Symetra Financial Corporation

Consolidated Financial Statements

December 31, 2018

With Report of Independent Auditors

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Auditors

The Board of Directors
Symetra Financial Corporation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Symetra Financial Corporation, which comprise the consolidated balance sheets as of December 31, 2018 and December 31, 2017, and the related consolidated statements of income (loss), comprehensive income (loss), changes in stockholder's equity and cash flows for the years ended December 31, 2018 and December 31, 2017 and the period from February 1, 2016 to December 31, 2016 (Successor) and for the period from January 1, 2016 to January 31, 2016 (Predecessor), and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Symetra Financial Corporation at December 31, 2018 and December 31, 2017, and the consolidated results of its operations and its cash flows for the years ended December 31, 2018 and December 2017 and the period from February 1, 2016 to December 31, 2016 (Successor) and for the period from January 1, 2016 to January 31, 2016 (Predecessor), in conformity with U.S. generally accepted accounting principles.

Application of Pushdown Accounting

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

Adoption of ASU No. 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities

As discussed in Note 2 to the consolidated financial statements, the Company changed its accounting for the recognition and measurement of equity securities as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities," effective January 1, 2018. Our opinion is not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

We also have audited, in accordance with auditing standards generally accepted in the United States of America, Symetra Financial Corporation's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 8, 2019 expressed an unqualified opinion thereon.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the short-duration insurance contracts disclosures in Note 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young LLP

March 8, 2019

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

The Board of Directors
Symetra Financial Corporation

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

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

Management has assessed the effectiveness of its internal control over financial reporting as of December 31, 2018 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

As a result of this assessment, management concluded that, as of December 31, 2018, its internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements.

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

Margaret A. Meister, *President and Chief Executive Officer*
March 8, 2019

Tommie D. Brooks, *Executive Vice President and Chief Financial Officer*
March 8, 2019

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Report of Independent Auditors

The Board of Directors
Symetra Financial Corporation

Report on Internal Control Over Financial Reporting

We have audited Symetra Financial Corporation's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria).

Management's Responsibility for Internal Control Over Financial Reporting

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

Auditor's Responsibility

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

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

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

Definition and Inherent Limitations of Internal Control Over Financial Reporting

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

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

Opinion

In our opinion, Symetra Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

Report on Financial Statements

We also have audited, in accordance with auditing standards generally accepted in the United States of America, the 2018 consolidated financial statements of Symetra Financial Corporation, and our report dated March 8, 2019 expressed an unqualified opinion thereon.

Ernst & Young LLP

March 8, 2019

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

	As of December 31, 2018	As of December 31, 2017
ASSETS		
Investments:		
Fixed Maturities:		
Available-for-sale, at fair value (amortized cost: **$30,800.3** and $29,786.5, respectively)	**$ 30,324.1**	$ 30,473.4
Trading securities, at fair value	**1,095.8**	—
Marketable equity securities, at fair value	**97.7**	755.7
Mortgage loans, net	**6,485.1**	6,241.2
Investments in limited partnerships (includes **$48.2** and $52.5 at fair value, respectively)	**178.3**	225.5
Derivatives, at fair value	**178.9**	339.0
Policy loans and other invested assets	**83.7**	61.3
Total investments	**38,443.6**	38,096.1
Cash and cash equivalents	**297.8**	362.0
Accrued investment income	**330.0**	336.6
Reinsurance recoverables	**6,228.8**	318.2
DAC and VOBA	**1,023.0**	696.2
Receivables and other assets	**219.4**	240.3
Other intangible assets, net	**1,188.3**	1,275.1
Goodwill	**563.0**	563.0
Deferred income tax assets, net	**65.0**	—
Separate account assets	**904.3**	978.1
Total assets	**$ 49,263.2**	$ 42,865.6
LIABILITIES AND STOCKHOLDER'S EQUITY		
Funds held under deposit contracts	**$ 37,366.9**	$ 35,306.8
Future policy benefits	**523.2**	498.8
Policy and contract claims	**203.0**	196.6
Other policyholders' funds	**149.5**	118.0
Funds withheld liability	**5,589.9**	—
Notes payable	**705.7**	706.6
Deferred income tax liabilities, net	**—**	222.3
Other liabilities	**498.0**	622.0
Separate account liabilities	**904.3**	978.1
Total liabilities	**45,940.5**	38,649.2
Commitments and contingencies *(Note 11)*		
Common stock, $0.01 par value; **1,000** shares authorized; **100** issued and outstanding	**—**	—
Additional paid-in capital	**3,516.7**	3,516.7
Retained earnings	**127.3**	144.8
Accumulated other comprehensive income (loss), net of taxes	**(321.3)**	554.9
Total stockholder's equity	**3,322.7**	4,216.4
Total liabilities and stockholder's equity	**$ 49,263.2**	$ 42,865.6

See accompanying notes.

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Revenues:				
Premiums	**$ 1,013.3**	$ 899.5	$ 717.5	$ 61.2
Net investment income	**1,212.2**	1,290.5	1,110.5	110.4
Policy fees, contract charges, and other	**327.7**	290.5	235.1	19.8
Net realized gains (losses):				
Total other-than-temporary impairment losses on securities	**(9.0)**	(6.5)	(10.6)	(3.8)
Less: portion recognized in other comprehensive income	**1.2**	0.1	(0.1)	—
Net impairment losses on securities recognized in earnings	**(7.8)**	(6.4)	(10.7)	(3.8)
Other net realized gains (losses)	**(247.4)**	7.6	(92.1)	(23.2)
Net realized gains (losses)	**(255.2)**	1.2	(102.8)	(27.0)
Total revenues	**2,298.0**	2,481.7	1,960.3	164.4
Benefits and expenses:				
Policyholder benefits and claims	**876.4**	758.7	568.8	48.4
Interest credited	**855.3**	970.8	863.6	84.4
Other underwriting and operating expenses	**506.3**	464.9	418.9	35.9
Interest expense	**24.6**	29.0	25.4	3.8
Amortization of DAC and VOBA	**91.7**	74.3	59.7	8.6
Amortization of intangible assets	**87.0**	86.9	79.7	0.2
Total benefits and expenses	**2,441.3**	2,384.6	2,016.1	181.3
Income (loss) from operations before income taxes	**(143.3)**	97.1	(55.8)	(16.9)
Provision (benefit) for income taxes:				
Current	**3.3**	9.0	22.0	(24.2)
Deferred	**(84.8)**	(140.8)	(94.8)	13.8
Total provision (benefit) for income taxes	**(81.5)**	(131.8)	(72.8)	(10.4)
Net income (loss)	**$ (61.8)**	$ 228.9	$ 17.0	$ (6.5)

See accompanying notes.

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Net income (loss)	**$ (61.8)**	$ 228.9	$ 17.0	$ (6.5)
Other comprehensive income (loss), net of taxes and reclassification adjustments:				
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of: 2018 **$(252.4)**; 2017 $190.7; 2016 Successor $75.3; 2016 Predecessor $61.7)	**(949.5)**	412.4	140.1	114.5
Other-than-temporary impairments on fixed maturities not related to credit losses (net of taxes of: 2018 **$(0.3)**; 2017 $0.0; 2016 Successor $(0.1); 2016 Predecessor $0.0)	**(0.9)**	(0.1)	(0.3)	—
Impact of net unrealized (gains) losses on DAC and VOBA (net of taxes of: 2018 **$39.8**; 2017 ($17.0); 2016 Successor $(7.5); 2016 Predecessor $(13.1))	**149.6**	(41.9)	(14.0)	(24.4)
Impact of cash flow hedges (net of taxes of: 2018 **$10.3**; 2017 ($21.2); 2016 Successor $9.5; 2016 Predecessor $13.6)	**38.9**	(41.1)	17.7	25.2
Other comprehensive income (loss)	**(761.9)**	329.3	143.5	115.3
Total comprehensive income (loss)	**$ (823.7)**	$ 558.2	$ 160.5	$ 108.8

See accompanying notes.

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

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Predecessor Company						
January 1, 2016	$ 1.2	$ 1,476.0	$ (134.6)	$ 1,070.8	$ 515.4	$ 2,928.8
Net loss	—	—	—	(6.5)	—	(6.5)
Other comprehensive income	—	—	—	—	115.3	115.3
Stock-based compensation	—	0.3	—	—	—	0.3
Balances as of January 1, 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 (Loss)	Total Stockholder's Equity
Successor Company					
February 1, 2016	$ —	$ 3,677.7	$ —	$ —	$ 3,677.7
Net income	—	—	17.0	—	17.0
Other comprehensive income	—	—	—	143.5	143.5
Balances as of December 31, 2016	$ —	$ 3,677.7	$ 17.0	$ 143.5	$ 3,838.2

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Successor Company					
January 1, 2017	$ —	$ 3,677.7	$ 17.0	$ 143.5	$ 3,838.2
Net income	—	—	228.9	—	228.9
Other comprehensive income	—	—	—	329.3	329.3
Dividends declared	—	(161.0)	(19.0)	—	(180.0)
Adoption of new accounting standard	—	—	(82.1)	82.1	—
Balances as of December 31, 2017	$ —	$ 3,516.7	$ 144.8	$ 554.9	$ 4,216.4

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Successor Company					
January 1, 2018	**$ —**	**$ 3,516.7**	**$ 144.8**	**$ 554.9**	**$ 4,216.4**
Net loss	**—**	**—**	**(61.8)**	**—**	**(61.8)**
Other comprehensive loss	**—**	**—**	**—**	**(761.9)**	**(761.9)**
Dividends declared	**—**	**—**	**(70.0)**	**—**	**(70.0)**
Adoption of new accounting standard	**—**	**—**	**114.3**	**(114.3)**	**—**
Balances as of December 31, 2018	**$ —**	**$ 3,516.7**	**$ 127.3**	**$ (321.3)**	**$ 3,322.7**

See accompanying notes.

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Cash flows from operating activities				
Net income (loss)	$ **(61.8)**	$ 228.9	$ 17.0	$ (6.5)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Net realized (gains) losses	**255.2**	(1.2)	102.8	27.0
Accretion and amortization of invested assets, net	**233.8**	295.5	293.4	8.4
Amortization of intangible assets	**87.0**	86.9	79.7	0.2
Deferred income tax provision (benefit)	**(84.8)**	(140.8)	(94.8)	13.7
Interest credited on deposit contracts	**855.3**	970.8	863.6	84.4
Mortality and expense charges and administrative fees	**(275.4)**	(239.0)	(175.2)	(13.6)
Payment at inception of reinsurance transaction	**(360.0)**	—	—	—
Other changes in:				
DAC and VOBA	**(168.9)**	(165.6)	(155.6)	(11.0)
Future policy benefits	**40.0**	28.9	17.8	(2.7)
Other policyholder reserves	**38.4**	86.0	47.9	3.7
Policy and contract claims	**6.4**	43.8	8.6	(6.1)
Funds withheld liability	**(142.3)**	—	—	—
Other assets and liabilities	**181.1**	(79.5)	(20.1)	(46.8)
Other, net	**(5.8)**	(5.2)	13.5	(7.5)
Total adjustments	**660.0**	880.6	981.6	49.7
Net cash provided by (used in) operating activities	**598.2**	1,109.5	998.6	43.2
Cash flows from investing activities				
Purchases of:				
Fixed maturities – available-for-sale	**(7,753.0)**	(6,742.5)	(5,294.1)	(437.6)
Fixed maturities – trading	**(1,116.8)**	—	—	—
Marketable equity securities	**(293.0)**	(168.8)	(114.5)	(11.1)
Derivatives and other investments	**(236.3)**	(179.5)	(134.8)	(5.7)
Issuances of mortgage loans	**(865.1)**	(1,019.1)	(1,046.1)	(45.4)
Sales of fixed maturities – available-for-sale	**3,334.1**	2,606.2	1,572.3	193.0
Sales of fixed maturities – trading	**780.5**	—	—	—
Sales of marketable equity securities	**938.0**	229.6	99.7	9.6
Maturities, calls, paydowns, and other repayments	**2,409.3**	2,562.5	1,873.0	129.8
Cash received for settlements of derivatives and other investments	**282.4**	247.1	85.9	20.5
Repayments of mortgage loans	**578.3**	421.0	377.4	33.9
Cash received (pledged or returned) as collateral, net	**(168.4)**	54.9	166.0	(19.7)
Other, net	**(78.2)**	(44.0)	(13.6)	0.4
Net cash provided by (used in) investing activities	**(2,188.2)**	(2,032.6)	(2,428.8)	(132.3)
Cash flows from financing activities				
Policyholder account balances:				
Deposits	**4,374.3**	3,689.8	3,715.6	365.4
Withdrawals	**(2,776.9)**	(2,616.7)	(2,169.6)	(169.8)
Cash dividends paid on common stock	**(70.0)**	(180.0)	—	—
Proceeds from borrowings	**450.0**	—	300.0	—
Repayment of notes payable	**(450.0)**	—	(300.0)	—
Net cash provided by (used in) financing activities	**1,527.4**	893.1	1,546.0	195.6
Net increase (decrease) in cash, cash equivalents, and restricted cash	**(62.6)**	(30.0)	115.8	106.5
Cash, cash equivalents, and restricted cash at beginning of period	**369.9**	399.9	284.1	177.6
Cash, cash equivalents, and restricted cash at end of period	$ **307.3**	$ 369.9	$ 399.9	$ 284.1
Supplemental disclosures of cash flow information				
Net cash paid (received) during the year for:				
Interest	**25.6**	25.1	36.7	5.6
Income taxes	**(19.3)**	28.2	(4.5)	—
Non-cash transactions during the period:				
Fixed maturities exchanges	**1,397.0**	649.2	309.1	11.1
Cash, cash equivalents, and restricted cash reconciliation				
Cash and cash equivalents	$ **297.8**	$ 362.0	$ 390.1	$ 278.7
Restricted cash, included in receivables and other assets	**9.5**	7.9	9.8	5.4
Total cash, cash equivalents, and restricted cash	$ **307.3**	$ 369.9	$ 399.9	$ 284.1

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 and fixed indexed deferred annuities, single premium immediate annuities (SPIA), medical stop-loss insurance, group life and disability income (DI) insurance, group fixed-payment insurance, universal life insurance, including indexed universal life insurance, and institutional life insurance including bank-owned life insurance (BOLI) and variable corporate owned life insurance (COLI).

