

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Consolidated Financial Statements

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

Independent Auditors' Report

The Board of Directors and Stockholder
Constellation Insurance, Inc.:

Opinion

We have audited the consolidated financial statements of Constellation Insurance, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Company adopted Accounting Standards Update 2018-12, Financial Services-Insurance (Topic 944), Targeted Improvements to the Accounting for Long-Duration Contracts, effective January 1, 2025 with a transition date of January 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material



misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

/s/ KPMG LLP

Des Moines, Iowa
April 28, 2026

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Consolidated Balance Sheets

December 31, 2025 and 2024

(Dollars in thousands, except share amounts)

Assets	2025	2024
Investments:		
Securities available-for-sale, at fair value:		
Fixed maturity securities (allowances for credit losses of \$4,351 in 2025 and \$5,539 in 2024) ¹	\$ 11,941,350	11,472,793
Fixed maturity securities on loan (allowances for credit losses of \$0 in 2025 and \$0 in 2024)	—	26,832
Equity securities, at fair value	162,134	134,010
Mortgage loans on real estate (net of allowances for credit losses of \$12,215 in 2025 and \$7,907 in 2024) ¹	2,916,047	2,568,432
Real estate, net	351,884	329,878
Policy loans	1,047,378	1,078,943
Other long-term investments (net of allowances for credit losses of \$5,470 in 2025 and \$709 in 2024) ¹	1,133,110	896,464
Short-term investments securities lending collateral	—	27,784
Short-term investments ¹	747,861	468,175
Total investments	18,299,764	17,003,311
Cash and cash equivalents ¹	1,083,172	465,165
Accrued investment income ¹	115,110	109,266
Deferred acquisition costs, deferred sales inducements and value of business acquired	1,920,282	1,670,597
Reinsurance recoverable (net of allowances for credit losses of \$1,409 in 2025 and \$1,899 in 2024)	9,053,428	8,057,596
Reinsurance deposit asset	2,729,832	514,449
Reinsurance funds withheld - derivatives	319,077	353,136
Reinsurance funds withheld - modified coinsurance	692,856	619,291
Market risk benefit assets, at estimated fair value	203,745	210,977
Other assets ¹	366,197	411,169
Federal and foreign income tax recoverable	—	41,239
Deferred federal income taxes	265,662	188,976
Assets held in separate accounts	13,049,378	13,704,897
Total assets	\$ 48,098,503	43,350,069
Liabilities and Equity		
Future policy benefits	\$ 10,048,559	9,594,733
Market risk benefit liabilities, at estimated fair value	2,237,711	2,314,298
Policyholder account balances	14,139,462	10,515,142
Deferred gains on reinsurance transactions	82,632	31,330
Other policy-related balances	252,327	200,940
Policyholders' dividend accumulations	23,205	24,533
Long-term debt obligations (net of unamortized discount and debt issuance costs of \$4,350 in 2025 and \$5,988 in 2024)	766,343	931,365
Current federal income taxes	7,125	—
Payable to affiliate for derivative funds withheld program	237,910	61,307
Reinsurance funds withheld due to affiliate, net	349,691	2,733,848
Reinsurance payable	3,892,105	265,024
Other liabilities ¹	528,275	606,566
Variable interest entity liabilities ¹	48,076	—
Payables for securities lending collateral	—	27,784
Liabilities related to separate accounts	13,049,378	13,704,897
Total liabilities	45,662,799	41,011,767
Equity:		
Stockholder's equity:		
Class B common stock, \$0.01 par value. Authorized 50,000,000 shares; issued and outstanding 10,000,000 shares	100	100
Additional paid-in capital	1,065,597	1,065,597
Accumulated other comprehensive loss	(762,935)	(1,072,839)
Retained earnings	2,132,840	2,343,591
Total stockholder's equity	2,435,602	2,336,449
Non-controlling interest	102	1,853
Total equity	2,435,704	2,338,302
Total liabilities and equity	\$ 48,098,503	43,350,069

(1) See Note 7 of the notes to these consolidated financial statements for details of balances with variable interest entities ("VIEs").

