Symetra Financial Corporation

Condensed Consolidated Financial Statements

As of March 31, 2016 (Successor) and December 31, 2015 (Predecessor)
For the Periods February 1 to March 31, 2016 (Successor) and
January 1 to January 31, 2016 (Predecessor), and
for the three months ended March 31, 2015 (Predecessor)

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SYMETRA FINANCIAL CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Successor Company	Predecessor Company
	As of March 31, 2016	As of December 31, 2015
	(Unaudited)	
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value (amortized cost: 2016 Successor **$27,451.9**; 2015 Predecessor $25,891.9)	**$ 27,904.9**	$ 26,730.4
Marketable equity securities, at fair value (cost: 2016 Successor **$631.1**; 2015 Predecessor $175.8)	**669.6**	173.4
Trading securities:		
Marketable equity securities, at fair value (cost: 2015 Predecessor $416.9)	**—**	482.4
Mortgage loans, net	**5,124.1**	4,778.5
Policy loans	**57.6**	58.5
Investments in limited partnerships (includes amounts at fair value of 2016 Successor **$42.5**; 2015 Predecessor $45.9)	**263.3**	256.8
Other invested assets (includes amounts at fair value of 2016 Successor **$188.0**; 2015 Predecessor $141.7)	**191.6**	146.2
Total investments	**34,211.1**	32,626.2
Cash and cash equivalents	**621.3**	172.2
Accrued investment income	**324.9**	320.7
Reinsurance recoverables	**324.0**	340.3
DAC and VOBA	**414.6**	666.1
Receivables and other assets	**234.7**	259.9
Other intangible assets, net	**1,427.2**	6.6
Goodwill	**563.0**	31.1
Separate account assets	**894.2**	909.8
Total assets	**$ 39,015.0**	$ 35,332.9
LIABILITIES AND STOCKHOLDER'S EQUITY		
Funds held under deposit contracts	**$ 31,559.3**	$ 29,571.8
Future policy benefits	**462.2**	432.8
Policy and contract claims	**152.4**	150.3
Other policyholders' funds	**150.9**	138.9
Notes payable	**1,008.7**	693.1
Deferred income tax liabilities, net	**345.3**	78.4
Other liabilities	**510.8**	429.0
Separate account liabilities	**894.2**	909.8
Total liabilities	**35,083.8**	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: $0.01 par value; 1,000 shares and 750,000,000 shares authorized, respectively; **100** issued and outstanding and 125,064,342 issued and 116,011,039 outstanding, respectively	**—**	1.2
Additional paid-in capital	**3,677.7**	1,476.0
Treasury stock, at cost: 2015 Predecessor 9,053,303 shares	**—**	(134.6)
Retained earnings (deficit)	**(12.7)**	1,070.8
Accumulated other comprehensive income, net of taxes	**266.2**	515.4
Total stockholder's equity	**3,931.2**	2,928.8
Total liabilities and stockholder's equity	**$ 39,015.0**	$ 35,332.9

See accompanying notes.

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

	Successor Company	Predecessor Company	
	February 1, 2016 to March 31, 2016	**January 1, 2016 to January 31, 2016**	**For the Three Months Ended March 31, 2015**
Revenues:			
Premiums	**$ 122.0**	$ 61.2	$ 180.3
Net investment income	**191.0**	110.4	324.0
Policy fees, contract charges, and other	**40.4**	19.8	51.6
Net realized gains (losses):			
Total other-than-temporary impairment losses on securities	**(3.1)**	(3.8)	(9.0)
Less: portion recognized in other comprehensive income (loss)	**—**	—	1.0
Net impairment losses on securities recognized in earnings	**(3.1)**	(3.8)	(8.0)
Other net realized gains (losses)	**(17.7)**	(23.2)	1.8
Net realized gains (losses)	**(20.8)**	(27.0)	(6.2)
Total revenues	**332.6**	164.4	549.7
Benefits and expenses:			
Policyholder benefits and claims	**101.1**	48.4	142.1
Interest credited	**145.2**	84.4	235.2
Other underwriting and operating expenses	**89.6**	35.9	98.3
Interest expense	**4.7**	3.8	11.2
Amortization of DAC and VOBA	**9.3**	8.6	21.6
Amortization of intangible assets	**14.5**	0.2	0.9
Total benefits and expenses	**364.4**	181.3	509.3
Income (loss) from operations before income taxes	**(31.8)**	(16.9)	40.4
Total provision (benefit) for income taxes	**(19.1)**	(10.4)	1.6
Net income (loss)	**$ (12.7)**	$ (6.5)	$ 38.8

See accompanying notes.

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

	Successor Company	Predecessor Company	
	February 1, 2016 to March 31, 2016	**January 1, 2016 to January 31, 2016**	**For the Three Months Ended March 31, 2015**
Net income (loss)	**$ (12.7)**	$ (6.5)	$ 38.8
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 **$176.7**; 2016 Predecessor $61.7; 2015 Predecessor $86.9)	**328.2**	114.5	161.4
Other-than-temporary impairments on fixed maturities not related to credit losses (net of taxes of: 2016 Successor **$0.0**; 2016 Predecessor $0.0; 2015 Predecessor $(0.4))	**—**	—	(0.6)
Impact of net unrealized (gains) losses on DAC and VOBA (net of taxes of: 2016 Successor **$(29.6)**; 2016 Predecessor $(13.1); 2015 Predecessor $(16.4))	**(55.0)**	(24.4)	(30.6)
Impact of cash flow hedges (net of taxes of: 2016 Successor **$(3.8)**; 2016 Predecessor $13.6; 2015 Predecessor $17.2)	**(7.0)**	25.2	32.0
Other comprehensive income (loss)	**266.2**	115.3	162.2
Total comprehensive income (loss)	**$ 253.5**	$ 108.8	$ 201.0

See accompanying notes.