On February 1, 2016, the Company became a wholly owned subsidiary of Sumitomo Life Insurance Company, an event which is referred to as the Merger. The Merger was accounted for under the acquisition method of accounting (purchase accounting, or PGAAP).

These financial statements include information as of December 31, 2018 and 2017, for the years ended December 31, 2018 and 2017, and for the period February 1 to December 31, 2016 that relates to the Successor Company, following completion of the Merger. Information for the period January 1 to January 31, 2016 relates to the Predecessor Company. Amounts are generally not comparable between the Successor Company and Predecessor Company due to the application of purchase accounting.

Reinsurance Transaction

In September 2018, the Company entered into a 100% modified coinsurance reinsurance agreement with Resolution Re Ltd. (the Reinsurance Transaction) for $6.8 billion of its in force income annuities, including all of its structured settlement annuities (the Closed Block). The transaction reduced the Company's exposure to long-term interest rate risk associated with the long-tail nature of the reinsured business.

The Company discontinued selling structured settlements in 2012. Retail SPIA policies issued after September 30, 2017 were not included in this agreement, and the Company continues to sell these products as part of its retirement product offerings.

Under terms of the agreement, the Company continues to service the reinsured business and hold the associated invested assets and policyholder liabilities on its balance sheets. Resolution Re Ltd. is responsible for asset management, subject to investment management guidelines. Refer to Note 13 for further discussion.

2. Summary of Significant Accounting Policies

Basis of presentation and Use of Estimates

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). All significant intercompany transactions and balances have been eliminated. Certain reclassifications have been made to prior year financial information to conform to the current period presentation. The Company adjusted its segment information to reflect its new reportable segments following the execution of the Reinsurance Transaction in the third quarter of 2018. Refer to Note 12 for further discussion.

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 consolidated financial statements and accompanying notes. The most significant estimates include those used to determine the following: valuation of investments carried at fair value; the balance, recoverability and amortization of deferred policy acquisition costs (DAC) and value of business acquired (VOBA); the liabilities for funds held under deposit contracts, future policy benefits, and policy and contract claims; recoverability of goodwill and intangible assets; valuation of the deposit asset, funds withheld liability and embedded derivative related to the Reinsurance Transaction; and valuation of deferred tax assets. The recorded amounts reflect management's best estimates, though actual results could differ from those estimates.

Recognition of Insurance Revenue and Related Benefits

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

Traditional individual life insurance products, including term life insurance products, are long-duration contracts, and the associated premiums and benefits are fixed. Premiums from these products are considered earned and recognized as revenue when due. Reserves are associated with earned premiums such that profits are recognized over the life of the contracts.

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

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

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

Separate Account Assets and Liabilities

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

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

Funds Held Under Deposit Contracts

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

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

The liability for the indexed account portions of FIA and Indexed UL represent the present value of future estimated guaranteed benefits, as well as embedded derivatives related to expected index credits on these contracts and policies. The embedded derivatives are recorded at fair value. See Note 6 for further discussion.

For SPIA and structured settlements, liabilities are based on discounted amounts of estimated future benefits. Future benefits are either fully guaranteed or are contingent on the survivorship of the contract holder. For policies issued

subsequent to the Merger, contingent future benefits are discounted with pricing mortality assumptions, which include provisions for longer life spans over time. The interest rate pattern used to calculate the reserves for these policies is set at issue, and interest rates for the pattern vary over time. For the Successor Company, assumptions were reset for policies in force as of the date of the Merger, as discussed below.

Impact of Purchase Accounting

In conjunction with the Merger, liabilities for in-force business were recorded at fair value and the underlying contracts were considered to be new contracts for measurement and reporting purposes as of the Merger Date. Estimating the fair value of these liabilities required the use of current assumptions for future investment yields, mortality, persistency, and other factors based on the Company's historical experience, modified as necessary to reflect anticipated trends. The Company's assumptions and estimates required significant judgment and, therefore, are inherently uncertain. The Company cannot determine with precision the ultimate amounts that it will pay to its contract holders or the timing of those payments. On February 1, 2016 (the Merger 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 settlements, SPIA, and certain BOLI policies. The liability is reported in funds held under deposit contracts and amortized over the policy period in proportion to the approximate consumption of losses. Amortization is recorded as a reduction of interest credited.

Funding Agreements with Federal Home Loan Bank of Des Moines

In August 2018, the Company became a member of the Federal Home Loan Bank of Des Moines (FHLB DM). Membership allows access to the FHLB DM's funding services, which provide an alternative liquidity source, including the ability to obtain loans and issue funding agreements that are collateralized by qualifying assets. Eligible collateral includes eligible CMBS, RMBS, government or agency securities and mortgage loans.

The Company has issued funding agreements to the FHLB DM to support an institutional spread program, where the Company earns income primarily from the difference between investment income earned and interest paid on the funding agreements. These amounts are recorded in net investment income and interest credited, respectively, on the consolidated statements of income (loss). As of December 31, 2018, the Company had outstanding funding agreements of $105.7 and had pledged $191.2 of collateral.

The Company's maximum borrowing capacity with the FHLB DM is based on a percentage of total assets. As of December 31, 2018, the Company's maximum borrowing capacity from the FHLB DM was $11.4 billion, subject to availability of eligible collateral and internal authorization limits.

Future Policy Benefits

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

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

Liabilities for policies in-force as of the Merger Date were set to fair value, using assumptions that reflected current best estimates as of the Merger Date.

Investments in Limited Partnerships

The Company invests in limited partnerships where the primary return on investment is in the form of income tax credits and the tax benefit on the pass-through of partnership activity. These partnerships (collectively referred to as "tax credit investments") are established to invest in low-income housing and other qualifying purposes. Refer to Note 4 for further discussion.

Investments in limited partnerships also include alternative investments (private equity and hedge funds) recorded at fair value. Changes in the fair value of these investments are recorded in realized gains (losses). The Company elected the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting.

Policy Loans

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

Variable Interest Entities

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

The limited partnerships that the Company invests in meet the definition of a VIE. Because the Company, as a limited partner, lacks the ability to direct the activities of any of these partnerships, it is not considered the primary beneficiary and therefore has not consolidated them. The maximum exposure to loss in these VIEs was $179.7 and $230.8 as of December 31, 2018 and 2017, respectively. The maximum exposure to loss includes commitments to provide future capital contributions.

In the normal course of business, the Company also makes passive investments in structured securities issued by VIEs. These structured securities primarily include residential and commercial mortgage-backed securities and collateralized loan obligations. Because the Company lacks the ability to direct the activities that most significantly impact the economic performance of the VIEs, it is not considered the primary beneficiary and therefore does not consolidate them. The Company’s maximum exposure to loss with respect to these investments is limited to the amortized cost of the Company’s investment, which was $5,552.5 and $5,378.7 as of December 31, 2018 and 2017, respectively.

Subsequent Events

The Company has evaluated the effects of events subsequent to December 31, 2018, and the accounting and disclosure requirements related to subsequent events are included in the consolidated financial statements. Management has assessed material subsequent events through March 8, 2019, the date the financial statements were available to be issued.

Other Significant Accounting Policies

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

Significant Accounting Policy	Note #
Other Intangible Assets	3
Goodwill	3
Investments	4
Mortgage Loans	5
Derivative Financial Instruments	6
Fair Value of Financial Instruments	7
Deferred Policy Acquisition Costs (DAC)	8
Value of Business Acquired (VOBA)	8
Liability for Unpaid Claims	9
Commitments and Contingencies	11
Segment Information	12
Reinsurance	13
Income Taxes	15

The Company's primary subsidiary, Symetra Life Insurance Company, files its financial statements with the Securities Exchange Commission (SEC), which qualifies it as a public business entity (PBE) and SEC filer. This requires Symetra Life Insurance Company to adopt new accounting standards in accordance with PBE or SEC filer effective dates, which are generally earlier than effective dates for private entities. In most cases, this necessitates the Company to early adopt new accounting standards.

Accounting Pronouncements Newly Adopted

ASU No. 2016-01, *Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities.* This accounting standards update (ASU) amends recognition and disclosure requirements primarily for equity investments carried at fair value. Under the standard, changes in fair value are 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. The update is effective beginning January 1, 2019, with early adoption permissible.

The Company early adopted the standard on January 1, 2018 using a modified retrospective approach. The Company previously held equity investments classified as available-for-sale securities that were impacted by the standard. Upon adoption, $114.3 of net unrealized gains, net of taxes of $30.4, related to these securities were reclassified from accumulated other comprehensive income (loss) (AOCI) to retained earnings. Subsequent to adoption, changes in fair value of these securities are recorded through net realized gains (losses) in the consolidated statements of income (loss). As a result, the Company expects increased volatility in net income and removed disclosures no longer required.

ASU No. 2017-08, *Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities.* This standard amends the guidance for amortization of premiums on purchased callable debt securities. Under the standard, premiums on these securities will be amortized to the earliest call date, rather than final maturity of the security. The guidance applies only to bonds for which the call date and price is fixed. Further, the amortization period for debt securities carried at a discount will not be impacted. The update is effective beginning January 1, 2020, with early adoption permissible.

The Company early adopted the standard on October 1, 2018 using a modified retrospective approach. The change in amortization method upon adoption did not have a significant impact on the Company's consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

ASU No. 2017-12, ***Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.*** This standard amends the recognition and measurement of hedging instruments to better represent an entity's risk management activities. Under the standard, the requirement to separately measure and report hedge ineffectiveness is eliminated. In addition, the standard provides relief from certain initial documentation requirements and replaces the requirement for quarterly quantitative ineffectiveness testing with a qualitative approach. The update is effective beginning January 1, 2020, with early adoption permissible.

The Company early adopted the standard on January 1, 2019 using a modified retrospective approach. Upon adoption, the Company updated its internal processes and controls to ensure compliance with the revised standard. The adoption did not have a significant impact on the Company's consolidated financial statements.

ASU No. 2016-02, No. 2018-10, No. 2018-11, ***Leases (Topic 842).*** These standards amend the recognition requirements for all leases with a term greater than 12 months and provide new guidelines for the identification of a lease within a contract. Under these standards, 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 standards require expanded quantitative and qualitative disclosures. The standards also provide a simplified transition method, which allows entities to recognize the cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, rather than in the earliest period presented. These updates are effective beginning January 1, 2020, with early adoption permissible.

The Company early adopted the standard on January 1, 2019 using a modified retrospective approach and applied the requirements to all existing leases using the simplified transition option. Upon adoption, the Company established a right–of–use asset of $61.0 and corresponding lease liability on its consolidated balance sheets and did not have any income statement impact.

ASU No. 2016-13, ***Financial Instruments – Credit Losses (Topic 326).*** This standard amends the credit loss measurement guidance for certain financial assets to reflect current expected credit losses (CECL). Under the CECL model, an entity will estimate lifetime expected credit losses considering available relevant information about historical events, current conditions and reasonable and supportable forecasts. Additionally, the guidance expands the required credit loss disclosures. Finally, the standard amends the impairment model for available-for-sale fixed maturities, and any credit losses will be recognized through an allowance, rather than through an adjustment to the amortized cost basis. The update is effective beginning January 1, 2021, with early adoption permissible.

The Company is evaluating the impact of the standard on its financial statements, with a focus on fixed maturity securities, mortgage loans, and reinsurance recoverables. Upon adoption, the Company will apply the standard using a modified retrospective approach. The Company plans to early adopt on January 1, 2020.

ASU No. 2017-04, ***Intangibles – Goodwill and Other (Topic 350)*****.** This standard removes the requirement to calculate the implied fair value of goodwill (Step 2 of the goodwill impairment test) to measure a goodwill impairment charge. A goodwill impairment charge will now be measured as the amount by which a reporting unit's carrying value exceeds its fair value determined in Step 1 of the goodwill impairment test. This impairment test will be applied to goodwill assigned to all reporting units, even those with zero or negative carrying amounts. The update is effective beginning January 1, 2022, with early adoption permissible.

The Company is monitoring the potential impact of the standard on its annual goodwill impairment assessment. Upon adoption, the Company will apply the standard prospectively. The Company plans to early adopt on January 1, 2020.