See accompanying notes to consolidated financial statements.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Consolidated Statements of Operations
Years ended December 31, 2025 and 2024

(Dollars in thousands)

	2025	2024
Revenues:		
Traditional life insurance premiums	\$ 419,399	502,471
Annuity premiums and charges	210,283	243,667
Universal life policy charges	147,252	144,985
Group life and health insurance premiums	2,360	157,177
Accident and health insurance premiums	29,220	31,648
Investment management fees	—	40,842
Change in value of equity securities	8,299	7,724
Net investment income ¹	775,935	647,714
Net realized (losses) gains ¹	(21,994)	16,439
Derivative (losses) gains	(223,116)	315,327
Bargain purchase gain	—	109,531
Other income	131,436	262,384
	1,479,074	2,479,909
Benefits and expenses:		
Benefits and claims	1,037,483	1,335,101
Future policy benefit liability remeasurement losses	13,521	5,620
Market risk benefit remeasurement losses (gains)	108,148	(414,310)
Provision for policyholders' dividends on participating policies	50,072	60,759
Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired	182,883	162,851
Commissions, net	84,156	124,857
Other operating costs and expenses ¹	254,284	406,143
	1,730,547	1,681,021
(Loss) income before income taxes	(251,473)	798,888
Income taxes:		
Current expense	25,605	98,973
Deferred benefit	(112,230)	(40,072)
	(86,625)	58,901
Net (loss) income	(164,848)	739,987
Less: Net income attributable to the non-controlling interest	37	82
Net (loss) income attributable to Constellation Insurance, Inc.	\$ (164,885)	739,905

⁽¹⁾ See Note 7 of the notes to these consolidated financial statements for details of balances with variable interest entities ("VIEs").

See accompanying notes to consolidated financial statements.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2025 and 2024

(Dollars in thousands)

	Before tax	Tax (expense) benefit	After tax
2025			
Net loss	\$		(164,848)
Other comprehensive income, net of taxes:			
Foreign currency translation adjustment	23,461	—	23,461
Unrecognized net periodic benefit cost	3,645	(766)	2,879
Unrealized gains (losses) on derivative instruments	2,116	(444)	1,672
Net unrealized gains (losses) on securities available-for-sale arising during the year:			
Securities available-for-sale	315,724	(35,906)	279,818
Future policy benefits discount rate remeasurement (losses) gains	(118,820)	29,006	(89,814)
Market risk benefit instrument-specific credit risk remeasurements gains (losses)	100,474	(21,099)	79,375
Less:			
Net (losses) gains on securities available-for-sale realized during the year	(15,386)	3,017	(12,369)
Amortization of pension and other post-retirement benefits	(182)	38	(144)
Total other comprehensive income	342,168	(32,264)	309,904
Total comprehensive income			\$ 145,056
Less comprehensive income attributable to non-controlling interest			37
Total comprehensive income attributable to Constellation Insurance, Inc.			\$ 145,019
 2024			
Net income	\$		739,987
Other comprehensive loss, net of taxes:			
Foreign currency translation adjustment	(21,310)	—	(21,310)
Unrecognized net periodic benefit cost	4,922	(1,006)	3,916
Unrealized (losses) gains on derivative instruments	(519)	110	(409)
Net unrealized (losses) gains on securities available-for-sale arising during the year:			
Securities available-for-sale	(74,951)	16,431	(58,520)
Future policy benefits discount rate remeasurement gains (losses)	116,443	(29,227)	87,216
Market risk benefit instrument-specific credit risk remeasurements (losses) gains	(289,958)	60,891	(229,067)
Less:			
Net gains (losses) on securities available-for-sale realized during the year	19,526	(3,963)	15,563
Amortization of pension and other post-retirement benefits	(201)	42	(159)
Total other comprehensive loss	(284,698)	51,120	(233,578)
Total comprehensive income			\$ 506,409
Less comprehensive income attributable to non-controlling interest			82
Total comprehensive income attributable to Constellation Insurance, Inc.			\$ 506,327

See accompanying notes to consolidated financial statements.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Consolidated Statements of Changes in Equity

Years ended December 31, 2025 and 2024

(Dollars in thousands)

	<u>Class B common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>Retained earnings</u>	<u>Total stockholder's equity</u>	<u>Non- controlling interest</u>	<u>Total equity</u>
Balance, December 31, 2023	\$ 100	411,856	(967,648)	2,249,300	1,693,608	—	1,693,608
Cumulative effect of adoption of new accounting standard, net of tax ¹	—	—	143,194	(506,044)	(362,850)	—	(362,850)
Balance, January 1, 2024	100	411,856	(824,454)	1,743,256	1,330,758	—	1,330,758
Capital contribution	—	—	—	—	—	80	80
Change in non-controlling interest ownership	—	—	—	—	—	1,718	1,718
Impact of entity reorganization ²	—	653,741	(14,807)	—	638,934	—	638,934
Dividends paid to parent	—	—	—	(139,570)	(139,570)	—	(139,570)
Comprehensive income:							
Net income	—	—	—	739,905	739,905	82	739,987
Other comprehensive loss	—	—	(233,578)	—	(233,578)	(27)	(233,605)
Total comprehensive income	—	—	—	—	506,327	55	506,382
Balance, December 31, 2024	100	1,065,597	(1,072,839)	2,343,591	2,336,449	1,853	2,338,302
Change in non-controlling interest ownership	—	—	—	—	—	(1,718)	(1,718)
Dividends paid to parent	—	—	—	(45,866)	(45,866)	—	(45,866)
Comprehensive income:							
Net loss	—	—	—	(164,885)	(164,885)	37	(164,848)
Other comprehensive income	—	—	309,904	—	309,904	(70)	309,834
Total comprehensive income	—	—	—	—	145,019	(33)	144,986
Balance, December 31, 2025	\$ 100	1,065,597	(762,935)	2,132,840	2,435,602	102	2,435,704