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

	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 (loss)	—	—	—	38.8	—	$ 38.8
Other comprehensive income (loss)	—	—	—	—	162.2	$ 162.2
Stock-based compensation	—	2.6	—	—	—	$ 2.6
Dividends declared	—	—	—	(13.5)	—	$ (13.5)
Balances as of March 31, 2015	$ 1.2	$ 1,472.1	$ (134.6)	$ 1,059.2	$ 1,152.8	$ 3,550.7

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Predecessor Company						
Balances as of January 1, 2016	$ 1.2	$ 1,476.0	$ (134.6)	$ 1,070.8	$ 515.4	$ 2,928.8
Net income (loss) for the period January 1, 2016 through January 31, 2016	—	—	—	(6.5)	—	(6.5)
Other comprehensive income (loss) for the period January 1, 2016 through January 31, 2016	—	—	—	—	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					
Balances as of February 1, 2016	**$ —**	**$ 3,677.7**	**$ —**	**$ —**	**$ 3,677.7**
Net income (loss) for the period February 1, 2016 through March 31, 2016	**—**	**—**	**(12.7)**	**—**	**(12.7)**
Other comprehensive income (loss) for the period February 1, 2016 through March 31, 2016	**—**	**—**	**—**	**266.2**	**266.2**
Balances as of March 31, 2016	**$ —**	**$ 3,677.7**	**$ (12.7)**	**$ 266.2**	**$ 3,931.2**

See accompanying notes.

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

	Successor Company	Predecessor Company	
	February 1, 2016 to March 31, 2016	January 1, 2016 to January 31, 2016	For the Three Months Ended March 31, 2015
Cash flows from operating activities			
Net income (loss)	**$ (12.7)**	$ (6.5)	$ 38.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized (gains) losses	**20.8**	27.0	6.2
Accretion and amortization of invested assets, net	**57.9**	9.1	27.0
Accrued interest on fixed maturities	**(1.4)**	(0.7)	(2.7)
Amortization and depreciation	**2.2**	1.8	4.2
Deferred income tax provision (benefit)	**(26.3)**	13.7	(4.9)
Interest credited on deposit contracts	**145.2**	84.4	235.2
Mortality and expense charges and administrative fees	**(30.6)**	(13.6)	(37.9)
Changes in:			
Accrued investment income	**4.3**	(8.5)	0.5
DAC and VOBA, net	**(32.9)**	(11.0)	(24.8)
Future policy benefits	**4.7**	(2.7)	2.5
Policy and contract claims	**8.2**	(6.1)	7.1
Current income taxes	**7.2**	(24.1)	5.8
Other assets and liabilities	**(21.4)**	(20.6)	(26.0)
Other, net	**0.4**	1.0	0.3
Total adjustments	**138.3**	49.7	192.5
Net cash provided by (used in) operating activities	**125.6**	43.2	231.3
Cash flows from investing activities			
Purchases of:			
Fixed maturities and marketable equity securities	**(815.3)**	(448.7)	(1,272.5)
Other invested assets and investments in limited partnerships	**(29.5)**	(5.7)	(16.2)
Issuances of mortgage loans	**(118.8)**	(45.4)	(156.9)
Maturities, calls, paydowns, and other repayments	**228.7**	129.8	390.7
Sales of:			
Fixed maturities and marketable equity securities	**135.5**	202.6	481.6
Other invested assets and investments in limited partnerships	**0.2**	0.3	17.5
Repayments of mortgage loans	**62.0**	33.9	64.2
Other, net	**64.6**	0.9	32.0
Net cash provided by (used in) investing activities	**(472.6)**	(132.3)	(459.6)
Cash flows from financing activities			
Policyholder account balances:			
Deposits	**830.1**	365.4	779.7
Withdrawals	**(441.0)**	(168.6)	(467.2)
Net proceeds from borrowings	**300.0**	—	—
Cash dividends paid on common stock	**—**	—	(12.8)
Other, net	**0.5**	(1.2)	1.3
Net cash provided by (used in) financing activities	**689.6**	195.6	301.0
Net increase (decrease) in cash and cash equivalents	**342.6**	106.5	72.7
Cash and cash equivalents at beginning of period	**278.7**	172.2	158.8
Cash and cash equivalents at end of period	**$ 621.3**	$ 278.7	$ 231.5
Supplemental disclosures of cash flow information			
Non-cash transactions during the period:			
Fixed maturities exchanges	**$ 24.2**	$ 11.1	$ 10.5

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 Per Share Merger Consideration). 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.

These financial statements include information as of March 31, 2016 and for the period of February 1, 2016 to March 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 three months ended March 31, 2015, 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

The interim condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that may affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. These interim condensed consolidated financial statements are unaudited and in management's opinion include all adjustments, consisting of normal recurring adjustments and accruals, necessary for a fair presentation. All significant intercompany transactions and balances have been eliminated. Certain reclassifications have been made to prior year financial information to conform to the current period presentation. Management has assessed subsequent events through May 23, 2016, the date the financial statements were available to be issued.

These interim condensed consolidated financial statements should be read in conjunction with the December 31, 2015 audited Consolidated Financial Statements. Financial results for the period of February 1, 2016 to March 31, 2016 (Successor Company) and the period of January 1, 2016 to January 31, 2016 (Predecessor Company) are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. The Company's effective tax rate differs from the U.S. federal income tax rate of 35% was primarily due to benefits from the Company's tax credit investments.

The Company accounted for the Merger under the acquisition method in Accounting Standards Codification (ASC) Topic 805, *Business Combinations* and elected to apply pushdown accounting. Identifiable assets acquired and liabilities assumed were measured at fair value as of the acquisition date. Goodwill was recognized as the excess of the acquisition price over the fair value of the net assets acquired. These values were the basis of accounting records used in the preparation of financial statements and disclosures for the Successor Company.

A full description of the Company's significant accounting policies is included in the audited Consolidated Financial Statements for the year-ended December 31, 2015. In conjunction with the Merger and the election to apply pushdown accounting, the Company made certain revisions to its significant accounting policies, which are discussed in the Notes listed in the following table.

(All amounts in millions, except share and percentage data, unless otherwise stated)

Significant Accounting Policy	Note #
Value of Business Acquired (VOBA)	3
Other Intangible Assets	3
Goodwill	3
Funds Held Under Deposit Contracts	3
Investments	4
Mortgage Loans	5

Accounting Pronouncements

Standard	Description	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 group insurance policies.
Update No. 2016-01, *Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities*	This standards amends recognition and disclosure requirements for equity investments, except those accounted for under the equity method of accounting or those consolidated. Under the standard, companies must measure these investments at fair value, with changes in fair value 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 by means of a cumulative-effect adjustment to the balance sheet.
Update No. 2016-02, *Leases (Topic 842)*	This standards 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.

(All amounts in millions, except share and percentage data, unless otherwise stated)

3. Sumitomo Life Merger

On February 1, 2016, the Company became a wholly owned subsidiary of Sumitomo Life Insurance Company. Refer to Note 1 for further details on this transaction. The Merger was accounted for under the acquisition method of accounting (purchase accounting, or PGAAP).