ASU No. 2018-12, ***Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts.*** This standard substantially changes the accounting treatment of long-duration contracts. Entities will now be required to regularly review and update assumptions used to measure the liability for future policy benefits, which were previously locked at contract inception and held constant over the contract term. Assumptions used to measure discounted cash flows will be reviewed at least annually, and the discount rate assumption will be updated at each reporting date based on a standardized, market-observable discount rate. Entities will also be required to use a fair value model to measure their market risk benefits, with the insurance accrual model no longer an option. The standard also simplifies the DAC amortization method for all long-duration contracts by replacing the previous earnings-based methods with a constant level approach. The update will also require additional financial statement disclosures, including a rollforward of the liability and information about significant assumptions used. The update is effective beginning January 1, 2022, with early adoption permissible.

The Company is in the early stages of assessing the impact of the standard on its annuity and life insurance contracts. The Company plans to early adopt on January 1, 2021.

ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework. This standard amends the disclosure requirements for fair value measurements. Under the standard, there are new disclosure requirements for Level 3 fair value measurements as well as the elimination of certain current disclosure requirements. The update is effective beginning January 1, 2020, with early adoption permissible.

The Company is assessing the impact on its quarterly and annual disclosures. The Company plans to adopt on January 1, 2020.

3. Goodwill and Other 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 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.

The following table sets forth the gross carrying amounts and accumulated amortization for identified intangible assets as of December 31, 2018 and 2017:

	Useful life on Acquisition Date	As of December 31, 2018		As of December 31, 2017	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
VODA	35 years	**$ 782.0**	**$ (66.2)**	$ 782.0	$ (43.5)
VOCRA	10 years	**386.7**	**(112.8)**	386.7	(74.1)
Trade names	17 years	**190.0**	**(32.6)**	190.0	(21.4)
Technology	5 years	**72.0**	**(42.0)**	72.0	(27.6)
Total intangible assets subject to amortization	24.3 years	**1,430.7**	**(253.6)**	1,430.7	(166.6)
Insurance licenses	Indefinite	**11.0**	**—**	11.0	—
Total intangible assets		**$ 1,441.7**	**$ (253.6)**	$ 1,441.7	$ (166.6)

The following table sets forth the estimated future aggregate amortization expense for the next 5 years:

Year	Amount
2019	$ 87.0
2020	87.0
2021	73.4
2022	72.1
2023	72.1

Goodwill

Goodwill represents the acquisition price in excess of the fair value of net assets acquired in the Merger, including identifiable intangible assets, and reflects the Company’s future growth potential, assembled workforce and other sources

of value not associated with identifiable assets. The Company's goodwill balance was assigned to its reporting units, which are the same as the Company's operating segments (Benefits, Retirement and Individual Life). Refer to Note 12 for additional information regarding our operating segments. The goodwill recognized is not deductible for tax purposes.

The following table presents the Company's goodwill by segment:

	As of December 31, 2018	As of December 31, 2017
Segment goodwill:		
Benefits	**$ 308.0**	$ 308.0
Retirement	**249.0**	249.0
Individual Life	**6.0**	6.0
Total goodwill	**$ 563.0**	$ 563.0

The Company has elected not to amortize goodwill, and reviews for impairment at least annually, as of July 1, or more frequently if there are indicators of impairment, with consideration given to financial performance and estimates of the future profitability of the associated lines of business. The goodwill impairment process requires a comparison of the estimated fair value of a reporting unit to its carrying value. The Company tests goodwill for impairment by either performing a qualitative assessment or a quantitative test.

The qualitative assessment is an assessment of historical information and relevant events and circumstances to determine whether it is more likely than not that an impairment exists. If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, the Company moves on to a quantitative impairment test. The Company may also elect not to perform the qualitative assessment for some or all of its reporting units and perform a quantitative impairment test instead.

In performing the quantitative impairment test, the Company may determine the fair values of its reporting units by applying a discounted cash flow and/or market valuation approach. The discounted cash flow valuation approach requires significant judgments and assumptions about the level of economic capital required to support the mix of business, long-term growth rates, the account value of in-force business, projections of new and renewal business, as well as margins on such business, the level of interest rates, credit spreads, equity market levels, and the discount rate that the Company believes is appropriate for the respective reporting unit. If the fair value is lower than the carrying amount, the Company determines the implied fair value of goodwill and records an impairment equal to the excess of the existing goodwill balance over the implied fair value.

During 2018, the Company performed its annual impairment assessment of goodwill and determined that goodwill was not impaired.

4. Investments

The Company's investment portfolio consists of fixed maturities and commercial mortgage loans, as well as a smaller allocation of investments in limited partnerships, derivatives, marketable equity securities, and other investments. Historically, equity investments included exchange traded funds and common stock in support of structured settlement annuities. The majority of the Company's equity investments were sold in connection with the Reinsurance Transaction.

Closed Block Invested Assets

As of December 31, 2018, invested assets supporting the Closed Block had a carrying value of $5.9 billion. This included commercial mortgage loans with a carrying value of $1.2 billion, and fixed maturity securities with a fair value of $4.8 billion, and a book value of $4.7 billion. Invested assets supporting the Closed Block are legally owned by the Company and included in the consolidated balance sheets.

Subsequent to July 1, 2018, the effective date of the Reinsurance Transaction, the Company designated new purchases of fixed maturities supporting the Closed Block as trading securities, which are carried at fair value on the Company's consolidated balance sheets. Trading securities had a fair value of $1.1 billion as of December 31, 2018. The trading securities primarily consist of corporate securities, with a total fair value of $918.9. Changes in the fair value of trading securities are recorded as realized gains (losses), and interest income earned on trading securities is reported in net investment income on the Company's consolidated statements of income (loss).

Available-for-Sale Securities

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

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

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

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

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

The following tables summarize the Company's available-for-sale (AFS) fixed maturities:

	As of December 31, 2018			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agencies	**$ 435.9**	**$ 3.0**	**$ (6.1)**	**$ 432.8**
State and political subdivisions	**737.0**	**2.4**	**(10.5)**	**728.9**
Corporate securities	**24,255.3**	**206.1**	**(590.1)**	**23,871.3**
Residential mortgage-backed securities	**2,453.0**	**6.5**	**(61.2)**	**2,398.3**
Commercial mortgage-backed securities	**867.2**	**4.0**	**(12.8)**	**858.4**
Collateralized loan obligations	**933.6**	**0.2**	**(21.2)**	**912.6**
Other debt obligations	**1,118.3**	**14.3**	**(10.8)**	**1,121.8**
Total	**$ 30,800.3**	**$ 236.5**	**$ (712.7)**	**$ 30,324.1**

	As of December 31, 2017			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
U.S. government and agencies	$ 446.2	$ 0.2	$ (4.9)	$ 441.5
State and political subdivisions	794.3	5.0	(6.9)	792.4
Corporate securities	23,356.2	774.0	(60.5)	24,069.7
Residential mortgage-backed securities	2,535.2	6.6	(50.1)	2,491.7
Commercial mortgage-backed securities	795.0	3.8	(3.1)	795.7
Collateralized loan obligations	1,128.1	18.5	—	1,146.6
Other debt obligations	731.5	9.8	(5.5)	735.8
Total fixed maturities	29,786.5	817.9	(131.0)	30,473.4
Marketable equity securities	611.4	150.7	(6.4)	755.7
Total	$ 30,397.9	$ 968.6	$ (137.4)	$ 31,229.1

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

	As of December 31, 2018		As of December 31, 2017	
	Fair Value	% of Total	Fair Value	% of Total
Consumer staples	**$ 5,754.1**	**24.1**	$ 5,827.9	24.2
Industrial	**4,302.1**	**18.0**	4,759.0	19.8
Energy	**2,909.9**	**12.2**	2,476.1	10.3
Utilities	**2,665.5**	**11.2**	2,753.2	11.4
Financials	**2,662.9**	**11.2**	2,537.1	10.5
Telecommunication services	**2,301.4**	**9.6**	2,272.9	9.4
Consumer discretionary	**2,118.9**	**8.9**	2,019.1	8.4
Other	**1,156.5**	**4.8**	1,424.4	6.0
Total	**$ 23,871.3**	**100.0%**	$ 24,069.7	100.0%

The following tables summarize gross unrealized losses and fair values of the Company's available-for-sale investments. The tables are aggregated by investment category and present separately those securities that have been in a continuous unrealized loss position for less than twelve months and for twelve months or more.

	As of December 31, 2018					
	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
U.S. government and agencies	**$ 11.2**	**$ (0.3)**	**3**	**$ 199.9**	**$ (5.8)**	**31**
State and political subdivisions	**55.3**	**(0.7)**	**10**	**512.2**	**(9.8)**	**80**
Corporate securities	**11,030.9**	**(319.5)**	**971**	**6,774.3**	**(270.8)**	**440**
Residential mortgage-backed securities	**258.0**	**(3.4)**	**67**	**1,881.3**	**(57.8)**	**469**
Commercial mortgage-backed securities	**110.1**	**(3.6)**	**16**	**461.2**	**(9.2)**	**45**
Collateralized loan obligations	**811.2**	**(19.8)**	**45**	**41.1**	**(1.4)**	**3**
Other debt obligations	**188.9**	**(2.9)**	**15**	**288.4**	**(7.7)**	**39**
Total	**$ 12,465.6**	**$ (350.2)**	**1,127**	**$ 10,158.4**	**$ (362.5)**	**1,107**

	As of December 31, 2017					
	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	$ 120.9	$ (0.3)	6	$ 206.2	$ (4.6)	31
State and political subdivisions	311.8	(2.8)	48	169.7	(4.1)	36
Corporate securities	4,984.7	(34.3)	401	1,257.7	(26.2)	97
Residential mortgage-backed securities	705.2	(7.9)	176	1,517.2	(42.2)	356
Commercial mortgage-backed securities	296.5	(1.4)	25	60.5	(1.7)	19
Collateralized loan obligations	10.0	—	1	—	—	—
Other debt obligations	217.9	(2.5)	32	109.3	(3.0)	14
Total fixed maturities	6,647.0	(49.2)	689	3,320.6	(81.8)	553
Marketable equity securities	34.8	(3.3)	156	40.7	(3.1)	10
Total	$ 6,681.8	$ (52.5)	845	$ 3,361.3	$ (84.9)	563

Based on National Association of Insurance Commissioners (NAIC) ratings as of December 31, 2018 and December 31, 2017, the Company held below-investment-grade fixed maturities with fair values of $868.0 and $1,119.4, respectively,

and amortized costs of $888.0 and $1,036.3, respectively. These holdings amounted to 2.9% and 3.7% of the Company's available-for-sale fixed maturities as of December 31, 2018 and December 31, 2017, respectively.

The following table summarizes the amortized costs and fair values of available-for-sale fixed maturities as of December 31, 2018, 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	$ 1,372.5	$ 1,365.6
Over one year through five years	8,708.4	8,612.1
Over five years through ten years	10,487.0	10,277.7
Over ten years	4,946.2	4,864.1
Total fixed maturities with contractual maturity dates	25,514.1	25,119.5
Residential mortgage-backed securities	2,453.0	2,398.3
Commercial mortgage-backed securities	867.2	858.4
Collateralized loan obligations	933.6	912.6
Other asset-backed securities	1,032.4	1,035.3
Total fixed maturities	$ 30,800.3	$ 30,324.1

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Fixed maturities – AFS	$ 1,109.8	$ 1,062.3	$ 924.5	$ 96.3
Fixed maturities – Trading	11.2	—	—	—
Marketable equity securities	12.9	17.9	19.4	0.3
Mortgage loans	277.8	239.9	195.1	21.3
Other	17.9	10.2	7.5	(4.2)
Total investment income	1,429.6	1,330.3	1,146.5	113.7
Investment expenses	(46.7)	(39.8)	(36.0)	(3.3)
Ceded net investment income (1)	(170.7)	—	—	—
Net investment income	$ 1,212.2	$ 1,290.5	$ 1,110.5	$ 110.4

(1) Ceded net investment income represents statutory-basis investment income in the Closed Block.

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Fixed maturities – AFS:				
Gross gains on sales	**$ 39.6**	$ 24.4	$ 20.7	$ 2.4
Gross losses on sales	**(50.1)**	(11.1)	(24.3)	(1.2)
Net impairment losses	**(7.8)**	(6.4)	(10.7)	(3.8)
Marketable equity securities (1)	**10.1**	30.9	23.3	(22.5)
Total return swaps	**(47.4)**	(4.3)	(22.8)	—
Fixed maturities – Trading (2)	**(41.0)**	—	—	—
Investments in limited partnerships	**(46.8)**	(55.1)	(31.9)	(0.6)
Net gains (losses) – FIA (3)	**(6.9)**	23.9	(14.3)	(4.4)
Annual unlocking impact	**(39.2)**	20.1	9.8	—
DAC and VOBA adjustment	**(3.0)**	(8.0)	9.3	(0.4)
Embedded derivative – Closed Block	**67.0**	—	—	—
Ceded realized (gains) losses (4)	**(132.7)**	—	—	—
Other (5)	**3.0**	(13.2)	(61.9)	3.5
Net realized gains (losses)	**$ (255.2)**	$ 1.2	$ (102.8)	$ (27.0)

(1) Includes net losses on changes in the fair value of equity securities held totaling **$(17.5)** for the year ended December 31, 2018. The majority of the Company's equity investments were sold during 2018, in connection with the Reinsurance Transaction.
(2) Includes net losses on changes in the fair value of fixed maturities – trading securities held totaling **$(21.4)** for the year ended December 31, 2018.
(3) Includes changes in fair value of the FIA embedded derivative (VED) and related options, excluding options related to the Company's block of FIA business sold during the late 1990s.
(4) Includes ceded realized statutory (gains) losses on sales of assets supporting the Closed Block.
(5) Includes net gains (losses) related to calls and redemptions, certain derivatives not designated for hedge accounting, commercial mortgage loans, and other instruments. For more information on net gain (losses) on derivatives not designated as hedges, refer to Note 6.