¹ Adoption of ASU 2018-12 Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI")

² See detail of entity reorganization in Note 1

See accompanying notes to consolidated financial statements.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Consolidated Statements of Cash Flows
Years ended December 31, 2025 and 2024
(Dollars in thousands)

	2025	2024
Cash flows from operating activities:		
Net (loss) income	\$ (164,848)	739,987
Adjustments to reconcile net income to net cash used in operating activities:		
Interest credited to policyholder account values	533,215	578,501
Universal life and investment-type product policy fees	(367,270)	(379,924)
Capitalization of deferred acquisition costs and sales inducements	(149,845)	(391,986)
Amortization of deferred acquisition costs	170,017	143,194
Amortization of deferred sales inducements	7,614	19,436
Amortization of value of business acquired	5,252	221
Amortization and depreciation	6,091	6,265
Net realized losses (gains) on investments and derivatives	245,110	(331,766)
Bargain purchase gain on acquisition	—	(109,531)
Deferred tax at acquisition	—	(23,028)
Change in value of equity securities	(8,299)	(7,724)
Deferred income tax benefit	(112,230)	(40,072)
Increase in accrued investment income	(5,844)	(20,123)
Change in value of market risk benefits	31,119	50,165
Monetary correction	(156,953)	(84,347)
Change in accretion of reinsurance deposit asset	(62,879)	(23,349)
Decrease (increase) in reinsurance recoverable	258,034	(761,963)
Increase in reinsurance funds withheld - derivatives	(775)	(22,016)
Increase in funds withheld on modified coinsurance	(73,565)	(465,728)
Decrease (increase) in other assets	67,344	(282,086)
Increase in policyholder liabilities	34,692	565,181
(Decrease) increase in policyholders' dividend accumulations and other funds	(9,911)	8,451
Decrease in federal and foreign income tax recoverable	47,956	12,501
Increase in payable to affiliate for derivative funds withheld program	176,604	33,592
Increase in reinsurance funds withheld due to affiliate, net	20,574	399,339
(Decrease) increase in reinsurance payable	(305,563)	79,742
(Decrease) increase in other liabilities	(167,482)	383,629
Impact of reinsurance treaty recapture	(267,718)	—
Other, net	(537)	479
Net cash (used in) provided by operating activities	(250,097)	77,040
Cash flows from investing activities:		
Proceeds from maturity of fixed maturity available-for-sale securities	300,749	289,466
Proceeds from sales, calls, redemptions, prepayments, and paydowns of fixed maturity available-for-sale securities	3,996,646	2,115,925
Proceeds from sale of equity securities	27,676	9,628
Proceeds from repayment of mortgage loans on real estate	298,764	209,473
Proceeds from sale of real estate	8,036	13,857
Cost of fixed maturity available-for-sale securities acquired	(5,994,526)	(3,641,909)
Cost of equity securities acquired	(39,133)	(9,744)
Cost of mortgage loans on real estate acquired	(602,107)	(736,343)
Cost of real estate acquired	(4,089)	(793)
Cost of property, plant and equipment acquired	(2,044)	(6,423)
Derivative payments, net	(38,784)	(112,497)
Change in payables for securities lending collateral, net	(27,784)	(201,122)
Net increase in short-term investments	(276,576)	(295,748)
Business acquisition, net of cash acquired	—	(81,873)
Capitalization of value of business acquired	—	(161,751)
Change in policy loans, net	31,913	(19,175)
Change in payable for securities and mortgage loans on real estate	(5,412)	6,872
Change in other invested assets, net	(52,198)	(199,991)
Net cash used in investing activities	(2,378,869)	(2,822,148)

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Consolidated Statements of Cash Flows (Continued)

Years ended December 31, 2025 and 2024

(Dollars in thousands)