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
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 value of business acquired (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 Deposits Contracts" accounting policy below for further discussion.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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 for the estimated aggregate amortization expense:

Year	Amount
2016	$ 79.8
2017	87.0
2018	87.0
2019	87.0
2020	87.0

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 is 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 at least annually for 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 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 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. The Company utilizes a fair value measurement (which includes a discounted cash flow analysis) to assess the carrying value of the reporting units in consideration of the recoverability of the goodwill balance assigned to each reporting unit as of the measurement date.

Funds Held Under Deposit Contracts

Liabilities for fixed deferred annuity contracts and universal life policies, including BOLI, are computed as deposits net of withdrawals made by the policyholder, plus interest amounts credited based on contract specifications, less contract fees and charges assessed. For fixed-indexed annuity contracts this also includes a liability for the embedded derivative. For SPIAs, including structured settlements, liabilities are based on discounted amounts of estimated future benefits.

In conjunction with the Merger, these liabilities were recorded at fair value and the underlying contracts are considered to be new contracts, for measurement and reporting purposes as of the acquisition date. Estimating the fair value of these liabilities requires 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 require 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. As such, 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. Such liability is reported in funds held under deposit contracts and is amortized over the policy period in proportion to the approximate consumption of losses included in the liability usually expressed in terms of insurance in-force or account value. Such amortization is recorded as a contra-expense in interest credited.

Treatment of certain acquisition related costs and outstanding employee awards

The Company recorded costs related to the Merger in either the predecessor or successor periods based on the specific facts and circumstances underlying each individual transaction. Certain of these costs were fully contingent on the completion of the Merger, which occurred on February 1, 2016. These costs are not expensed in either the Predecessor or Successor Company Statement of Income (Loss). Liabilities for payment of these contingent costs are included in the opening balance sheet as of February 1, 2016. This included fees related to the Merger 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 is 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 and other investments. The Company maintained its investment accounting policies after the Merger, except for the following changes:

Marketable Equity Securities

As of February 1, 2016 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, VOBA and DSI adjustments and deferred income taxes.

(All amounts in millions, except share and percentage data, unless otherwise stated)

Investments in Limited Partnerships

The Company invests in limited partnerships that generate tax benefits (referred to as tax credit investments) as well as private equity and hedge funds (referred to as alternative investments). Subsequent to the Merger, the Company did not change its methods of accounting for these investments; however, in the Successor Company, the amortization of the tax credit investments and changes in the fair value of the alternative investments are recorded in net realized gains (losses). In the Predecessor Company, such amounts were recorded in net investment income.

The following tables summarize the Company's available-for-sale fixed maturities and marketable equity securities. As of February 1, 2016, the book value of the Company's fixed maturity and marketable equity securities were set to fair value, which resulted in the elimination of previously recorded unrealized gains and losses from accumulated other comprehensive income. Based on interest rates on February 1, 2016, the Company book value of the portfolio increased, and a net premium was established. Since February 1, 2016, interest rates have decreased, resulting in net unrealized gains in the Company's available-for-sale investment portfolio.

	As of March 31, 2016 (Successor Company)			
	Cost or Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities:				
U.S. government and agencies	**$ 640.3**	**$ 4.6**	**$ (0.1)**	**$ 644.8**
State and political subdivisions	**900.5**	**7.0**	**(0.1)**	**907.4**
Corporate securities	**20,661.8**	**469.1**	**(33.0)**	**21,097.9**
Residential mortgage-backed securities	**2,703.3**	**17.9**	**(1.3)**	**2,719.9**
Commercial mortgage-backed securities	**1,208.6**	**10.6**	**(0.7)**	**1,218.5**
Collateralized loan obligations	**769.9**	**0.2**	**(20.1)**	**750.0**
Other debt obligations	**567.5**	**2.7**	**(3.8)**	**566.4**
Total fixed maturities	**27,451.9**	**512.1**	**(59.1)**	**27,904.9**
Marketable equity securities, available-for-sale	**631.1**	**39.5**	**(1.0)**	**669.6**
Total	**$ 28,083.0**	**$ 551.6**	**$ (60.1)**	**$ 28,574.5**

	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

(All amounts in millions, except share and percentage data, unless otherwise stated)

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.

	As of March 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	**$ 78.5**	**$ (0.1)**	**3**	**$ —**	**$ —**	**—**
State and political subdivisions	**73.4**	**(0.1)**	**4**	**—**	**—**	**—**
Corporate securities	**1,752.4**	**(33.0)**	**217**	**—**	**—**	**—**
Residential mortgage-backed securities	**250.4**	**(1.3)**	**93**	**—**	**—**	**—**
Commercial mortgage-backed securities	**226.6**	**(0.7)**	**22**	**—**	**—**	**—**
Collateralized loan obligations	**632.8**	**(20.1)**	**54**	**—**	**—**	**—**
Other debt obligations	**239.9**	**(3.8)**	**31**	**—**	**—**	**—**
Total fixed maturities	**3,254.0**	**(59.1)**	**424**	**—**	**—**	**—**
Marketable equity securities, available-for-sale	**37.9**	**(1.0)**	**19**	**—**	**—**	**—**
Total	**$ 3,291.9**	**$ (60.1)**	**443**	**$ —**	**$ —**	**—**

	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 March 31, 2016 and December 31, 2015, the Company held below-investment-grade fixed maturities with fair values of $1,153.2 and $1,039.0, respectively, and amortized costs of $1,137.5 and $1,083.2, respectively. These holdings amounted to 4.1% and 3.8% of the Company's investments in fixed maturities at fair value as of March 31, 2016 and December 31, 2015, respectively.