Other-Than-Temporary Impairments (OTTI)

The Company's review of available-for-sale fixed maturities 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 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 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; and
- Other indications that a credit loss has occurred.

Fixed Maturities – AFS

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

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

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

Determination of Credit-Related OTTI on Corporate Securities

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

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

Determination of Credit-Related OTTI on Structured Securities

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

- Expected cash flows from the security;
- Creditworthiness;
- Delinquency, debt-service coverage, and loan-to-value ratios on the underlying collateral;
- Underlying collateral values, vintage year and level of subordination;
- Geographic concentrations; and
- Susceptibility to prepayment due to changes in the interest rate environment.

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

	Successor Company						Predecessor Company	
	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017		February 1 to December 31, 2016		January 1 to January 31, 2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
U.S. Federal Government (1)	**$ 2.9**	**37.2**	$ 3.1	48.4	$ 3.7	34.6	$ —	—
Consumer Discretionary	**1.3**	**16.7**	—	—	—	—	—	—
Energy	**1.1**	**14.1**	—	—	0.4	3.7	3.8	100.0
Financials	**0.8**	**10.2**	0.1	1.6	4.2	39.3	—	—
Telecommunication services	**0.7**	**9.0**	2.6	40.6	—	—	—	—
Other	**1.0**	**12.8**	0.6	9.4	2.4	22.4	—	—
Net impairment losses recognized in earnings	**$ 7.8**	**100.0%**	$ 6.4	100.0%	$ 10.7	100.0%	$ 3.8	100.0%

(1) Impairments on U.S. Federal Government securities are due to the Company's intent to sell and reflect the impact of interest rate movements.

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

	As of December 31, 2018			As of December 31, 2017		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
Fixed maturities – AFS:						
Underwater by 20% or more:						
Less than 6 consecutive months	**$ 81.9**	**$ (23.7)**	**26**	$ 5.2	$ (1.7)	7
6 consecutive months or more	**1.3**	**(1.8)**	**6**	0.9	(0.8)	5
Total underwater by 20% or more	**83.2**	**(25.5)**	**32**	6.1	(2.5)	12
All other underwater fixed maturities	**22,540.8**	**(687.2)**	**2,243**	9,961.5	(128.5)	1,205
Total underwater fixed maturities	**$ 22,624.0**	**$ (712.7)**	**2,275**	$ 9,967.6	$ (131.0)	1,217

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Balance, beginning of period	**$ 3.8**	$ 4.4	$ —	$ 27.7
Increases recognized in the current period:				
For which an OTTI was not previously recognized	**1.5**	0.2	4.1	—
For which an OTTI was previously recognized	**—**	—	0.9	—
Decreases attributable to:				
Securities sold or paid down during the period	**(0.9)**	(0.8)	(0.6)	(0.4)
Balance, end of period	**$ 4.4**	$ 3.8	$ 4.4	$ 27.3

The Company reviewed its available-for-sale securities with unrealized losses as of December 31, 2018 in accordance with its impairment policy and determined, after the recognition of OTTI, that the 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.

Investments in Limited Partnerships – Low-Income Housing Project Investments

The Company invests in limited partnerships that are established to fund low-income housing and other qualifying purposes, where the primary return on investment is in the form of income tax credits. These are collectively referred to as "tax credit investments." The majority of the Company's tax credit investments relate to low-income housing project investments. As of December 31, 2018 and 2017, the Company's tax credit investments had carrying values of $130.1 and $173.0, respectively, of which $122.3 and $165.8, respectively, related to low-income housing project investments.

The Company's tax credit investments are accounted for under the equity method, which recognizes the Company's share of partnership income or loss (pass through activity) in earnings. Typically, low-income housing project investments are written down over time as partnership losses are allocated to the Company or when the carrying value of the investment exceeds the total amount of remaining benefits. Activity related to these investments is recorded in other net realized gains (losses). The associated tax credits are reported in the provision for income taxes.

For certain partnerships, the Company contributes its investment commitment over time, and the present value of any unfunded commitments is included in the asset balance and recorded in other liabilities.

The following table sets forth the impact of low-income 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
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Pass through activity	**$ (22.6)**	$ (27.4)	$ (24.0)	$ (2.1)
Write downs	**(22.3)**	(25.6)	(1.0)	(0.5)
Tax benefits	**9.4**	18.6	8.8	0.9
Tax credits, net	**40.0**	34.7	35.5	3.1
Impact to net income	**$ 4.5**	$ 0.3	$ 19.3	$ 1.4

The 2017 Tax Act caused a decrease in the Company's expected tax benefits from future pass through activity due to the reduction in the corporate tax rate to 21% from 35%, resulting in impairments of $18.4 during the year ended December 31, 2017.

5. Mortgage Loans

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

The Company's mortgage loan portfolio is diversified by geographic region, loan size and scheduled maturity. As of December 31, 2018, the three states with the largest concentrations of the Company's commercial mortgage loans were California, Texas and Washington representing 26.3%, 11.2%, and 6.9%, respectively, of total outstanding principal. Of the loans in California, 41.9% related to properties located in Los Angeles area.

As of the Merger Date, all outstanding mortgage loans were measured at fair value, which resulted in the establishment of a net premium for the portfolio. This net premium is amortized into net investment income for each loan based on its expected maturity, using the effective interest rate method. As of December 31, 2018 and 2017, the unamortized premium balance was $130.6 and $177.1, respectively.

For loans issued subsequent to the Merger, the carrying value of mortgage loans reflects outstanding principal balances, adjusted for unamortized deferred fees and costs, net of an allowance for loan losses. Loan origination fees and costs are deferred and amortized over the life of the loan. Interest income, including amortization of deferred fees and expenses, is recorded in net investment income using the effective interest rate method.

Allowance for Loan Losses

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.

As a result of the Merger, loans held as of February 1, 2016 (referred to as PGAAP loans) were adjusted to fair value, which incorporated expectations for credit losses at that time, and the allowance was set to zero. The Company separately monitors these loans for deterioration in credit quality or other indicators that a loss has incurred. Any allowance related to these PGAAP loans reflects losses incurred subsequent to the Merger.

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

	As of December 31, 2018		As of December 31, 2017	
	Balance	**%**	**Balance**	**%**
Lower risk	**$ 1,965.2**	**66.9%**	$ 1,486.1	69.8%
Medium risk	**727.6**	**24.8**	486.3	22.8
Higher risk	**244.7**	**8.3**	157.6	7.4
Subtotal, excluding certain PGAAP loans	**2,937.5**	**100.0**	2,130.0	100.0
Lower risk	**2,586.9**	**73.0**	2,899.2	70.7
Medium risk	**745.9**	**21.0**	896.8	21.8
Higher risk	**211.2**	**6.0**	308.4	7.5
Subtotal, certain PGAAP loans (1)	**3,544.0**	**100.0%**	4,104.4	100.0%
Loans specifically evaluated for impairment (2)	**—**		4.8	
Other (3)	**3.6**		2.0	
Total	**$ 6,485.1**		$ 6,241.2	

(1) Represents loans set to fair value on February 1, 2016 for which there are no indications of subsequent credit deterioration.
(2) As of both December 31, 2018 and 2017, no reserves were held for loans specifically evaluated for impairment.
(3) Includes allowance for loan losses and deferred fees and costs.

In developing the portfolio reserve for incurred but not specifically identified losses, the Company evaluates loans by risk category. The Company considers past loan experience, commercial real estate market conditions, third-party data for expected losses on loans with similar LTV ratios and DSCRs, personal guarantees, and other relevant factors when determining whether an allowance is needed for loans categorized as medium or higher risk. No allowance is recorded for lower risk loans, based on their characteristics and the Company's historical experience. In developing the provision for specifically identified loans, a market valuation on the collateral is performed to determine if a reserve is necessary.

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Allowance at beginning of period (1)	**$ 1.0**	$ 0.7	$ —	$ 8.1
Provision for specific loans	**0.6**	—	—	—
Provision for loans not specifically identified	**0.5**	0.3	0.7	—
Charge-offs	**(0.6)**	—	—	—
Allowance at end of period	**$ 1.5**	$ 1.0	$ 0.7	$ 8.1

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

Non-performing loans, defined generally as those in default, close to being in default or more than 90 days past due, are placed on non-accrual status. As of December 31, 2018 and 2017, no loans were considered non-performing.

6. Derivative Instruments

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

The accounting for derivatives depends on whether it qualifies and has been designated for hedge accounting. To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item. Effectiveness of the hedge is formally assessed at inception and throughout the life of the hedging relationship. In connection with purchase accounting, the Company formally redesignated its hedge accounting relationships as of the Merger Date.

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

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

The Company also issues fixed indexed annuity contracts and indexed universal life policies that contain embedded derivatives, which are recorded at fair value in funds held under deposit contracts in the consolidated balance sheets. The Reinsurance Transaction also contains an embedded derivative related to the withheld assets supporting the Closed Block annuity contracts. Refer to Note 13 for more information about the Closed Block embedded derivative. Changes in fair value of embedded derivatives are recognized in net realized gains (losses).

Derivative Exposure

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

	As of December 31, 2018			As of December 31, 2017		
	Notional Amount	Fair Value Assets	Fair Value Liabilities	Notional Amount	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedges:						
Cash flow hedges:						
Interest rate swaps	**$ 916.6**	**$ 1.5**	**$ —**	$ 968.1	$ 1.5	$ 1.4
Foreign currency swaps	**801.3**	**115.4**	**3.1**	686.2	75.5	5.6
Total derivatives designated as hedges	**$ 1,717.9**	**$ 116.9**	**$ 3.1**	$ 1,654.3	$ 77.0	$ 7.0
Derivatives not designated as hedges:						
Index options	**$ 8,231.5**	**$ 61.8**	**$ 0.6**	$ 6,696.1	$ 261.9	$ 1.5
Embedded derivatives – Indexed products	**—**	**—**	**871.5**	—	—	797.5
Embedded derivative – Closed Block (1)	**—**	**67.0**	**—**	—	—	—
Other derivatives	**25.2**	**0.2**	**0.7**	22.2	0.2	—
Total derivatives not designated as hedges	**8,256.7**	**129.0**	**872.8**	6,718.3	262.1	799.0
Total derivatives	**$ 9,974.6**	**$ 245.9**	**$ 875.9**	$ 8,372.6	$ 339.1	$ 806.0

(1) Changes in the fair value of the embedded derivative related to the Closed Block are recorded as an adjustment to the funds withheld liability on the consolidated balance sheets.

Equity Market Contracts and Embedded Derivatives – Indexed Products

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

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

Foreign Currency Contracts

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

Interest Rate Swaps

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

Collateral Arrangements and Offsetting of Financial Instruments

The Company's derivative contracts are typically governed by an International Swaps and Derivatives Association (ISDA) Master Agreement. For each Master Agreement, 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 does not offset recognized collateral amounts pledged or received against the fair value amounts recognized for derivative contracts. For certain centrally-cleared instruments, the Company is required to post initial margin, which is determined at contract inception, as well as variation margin, which is based on the fair value of the derivative contracts and generally determined on a daily basis. As of December 31, 2018 and December 31, 2017, the Company posted initial margin of $21.3 and $33.5, respectively, related to its centrally-cleared derivatives. These amounts are not reflected in collateral presented in the tables below.

Certain exchanges legally characterize variation margin payments as settlements as opposed to collateral for centrally cleared derivatives. As a result, the variation margin for these securities reduces the fair value of the derivative recorded in the consolidated balance sheets.

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

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

	As of December 31, 2018			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
	Fair Value Presented in the Balance Sheets	Financial Instruments (1)	Cash Collateral Received	Net Amount
Counterparty:				
Assets:				
A	$ 18.1	$ (2.6)	$ (15.5)	$ —
B	60.1	(0.6)	(59.5)	—
C	18.7	—	(18.7)	—
E	11.8	—	(11.8)	—
G	15.9	—	(15.6)	0.3
H	11.0	(0.5)	(10.5)	—
I	16.3	—	(16.0)	0.3
Other	27.0	(0.7)	(24.1)	2.2
Total derivative assets (2)	$ 178.9	$ (4.4)	$ (171.7)	$ 2.8

(1) Represents amount of offsetting derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets for presentation on the consolidated balance sheets.
(2) Excludes embedded derivatives that have no counterparty.

	As of December 31, 2018			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
	Fair Value Presented in the Balance Sheets	Financial Instruments (1)	Cash Collateral Posted	Net Amount
Counterparty:				
Liabilities:				
A	**$ 2.6**	**$ (2.6)**	**$ —**	**$ —**
B	**0.6**	**(0.6)**	**—**	**—**
H	**0.5**	**(0.5)**	**—**	**—**
Other	**0.7**	**(0.7)**	**—**	**—**
Total derivative liabilities (2)	**$ 4.4**	**$ (4.4)**	**$ —**	**$ —**

(1) Represents amount of offsetting derivative assets that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative liabilities for presentation on the consolidated balance sheets.
(2) Excludes embedded derivatives that have no counterparty.