	2025	2024
Cash flows from financing activities:		
Universal life and investment product account deposits	\$ 5,912,866	3,230,355
Universal life and investment product account withdrawals	(2,318,939)	(1,061,381)
Change in reinsurance deposit asset	(200,244)	136,754
Capital contribution from noncontrolling interest	65	80
Distributions to noncontrolling interest	(55)	—
Dividends paid to parent	(45,866)	(125,481)
Change in short-term borrowings	42	(200)
Other financing activities	(309)	1,049
Issuance of notes payable	48,076	—
Repayment of notes payable	(165,672)	(19,401)
Net cash provided by financing activities	<u>3,229,964</u>	<u>2,161,775</u>
Foreign currency translation adjustment	(10,775)	2,776
Net increase (decrease) in cash and cash equivalents	<u>590,223</u>	<u>(580,557)</u>
Cash and cash equivalents, beginning of year	492,949	1,073,506
Cash and cash equivalents, end of year	<u>\$ 1,083,172</u>	<u>492,949</u>
Supplemental disclosures:		
Federal income tax (received) paid	\$ (71,030)	70,153
Interest paid	71,456	67,654
Non cash items:		
Reinsurance funds withheld due to affiliate, net - embedded derivative change	198,414	(8,945)
Reinsurance funds withheld - derivatives - embedded derivative change	318,302	353,136
Non-cash change in reinsurance funds withheld due to recapture	(2,624,324)	—
Non-cash initial reserves ceded to affiliate	(3,970,705)	—
Non-cash consideration for reinsurance deposit asset	(1,952,259)	—
Non-cash proceeds on transfers for reinsurance treaty settlement with affiliate	1,894,149	—
Dividend paid to parent	—	(14,089)
Impact to capital for entity reorganization	—	653,742
Net asset change related to entity reorganization	—	5,530,815
Net liability change related to entity reorganization	—	(4,822,620)
Net assets acquired associated with business acquisition	—	2,415,867
Net liabilities assumed associated with business acquisition	—	(2,222,746)

See accompanying notes to consolidated financial statements.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(1) Organization and Business Description

Organization

Constellation Insurance Inc. (“CII”) is a stock holding company wholly owned by Constellation Insurance Holdings, Inc. (“CIHI”). CII owns 100% of AuguStar Life Insurance Company (“ALIC”), a life insurance subsidiary. CII owned 100% of Sycamore Re, Ltd. (“SYRE”), a special purpose financial captive life insurance company through June 30, 2024. Effective July 1, 2024, CIHI, SYRE and CII entered into an entity reorganization transaction to move SYRE within the entity organization structure from the Company to CIHI. CII and its subsidiaries are collectively referred to as the “Company”.

CIHI is owned directly by ONLH Holdings LP (“ONLP”), a limited partnership under the control of Constellation Insurance, LP (“Constellation”). Constellation is ultimately backed by Caisse de dépôt et placement du Québec (“CDPQ”) and Ontario Teachers’ Pension Plan Board (Ontario Teachers), two of the world’s largest, premier, long-term institutional investors. See Note 21 for additional information.

ALIC owns 100% of AuguStar Life Assurance Corporation (“ALAC”), a stock life insurance subsidiary; National Security Life and Annuity Company (“NSLAC”), a stock life insurance subsidiary; Montgomery Re, Inc. (“MONT”), a special purpose financial captive life insurance company; Kenwood Re, Inc. (“KENW”), a special purpose financial captive life insurance company; Camargo Re Captive, Inc. (“CMGO”), a special purpose financial captive life insurance company; and Sunrise Captive Re, LLC (“SUNR”), an Ohio authorized reinsurer.

On December 31, 2025, ALIC entered into an agreement with ALAC to merge the legal entities, with ALIC being the surviving entity to the merger. All necessary state regulatory approvals were received prior to the agreement being effectuated. No shares of stock were issued in the transaction. Outstanding shares of ALAC were retired. The merger does not have an impact on the CII consolidated financial statements.

In December 2024, the Company formed Constellation Re Holdings Bermuda, LLC (“CRHB”), a Delaware limited liability holding company, 100% owned by ALIC, and Constellation Re (Bermuda) Ltd (“CRBL”), a Bermuda Captive Company 100%, owned by CRHB. CRBL is registered and licensed as a Bermuda Class C Insurer. CRBL was formed for the purpose of providing reinsurance to support the Company’s risk and capital management.