(All amounts in millions, except share and percentage data, unless otherwise stated)

The following table summarizes the amortized cost and fair value of fixed maturities as of March 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	$ 609.5	$ 610.1
Over one year through five years	7,077.7	7,147.1
Over five years through ten years	10,070.7	10,332.7
Over ten years	4,531.2	4,647.1
Residential mortgage-backed securities	2,703.3	2,719.9
Commercial mortgage-backed securities	1,208.6	1,218.5
Collateralized loan obligations	769.9	750.0
Other asset-backed securities	481.0	479.5
Total fixed maturities	$ 27,451.9	$ 27,904.9

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

	Successor Company	Predecessor Company	
	February 1, 2016 to March 31, 2016	January 1, 2016 to January 31, 2016	For the Three Months Ended March 31, 2015
Fixed maturities	$ 158.1	$ 96.3	$ 278.3
Marketable equity securities	4.8	0.3	4.3
Mortgage loans	33.0	21.3	57.1
Investments in limited partnerships (1):	—	(4.4)	(12.2)
Other	1.2	0.2	5.1
Total investment income	197.1	113.7	332.6
Investment expenses	(6.1)	(3.3)	(8.6)
Net investment income	$ 191.0	$ 110.4	$ 324.0

(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) and $(5.1) for the one month ended January 31, 2016 and the three months ended March 31 2015, respectively.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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

	Successor Company	Predecessor Company	
	February 1, 2016 to March 31, 2016	January 1, 2016 to January 31, 2016	For the Three Months Ended March 31, 2015
Fixed maturities:			
Gross gains on sales	**$ 0.4**	$ 2.4	$ 4.4
Gross losses on sales	**(2.4)**	(1.2)	(4.5)
Net impairment losses recognized in earnings	**(3.1)**	(3.8)	(8.0)
Other (1)	**(2.8)**	(0.8)	(0.1)
Total fixed maturities	**(7.9)**	(3.4)	(8.2)
Marketable equity securities, trading (2)	**—**	(22.5)	8.2
Investments in limited partnerships (3):			
Alternative investments	**(1.4)**	—	—
Tax credit investments	**(6.3)**	(0.6)	(3.7)
Other (4)	**(9.3)**	—	(5.7)
DAC, VOBA and DSI adjustment	**4.1**	(0.5)	3.2
Net realized gains (losses)	**$ (20.8)**	$ (27.0)	$ (6.2)

(1) This includes net gains (losses) on calls and redemptions, and changes in the fair value of the Company's convertible securities.
(2) Predecessor Company results include net gains (losses) on changes in the fair value of trading securities held as of period end totaling $(22.7) and $(1.0) for the month ended January 31, 2016 and for the three months ended March 31 2015, respectively.
(3) Successor Company results reflect losses related to tax credit investments and changes in the fair value of alternative investments, all of which relate to investments held as of period-end. 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.
(4) This includes 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.

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;
- Other indications that a credit loss has occurred; and
- For fixed maturities, the Company's intent to sell or whether it is more likely than not the Company will be required to sell the fixed maturity prior to recovery of its amortized cost, considering any regulatory developments, prepayment or call notifications and the Company's liquidity needs.

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 securities cost will not be recovered. If an OTTI exists, the entire unrealized loss is recognized as an OTTI in realized gains (losses).

For fixed maturities, the Company concludes that an OTTI has occurred if a security is underwater and there is an intent or requirement to sell the security or if the present value of expected cash flows is less than the amortized cost of the security (i.e., a credit loss exists). Where a credit loss exists, 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, and the remainder of the unrealized loss is recorded as a non-credit OTTI through other comprehensive income. If there is an intent or requirement to sell the security, the entire unrealized loss is recognized as an OTTI in realized gains (losses).

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 or current effective yield for mortgage-backed and other structured securities.

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 and anti-selection due to changes in the interest rate environment.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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 March 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	**$ 38.0**	**$ (10.7)**	**12**	$ 86.4	$ (37.1)	56
6 consecutive months or more	**—**	**—**	**—**	44.9	(21.5)	22
Total underwater by 20% or more	**38.0**	**(10.7)**	**12**	131.3	(58.6)	78
All other underwater fixed maturities	**3,216.0**	**(48.4)**	**412**	8,210.2	(295.2)	761
Total underwater fixed maturities	**$ 3,254.0**	**$ (59.1)**	**424**	$ 8,341.5	$ (353.8)	839

The Company reviewed its available-for-sale fixed maturities with unrealized losses as of March 31, 2016 in accordance with its impairment policy and determined, after the recognition of OTTI, that the remaining declines in fair value were temporary. 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, 2016 to March 31, 2016	January 1, 2016 to January 31, 2016	For the Three Months Ended March 31, 2015
Balance, beginning of period	**$ —**	$ 27.7	$ 20.1
Increases recognized in the current period:			
For which an OTTI was not previously recognized	**2.8**	—	0.5
For which an OTTI was previously recognized	**—**	—	0.7
Decreases attributable to:			
Securities sold or paid down during the period	**—**	(0.4)	(4.4)
Balance, end of period	**$ 2.8**	$ 27.3	$ 16.9

Investments in Limited Partnerships — Affordable Housing Project Investments

The majority of the Company's tax credit investments relate to affordable housing project investments. As of March 31, 2016 and December 31, 2015, the Company's tax credit investments had carrying values of $220.8 and $210.9, respectively, of which $207.4 and $193.1 related to affordable housing project investments, respectively.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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, 2016 to March 31, 2016	January 1, 2016 to January 31, 2016	For the Three Months Ended March 31, 2015
Amortization	**$ (3.8)**	$ (2.1)	$ (6.5)
Write downs	**—**	(0.5)	(2.1)
Tax benefit from amortization and write downs	**1.4**	0.9	3.0
Tax credits	**6.4**	3.1	11.3
Impact to net income	**$ 4.0**	$ 1.4	$ 5.7

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's mortgage loan portfolio is diversified by geographic region, loan size and scheduled maturity. As of March 31, 2016, the three states with the largest concentrations of the Company's commercial mortgage loans were California, primarily the Los Angeles area, Texas and Washington. Loans in these states comprised 28.7%, 11.1% and 7.7% of total outstanding principal, respectively.

As of February 1, 2016 all mortgage loans were measured at fair value, which resulted in the establishment of a net premium for the portfolio. 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 balance 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 February 1, 2016 were adjusted to fair value, which incorporated expectations for credit losses at that time. Any allowance related to these PGAAP loans reflects losses incurred subsequent to the Merger. The Company separately monitors these loans for deterioration in credit quality or other indicators that a loss has incurred.