	As of December 31, 2017			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
	Fair Value Presented in the Balance Sheets	Financial Instruments (1)	Cash Collateral Received	Net Amount
Counterparty:				
Assets:				
A	$ 46.1	$ (4.2)	$ (41.9)	$ —
B	63.6	(1.4)	(62.2)	—
C	13.2	—	(13.2)	—
E	21.3	—	(21.3)	—
F	31.6	(1.3)	(29.0)	1.3
G	30.2	—	(30.2)	—
H	51.9	(1.0)	(50.9)	—
I	34.6	—	(32.9)	1.7
J	42.7	—	(42.7)	—
Other	3.9	(0.6)	(3.3)	—
Total derivative assets	$ 339.1	$ (8.5)	$ (327.6)	$ 3.0

(1) Represents amount of offsetting derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets for presentation on the consolidated balance sheets.

	As of December 31, 2017			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
	Fair Value Presented in the Balance Sheets	Financial Instruments (1)	Cash Collateral Posted	Net Amount
Counterparty:				
Liabilities:				
A	$ 4.2	$ (4.2)	$ —	$ —
B	1.4	(1.4)	—	—
F	1.3	(1.3)	—	—
Other	1.6	(1.6)	—	—
Total derivative liabilities (2)	$ 8.5	$ (8.5)	$ —	$ —

(1) Represents amount of offsetting derivative assets that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative liabilities for presentation on the consolidated balance sheets.
(2) Excludes embedded derivatives that 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
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Interest rate swaps	**$ (3.3)**	$ (2.9)	$ (18.9)	$ 11.3
Foreign currency swaps	**46.5**	(64.6)	62.5	29.1
Total	**$ 43.2**	$ (67.5)	$ 43.6	$ 40.4

See Note 10 for amounts reclassified out of AOCI into net income. The Company expects to reclassify net gains of $6.0 from AOCI into net income in the next 12 months. Actual amounts may vary from this estimate as a result of market conditions.

As of December 31, 2018, the maximum term over which the Company is hedging its exposure to the variability in future cash flows is approximately 22 years. For the year ended December 31, 2018, net realized losses of $0.3 were recognized related to hedge ineffectiveness, while for the year ended December 31, 2017, gains of $1.6 were recorded. For the period February 1 to December 31, 2016, losses of $1.9 were recorded. For the period January 1 to January 31, 2016, no material hedge ineffectiveness was recorded.

Derivatives Not Designated as Hedges

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Index options	**$ (141.1)**	$ 170.0	$ 84.3	$ (33.2)
Interest rate swaps	**3.2**	0.9	(0.3)	3.7
Total return swaps	**(47.4)**	(4.3)	(22.8)	—
Futures	**(13.1)**	3.7	0.8	—
Embedded derivatives – Indexed products	**88.5**	(118.6)	(84.5)	29.4
Embedded derivative – Closed Block	**67.0**	—	—	—
Other derivatives	**—**	0.3	1.4	0.1
Total	**$ (42.9)**	$ 52.0	$ (21.1)	$ —

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. 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 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 December 31, 2018				
	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	$ 432.8	$ 432.8	$ —	$ 432.8	$ —
State and political subdivisions	728.9	728.9	—	728.9	—
Corporate securities	23,871.3	23,871.3	—	23,585.7	285.6
Residential mortgage-backed securities	2,398.3	2,398.3	—	2,398.3	—
Commercial mortgage-backed securities	858.4	858.4	—	858.4	—
Collateralized loan obligations	912.6	912.6	—	912.6	—
Other debt obligations	1,121.8	1,121.8	—	1,071.0	50.8
Total fixed maturities, available-for-sale	30,324.1	30,324.1	—	29,987.7	336.4
Fixed maturities, trading	1,095.8	1,095.8	—	1,095.8	—
Marketable equity securities	97.7	97.7	85.2	12.0	0.5
Derivatives:					
Index options	61.8	61.8	—	61.8	—
Foreign currency swaps	115.4	115.4	—	115.4	—
Other	1.7	1.7	0.2	1.5	—
Total derivatives	178.9	178.9	0.2	178.7	—
Total investments carried at fair value	31,696.5	31,696.5	85.4	31,274.2	336.9
Embedded derivative – Closed Block	67.0	67.0	—	—	67.0
Separate account assets	904.3	904.3	904.3	—	—
Total assets at fair value (1)	$ 32,667.8	$ 32,667.8	$ 989.7	$ 31,274.2	$ 403.9
Financial liabilities:					
Embedded derivatives – Indexed products	$ 871.5	$ 871.5	$ —	$ —	$ 871.5

(1) Does not include amounts related to limited partnerships that are measured using the net asset value (NAV) practical expedient. See "Investments in Limited Partnerships" below for more information.

	As of December 31, 2017				
	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	$ 441.5	$ 441.5	$ —	$ 441.5	$ —
State and political subdivisions	792.4	792.4	—	792.4	—
Corporate securities	24,069.7	24,069.7	—	23,868.9	200.8
Residential mortgage-backed securities	2,491.7	2,491.7	—	2,491.7	—
Commercial mortgage-backed securities	795.7	795.7	—	795.6	0.1
Collateralized loan obligations	1,146.6	1,146.6	—	1,146.6	—
Other debt obligations	735.8	735.8	—	694.3	41.5
Total fixed maturities, available-for-sale	30,473.4	30,473.4	—	30,231.0	242.4
Marketable equity securities	755.7	755.7	722.6	26.8	6.3
Derivatives:					
Index options	261.9	261.9	—	222.4	39.5
Foreign currency swaps	75.5	75.5	—	75.5	—
Other	1.6	1.6	0.2	1.4	—
Total derivatives	339.0	339.0	0.2	299.3	39.5
Total investments carried at fair value	31,568.1	31,568.1	722.8	30,557.1	288.2
Separate account assets	978.1	978.1	978.1	—	—
Total assets at fair value (1)	$ 32,546.2	$ 32,546.2	$ 1,700.9	$ 30,557.1	$ 288.2
Financial liabilities:					
Embedded derivatives – Indexed products	$ 797.5	$ 797.5	$ —	$ —	$ 797.5

(1) Does not include amounts related to limited partnerships that are measured using the net asset value (NAV) practical expedient. See "Investments in Limited Partnerships" below for more information.

Financial Instruments Measured at Fair Value on a Recurring Basis

Fixed Maturities

The vast majority of the Company's fixed maturities, including both available-for-sale and trading, have been classified as Level 2 measurements. To make this assessment, the Company determines whether the market for a security is active and if significant pricing inputs are observable. The Company predominantly utilizes third-party independent pricing services to assist management in determining the fair value of its fixed maturity securities. As of December 31, 2018 and December 31, 2017, pricing services provided prices for 94.5% and 94.4%, respectively, of the Company's fixed maturities.

As of December 31, 2018, the Company had $1,576.9, or 5.0%, of its available-for-sale fixed maturities invested in private placement securities. These securities were generally valued using a composite of observed comparable public securities as well as reference yield curves. The yield curves are determined based on industry, credit quality, seniority rank in the capital structure, and residual spreads determined by the Company's independent pricing service for each security. The residual spreads are considered unobservable inputs and classified as a Level 3 measurement when they are significant to the valuation result. When only observable inputs are significant to the valuation result, they are classified as Level 2 measurements. The use of only significant observable inputs in determining the fair value of the Company's investments in private placement securities resulted in the classification of $1,303.6, or 82.7%, as Level 2 measurements as of December 31, 2018. As of December 31, 2017, the Company had $1,509.0, or 5.0%, of its fixed maturities invested in private placement securities, of which $1,325.9, or 87.9%, 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.

Residential Mortgage-backed Securities

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

Marketable Equity Securities

Marketable equity securities have historically included exchange traded funds and common stock in support of long-duration income annuity policies. The majority of the Company's equity investments were sold in connection with the Reinsurance Transaction. 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. As of December 31, 2018 and December 31, 2017, the fair value of these investments was $48.2 and $52.5, respectively. 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's or fund's net asset values (NAV).

Index Options

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

Foreign Currency Swaps

Foreign currency swaps are valued using an income approach. These swaps are priced using 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 valuation is classified as a Level 2 measurement.

Separate Accounts

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

Embedded Derivatives

Embedded derivatives primarily relate to the Company's indexed products, which credits interest to the policyholder's account balance based on increases in selected indexes, 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.

The Company updates its estimates regarding projected benefits during the third quarter each year as part of its annual unlocking of various assumptions used to determine the fair value. This resulted in an increase of $36.4 to the fair value of the embedded derivative for 2018, which was recorded as a loss in net realized gains (losses). For the same period in 2017, this resulted in a decrease of $28.9 to the fair value of the embedded derivative, which was recorded as a gain in net realized gains (losses).

The Reinsurance Transaction also contains an embedded derivative related to the withheld assets supporting the Closed Block annuity contracts. The embedded derivative is primarily measured as the change in the market-over-book value of the assets supporting the Closed Block, which includes both fixed maturities and commercial mortgages loans.

Because the fair value measurement of these estimates utilizes significant unobservable inputs, the Company classifies the valuation of embedded derivatives as a Level 3 measurement.

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

The following tables present additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the year ended December 31, 2018:

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2018	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 (5)	Realized Gains (Losses)(4)	Balance as of December 31, 2018
Financial Assets:									
Fixed maturities, available-for-sale:									
State and political subdivisions	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Corporate securities	200.8	26.4	$ —	78.4	(4.7)	$ —	(15.3)	$ —	285.6
Commercial mortgage-backed securities	0.1	—	—	—	(0.1)	—	—	—	—
Other debt obligations	41.5	12.1	—	—	0.1	—	(2.9)	—	50.8
Total fixed maturities, available-for-sale	242.4	38.5	—	78.4	(4.7)	—	(18.2)	—	336.4
Marketable equity securities	6.3	—	—	(5.8)	—	—	—	—	0.5
Derivatives:									
Index options	39.5	—	—	(38.7)	—	0.9	—	(1.7)	—
Embedded derivative – Closed Block	—	—	—	—	—	67.0	—	—	67.0
Total Level 3 assets	$ 288.2	$ 38.5	$ —	$ 33.9	$ (4.7)	$ 67.9	$ (18.2)	$ (1.7)	$ 403.9
Financial Liabilities:									
Embedded derivatives – Indexed products	$ 797.5	$ 179.4	$ (16.9)	$ —	$ —	$ (88.5)	$ —	$ —	$ 871.5

(1) Issues and settlements are related to the Company's embedded derivative liabilities.
(2) Transfers into Level 3 are generally the result of observable market information on a security no longer being available or utilized by pricing vendors. 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 **$81.9** for the year ended December 31, 2018, respectively. Gross transfers out of Level 3 were **$48.0** for the year ended December 31, 2018, respectively.
(3) Other includes transactions such as pay downs, calls, amortization, and redemptions.
(4) Amounts are included in net realized gains (losses) on the consolidated statements of income (loss). Amounts shown for financial liabilities are (gains) losses in net income.
(5) Amounts are generally included in changes in unrealized gains (losses) on available-for-sale securities on the consolidated statements of comprehensive income (loss).

The following tables present additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the year ended December 31, 2017:

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2017	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 (5)	Realized Gains (Losses)(4)	Balance as of December 31, 2017
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 57.0	$ 87.9	$ —	$ 57.2	$ (9.0)	$ —	$ 7.8	$ (0.1)	$ 200.8
Commercial mortgage-backed securities	0.9	—	—	—	(0.8)	—	—	—	0.1
Other debt obligations	7.6	—	—	28.7	0.7	—	4.5	—	41.5
Total fixed maturities, available-for-sale	65.5	87.9	—	85.9	(9.1)	—	12.3	(0.1)	242.4
Marketable equity securities	5.9	—	—	0.1	—	—	0.3	—	6.3
Derivatives:									
Index options	7.1	22.7	—	—	(14.6)	26.0	—	(1.7)	39.5
Other	—	1.0	—	—	(0.7)	—	—	(0.3)	—
Total derivatives	7.1	23.7	—	—	(15.3)	26.0	—	(2.0)	39.5
Total Level 3 assets	$ 78.5	$ 111.6	$ —	$ 86.0	$ (24.4)	$ 26.0	$ 12.6	$ (2.1)	$ 288.2
Financial Liabilities:									
Embedded derivatives – Indexed products	$ 532.4	$ 162.6	$ (8.0)	$ —	$ (8.1)	$ 118.6	$ —	$ —	$ 797.5

(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 $86.0 for the year ended December 31, 2017. Gross transfers out of Level 3 were $0.0 for the year ended December 31, 2017.
(3) Other includes transactions such as pay downs, calls, amortization and redemptions.
(4) Amounts are included in net realized gains (losses) on the consolidated statements of income (loss). Amounts shown for financial liabilities are (gains) losses in net income.
(5) Amounts are generally included in changes in unrealized gains (losses) on available-for-sale securities on the consolidated statements of comprehensive income.

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

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

In addition, on the date of the Merger, the Company's DAC balance was reset to zero, and a balance for VOBA was established, representing the right to receive future gross profits from cash flows and earnings of the Company's existing business. 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 was 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.