ALIC owns 100% of ON Foreign Holdings, SMLLC (“ONFH”), a Delaware holding company. ONFH owns 100% of ON Overseas Holdings Inc. (“ONOH”), formerly ON Overseas Holdings S.A.R.L., a holding company and 100% of AuguStar Lending, LLC (“ALL”), a Delaware financial lending institution. ONOH owns 100% of ON Netherlands Holdings Inc. (“ONNH”), formerly ON Netherlands Holdings S.A.R.L., a holding company. ONOH and ONNH were domiciled in Netherlands until December 31, 2024, then relocated to Luxemburg until May 31, 2025 when they relocated to Delaware. ONNH owns AuguStar Seguros y Reaseguros S.A. (“ASDP”), formerly Ohio National Seguros de Vida y Reaseguros S.A., a Peruvian insurance company, ON Global Holdings, SMLLC (“ONGH”), a Delaware holding company; and O.N. International do Brasil Participacoes, Ltda. (“OHIO”), which was formed to hold the equity method investment made when CII entered into a 50% joint venture agreement with a Brazilian insurance company. ONGH owns 92% of AuguStar Sudamerica S.A. (“ASSA”), formerly Ohio National Sudamerica S.A., a

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Chilean holding company; and ONNH owns 8%. ASSA owns 100% of AuguStar Seguros de Vida S.A. (“ASDV”), formerly Ohio National Seguros de Vida S.A., a Chilean insurance company.

On May 8, 2023, Ohio National Seguros de Vida S.A. entered into an agreement for the acquisition of the Zurich Insurance Group annuity portfolio, held by Zurich Chile Seguros de Vida S.A. (“Zurich”), of approximately \$2.6 billion in reserves held in Chile. The transaction was executed through a division of Zurich, resulting in the formation of a new life insurance entity, Zurich Chile Seguros Rentas de Vitalicias S.A. (“ZCR”). This new company, fully owned by Zurich, was assigned all assets and liabilities related to the annuity operations. On November 4, 2024, ZCR merged by absorption with Zurich Seguros de Rentas Vitalicias Chile S.A. (“ZRV”), fully owned by Zurich. Following this merger, ZRV remained as the surviving entity. On December 2, 2024, Ohio National Seguros de Vida S.A. acquired 99.25% shares of ZRV from Zurich. The remaining 0.75% shares is held by minority investors. See Note 25 for additional information related to the acquisition.

On January 22, 2025, ZRV changed its name to ASDV. On August 1, 2025, the merger of Ohio National Seguros de Vida S.A. into ASDV was completed. As a result of this merger, ASDV became the successor entity, assuming all the assets and liabilities of Ohio National Seguros de Vida S.A. As of December 31, 2025, the shares held by minority investors accounted for 0.011%. Management determined that the effect of the non-controlling interest is not material and therefore, it is not being disclosed separately.

On April 30, 2024, the Superintendencia de Banca, Seguros y AFP (“SBS”) issued the Resolución SBS N° 01866-2024, thereby authorizing Ohio National Seguros de Vida y Reaseguros S.A. to incorporate reinsurance activities into its business operations, adopting this name on June 4, 2024. Later, on December 3, 2025 Ohio National Seguros de Vida y Reaseguros S.A. changed its name to ASDP.

ALIC owned Constellation Investments, Inc. (“CINV”), an investment advisor; AuguStar Distributors, Inc. (“ADI”), a broker dealer registered under the Securities and Exchange Commission Act of 1934; and The O.N. Equity Sales Company (“ONESCO”), a broker dealer registered under the Securities and Exchange Commission Act of 1934. During 2023, ALIC transferred its ownership interests in CINV, ADI and ONESCO to its parent CII via a dividend. Effective September 1, 2024, CIHI, ONLP, CINV and the Company entered into an internal entity reorganization to move CINV within the entity organizational structure via a non-cash dividend of CINV’s capital stock from the Company, through CIHI, to ONLP. See Note 20 for additional information.

Business

ALIC is a life, health (disability) and annuity insurer licensed in 49 states, the District of Columbia and Puerto Rico. ALIC offers/services a full range of life (term, universal and indexed universal), disability and annuity (fixed indexed, multi-year guarantee and single premium immediate) products through independent agents and other distribution channels and are subject to competition from other insurers throughout the United States. Over the past several years the Company has ceased accepting applications for certain variable annuities, retirement plans and disability products following a comprehensive review of the Company’s businesses, taking into account the continuously changing regulatory landscape and increasing cost of doing business. The Company continues to service and support existing clients for all product lines.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

NSLAC is licensed in 17 states and the District of Columbia and services an existing portfolio of variable annuity products. Effective March 16, 2018, NSLAC no longer actively markets or issues new individual variable annuity business, which currently represents the majority of NSLAC's in-force contracts and policies.