(All amounts in millions, except share and percentage data, unless otherwise stated)

The following table sets forth the Company's mortgage loans by risk category:

	As of March 31, 2016 (Successor Company)		As of December 31, 2015 (Predecessor Company)	
	Balance	**% of Total**	**Balance**	**% of Total**
Lower risk	**$ 86.8**	**74.7%**	$ 3,103.2	64.9%
Medium risk	**17.3**	**14.9**	1,129.3	23.6
Higher risk	**12.1**	**10.4**	547.9	11.5
Subtotal, excluding certain PGAAP loans	**116.2**	**100.0%**	4,780.4	100.0%
Certain PGAAP loans (1)	**5,007.7**		—	
Loans specifically evaluated for impairment (2)	**—**		1.7	
Other (3)	**0.2**		(3.6)	
Total	**$ 5,124.1**		$ 4,778.5	

(1) Represents loans set to fair value on February 1, 2016 for which there are no indications of subsequent credit deterioration. The underlying credit quality of the PGAAP loans as of March 31, 2016 was such that 65.3% are lower risk, 23.9% are medium risk and 10.8% are higher risk.
(2) As of March 31, 2016 and December 31, 2015, reserve amounts of $**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 and considers past loan experience, commercial real estate market conditions, and third-party data for expected losses on loans with similar LTV ratios and DSCRs. Each loan's LTV ratio and DSCR is updated annually, primarily during the third quarter. In developing its provision for specifically identified loans, a market valuation on the collateral is performed to determine if a reserve is necessary.

As of March 31, 2016, the Company had no allowance for mortgage loan losses. As of December 31, 2015, the balance of the Company's allowance for mortgage loan losses was $8.1. For the periods February 1 to March 31, 2016, January 1 to January 31, 2016, and the three months ended March 31, 2015, no additional provisions or charge-offs were recorded.

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 March 31, 2016 and December 31, 2015, no loans were considered non-performing.

(All amounts in millions, except share and percentage data, unless otherwise stated)

6. Derivative Instruments

The following table sets forth the fair value of the Company's derivative instruments, including embedded derivatives that primarily relate to the Company's FIA products. In the consolidated balance sheets, derivative contracts in an asset position are included in other invested assets, derivative contracts in a liability position are included in other liabilities, and embedded derivative liabilities are included in funds held under deposit contracts.

	As of March 31, 2016 (Successor Company)			As of December 31, 2015 (Predecessor Company)		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedges:						
Cash flow hedges:						
Interest rate swaps	**$ 507.5**	**$ 17.3**	**$ —**	$ 424.5	$ 6.1	$ 3.1
Foreign currency swaps	**679.8**	**76.0**	**0.5**	679.8	61.8	—
Total derivatives designated as hedges	**$ 1,187.3**	**$ 93.3**	**$ 0.5**	$ 1,104.3	$ 67.9	$ 3.1
Derivatives not designated as hedges:						
Index options	**$ 4,269.8**	**$ 89.8**	**$ —**	$ 3,794.0	$ 71.3	$ —
Interest rate swaps	**136.8**	**2.7**	**—**	118.3	0.1	0.8
Embedded derivatives	**—**	**—**	**402.3**	—	—	385.7
Other derivatives	**21.4**	**—**	**0.6**	132.2	0.2	0.5
Total derivatives not designated as hedges	**4,428.0**	**92.5**	**402.9**	4,044.5	71.6	387.0
Total derivatives	**$ 5,615.3**	**$ 185.8**	**$ 403.4**	$ 5,148.8	$ 139.5	$ 390.1

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, except for foreign currency forwards which do not require an ISDA. 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:

(All amounts in millions, except share and percentage data, unless otherwise stated)

	As of March 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	**$ 15.2**	**$ —**	**$ (15.2)**	**$ —**
B (1)	**47.9**	**14.9**	**(48.6)**	**14.2**
C	**14.7**	**—**	**(14.4)**	**0.3**
F	**15.8**	**—**	**(14.9)**	**0.9**
G	**30.9**	**—**	**(29.9)**	**1.0**
H	**13.3**	**—**	**(12.8)**	**0.5**
Other	**48.0**	**—**	**(32.8)**	**15.2**
Total derivative assets	**$ 185.8**	**$ 14.9**	**$ (168.6)**	**$ 32.1**

(1) Amounts include financial instrument collateral of **$14.9** posted by the Company to comply with regulatory requirements on certain centrally cleared instruments.

	As of March 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:				
F	**0.5**	**—**	**—**	**0.5**
Other	**0.6**	**—**	**(0.1)**	**0.5**
Total derivative liabilities (1)	**$ 1.1**	**$ —**	**$ (0.1)**	**$ 1.0**

(1) Excludes embedded derivatives of **$402.3** which have no counterparty.

	As of December 31, 2015 (Predecessor Company)			
		Gross Amount of Collateral (Received) Posted		
Counterparty:	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
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

(All amounts in millions, except share and percentage data, unless otherwise stated)

(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, 2016 to March 31, 2016	January 1, 2016 to January 31, 2016	For the Three Months Ended March 31, 2015
Interest rate swaps	**$ 4.8**	$ 11.3	$ 2.6
Foreign currency swaps	**(13.5)**	29.1	49.3
Total	**$ (8.7)**	$ 40.4	$ 51.9

See Note 9 for amounts reclassified out of accumulated other comprehensive income (AOCI) into net income during the period. The Company expects to reclassify net gains of $11.5 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 March 31, 2016, the maximum term over which the Company is hedging its exposure to the variability in future cash flows is approximately fifteen years. For the periods February 1 to March 31, 2016, January 1 to January 31, 2016, and the three months ended March 31, 2015, 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, which is recorded in net realized gains (losses):

	Successor Company	Predecessor Company	
	February 1, 2016 to March 31, 2016	January 1, 2016 to January 31, 2016	For the Three Months Ended March 31, 2015
Index options	**$ 25.7**	$ (33.2)	$ 3.8
Foreign currency forwards	**(0.4)**	0.2	0.7
Embedded derivatives	**(35.9)**	29.4	(10.4)
Other derivatives	**1.6**	3.6	1.0
Total	**$ (9.0)**	$ —	$ (4.9)

(All amounts in millions, except share and percentage data, unless otherwise stated)

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.