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

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

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

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

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Unamortized balance at beginning of period	**$ 407.2**	$ 202.8	$ —	$ 677.5
Deferral of acquisition costs	**260.6**	239.9	215.4	19.6
Adjustments for realized (gains) losses (1)	**(1.5)**	(4.6)	(1.6)	(0.4)
Amortization – excluding unlocking	**(39.7)**	(30.9)	(9.9)	(8.4)
Amortization – impact of unlocking (1)	**(4.1)**	—	(1.1)	(0.2)
Adjustment for Closed Block (2)	**(12.6)**	—	—	—
Unamortized balance at end of period	**609.9**	407.2	202.8	688.1
Accumulated effect of net unrealized (gains) losses	**34.4**	(21.0)	(3.4)	(41.0)
Balance at end of period	**$ 644.3**	$ 386.2	$ 199.4	$ 647.1

(1) Includes the impact of assumption and experience unlocking related to quarterly investment prepayment activity as well as the Company's annual unlocking process, which takes place during the third quarter of each year. Adjustment for realized (gains) losses also includes impact from annual unlocking.
(2) The DAC balance associated with policies reinsured under the Reinsurance Transaction was reclassified to the beginning balance of the deposit asset.

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

	Successor Company		
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016
Unamortized balance at beginning of period	**$ 358.1**	$ 413.4	$ 457.6
Adjustments related to realized (gains) losses (1)	**10.1**	(11.9)	4.5
Amortization – excluding unlocking	**(42.8)**	(41.8)	(40.7)
Amortization – impact of unlocking (1)	**(5.1)**	(1.6)	(8.0)
Unamortized balance at end of period	**320.3**	358.1	413.4
Accumulated effect of net unrealized (gains) losses	**58.4**	(48.1)	(16.1)
Balance at end of period	**$ 378.7**	$ 310.0	$ 397.3

(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. Adjustment for realized (gains) losses also includes impact from annual unlocking.

The following table sets forth the estimated future VOBA amortization expense, net of interest, for the next 5 years, based on the balance recorded as of December 31, 2018:

Year	Amount
2019	$ **40.3**
2020	**35.0**
2021	**29.8**
2022	**24.3**
2023	**18.2**

9. Liability for Unpaid Claims and Claim Adjustment Expenses

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

The following tables provide reconciliations of the beginning and ending liability balances for unpaid claims and claims adjustment expenses (CAE) disaggregated by medical stop-loss, group life and DI, and other. These reserves include policy and contract claims and certain amounts recorded in future policy benefits on the consolidated balance sheets.

	Successor Company			Predecessor Company
Medical Stop-Loss	**For the Year Ended December 31, 2018**	**For the Year Ended December 31, 2017**	**February 1 to December 31, 2016**	**January 1 to January 31, 2016**
Balance, beginning of period	$ **153.1**	$ 114.6	$ 113.1	$ 122.9
Less: reinsurance recoverables	**12.4**	7.7	3.4	3.6
Net balance, beginning of period	**140.7**	106.9	109.7	119.3
Incurred related to insured events of:				
The current year	**502.3**	460.6	351.9	28.1
Prior years	**(2.7)**	7.5	(5.2)	(0.5)
Total incurred	**499.6**	468.1	346.7	27.6
Paid related to insured events of:				
The current year	**370.1**	331.2	276.7	1.9
Prior years	**127.2**	103.1	72.8	35.3
Total paid	**497.3**	434.3	349.5	37.2
Net balance, end of period	**143.0**	140.7	106.9	109.7
Add: reinsurance recoverables	**6.4**	12.4	7.7	3.4
Balance, end of period	$ **149.4**	$ 153.1	$ 114.6	$ 113.1

Group Life and DI	Successor Company For the Year Ended December 31, 2018	Successor Company For the Year Ended December 31, 2017	Successor Company February 1 to December 31, 2016	Predecessor Company January 1 to January 31, 2016
Balance, beginning of period	**$ 184.2**	$ 149.9	$ 122.2	$ 119.8
Less: reinsurance recoverables	**41.9**	48.4	76.7	76.9
Net balance, beginning of period	**142.3**	101.5	45.5	42.9
Incurred related to insured events of:				
The current year	**199.7**	150.4	122.6	6.8
Prior years	**(2.2)**	2.7	5.7	0.5
Total incurred	**197.5**	153.1	128.3	7.3
Paid related to insured events of:				
The current year	**106.2**	79.1	52.5	0.2
Prior years	**43.9**	33.2	19.8	4.5
Total paid	**150.1**	112.3	72.3	4.7
Net balance, end of period	**189.7**	142.3	101.5	45.5
Add: reinsurance recoverables	**40.3**	41.9	48.4	76.7
Balance, end of period	**$ 230.0**	$ 184.2	$ 149.9	$ 122.2

Other	Successor Company For the Year Ended December 31, 2018	Successor Company For the Year Ended December 31, 2017	Successor Company February 1 to December 31, 2016	Predecessor Company January 1 to January 31, 2016
Balance, beginning of period	**$ 29.6**	$ 33.0	$ 27.2	$ 24.5
Less: reinsurance recoverables	**4.7**	6.7	3.8	4.4
Net balance, beginning of period	**24.9**	26.3	23.4	20.1
Incurred related to insured events of:				
The current year	**118.1**	111.0	99.3	7.6
Prior years	**3.8**	(0.1)	4.8	2.5
Total incurred	**121.9**	110.9	104.1	10.1
Paid related to insured events of:				
The current year	**93.1**	93.1	85.4	1.5
Prior years	**21.2**	19.2	15.8	5.3
Total paid	**114.3**	112.3	101.2	6.8
Net balance, end of period	**32.5**	24.9	26.3	23.4
Add: reinsurance recoverables	**4.5**	4.7	6.7	3.8
Balance, end of period	**$ 37.0**	$ 29.6	$ 33.0	$ 27.2

Claims Development – Short Duration Contracts

The Company's short duration contracts primarily include medical stop-loss and group life and DI. The following tables present information about claims development of short-duration contracts as of December 31, 2018, net of reinsurance. The tables also include cumulative claim frequency (presented in whole numbers) and the total of incurred but not reported (IBNR) liabilities plus expected development on reported claims included within the net incurred amounts. Claim frequency for medical stop-loss is measured on an individual claimant basis per policy year. Claim frequency for group life and DI is measured by claim event on an individual basis.

The information about incurred and paid claims development for the years ended December 31, 2013 through 2017 is presented as unaudited supplementary information. The recording and paying of claims and related reserves on short

duration contracts was not impacted by the Merger, and therefore, the information presented below combines Predecessor and Successor Company for 2016.

The tables below present information for the number of years for which claims incurred typically remain outstanding. Medical stop-loss claims are typically paid within two years. Claims for group life and DI tend to develop over a longer period; however, prior to 2013, this business was substantially reinsured and did not materially impact the Company's results. Additionally, during the fourth quarter of 2016, the Company entered into an agreement to recapture the majority of the long-term DI business that had been ceded to a reinsurer, which impacted the retained incurred claims in later contract years. Prior to the recapture, long-term DI business was generally reinsured at 45% to 90%, depending on year of issue, and prior period amounts have not been adjusted to reflect the recapture.

Medical Stop-Loss

	For the Years Ended December 31,		As of December 31, 2018	
Year of Insured Event	**2017 (Unaudited)**	**2018**	**Related IBNR Reserves**	**Cumulative Number of Reported Claims**
Incurred Claims, Net of Reinsurance:				
2017	$ 460.6	**$ 466.6**	**$ 8.5**	**5,753**
2018		**502.3**	**105.4**	**3,079**
Total		**$ 968.9**	**$ 113.9**	
Cumulative Paid Claims, Net of Reinsurance:				
2017	$ 331.2	**$ 455.8**		
2018		**370.1**		
Total		**825.9**		
Liabilities for unpaid claims prior to 2017, net of reinsurance		**—**		
Total liabilities for unpaid claims, net of reinsurance		**$ 143.0**		

Group Life and DI

	For the Years Ended December 31,						As of December 31, 2018	
	2013	2014	2015	2016	2017			
Year of Insured Event	(Unaudited)					**2018**	**Related IBNR Reserves**	**Cumulative Number of Reported Claims**
Incurred Claims, Net of Reinsurance:								
2013	$ 21.9	$ 23.5	$ 23.0	$ 26.6	$ 27.5	**$ 27.7**	**$ —**	**1,613**
2014		41.3	42.1	56.2	56.1	**58.0**	**—**	**3,895**
2015			73.6	92.1	90.8	**90.0**	**—**	**5,702**
2016				106.5	105.6	**103.5**	**—**	**6,889**
2017					157.9	**153.1**	**5.1**	**9,714**
2018						**208.1**	**50.5**	**11,506**
Total						**$ 640.4**	**$ 55.6**	
Cumulative Paid Claims, Net of Reinsurance:								
2013	$ 15.1	$ 19.7	$ 21.3	$ 22.0	$ 22.8	**$ 23.2**		
2014		25.3	32.6	35.9	39.8	**42.3**		
2015			39.9	57.1	66.1	**69.8**		
2016				53.4	74.2	**80.1**		
2017					80.7	**112.0**		
2018						**106.2**		
Total						**$ 433.6**		
Liabilities for unpaid claims prior to 2013, net of reinsurance						**2.4**		
Total liabilities for unpaid claims, net of reinsurance						**$ 209.2**		

Reconciliation

The reconciliation of the December 31, 2018 net incurred and paid claims development tables to the unpaid claims liability is as follows:

Reconciliation of the Claims Development Information to the Liability for Unpaid Claims and CAE

	As of December 31, 2018
Net outstanding liabilities for unpaid claims:	
Medical Stop-Loss	$ 143.0
Group Life and DI	209.2
Other	4.1
Liabilities for unpaid claims, net of reinsurance	356.3
Reinsurance recoverable on unpaid claims:	
Medical Stop-Loss	6.4
Group Life and DI	40.3
Other	—
Total reinsurance recoverable on unpaid claims	46.7
Insurance lines other than short duration, net	32.9
Impact of discounting	(19.5)
Total gross liability for unpaid claims	$ 416.4

Claims Duration and Payout

The following is required unaudited supplementary information about average historical percentage payout of incurred claims by age, net of reinsurance. The calculation uses the amount of claims paid in each development year compared with the estimated incurred claims as of December 31, 2018:

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance (Unaudited)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Group Life and DI	49.7%	17.8%	6.7%	4.5%	3.5%	1.5%

10. Stockholder's Equity

Components of AOCI primarily relate to unrealized gains (losses) on the Company's available-for-sale securities and derivatives designated as cash flow hedges, as well as the related adjustments to DAC and VOBA. These amounts are reported net of deferred taxes. The tax effects are released from AOCI into income tax expense (benefit) when the underlying amounts are reclassified to income, typically when the related instrument is sold, terminated or otherwise extinguished.

The following tables summarize the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the year ended December 31, 2018 (Successor Company):

	Net Unrealized Gains (Losses) on Available-for-sale Securities (4)	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC and VOBA	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Balance as of January 1, 2018	**$ 646.5**	**$ (0.3)**	**$ (63.6)**	**$ (27.7)**	**$ 554.9**
Other comprehensive income (loss) before reclassifications, net of taxes (1)	**(964.7)**	**(0.9)**	**157.0**	**34.1**	**(774.5)**
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	**—**	**—**	**—**	**(2.0)**	**(2.0)**
Foreign currency swaps	**—**	**—**	**—**	**5.0**	**5.0**
Net realized (gains) losses	**19.2**	**—**	**(9.4)**	**3.1**	**12.9**
Total provision (benefit) for income taxes	**(4.0)**	**—**	**2.0**	**(1.3)**	**(3.3)**
Total reclassifications from AOCI, net of taxes	**15.2**	**—**	**(7.4)**	**4.8**	**12.6**
Other comprehensive income (loss) after reclassifications	**(949.5)**	**(0.9)**	**149.6**	**38.9**	**(761.9)**
Adoption of new accounting standard (3)	**(114.3)**	**—**	**—**	**—**	**(114.3)**
Balance as of December 31, 2018	**$ (417.3)**	**$ (1.2)**	**$ 86.0**	**$ 11.2**	**$ (321.3)**

(1) Other comprehensive income (loss) before reclassifications is net of taxes of **$(256.4)**, **$(0.3)**, **$41.8**, **$9.0**, and **$(205.9)**, for the year ended December 31, 2018. Tax effects in OCI are calculated based on the applicable enacted tax rate at the time gains (losses) are incurred.
(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.
(3) Accounting Standards Update No. 2016-01, Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities. Refer to Note 2 for further discussion.
(4) Includes net unrealized losses of **$42.0** for the year ended December 31, 2018 related to changes in exchange rates on fixed maturities held in foreign currencies.

