginning and ending liability balances for unpaid claims and claims adjustment expenses. These reserves include policy and contract claims and certain amounts recorded in future policy benefits on the consolidated balance sheets.

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Balance, beginning of period	**$ 262.5**	$ 267.2	$ 239.6	$ 234.4
Less: reinsurance recoverables	**83.9**	84.9	83.9	69.2
Net balance, beginning of period	**178.6**	182.3	155.7	165.2
Incurred related to insured events of:				
The current year	**573.8**	42.5	535.0	468.1
Prior years	**5.3**	2.5	0.2	(24.5)
Total incurred	**579.1**	45.0	535.2	443.6
Paid related to insured events of:				
The current year	**414.6**	3.6	375.5	334.2
Prior years	**108.4**	45.1	133.1	118.9
Total paid	**523.0**	48.7	508.6	453.1
Net balance, end of period	**234.7**	178.6	182.3	155.7
Add: reinsurance recoverables	**62.8**	83.9	84.9	83.9
Balance, end of period	**$ 297.5**	$ 262.5	$ 267.2	$ 239.6

For the year ended December 31, 2014, the change in prior year incurred claims was primarily due to favorable claims experience for medical stop-loss.

14. Notes Payable and Credit Facilities

Senior Notes Due 2016

On March 30, 2006, the Company issued $300.0 of 6.125% Senior Notes due on April 1, 2016, which were issued at a discount yielding $298.7. Interest on the Senior Notes was payable semi-annually. The effective interest rate on the Senior Notes was 6.11%, including the impact of a related terminated cash flow hedge. The Senior Notes were unsecured senior obligations and were equal in right of payment to all existing and future unsecured senior indebtedness. On April 1, 2016, the Senior Notes were redeemed with proceeds from the $300.0 term loan credit facility discussed below.

Senior Notes Due 2024

On August 4, 2014, the Company issued $250.0 of 4.25% Senior Notes due on July 15, 2024, which were issued at a discount yielding $249.0. Interest on the notes is payable semi-annually. The notes are general unsecured obligations of the Company and rank equally in right of payment with all existing and future senior indebtedness of the Company, including its revolving credit facility. The notes are senior in right of payment to the Company's capital efficient notes (CENts).

The notes are redeemable, in whole or in part, at the option of the Company on at least 30 but not more than 60 days prior notice, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes or (ii) the present value of the remaining scheduled payments on the redemption date, discounted to the date of redemption using the yield to maturity of a comparable treasury issue plus 30 basis points; plus, in each case, any accrued and unpaid interest.

For the Predecessor Company, the effective interest rate on the notes was 4.44%, which reflected the discount and impact of a terminated cash flow hedge. On the Merger date, the carrying amount of the notes was set to fair value, which established a premium of $8.2. For the Successor Company, the effective interest rate of the notes is 3.80%.

Capital Efficient Notes (CENts) Due 2067

On October 10, 2007, the Company issued $150.0 aggregate principal amount CENts with a scheduled maturity date of October 15, 2037, subject to certain limitations, and a final maturity date of October 15, 2067. The Company issued the CENts at a discount, yielding $149.8. For the initial 10-year period following the original issuance date, to, but not including October 15, 2017, the CENts carry a fixed interest rate of 8.3% payable semi-annually. From October 15, 2017, until the final maturity date of October 15, 2067, interest on the CENts will accrue at a variable annual rate equal to the three-month LIBOR plus 4.18%, payable quarterly.

The Company is required to use commercially reasonable efforts to sell enough qualifying capital securities to permit repayment of the CENts at the scheduled maturity date or on each interest payment date thereafter. Any remaining outstanding principal amount will be due on October 15, 2067.

Subject to certain conditions, the Company has the right, on one or more occasions, to defer the payment of interest on the CENts during any period up to 10 years without giving rise to an event of default. Deferred interest will accumulate additional interest at an annual rate equal to the annual interest rate then applicable to the CENts.