	As of March 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	$ 644.8	$ 644.8	$ —	$ 644.8	$ —
State and political subdivisions	907.4	907.4	—	907.4	—
Corporate securities	21,097.9	21,097.9	—	21,043.7	54.2
Residential mortgage-backed securities	2,719.9	2,719.9	—	2,719.9	—
Commercial mortgage-backed securities	1,218.5	1,218.5	—	1,217.4	1.1
Collateralized loan obligations	750.0	750.0	—	735.0	15.0
Other debt obligations	566.4	566.4	—	523.1	43.3
Total fixed maturities, available-for-sale	27,904.9	27,904.9	—	27,791.3	113.6
Marketable equity securities, available-for-sale	669.6	669.6	636.6	27.1	5.9
Investments in limited partnerships, alternative investments	42.5	42.5	—	17.9	24.6
Other invested assets:					
Index options	89.8	89.8	—	84.0	5.8
Other	98.2	98.2	0.6	96.0	1.6
Total other invested assets	188.0	188.0	0.6	180.0	7.4
Total investments carried at fair value	28,805.0	28,805.0	637.2	28,016.3	151.5
Separate account assets	894.2	894.2	894.2	—	—
Total assets at fair value	$ 29,699.2	$ 29,699.2	$ 1,531.4	$ 28,016.3	$ 151.5
Financial liabilities:					
Embedded derivatives	$ 402.3	$ 402.3	$ —	$ —	$ 402.3
Foreign currency swaps	0.5	0.5	—	0.5	—
Total liabilities at fair value	$ 402.8	$ 402.8	$ —	$ 0.5	$ 402.3

(All amounts in millions, except share and percentage data, unless otherwise stated)

	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
Other invested assets:					
Index options	71.3	71.3	—	67.6	3.7
Other	70.4	70.4	0.6	68.2	1.6
Total 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
Total liabilities at fair value	$ 385.7	$ 385.7	$ —	$ —	$ 385.7

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 March 31, 2016 and December 31, 2015, respectively, pricing services provided prices for 94.5% and 94.9% of the Company's fixed maturities.

As of March 31, 2016, the Company had $1,248.8, or 4.5%, 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 $1,199.3, or 96.0%, as Level 2 measurements as of March 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.

(All amounts in millions, except share and percentage data, unless otherwise stated)

The following table presents additional information about the composition of the Level 2 corporate securities:

	As of March 31, 2016 (Successor Company)			As of December 31, 2015 (Predecessor Company)		
	Amount	% of Total	# of Securities	Amount	% of Total	# of Securities
Significant security sectors:						
Industrial	**$ 4,142.6**	**19.7%**	**255**	$ 3,995.0	19.7%	253
Consumer discretionary	**2,897.1**	**13.8**	**219**	2,829.5	14.0	222
Consumer staples	**2,866.4**	**13.6**	**161**	2,676.4	13.2	158
Health care	**2,653.0**	**12.6**	**150**	2,464.0	12.1	146
Utilities	**2,178.7**	**10.4**	**165**	2,080.6	10.3	159
Financial	**2,049.1**	**9.7**	**156**	2,080.5	10.3	155
Weighted-average coupon rate	**4.97%**			4.80%		
Weighted-average remaining years to contractual maturity	**8.9**			8.3		

As of March 31, 2016 and December 31, 2015, $1,133.6, or 5.4%, and $1,073.3, or 5.3%, respectively, of Level 2 corporate securities were privately placed. These securities were 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 0 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.

Agency securities comprised 88.1% and 88.3% of the Company's Level 2 RMBS as of March 31, 2016 and December 31, 2015, respectively. Level 2 RMBS were primarily fixed-rate, with a weighted-average coupon rate of 3.90% and 3.91% as of March 31, 2016 and December 31, 2015, respectively.

The following table presents additional information about the composition of the Level 2 non-agency RMBS securities:

	As of March 31, 2016 (Successor Company)		As of December 31, 2015 (Predecessor Company)	
	Fair Value	% of Total	Fair Value	% of Total
Highest rating agency rating:				
AAA	**$ 190.4**	**58.8%**	$ 170.9	54.8%
AA through BBB	**31.2**	**9.6**	31.6	10.2
BB & below	**102.4**	**31.6**	109.1	35.0
Total non-agency RMBS	**$ 324.0**	**100.0%**	$ 311.6	100.0%
Non-agency RMBS with super senior subordination	**$ 249.1**	**76.9%**	$ 234.8	75.4%

As of March 31, 2016 and December 31, 2015, the Company's non-agency Level 2 RMBS had a weighted-average credit enhancement of 11.2% and 10.8%, respectively. As of March 31, 2016 and December 31, 2015, $235.5 and $216.9, or 72.7%

(All amounts in millions, except share and percentage data, unless otherwise stated)

and 69.6%, respectively, of the Company's non-agency Level 2 RMBS were originated prior to 2004, or subsequent to 2008. The underlying collateral in these years is considered to be of higher quality due to more stringent underwriting standards.

Commercial Mortgage-backed Securities

The Company's commercial mortgage-backed securities (CMBS) classified as Level 2 measurements are priced by pricing services that utilize evaluated pricing models. Because many CMBS 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, new issues, monthly payment information and other reference data, including market research publications.

The Company's Level 2 CMBS securities were primarily non-agency securities, which comprised 93.1% and 92.4% of Level 2 CMBS as of March 31, 2016 and December 31, 2015, respectively. The non-agency Level 2 CMBS had an estimated weighted-average credit enhancement of 33.3% and 32.6% as of March 31, 2016 and December 31, 2015, respectively, and 86.5% were in the most senior tranche as of both March 31, 2016 and December 31, 2015. The weighted-average coupon rate on Level 2 CMBS was 4.45% and 4.25% as of March 31, 2016 and December 31, 2015, respectively.

The following table presents additional information about the composition of the underlying collateral of Level 2 non-agency CMBS securities:

	As of March 31, 2016	As of December 31, 2015
	% of Total	% of Total
Significant underlying collateral locations:		
New York	**27.8%**	27.6%
California	**12.8**	11.9
Florida	**6.8**	7.1
Texas	**6.8**	6.8
Significant underlying collateral property types:		
Office buildings	**34.5%**	35.2%
Retail shopping centers	**28.0**	28.6

Marketable Equity Securities

Marketable equity securities are investments in common stock (mainly in publicly traded companies), exchange-traded funds (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.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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.

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.