The following tables summarize the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the year ended December 31, 2017 (Successor Company):

	Net Unrealized Gains (Losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC and VOBA	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2017	$ 140.0	$ (0.2)	$ (14.0)	$ 17.7	$ 143.5
Other comprehensive income (loss) before reclassifications, net of taxes (1)	434.2	(0.1)	(52.7)	(44.5)	336.9
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	0.1	0.1
Foreign currency swaps	—	—	—	(2.7)	(2.7)
Net realized (gains) losses	(33.5)	—	16.6	7.8	(9.1)
Total provision (benefit) for income taxes	11.7	—	(5.8)	(1.8)	4.1
Total reclassifications from AOCI, net of taxes	(21.8)	—	10.8	3.4	(7.6)
Other comprehensive income (loss) after reclassifications	412.4	(0.1)	(41.9)	(41.1)	329.3
Adoption of new accounting standard (3)	94.1	—	(7.7)	(4.3)	82.1
Balance as of December 31, 2017	$ 646.5	$ (0.3)	$ (63.6)	$ (27.7)	$ 554.9

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $202.4, $0.0, $(22.8), $(23.0), and $156.6, respectively, for the year ended December 31, 2017. Tax effects in OCI are calculated based on the applicable enacted tax rate at the time gains (losses) are incurred.
(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.
(3) Accounting Standards Update No. 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.

The following tables summarize the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the period February 1 to December 31, 2016 (Successor Company):

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

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $70.5, $(0.1), $(6.3), $15.3, and $79.4, respectively, for the period February 1 to December 31, 2016.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income.

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 (Predecessor Company):

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

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $60.7, $0.0, $(13.3), $14.2, and $61.6, respectively, for the period January 1 to January 31, 2016.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income.

11. Commitments and Contingencies

Leases

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

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

	Lease Payments
2019	$ **20.4**
2020	**19.6**
2021	**15.7**
2022	**13.7**
2023	**13.4**
Thereafter	**21.1**
Total	$ **103.9**

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 basis and updates its established liabilities, disclosures and estimates of reasonably possible losses or range of loss based on such reviews.

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

Other Commitments

As of December 31, 2018 and 2017, unfunded mortgage loan commitments were $65.9 and $53.2, respectively. The Company had no other material commitments or contingencies as of December 31, 2018 and 2017.

12. Segment Information

The Company offers a broad range of products and services that include retirement, employment-based benefits, and life insurance products. These operations are managed separately as three divisions. In the third quarter 2018, and as a result of the Reinsurance Transaction, the Company revised its segments into three business segments based on product groupings and information used by management: Benefits, Retirement, and Individual Life. The Company also has a fourth reportable segment, Other, consisting primarily of unallocated corporate items and surplus investment income.

The results from operations related to the business exited through the Reinsurance Transaction are reported as the "Closed Block" and included in the consolidated financial statements. The income (loss) related to the Closed Block is excluded from the profitability measures used by management, which results in more informative financial trends from the Company's core business and better aligns results with how the Company manages its segments. Prior period results have been adjusted to reflect this change.

The primary profitability measure that management uses to manage business segment results is adjusted pre-tax income (loss), which is defined as income from operations excluding results of the Closed Block, intangible asset amortization, and certain net realized gains (losses). Excluded gains (losses) are associated with:

- investment sales or disposal,
- investment impairments,
- changes in the fair value of mark-to-market investments and derivative investments (except for certain index options discussed below), and
- changes in the fair value of embedded derivatives related to the Company's indexed products.

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

In the Retirement segment, net gains (losses) on certain index options purchased to economically hedge exposure from FIA products sold in the late 1990s are included in adjusted pre-tax income.

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	**For the Year Ended December 31, 2017**	**February 1 to December 31, 2016**	**January 1 to January 31, 2016**
Segment adjusted pre-tax income (loss):				
Benefits	**$ 54.7**	$ 39.5	$ 41.0	$ 8.3
Retirement	**113.9**	108.2	62.5	10.4
Individual Life	**16.0**	19.9	17.1	0.5
Other	**(35.7)**	(66.1)	(80.9)	(7.6)
Total segment adjusted pre-tax income	**148.9**	101.5	39.7	11.6
Add (deduct) the following:				
Excluded realized gains (losses)	**(75.2)**	43.1	(5.0)	(4.0)
Amortization of intangible assets	**(85.2)**	(83.6)	(76.6)	—
Closed Block results	**(131.8)**	36.1	(13.9)	(24.5)
Income (loss) from operations before income taxes	**$ (143.3)**	$ 97.1	$ (55.8)	$ (16.9)

The following table presents total adjusted revenue by segment:

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	**For the Year Ended December 31, 2017**	**February 1 to December 31, 2016**	**January 1 to January 31, 2016**
Segment adjusted revenue:				
Benefits	**$ 1,025.4**	$ 911.6	$ 722.9	$ 62.1
Retirement	**785.7**	711.8	575.6	58.8
Individual Life	**569.3**	513.0	420.8	41.7
Other	**(9.2)**	(33.9)	(26.5)	(1.5)
Total segment adjusted revenue	**2,371.2**	2,102.5	1,692.8	161.1
Add: Excluded realized gains (losses)	**(75.2)**	43.1	(5.0)	(4.0)
Add: Closed Block revenue	**2.0**	336.1	272.5	7.3
Total Revenue	**$ 2,298.0**	$ 2,481.7	$ 1,960.3	$ 164.4

Segment adjusted revenue represents segment revenue excluding certain net realized gains and losses, as described above, and excludes revenue in the Closed Block.

The following table presents total assets by segment:

	As of December 31, 2018	As of December 31, 2017
Segment assets:		
Benefits	**$ 1,501.6**	$ 1,500.1
Retirement	**25,080.7**	23,971.2
Individual Life	**8,005.9**	7,836.0
Other	**2,619.9**	2,041.2
Total segment assets	**37,208.1**	35,348.5
Add: Closed Block assets (1)	**12,055.1**	7,517.1
Total Assets	**$ 49,263.2**	$ 42,865.6

(1) Includes deposit asset and invested assets related to Closed Block.

13. Reinsurance

The Company reinsures portions of its risk in order to limit losses and manage its statutory capital position. Reinsurance agreements are evaluated for risk transfer to determine if they qualify for reinsurance accounting. If they qualify, the Company accounts for reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured business on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. If the agreements do not qualify, they are accounted for on a deposit contract basis.

The Company remains liable to its policyholders to the extent that counterparties to reinsurance contracts do not meet their contractual obligations. Accordingly, the future policy benefit reserves and policy and contract claims liabilities are reported gross of any related reinsurance recoverables, which are reported as assets. The Company reports premiums, benefits, and settlement expenses net of reinsurance in the consolidated statements of income (loss). Assets and liabilities and premiums and benefits relating to certain reinsurance agreements that grant surplus relief may be recorded net on the consolidated balance sheets and statements of income (loss) if a right of offset exists within the reinsurance agreement.

The following summarizes the Company's reinsurance coverage:

- *Medical stop-loss.* Starting in 2018, the Company reinsures the excess of $2.5 per individual claim; previously, the Company reinsured $2.0 per individual claim.
- *Group Life & DI*. The Company typically reinsures group life mortality risk in excess of $0.25 per individual and line of coverage, and morbidity risk in excess of $8.0 thousand of gross monthly benefit per life. The Company also has catastrophic coverage for group life policies.
- *Deferred Annuities*. In 2017, the Company executed a reinsurance agreement to manage its statutory capital position related to fixed deferred and fixed indexed annuities with a guaranteed return of premium feature and issued beginning in 2017. This agreement does not qualify for GAAP reinsurance accounting.
- *Income Annuities*. In 2018, the Company executed a reinsurance agreement that transfers financial responsibility for its in-force block of income annuity contracts, which primarily consists of structured settlements and a smaller block of SPIAs. This agreement does not qualify for GAAP reinsurance accounting. See further discussion below.
- *Individual Life*. The Company's reinsurance coverage varies by product, policy issue year and issue age of the insured. For fully underwritten policies issued subsequent to April 2017, the Company retains up to a maximum of $5.0 per life. For fully underwritten policies issued between March 2013 and April 2017, the Company retains up to a maximum of $3.0 per life.

  In 2018, the Company entered into a reinsurance arrangement to manage its statutory capital position on its survivorship guaranteed universal life policies. This agreement does not qualify for GAAP reinsurance accounting. In addition, the Company has an inter-company reinsurance agreement related to a block of guaranteed universal life policies in order to manage its statutory capital position.

The following tables and amounts exclude the deposit asset related to the Reinsurance Transaction, which is described in more detail below.

The following table sets forth net life insurance in force:

	As of December 31, 2018	As of December 31, 2017	As of December 31, 2016
Direct life insurance in force	**$ 116,515.7**	$ 109,179.4	$ 86,142.8
Amounts assumed from other companies	**188.4**	188.1	187.0
Amounts ceded to other companies	**(29,612.4)**	(26,473.9)	(24,452.4)
Net life insurance in force	**$ 87,091.7**	$ 82,893.6	$ 61,877.4
Percentage of amount assumed to net	**0.22%**	0.23%	0.30%
Percentage of amount ceded to direct	**25.41%**	24.25%	28.39%

The Company evaluates the financial condition of its reinsurers to monitor its exposure to losses from reinsurer insolvencies. The Company analyzes reinsurance recoverables according to the credit ratings and financial health of its reinsurers and is not aware of any of its major reinsurers currently experiencing financial difficulties. As of December 31, 2018 and 2017, $189.9 and $201.3, respectively, of the reinsurance recoverable was associated with two highly rated reinsurers, each representing approximately 35% of the recoverable balance in both periods. Of the total amount due from reinsurers, 97.6% and 97.5% were with reinsurers rated A- or higher by A.M. Best, as of December 31, 2018 and 2017, respectively. The Company had no write-offs or reserve for uncollectible reinsurance in 2018 or 2017.

Reinsurance recoverables are composed of the following amounts:

	As of December 31, 2018	As of December 31, 2017
Life insurance		
Reinsurance recoverables on:		
Funds held under deposit contracts	**$ 104.7**	$ 102.4
Future policy benefits	**135.4**	134.3
Paid claims, expense allowance, premium tax recoverables and other	**14.2**	18.7
Policy and contract claims	**6.4**	5.8
Total life insurance	**260.7**	261.2
Accident and health insurance		
Reinsurance recoverables on:		
Future policy benefits	**37.5**	40.3
Paid claims, expense allowance and premium tax recoverables	**3.7**	4.0
Policy and contract claims	**6.4**	12.7
Total accident and health insurance	**47.6**	57.0
Total reinsurance recoverables	**$ 308.3**	$ 318.2

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	February 1 to December 31, 2016	January 1 to January 31, 2016
Premiums:				
Direct:				
Accident and health	**$ 879.9**	$ 798.7	$ 626.3	$ 56.7
Life insurance	**205.9**	171.1	127.5	10.7
Total direct	**1,085.8**	969.8	753.8	67.4
Total assumed	**1.2**	0.9	0.3	—
Ceded:				
Accident and health (1)	**(27.4)**	(26.4)	(0.6)	(4.0)
Life insurance	**(46.3)**	(44.8)	(36.0)	(2.2)
Total ceded	**(73.7)**	(71.2)	(36.6)	(6.2)
Total premiums	**1,013.3**	899.5	717.5	61.2
Policy fees and contract charges:				
Direct life insurance and investment-type	**318.4**	278.0	220.8	18.0
Ceded life insurance and investment-type	**(15.0)**	(12.4)	(8.1)	(0.4)
Total policy fees and contract charges (2)	**303.4**	265.6	212.7	17.6
Total premiums and other amounts assessed to policyholders	**$ 1,316.7**	$ 1,165.1	$ 930.2	$ 78.8
Percentage of assumed to total premiums and other amounts assessed to policyholders	**0.09%**	0.08%	0.03%	—%

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

Reinsurance benefits reduced policyholder benefits and claims by $66.2, $98.1, $27.3 and $3.6, respectively, for the years ended December 31, 2018 and 2017, and the periods February 1 to December 31, 2016 and January 1 to January 31, 2016.

Reinsurance Transaction

In September 2018, the Company entered into the Reinsurance Transaction, which was effective as of July 1, 2018 (Agreement Date) and accounted for under the deposit accounting method. The deposit asset and funds withheld liability established by the Reinsurance Transaction do not have the right to offset, therefore are shown gross on the Company's consolidated balance sheets.

The Company established a $6.1 billion deposit asset which is included in reinsurance recoverables on its consolidated balance sheet for an amount equal to the Closed Block's $5.7 billion net statutory reserves due from the reinsurer and an amount paid to the reinsurer at the Transaction date. The equivalent GAAP reserves for the reinsured policies was $6.8 billion. The fair value adjustment to income annuity reserves recorded under PGAAP at the time of the Merger is the primary driver of the difference between the GAAP and statutory reserves. The difference between the deposit asset and the GAAP reserves is adjusted over the remaining life of the reinsured policies using the effective interest method and recognized in interest credited in the consolidated statements of income (loss).

Assets supporting the net statutory reserves of the Closed Block were withheld and are legally owned by the Company. These are reported as a funds withheld liability on the consolidated balance sheets. Adjustments to the funds withheld liability are based upon the investment and benefit amounts passed to the reinsurer during the period, which are recorded as ceded amounts in the consolidated statements of income (loss).

The funds withheld liability is composed of the host contract and an embedded derivative. The embedded derivative represents the right to receive or obligation to pay the total return on the withheld assets, which must be bifurcated from the host contract and carried at fair value on the Company’s consolidated balance sheets. The fair value of the embedded derivative fluctuates with changes in the unrealized gain (loss) on the withheld assets. Initially, the fair value of the

embedded derivative is zero. Changes to the fair value of the embedded derivative are recognized in net realized gains (losses) on the Company's consolidated statements of income (loss).