The CENts are unsecured junior subordinated obligations. The Company can redeem the CENts at its option, in whole or in part, on October 15, 2017, and on each interest payment date thereafter at a redemption price of 100% of the principal amount being redeemed plus accrued but unpaid interest. The Company can redeem the CENts at its option, prior to October 15, 2017, in whole or in part, at a redemption price of 100% of the principal amount being redeemed or, if greater, a make-whole price, plus accrued and unpaid interest.

In connection with the offering of the CENts, the Company entered into a replacement capital covenant (RCC) for the benefit of the holders of the Senior Notes due 2016, which were redeemed on April 1, 2016. The Senior Notes due 2024 are not entitled to benefit from or otherwise acquire any rights or claims by virtue of the RCC. As a result of the repayment of the Senior Notes due 2016, the RCC no longer provides a benefit to the holders of any of Symetra's outstanding indebtedness.

For the Predecessor Company, the effective interest rate on the notes was 9.39%, which reflected the discount and impact of a terminated cash flow hedge. On February 1, 2016, the carrying amount of the notes was set to fair value, which established a premium of $0.8. For the Successor Company, the effective interest rate of the notes is 7.99%.

Revolving Credit Facility

On August 28, 2014, the Company entered into a $400.0 senior unsecured revolving credit facility with a syndicate of lending institutions. The facility also provides access to up to an additional $100.0 of financing, subject to the availability of additional commitments from lenders. The facility is set to mature on August 28, 2019 and is available to provide support for working capital, capital expenditures, and other general corporate purposes.

Borrowings under the facility will bear interest at a variable annual rate based on adjusted LIBOR or the alternate base rate plus, in each case, an applicable margin. The Company is required to pay facility fees ranging from 0.1% to 0.3%, depending on the Company's ratings from Moody's and S&P, on the daily amount of the commitment. The Company has not borrowed under this facility as of December 31, 2016.

Surplus Note

On December 12, 2014, the Company's primary insurance subsidiary, Symetra Life Insurance Company, and its indirect wholly-owned subsidiary, Symetra Reinsurance Corporation (SRC), entered into a 25-year transaction to finance certain non-economic statutory reserves related to a block of universal life insurance policies with secondary guarantees issued by Symetra Life Insurance Company. As part of this transaction, SRC issued a surplus note with no initial principal balance. The maximum capacity as of December 31, 2016 was $102.5. There have been no borrowings since inception under the surplus note.

Term Loan Credit Agreement

On October 16, 2015, the Company entered into a term loan credit agreement. The Company borrowed $300.0 of unsecured term loans on a single delayed-draw basis on March 30, 2016. The Company used the proceeds of the term loans to settle its $300.0 Senior Notes that matured on April 1, 2016. The term loans bear interest at a variable annual rate based on LIBOR, or an alternate base rate, plus an applicable margin and are scheduled to mature on March 30, 2018, which maturity may be extended subject to certain conditions in the credit agreement.

For all of its notes payable, the Company is required to maintain a debt-to-capitalization ratio, excluding AOCI, not to exceed 35%, and risk-based capital ratios of at least 225% for each material insurance company subsidiary, as well as other customary affirmative covenants. The Company was in compliance with all covenants of its notes payable as of December 31, 2016.

15. Income Taxes

Income taxes have been determined using the liability method. The provision for income taxes has two components: amounts currently payable or receivable and deferred income taxes. The deferred income taxes are calculated as the difference between the book and tax bases of the appropriate assets and liabilities and are measured using enacted tax rates.

The Company files income tax returns in the U.S. federal and various state jurisdictions. The Company's federal income tax returns have been examined and closing agreements have been executed with the Internal Revenue Service, or the statute of limitations has expired, for all tax periods through December 31, 2012.