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

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 February 1, 2016 through March 31, 2016:

						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)	Realized Gains (Losses)(4)	Balance as of March 31, 2016
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 50.0	$ 7.8	$ —	$ 2.9	$ (8.0)	$ —	$ 0.9	$ 0.6	$ 54.2
Commercial mortgage-backed securities	1.2	—	—	—	(0.1)	—	—	—	1.1
Collateralized loan obligations	10.0	15.0	—	(10.0)	—	—	—	—	15.0
Other debt obligations	43.4	—	—	—	(0.1)	—	—	—	43.3
Total fixed maturities, available-for-sale	104.6	22.8	—	(7.1)	(8.2)	—	0.9	0.6	113.6
Marketable equity securities, available-for-sale	6.1	—	—	—	—	—	(0.2)	—	5.9
Investments in limited partnerships	27.5	0.4	—	—	(0.5)	(3.3)	—	0.5	24.6
Other invested assets:									
Index options	3.3	1.2	—	—	—	1.3	—	—	5.8
Other	1.6	0.3	—	—	—	—	—	(0.3)	1.6
Total other invested assets	4.9	1.5	—	—	—	1.3	—	(0.3)	7.4
Total Level 3 assets	$ 143.1	$ 24.7	$ —	$ (7.1)	$ (8.7)	$ (2.0)	$ 0.7	$ 0.8	$ 151.5
Financial Liabilities:									
Embedded derivatives	334.9	32.1	(0.6)	—	—	35.9	—	—	402.3
Total Level 3 liabilities	$ 334.9	$ 32.1	$ (0.6)	$ —	$ —	$ 35.9	$ —	$ —	$ 402.3

(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 March 31, 2016. Gross transfers out of Level 3 were **$18.1** for the period February 1, 2016 through March 31, 2016, of which primarily 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.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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, 2016 through January 31, 2016:

	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)	Unrealized Gains (Losses) Included in: Net Income(4)	Unrealized Gains (Losses) Included in: Other Comprehensive Income (Loss)	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
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 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
Total Level 3 liabilities	$ 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 million for the period January 1, 2016 through January 31, 2016. Gross transfers out of Level 3 were $94.7 million for the period January 1, 2016 through 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.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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 three months ended March 31, 2015:

	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)	Unrealized Gains (Losses) Included in: Net Income(4)	Unrealized Gains (Losses) Included in: Other Comprehensive Income (Loss)	Realized Gains (Losses)(4)	Balance as of March 31, 2015
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 71.6	$ 15.6	$ —	$ (41.4)	$ 0.5	$ —	$ (1.1)	$ —	$ 45.2
Commercial mortgage-backed securities	2.5	—	—	—	(0.1)	—	—	—	2.4
Other debt obligations	71.7	—	—	(24.5)	(0.1)	—	0.6	—	47.7
Total fixed maturities, available-for-sale	145.8	15.6	—	(65.9)	0.3	—	(0.5)	—	95.3
Marketable equity securities, available-for-sale	—	—	—	6.0	—	—	0.1	—	6.1
Marketable equity securities, trading	0.4	—	—	(0.2)	—	—	—	—	0.2
Investments in limited partnerships	71.5	1.0	—	(28.5)	(1.9)	(3.5)	—	1.9	40.5
Other invested assets:									
Index options	2.4	0.4	—	—	—	(0.5)	—	—	2.3
Other	3.5	0.6	—	—	(5.0)	3.0	—	(0.6)	1.5
Total other invested assets	5.9	1.0	—	—	(5.0)	2.5	—	(0.6)	3.8
Total Level 3 assets	$ 223.6	$ 17.6	$ —	$ (88.6)	$ (6.6)	$ (1.0)	$ (0.4)	$ 1.3	$ 145.9
Financial Liabilities:									
Embedded derivatives	230.1	25.0	(1.1)	—	—	10.4	—	—	264.4
Total Level 3 liabilities	$ 230.1	$ 25.0	$ (1.1)	$ —	$ —	$ 10.4	$ —	$ —	$ 264.4

(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 $6.1 for the three months ended March 31, 2015. Gross transfers out of Level 3 were $94.7 for the three months ended March 31, 2015, of which $65.9 related to fixed maturities for which observable inputs became available. Additionally, transfers out for the three months ended March 31, 2015 included a change in valuation methodology for equity index options during the first quarter of 2014 to a method that uses significant observable inputs. Such securities are now classified as Level 2.
(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.

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

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

	Successor Company	Predecessor Company	
	February 1, 2016 to March 31, 2016	**January 1, 2016 to January 31, 2016**	**For the Three Months Ended March 31, 2015**
Unamortized balance at beginning of period	**$ —**	$ 677.5	$ 513.9
Deferral of acquisition costs	**42.3**	19.6	46.4
Adjustments for realized (gains) losses	**(0.3)**	(0.4)	3.0
Amortization — excluding unlocking	**(0.1)**	(8.4)	(20.7)
Amortization — impact of unlocking (1)	**—**	(0.2)	(0.9)
Unamortized balance at end of period	**41.9**	688.1	541.7
Accumulated effect of net unrealized gains	**(3.3)**	(41.0)	(156.1)
Balance at end of period	**$ 38.6**	$ 647.1	$ 385.6

(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.

(All amounts in millions, except share and percentage data, unless otherwise stated)

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

	Successor Company
	February 1, 2016 to March 31, 2016
Unamortized balance at beginning of period	$ 457.6
Adjustments related to realized (gains) losses	4.3
Amortization — excluding unlocking	(8.3)
Amortization — impact of unlocking (1)	(0.9)
Unamortized balance at end of period	452.7
Accumulated effect of net unrealized gains	(76.7)
Balance at end of period	$ 376.0

(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.

9. Stockholder's Equity

The following table summarizes the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the period February 1 to March 31, 2016:

	Net Unrealized Gains (Losses) on Available-for-sale Securities	Adjustment for DAC	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)	325.2	(52.3)	(5.6)	267.3
Reclassifications recorded in:				
Net investment income:				
Interest rate swaps	—	—	(1.2)	(1.2)
Foreign currency swaps	—	—	(0.9)	(0.9)
Net realized investment (gains) losses	4.6	(4.1)	—	0.5
Total provision (benefit) for income taxes	(1.6)	1.4	0.7	0.5
Total reclassifications from AOCI, net of taxes	3.0	(2.7)	(1.4)	(1.1)
Other comprehensive income (loss) after reclassifications	328.2	(55.0)	(7.0)	266.2
Balance as of March 31, 2016	$ 328.2	$ (55.0)	$ (7.0)	$ 266.2

(1) Other comprehensive income (loss) before reclassifications is net of taxes of **$175.1, $(28.2), $(3.1) and $143.8**, respectively, for the period February 1 to March 31, 2016.

(All amounts in millions, except share and percentage data, unless otherwise stated)

The following table summarizes the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the period January 1 to January 31, 2016:

	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 investment (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 three months ended months ended March 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).

The following table summarizes the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the three months ended March 31, 2015:

	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)	156.8	(0.6)	(28.5)	33.8	161.5
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(0.8)	(0.8)
Foreign currency swaps	—	—	—	(1.9)	(1.9)
Net realized investment (gains) losses	7.0	0.1	(3.2)	—	3.9
Total provision (benefit) for income taxes	(2.5)	—	1.1	0.9	(0.5)
Total reclassifications from AOCI, net of taxes	4.5	0.1	(2.1)	(1.8)	0.7
Other comprehensive income (loss) after reclassifications	161.3	(0.5)	(30.6)	32.0	162.2
Balance as of March 31, 2015	$ 1,291.5	$ (14.0)	$ (162.0)	$ 37.3	$ 1,152.8

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $84.4, $(0.4), $(15.3), $18.1 and $86.8, respectively, for the three months ended March 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).