ALIC and NSLAC are subject to regulation by the insurance departments of the states in which they are licensed and undergo periodic examinations by those departments.

SUNR reinsures variable annuity and variable annuity-related risks with affiliated companies. See Note 14 for details of agreements and additional disclosures.

MONT engages in the business of reinsuring term life insurance and certain death benefit guarantee universal life policies with affiliated companies. KENW and CMGO engage in the business of reinsuring term life insurance with affiliated companies.

ADI earns revenue by retaining a sales load from the sale of variable life insurance contracts, variable annuity contracts, fixed annuity contracts and fixed indexed annuity contracts on behalf of ALIC to unrelated third-party broker dealers under distribution agreements with ALIC. ONESCO earns commissions and fees from sales of variable life contracts and annuity contracts under a distribution agreement with ALIC as well as commissions and fees related to sales of unaffiliated products.

ASDV provides insurance and other retirement products to the Chilean market. ASDV sells single premium immediate fixed annuities funded through pension fund contributions, universal life, traditional life, and disability and survival insurance in Chile. ASDP provides death, survival and disability insurance in the Peruvian Social Security System in addition to universal and term life products to the Peruvian market. The Brazilian joint venture provides insurance and other retirement products to the Brazilian market.

SYRE reinsures fixed indexed annuity, multi-year guaranteed annuity, variable annuity and related annuity guarantees for ALIC and Sunrise. See Note 14 for details of agreements and additional disclosures.

(2) Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany transactions and balances have been eliminated in consolidation. Affiliated transactions with SYRE and CINV no longer eliminate in consolidation as of July 1, 2024 and September 1, 2024, respectively.

These financial statements reflect the Company's adoption of Accounting Standards Update ("ASU") 2018-12 to FASB ASC 944 *Targeted Improvements to the Accounting for Long-Duration Contracts* ("LDTI" or "ASC 944") with an effective date of January 1, 2025 and a transition date of January 1, 2024 ("Transition Date"). Details of the Company's adoption of LDTI are included in Note 3 - *Summary of Significant Accounting Policies* of Notes to Consolidated Financial Statements, and revised accounting policies adopted for LDTI are also included in Notes 9, 10, 11, 12, and 13, with applicable updates to Notes 5 and 14 to Consolidated Financial Statements.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(3) Summary of Significant Accounting Policies

The significant accounting policies followed by the Company that materially affect financial reporting are summarized below.

(a) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain. Actual results could differ from estimates.

The most significant estimates and assumptions include those used in determining the valuation of market risk benefits; the liability for future policy benefits; contingencies; provision for income taxes; deferred taxes; uncertain income tax positions and contingencies; allowance for loan losses for mortgage loans on real estate, allowance for credit losses on reinsurance recoverables and fixed maturity securities; valuation of and impairment losses on investments; and valuation of embedded derivatives. Although some variability is inherent in these estimates, the recorded amounts reflect management's best estimates based on facts and circumstances as of the consolidated balance sheet date. Management believes the amounts provided are appropriate.

(b) Fair Value

Certain assets and liabilities are measured at estimated fair value in the Company's Consolidated Balance Sheets. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. Note 6 to the consolidated financial statements includes further disclosures of estimated fair values.

(c) Investments

Net Investment Income and Net Realized Gains (Losses)

Income on investments is reported within Net investment income on the Consolidated Statements of Operations. Gains and losses on sales of investments, changes in allowance for credit losses, and impairment losses are reported within Net realized gains (losses) on the Consolidated Statements of Operations.

Fixed Maturity and Equity Securities

Fixed maturity securities are classified as available-for-sale and are reported at their estimated fair value. Unrealized gains and losses, net of adjustments to deferred acquisition costs, deferred sales inducements, future policy benefits and claims, other policyholder funds and deferred federal income tax, are recorded as a separate component of Accumulated other comprehensive income in equity on the Consolidated Balance Sheets.

Management considers whether an impairment is due to credit or due to other factors. Factors considered include but are not limited to, the extent of fair value below cost, change in market value, credit rating, change in credit rating, yield on the security and delinquency. A credit loss is recognized in earnings within

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

net realized gains (losses) when it is anticipated that the amortized cost will not be recovered. When either: (i) the Company has the intent to sell the security, or (ii) it is more likely than not that the Company will be required to sell the security before recovery, the reduction of amortized cost and the loss recognized in earnings is the entire difference between the security's amortized cost and estimated fair value. If neither of these conditions exists, the difference between the amortized cost of the security and the present value of projected future cash flows expected to be collected is recognized as a credit loss. Credit losses and recoveries are recorded through an allowance for expected credit losses with the corresponding charge to net realized gains (losses). The allowance is calculated using a discounted cash flows analysis at the security level and is limited to the total unrealized loss on the security (i.e. the fair value floor).