Differences between income taxes computed by applying the U.S. federal income tax rate of 35% to income (loss) from operations before income taxes and the provision (benefit) for income taxes were as follows:

	Successor Company		Predecessor Company					
	February 1 to December 31, 2016		January 1 to January 31, 2016		For the Year Ended December 31, 2015		For the Year Ended December 31, 2014	
Income (loss) from operations before income taxes	**$ (55.8)**		$ (16.9)		$ 100.4		$ 299.9	
Tax provision (benefit) at U.S. Federal statutory rate	**(19.5)**	**35.0%**	(6.0)	35.0%	35.1	35.0 %	105.0	35.0%
Increase (reduction) in rate resulting from:								
Investment tax credits	**(52.0)**	**93.2**	(4.1)	24.3	(79.8)	(79.5)	(56.8)	(18.9)
Other	**(1.3)**	**2.3**	(0.3)	1.8	(1.7)	(1.7)	(2.7)	(0.9)
Provision (benefit) for income taxes	**$ (72.8)**	**130.5%**	$ (10.4)	61.1%	$ (46.4)	(46.2)%	$ 45.5	15.2%

The Company receives investment tax credits from its investments in certain limited partnerships. These are accounted for using the flow-through method. Refer to Note 2 for further discussion of our tax credit investments.

The tax effects of temporary differences that gave rise to the deferred income tax assets and liabilities were as follows:

	Successor Company	Predecessor Company
	As of December 31, 2016	As of December 31, 2015
Deferred income tax assets:		
Adjustments to life policy liabilities	**$ 840.8**	$ 356.8
Capitalization of policy acquisition costs	**96.8**	86.7
Non-insurance entity net operating loss	**51.0**	37.7
Other	**25.4**	20.4
Total deferred income tax assets	**1,014.0**	501.6
Valuation Allowance	**(5.9)**	—
Net deferred income tax assets	**1,008.1**	501.6
Deferred income tax liabilities:		
Deferred policy acquisition costs	**60.2**	237.1
Basis adjustment on securities	**461.4**	66.0
Unrealized gains on investment securities (net of DAC and VOBA adjustment: **$7.5** and $15.1, respectively)	**77.2**	276.9
Intangible assets	**609.9**	—
Other	**10.2**	—
Total deferred income tax liabilities	**1,218.9**	580.0
Deferred income tax liability, net	**$ 210.8**	$ 78.4

As of December 31, 2016, the Company's non-insurance entities have gross federal net operating loss (NOL) carry-forwards of $145.8, which are reflected in its deferred tax assets. These are due to expire under current law during 2028 through 2037.

Deferred tax assets are recognized only to the extent that it is more likely than not that future taxable profits will be available, and a valuation allowance is established where deferred tax assets cannot be recognized. Based on an analysis of the Company's tax position, management believes that it is more likely than not that the benefit from certain federal NOL carry-forwards will not be realized. As a result, the Company held a valuation allowance of $5.9 on the deferred tax assets relating to federal NOL carry-forwards as of December 31, 2016, which was recorded during purchase accounting. No valuation allowance existed as of December 31, 2015.

The Company includes penalties and interest related to unrecognized tax benefits in the calculation of income tax expense in the accompanying consolidated statements of income (loss).

16. Dividends

The Company's insurance subsidiaries are restricted by state regulations as to the aggregate amount of dividends they may pay to their parent company in any consecutive 12-month period without regulatory approval. The aggregate amount of dividends for the current year is determined based on the prior year's statutory limits. Under state law, the Company's Iowa-domiciled insurance subsidiary may pay dividends only from the earned surplus arising from its business and must receive prior approval of the Insurance Commissioner of the State of Iowa ("the Commissioner") to pay stockholder dividends or make any other distribution if such distributions would exceed certain statutory limitations. Iowa law gives the Commissioner discretion to disapprove requests for distributions in excess of these limits.