10. Commitments and Contingencies

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 and Contingencies

On March 30, 2016, Symetra borrowed $300.0 under its delayed draw term loan agreement to settle its $300.0 Senior Notes, which matured on April 1, 2016. The term loan bears interest at a variable annual rate based on LIBOR or an alternate base rate for each interest period, plus an applicable margin. The term loan is scheduled to mature on March 30, 2018, which may be extended subject to certain conditions in the credit agreement.

On April 1, 2016, the Company settled its maturing $300.0 Senior Notes.

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 S&P 500 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 S&P 500 options discussed below),
    - changes in the fair value of embedded derivatives related to the Company's FIA product, and

(All amounts in millions, except share and percentage data, unless otherwise stated)

- the amortization and write-downs associated with our tax credit investments.

- In the Deferred Annuities segment, net gains (losses) on certain S&P 500 options purchased to economically hedge exposure from FIA products sold in the late 1990s are included in pre-tax adjusted operating income.

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:

	February 1, 2016 to March 31, 2016 (Successor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 116.6	$ —	$ —	$ 5.4	$ —	$ 122.0
Net investment income	3.2	96.5	52.8	36.2	2.3	191.0
Policy fees, contract charges, and other	3.3	3.7	0.1	33.0	0.3	40.4
Certain realized gains (losses)	—	0.1	—	—	—	0.1
Total operating revenues	123.1	100.3	52.9	74.6	2.6	353.5
Benefits and expenses:						
Policyholder benefits and claims	82.7	0.1	—	18.3	—	101.1
Interest credited	—	60.2	45.4	39.7	(0.1)	145.2
Other underwriting and operating expenses	32.6	18.4	3.5	15.5	19.6	89.6
Interest expense	—	—	—	0.1	4.6	4.7
Amortization of DAC and VOBA	0.1	9.5	—	(0.3)	—	9.3
Amortization of intangible assets	7.3	2.8	0.4	0.3	—	10.8
Total segment benefits and expenses	122.7	91.0	49.3	73.6	24.1	360.7
Segment pre-tax adjusted operating income (loss)	$ 0.4	$ 9.3	$ 3.6	$ 1.0	$ (21.5)	$ (7.2)
Operating revenues	$ 123.1	$ 100.3	$ 52.9	$ 74.6	$ 2.6	$ 353.5
Add: Excluded realized gains (losses)	—	(9.4)	(0.8)	(1.2)	(9.5)	(20.9)
Total revenues	123.1	90.9	52.1	73.4	(6.9)	332.6
Total segment benefits and expenses	122.7	91.0	49.3	73.6	24.1	360.7
Add: Excluded amortization of intangible assets	2.0	1.5	0.2	—	—	3.7
Total benefits and expenses	124.7	92.5	49.5	73.6	24.1	364.4
Income (loss) from operations before income taxes	$ (1.6)	$ (1.6)	$ 2.6	$ (0.2)	$ (31.0)	$ (31.8)

(All amounts in millions, except share and percentage data, unless otherwise stated)

	January 1, 2016 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
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)

(All amounts in millions, except share and percentage data, unless otherwise stated)

	For the Three Months Ended March 31, 2015 (Predecessor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 171.7	$ —	$ —	$ 8.6	$ —	$ 180.3
Net investment income	5.2	154.0	91.9	71.1	1.8	324.0
Policy fees, contract charges, and other	4.8	5.1	0.2	41.0	0.5	51.6
Certain realized gains (losses)	—	(0.2)	—	—	—	(0.2)
Total operating revenues	181.7	158.9	92.1	120.7	2.3	555.7
Benefits and expenses:						
Policyholder benefits and claims	114.1	0.2	—	27.8	—	142.1
Interest credited	—	89.2	84.0	62.4	(0.4)	235.2
Other underwriting and operating expenses	47.8	23.9	5.2	20.8	0.6	98.3
Interest expense	—	—	—	0.1	11.1	11.2
Amortization of DAC	0.4	17.2	1.6	2.4	—	21.6
Amortization of intangible assets	0.9	—	—	—	—	0.9
Total benefits and expenses	163.2	130.5	90.8	113.5	11.3	509.3
Segment pre-tax adjusted operating income (loss)	$ 18.5	$ 28.4	$ 1.3	$ 7.2	$ (9.0)	$ 46.4
Operating revenues	$ 181.7	$ 158.9	$ 92.1	$ 120.7	$ 2.3	$ 555.7
Add: Excluded realized gains (losses)	—	(7.8)	5.1	0.2	(3.5)	(6.0)
Total revenues	181.7	151.1	97.2	120.9	(1.2)	549.7
Total benefits and expenses	163.2	130.5	90.8	113.5	11.3	509.3
Income (loss) from operations before income taxes	$ 18.5	$ 20.6	$ 6.4	$ 7.4	$ (12.5)	$ 40.4

	As of March 31, 2016 (Successor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Total investments	**$ 17.0**	**$ 18,069.1**	**$ 7,283.2**	**$ 6,503.7**	**$ 2,338.1**	**$ 34,211.1**
DAC and VOBA	**0.8**	**331.4**	**2.2**	**80.2**	**—**	**414.6**
Other intangible assets	**825.4**	**530.7**	**55.4**	**15.7**	**—**	**1,427.2**
Goodwill	**308.0**	**198.8**	**50.2**	**6.0**	**—**	**563.0**
Separate account assets	**—**	**679.4**	**—**	**214.8**	**—**	**894.2**
Total assets	**1,274.1**	**20,351.0**	**7,500.7**	**7,165.1**	**2,724.1**	**39,015.0**
Future policy benefits, losses, claims and loss expense (1)	**255.4**	**17,821.6**	**7,368.9**	**6,750.8**	**(22.8)**	**32,173.9**
Other policyholders' funds	**21.1**	**64.1**	**7.2**	**46.9**	**11.6**	**150.9**
Notes payable	**—**	**—**	**—**	**—**	**1,008.7**	**1,008.7**

(All amounts in millions, except share and percentage data, unless otherwise stated)

	As of December 31, 2015 (Predecessor Company)					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
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.