In the event of the reinsurer's insolvency, the Company would reclaim the assets supporting the reserve liabilities. The Company has the ability to offset amounts due to the reinsurer with amounts owed from the reinsurer, as well as access to amounts held in trust, which reduces the risk of loss. The Company remains liable to its policyholders to the extent that the reinsurer does not meet its contractual obligations.

The following table provides a reconciliation of the beginning and ending balance for the deposit asset and funds withheld liability:

	For the Year Ended December 31, 2018
Deposit asset at inception	$ 6,072.6
Incurred interest adjustment	(152.2)
Deposit asset at end of period	$ 5,920.4
Funds withheld liability at inception	$ 5,700.0
Ceded investment amounts	303.4
Ceded benefit amounts	(313.0)
Quarterly settlement due to reinsurer	(33.5)
Changes in fair value of embedded derivative	(67.0)
Funds withheld liability at end of period	$ 5,589.9

14. Notes Payable and Credit Facilities

Sumitomo Life Insurance Company Loan Agreement

In November 2017, the Company entered into a loan agreement with Sumitomo Life Insurance Company. The Company borrowed $450.0 in January 2018. The loan bears interest at a fixed annual rate of 2.68%, payable quarterly, and is scheduled to mature in January 2021. The Company used the proceeds of the loan to settle the $150.0 capital efficient notes (CENTs) and the $300.0 term loans.

Senior Notes Due 2024

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

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

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

Revolving Credit Facility

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

Borrowings under the facility will bear interest at a variable annual rate based on adjusted LIBOR or the alternate base rate plus, in each case, an applicable margin. The Company is required to pay facility fees ranging from 0.1% to 0.3%, depending on the Company's ratings from Moody's and S&P. The Company has not borrowed under this facility as of December 31, 2018.

Surplus Note

In December 2014, the Company’s primary insurance subsidiary, Symetra Life Insurance Company, and its indirect wholly-owned subsidiary, Symetra Reinsurance Corporation (SRC), entered into a 25-year transaction to finance certain non-economic statutory reserves related to a block of universal life insurance policies with secondary guarantees issued by Symetra Life Insurance Company. As part of this transaction, SRC issued a surplus note with no initial principal balance. The maximum capacity as of December 31, 2018 was $100.7, and there have been no borrowings under this note.

Capital Efficient Notes (CENts) Due 2067

In October 2007, the Company issued $150.0 aggregate principal amount CENts with a scheduled maturity date of October 15, 2037, subject to certain limitations, and a final maturity date of October 15, 2067. For the initial 10-year period following the original issuance date, the CENts carried a fixed interest rate of 8.3% payable semi-annually. After October 15, 2017, interest on the CENts accrued at a variable annual rate equal to the three-month LIBOR plus 4.18%, payable quarterly.

For the Predecessor Company, the effective interest rate on the notes was 9.39%. On the Merger Date, the carrying amount of the notes was set to fair value. For the Successor Company, the effective interest rate of the notes was 7.99% prior to October 15, 2017 and 5.61% for the period October 15, 2017 to December 31, 2017.

The CENts were unsecured junior subordinated obligations. The Company could redeem the CENts at its option, in whole or in part, on any interest payment date after October 15, 2017 at a redemption price of 100% of the principal amount being redeemed plus accrued but unpaid interest.

In January 2018, the Company redeemed the CENts in full, using proceeds from the $450.0 Parent Company Loan.

Term Loan Credit Agreement

In October 2015, the Company entered into a term loan credit agreement. The Company borrowed $300.0 of unsecured term loans on a single delayed-draw basis in March 2016. The term loans incurred interest at a variable annual rate based on LIBOR, or an alternate base rate, plus an applicable margin. The Company used the proceeds of the term loans to settle its $300.0 Senior Notes that matured in April 2016.

In January 2018, the term loans were redeemed in full, using proceeds from the $450.0 Parent Company Loan.

15. Income Taxes

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

The Company files two separate income tax returns for its consolidated life group and consolidated non-life group in the U.S. federal and various state jurisdictions. The Company's consolidated non-life group net operating losses from 2007 through 2013 are subject to examination. The Company's consolidated non-life federal and state income tax returns are open for examination for tax years 2014 through the present. The Company's consolidated life group federal and state income tax returns are open for examination for tax years 2013 through the present.

The Company receives investment tax credits from its investments in certain limited partnerships. These are accounted for using the flow-through method. Refer to Note 4 for further discussion of our tax credit investments.

Differences between income taxes computed by applying the U.S. federal income tax rate of 21% (35% in 2017 and prior) to income (loss) from operations before income taxes and the provision (benefit) for income taxes were as follows:

	Successor Company						Predecessor Company	
	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017		February 1 to December 31, 2016		January 1 to January 31, 2016	
Income (loss) from operations before income taxes	**$(143.3)**		$ 97.1		$ (55.8)		$ (16.9)	
Tax provision (benefit) at U.S. Federal statutory rate	**(30.1)**	**21.0%**	34.0	35.0 %	(19.5)	35.0%	(6.0)	35.0%
Increase (reduction) in rate resulting from:								
Impact of change in enacted tax rates on deferred tax balances	**(7.7)**	**5.4**	(131.7)	(135.6)	—	—	—	—
Investment tax credits	**(40.6)**	**28.3**	(37.0)	(38.1)	(52.0)	93.2	(4.1)	24.3
Dividends received deduction	**(1.7)**	**1.2**	(1.4)	(1.4)	(1.2)	2.2	(0.1)	0.6
Other	**(1.4)**	**1.0**	4.3	4.4	(0.1)	0.1	(0.2)	1.2
Benefit for income taxes and effective tax rate.	**$ (81.5)**	**56.9%**	$(131.8)	(135.7)%	$ (72.8)	130.5%	$ (10.4)	61.1%

As of December 22, 2017, the Company remeasured the deferred tax assets and liabilities to reflect a change in the federal statutory rate from 35% to 21%. As a result, income tax expense for 2017 includes a net decrease of $131.7 related to the remeasurement of deferred tax balances. As of December 31, 2018, the Company has completed its accounting for the effects of the 2017 Tax Act and there were no material adjustments made during the measurement period.

The following table sets forth the tax effects of temporary differences that gave rise to the deferred income tax assets and liabilities. Deferred income tax assets and liabilities were measured at a corporate tax rate of 21% as of December 31, 2018 and 2017.

	As of December 31, 2018	As of December 31, 2017
Deferred income tax assets:		
Adjustments to life policy liabilities	**$ 340.0**	$ 452.6
Unrealized losses on investment securities (net of DAC and VOBA adjustment: **$22.9** for 2018)	**85.5**	—
Net operating losses	**59.5**	34.4
Investment tax credit carryforward	**63.1**	—
Other	**19.8**	17.6
Total deferred income tax assets	**567.9**	504.6
Valuation Allowance	**(2.5)**	(3.5)
Net deferred income tax assets	**565.4**	501.1
Deferred income tax liabilities:		
Deferred policy acquisition costs	**52.7**	24.5
Basis adjustment on securities	**113.6**	211.0
Unrealized gains on investment securities (net of DAC and VOBA adjustment: $16.9 for 2017)	**—**	147.4
Intangible assets and VOBA	**326.4**	329.9
Other	**7.7**	10.6
Total deferred income tax liabilities	**500.4**	723.4
Deferred income tax asset (liability), net	**$ 65.0**	$ (222.3)

As of December 31, 2018, the Company's non-insurance entities have gross federal net operating loss (NOL) carry-forwards of $155.7, which are reflected in its deferred tax assets. These are due to expire under current law during 2030 through 2038. As of December 31, 2018, the Company's insurance entities have a gross federal NOL carryforward of $127.4, which does not expire under current law. The Company's insurance entities have investment tax credit carryfowards of $63.1, which expire during 2037 through 2039. The Company's non-insurance entities have an interest expense carryfoward of $16.7, included in other above, which does not expire under current law.

Deferred tax assets are recognized only to the extent that it is more likely than not that future taxable profits will be available, and a valuation allowance is established where deferred tax assets cannot be realized. As of December 31, 2018 and 2017, the Company held a valuation allowance of $2.5 and $3.5, respectively, on the deferred tax assets relating to separate return federal NOL carryforwards. The decrease in valuation allowance is related to the partial utilization of net operating non-insurance entity loss carryforwards in 2018.

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

16. Dividends

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

In 2018, Symetra Life Insurance Company could pay Symetra Financial Corporation dividends of up to $221.9 without obtaining regulatory approval, and total dividends declared were $50.0. In 2019, the dividend limit is $212.7.

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

During 2018, the Company declared and paid a $70.0 dividend to its parent company, Sumitomo Life Insurance Company.

17. Statutory-Basis Information

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

Effective January 1, 2017, Symetra Life elected Iowa Bulletin 06-01, which allows companies to record the change in fair value of derivative instruments used to economically hedge indexed products in income, consistent with how the change in indexed product reserves is recorded. There was no net impact on surplus.

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

	For the Year Ended December 31,		
	2018	2017	2016
Statutory net income (loss):			
Symetra Life Insurance Company	**$ (118.7)**	$ 267.8	$ 43.4
Other subsidiaries	**0.5**	11.1	7.3
Statutory capital and surplus:			
Symetra Life Insurance Company (1)	**$ 2,126.6**	$ 2,218.9	$ 2,082.4
Other subsidiaries	**158.0**	135.9	134.0

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

For the year ended December 31, 2018, Symetra Life Insurance Company's statutory net loss included negative ceding commission in connection with the Reinsurance Transaction and unrealized losses related to decreases in the fair value of derivatives recorded in income.

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

18. Parent Company Information

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

Condensed Statements of Financial Position
(Parent Company Only)

	As of December 31, 2018	As of December 31, 2017
ASSETS		
Cash and investments:		
Investments, at fair value (amortized cost: 2018 **$199.5**; 2017 $243.2)	**$ 192.9**	$ 248.8
Investments in subsidiaries	**3,792.0**	4,644.8
Cash and cash equivalents	**9.8**	5.1
Total cash and investments	**3,994.7**	4,898.7
Accrued investment income	**1.3**	1.4
Current and deferred income taxes, net	**37.6**	32.1
Receivables due from affiliates	**22.8**	15.2
Other assets	**6.4**	5.6
Total assets	**$ 4,062.8**	$ 4,953.0
LIABILITIES AND STOCKHOLDER'S EQUITY		
Notes payable	**$ 705.7**	$ 706.6
Other liabilities	**34.4**	30.0
Total liabilities	**740.1**	736.6
Common stock, 2018 and 2017: $0.01 par value, **1,000** shares authorized, **100** shares issued and outstanding	**—**	—
Additional paid-in capital	**3,516.7**	3,516.7
Retained earnings	**127.3**	144.8
Accumulated other comprehensive income, net of taxes	**(321.3)**	554.9
Total stockholder's equity	**3,322.7**	4,216.4
Total liabilities and stockholder's equity	**$ 4,062.8**	$ 4,953.0

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

	Successor Company			Predecessor Company
	For the Year Ended December 31, 2018	**For the Year Ended December 31, 2017**	**February 1 to December 31, 2016**	**January 1 to January 31, 2016**
Revenues:				
Dividends from subsidiaries (1):				
Symetra Life Insurance Company	**$ 50.0**	$ 30.1	$ 26.3	$ —
Other subsidiaries	**6.8**	3.9	3.0	—
Net investment income (loss)	**5.2**	6.4	9.3	0.8
Net realized gains (losses)	**(5.0)**	(0.4)	7.5	—
Total revenues	**57.0**	40.0	46.1	0.8
Expenses:				
Interest expense	**23.1**	28.5	24.9	3.8
Operating expenses	**2.6**	1.9	4.2	2.0
Total expenses	**25.7**	30.4	29.1	5.8
Income (loss) from operations before income taxes	**31.3**	9.6	17.0	(5.0)
Income tax expense (benefit)	**(6.7)**	14.7	(4.9)	(1.7)
Income (loss) before equity (deficit) in undistributed earnings (losses) of subsidiaries	**38.0**	(5.1)	21.9	(3.3)
Equity (deficit) in undistributed earnings (losses) of subsidiaries (1):				
Symetra Life Insurance Company	**(96.2)**	230.1	(7.5)	(3.9)
Other subsidiaries	**(3.6)**	3.9	2.6	0.7
Total equity (deficit) in undistributed earnings (losses) of subsidiaries	**(99.8)**	234.0	(4.9)	(3.2)
Net income (loss)	**$ (61.8)**	$ 228.9	$ 17.0	$ (6.5)
Other comprehensive income, net of taxes:				
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of **$1.1**, $0.2, $1.3 and $0.7)	**$ (4.3)**	$ 0.7	$ 2.3	$ 1.3
Other comprehensive income (loss) of subsidiaries (net of taxes of **$(201.4)**, $152.3, $76.0 and $61.4)	**(757.6)**	328.6	141.2	114.0
Other comprehensive income (loss)	**(761.9)**	329.3	143.5	115.3
Total comprehensive income (loss)	**$ (823.7)**	$ 558.2	$ 160.5	$ 108.8

(1) Eliminated in consolidation. Additionally, for the years ended December 31, 2018 and 2017 and the period February 1 to December 31, 2016, this amount excludes dividends of $0.0, $19.9 and $53.7, respectively, received from Symetra Life Insurance Company, and $3.9, $3.6 and $12.3, respectively, received from other subsidiaries that were considered a return of capital.