Accordingly, during 2016 Symetra was eligible to receive dividends from its directly owned insurance company subsidiary, Symetra Life Insurance Company, without obtaining regulatory approval, as long as the aggregate dividends paid over 12 months did not exceed $211.9. The total amount of dividends declared to Symetra Financial Corporation by Symetra Life Insurance Company during 2016 was $80.0. Based on state regulations as of December 31, 2016, during 2017 Symetra is eligible to receive dividends from Symetra Life Insurance Company without obtaining regulatory approval as long as the aggregate dividends paid over the 12-month period preceding any dividend payment date in 2017 do not exceed $208.2.

There are no significant regulatory restrictions on the ability of Symetra Financial Corporation to pay dividends. The declaration and payment of future dividends to the Company's parent, Sumitomo Life, will be dependent on, and may be limited by, many factors including the receipt of dividends from the Company's primary life insurance subsidiary.

On February 8, 2017, the Board of Directors declared a $180.0 dividend to its parent company, Sumitomo Life, of which $161.0 was recorded as a return of capital and deducted against additional paid in capital. The dividend was paid on February 9, 2017.

17. Statutory-Basis Information

The Company's insurance subsidiaries are required to prepare statutory financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile. Statutory accounting practices differ from GAAP primarily by charging policy acquisition costs to expense as incurred and establishing future policy benefit liabilities using different actuarial assumptions, as well as accounting for investments, certain assets and deferred taxes on a different basis. Additionally, the statutory financial statements were not affected by purchase accounting, and statutory results are not split between the Predecessor Company and Successor Company.

Permitted statutory accounting practices encompass all accounting practices not prescribed and adopted by the NAIC, but which have been specifically allowed by state insurance authorities. The Company's insurance subsidiaries have no material permitted accounting practices.

The statutory net income and statutory capital and surplus for the Company's insurance subsidiaries are as follows:

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Statutory net income (loss):			
Symetra Life Insurance Company	**$ 43.4**	$ 205.6	$ 241.0
Other subsidiaries	**7.3**	9.4	(64.3)
Statutory capital and surplus:			
Symetra Life Insurance Company (1)	**$ 2,082.4**	$ 2,081.5	$ 2,078.3
Other subsidiaries	**134.0**	138.1	136.3

(1) Symetra Life Insurance Company's surplus includes the balances of its three wholly-owned subsidiaries, First Symetra National Life Insurance Company of New York, Symetra National Life Insurance Company and Symetra Reinsurance Corporation.

Each insurance subsidiary's state of domicile imposes minimum risk–based capital (RBC) requirements that were developed by the NAIC. The formulas for determining the amount of RBC specify various weighting factors that are applied to the financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital, as defined by the NAIC, to company action level RBC, as defined by the NAIC. Companies below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. The Company's insurance subsidiaries have statutory surplus and RBC levels above current regulatory required levels.

18. Related Parties

Prior to the Merger, White Mountains Insurance Group, Ltd. was a related party which beneficially owned 20,562,379 shares of the Company's common stock as of December 31, 2015. The Company had an investment management agreement with White Mountains Advisors, LLC (WMA), a subsidiary of White Mountains Insurance Group, Ltd. The agreement, as amended, provided for investment advisory services related to the Company's invested assets. Expenses were $0.7 for the period January 1 to January 31, 2016, and $7.8 and $19.0 for the years ended December 31, 2015 and 2014, respectively.

After the Merger, WMA is no longer a related party of the Company. The Successor Company had no significant activity involving related parties for the period February 1 to December 31, 2016.

19. Parent Company Information

The financial statements presented below include the unconsolidated financial position and results of operations of Symetra Financial Corporation (the Parent Company). Investments in subsidiaries are accounted for using the equity method of accounting.