Realized gains (losses) on the sale of investments are determined on the basis of specific security identification on the trade date. Any capital gains occurring in the Closed Block portfolio are offset by increases in the deferred policyholder obligation for that group of policies. See Note 19 for further information on the Closed Block.

For mortgage-backed securities, the Company recognizes income using a constant effective yield method based on prepayment assumptions and the estimated economic life of the securities. When estimated prepayments differ significantly from actual prepayments, the effective yield is recalculated to reflect actual payments to date and anticipated future payments. Any resulting adjustment is included in Net investment income on the Consolidated Statements of Operations. All other investment income is recorded using the interest method without anticipating the impact of prepayments.

Dividends are recorded on the ex-dividend date, and interest is accrued as earned using an effective yield method giving effect to amortization of premiums and accretion of discounts.

Equity securities are reported at fair value with changes charged to Change in value of equity securities on the Consolidated Statements of Operations.

See Note 7 for management's description and analysis of the portfolio.

Mortgage Loans on Real Estate

Mortgage loans on real estate are carried at the unpaid principal balance on the Consolidated Balance Sheets. An allowance for loan losses is presented parenthetically.

For 2025 and 2024, the Company's allowance for expected credit loss represents the portion of the amortized cost basis on mortgage loans that the Company does not expect to collect. In determining the Company's allowance for credit losses, management has elected to use the weighted average remaining maturity ("WARM") method and: (i) pools and evaluates mortgage loans with similar risk characteristics, (ii) considers expected lifetime credit losses adjusted for prepayments and extensions, and (iii) considers past events and current economic conditions.

Loan modifications are evaluated according to the accounting guidance for loan refinancing and restructuring to determine whether the modification should be accounted for as a new loan or a continuation of the existing loan. The Company derecognizes the existing loan and accounts for the restructured loan as a new loan if the effective yield on the modified loan is at least equal to the effective yield for comparable

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

loans with similar collection risks and the modifications to the original loan are more than minor. If a loan modification does not meet these conditions, the Company carries forward the existing loan's amortized cost basis and accounts for the restructured loan as a continuation of the existing loan. Substantially all of the Company's restructurings involving borrowers experiencing financial difficulty are accounted for as a continuation of the existing loan.

Changes associated with the initial adoption of the new allowance guidance were recorded directly to Retained earnings. Annual changes in the allowance are recorded in Net realized gains (losses) on the Consolidated Statements of Operations. Loans in foreclosure and loans considered to be impaired as of the consolidated balance sheet date are placed on nonaccrual status. Interest received on nonaccrual status mortgage loans is included in Net investment income on the Consolidated Statements of Operations in the period received.

Real Estate

Real estate, net, which comprises of buildings and improvements, held for company investment, is carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful life of the assets. The estimated useful life for real estate held for investment is 17 to 39 years, and the estimated useful life for building improvements is 3 to 16 years. Real estate, net also includes land which is carried at cost. Real estate, net includes real estate of \$272,233 acquired related to the business acquisition of Zurich on December 2, 2024.

The Company occupies less than 50% of buildings held for company investment.

The cost basis of the real estate and building improvements was \$376,344 and \$345,943 at December 31, 2025 and 2024, respectively. Accumulated depreciation was \$29,712 and \$21,317 at December 31, 2025 and 2024, respectively. Related depreciation expense was \$8,179 and \$3,253 for the years ended December 31, 2025 and 2024, respectively, and is included in Net investment income on the Consolidated Statements of Operations. The cost basis of land was \$5,252 at December 31, 2025 and 2024.

The Company reviews the estimated useful lives of these long-lived assets and assesses for impairment when certain events or changes in operations occur.

Policy Loans

Policy loans, which are collateralized by the related insurance policy, are held at the outstanding principal balance and do not exceed the net cash surrender value. As such, no allowance for credit loss for policy loans is required. Interest income on such loans is recorded as earned using the contractually agreed upon interest rate and is included in Net investment income on the Consolidated Statements of Operations. Generally, accrued interest is capitalized on the policy's anniversary date.