Condensed Statements of Financial Position
(Parent Company Only)

	Successor Company	Predecessor Company
	As of December 31, 2016	As of December 31, 2015
ASSETS		
Cash and investments:		
Investments, at fair value (amortized cost: 2016 Successor **$336.2**; 2015 Predecessor $344.9)	**$ 340.6**	$ 335.5
Investments in subsidiaries	**4,105.7**	3,255.3
Cash and cash equivalents	**56.1**	20.1
Total cash and investments	**4,502.4**	3,610.9
Accrued investment income	**2.4**	2.5
Current and deferred income taxes	**50.9**	48.1
Receivables due from affiliates	**—**	7.8
Other assets	**4.7**	7.3
Total assets	**$ 4,560.4**	$ 3,676.6
LIABILITIES AND STOCKHOLDER'S EQUITY		
Notes payable	**$ 707.5**	$ 697.6
Payables due to affiliates	**2.4**	—
Other liabilities	**12.3**	50.2
Total liabilities	**722.2**	747.8
Common stock, 2016 Successor and 2015 Predecessor: $0.01 par value, **1,000** shares and 750,000,000 shares authorized, respectively; **100** shares issued and outstanding and 125,064,342 shares issued and 116,011,039 outstanding, respectively	**—**	1.2
Additional paid-in capital	**3,677.7**	1,476.0
Treasury stock, at cost: 2015 Predecessor 9,053,303	**—**	(134.6)
Retained earnings	**17.0**	1,070.8
Accumulated other comprehensive income, net of taxes	**143.5**	515.4
Total stockholder's equity	**3,838.2**	2,928.8
Total liabilities and stockholder's equity	**$ 4,560.4**	$ 3,676.6

Condensed Statements of Comprehensive Income (Loss)
(Parent Company Only)

	Successor Company	Predecessor Company		
	February 1 to December 31, 2016	January 1 to January 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Revenues:				
Dividends from subsidiaries (1):				
Symetra Life Insurance Company	**$ 26.3**	$ —	$ 140.0	$ 80.0
Other subsidiaries	**3.0**	—	8.6	9.5
Net investment income	**9.3**	0.8	(6.0)	14.4
Net realized gains (losses)	**7.5**	—	(3.4)	4.6
Total revenues	**46.1**	0.8	139.2	108.5
Expenses:				
Interest expense	**24.9**	3.8	44.4	37.7
Operating expenses	**4.2**	2.0	8.3	2.6
Total expenses	**29.1**	5.8	52.7	40.3
Income from operations before income taxes	**17.0**	(5.0)	86.5	68.2
Income tax benefit	**(4.9)**	(1.7)	(21.0)	(6.8)
Income (loss) before equity (deficit) in undistributed earnings (losses) of subsidiaries	**21.9**	(3.3)	107.5	75.0
Equity (deficit) in undistributed earnings (losses) of subsidiaries (1):				
Symetra Life Insurance Company	**(7.5)**	(3.9)	38.4	176.2
Other subsidiaries	**2.6**	0.7	0.9	3.2
Total equity (deficit) in undistributed earnings (losses) of subsidiaries	**(4.9)**	(3.2)	39.3	179.4
Net income	**$ 17.0**	$ (6.5)	$ 146.8	$ 254.4
Other comprehensive income, net of taxes:				
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of **$1.3**, $0.7, $(2.3) and $2.7)	**$ 2.3**	$ 1.3	$ (4.1)	$ 4.9
Impact of cash flow hedges (net of taxes of **$0.0**, $0.0, $0.1 and $0.1)	**—**	—	0.2	0.1
Other comprehensive income (loss) of subsidiaries (net of taxes of **$76.0**, $61.4, $(253.8), $211.1)	**141.2**	114.0	(471.3)	392.0
Other comprehensive income (loss)	**143.5**	115.3	(475.2)	397.0
Total comprehensive income (loss)	**$ 160.5**	$ 108.8	$ (328.4)	$ 651.4

(1) Eliminated in consolidation. Additionally, for the period February 1 to December 31, 2016, this amount excludes dividends of $53.7 received from Symetra Life Insurance Company and $12.3 received from other subsidiaries that were considered a return of capital.