Other Long-Term Investments

The direct financing leases entered into prior to the adoption of FASB ASC Topic 842, *Leases* ("ASC 842"), which consist principally of building and land purchase and leasing arrangements, will continue to be accounted for as capital leases under FASB ASC Topic 840, *Leases* ("ASC 840"). Direct financing leases are carried at minimum lease payments to be received less unearned income. Building leases generally have a 49% - 72% loan-to-value ("LTV") at inception and a 4 to 30 year repayment schedule. Land leases

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

generally have a 56% - 74% LTV at inception and a 1 to 5 year repayment schedule and have several principal and interest cash flow structures.

Venture capital partnerships are carried on the equity method basis.

Investments in limited partnerships and limited liability companies are included in Other long-term investments on the Consolidated Balance Sheets. These investments are carried at the underlying audited GAAP equity of the investee using the equity method of accounting. The financial statements of the investments are usually not received in time for the Company to apply the equity method at each reporting period. Therefore, the equity pick-up on these investments has been recorded on a three-month lag. Investment income from these investments is included in Net investment income on the Consolidated Statements of Operations. Management regularly reviews its limited partnerships to evaluate the necessity of recording impairment losses for other-than-temporary declines in fair value of investments, when indicators are present OTTI is recorded through net realized gains and losses.

Variable Interest Entities (“VIEs”)

In the normal course of business, the Company invests in fixed maturity securities structured through trusts, joint ventures, limited partnerships, or limited liability companies that could qualify as a VIE. A VIE is a legal entity that lacks sufficient equity to finance their activities, or the equity investors of the entities as a group lack any of the characteristics of a controlling interest. The primary beneficiary of a VIE is generally the enterprise that has both the power to direct the activities most significant to the VIE and is the enterprise that will absorb a majority of the fund’s expected losses or receive a majority of the fund’s expected residual returns. The Company evaluates its interest in certain fixed maturity securities, joint ventures, limited partnerships, and limited liability companies to determine if the entities meet the definition of a VIE and whether the Company is the primary beneficiary and should consolidate the entity based upon the variable interests it held both at inception and where there is a change in circumstances that requires a reconsideration.

The Company evaluates its interests in VIEs on an ongoing basis and consolidates those VIEs in which it has a controlling financial interest and is thus deemed to be the primary beneficiary. A controlling financial interest has both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impacts the VIE’s economic performance and (ii) the obligation to absorb the losses or receive benefits from the VIE that could potentially be significant to the VIE. Creditors or beneficial interest holders of the VIEs, where the company is the primary beneficiary, have no recourse against the Company in the event of default by these VIEs.

See Note 7 for additional VIE disclosures and information.

Securities Lending Program

The Company participates in an indemnified securities lending program administered by an unaffiliated agent in which certain portfolio holdings are loaned to third parties. The borrower must deliver to the Company’s agent collateral having a market value equal to at least 102% and 105%, respectively, of the market value of the domestic and foreign securities loaned. The collateral received by the Company’s agent from the borrower to secure loans on behalf of the Company must be in the form of cash, securities issued

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

or guaranteed by the U.S. government or its agencies, or a bank letter of credit or equivalent obligation as may be pre-approved by the Company. The Company monitors the estimated fair value of the loaned securities on a daily basis, and additional collateral is obtained as necessary. The asset, Short-term investments securities lending collateral, and corresponding liability, Payables for securities lending collateral, are recorded on the Consolidated Balance Sheets. Income and expenses associated with securities lending transactions are reported within Net investment income on the Consolidated Statements of Operations. The program was closed in 2025.

Short-term Investments

Short-term investments include securities and other investments with remaining maturities of one year or less, but greater than three months, at the time of purchase and are stated at estimated fair value.

(d) Derivatives

The Company enters into derivative transactions that do not meet the criteria for hedge accounting or have not been designated in hedging relationships by the Company pursuant to FASB ASC Topic 815, *Derivatives and Hedging* (“ASC 815”). The Company purchases equity index put options, equity futures, currency futures, cross currency swaps, equity swaps and interest rate swaptions as hedges for certain riders that were sold with variable annuity products. The Company similarly purchases equity index call options, bond forwards and credit default swaps as hedges for the fixed indexed annuity and indexed universal life products. These transactions provide the Company with an economic hedge, which is used as part of its overall risk management strategies. The futures derivative instruments are carried at estimated fair value in Other long-term investments or Other liabilities, and the remaining derivative instruments are carried at estimated fair value in Other long-term investments on the Consolidated Balance Sheets, with changes in estimated fair value recorded in Derivative instruments on the Consolidated Statements of Operations.

The Company enters into derivative transactions that meet the criteria for hedge accounting pursuant to ASC 815. The Company purchased a foreign currency swap that meets the criteria for hedge accounting as a cash flow hedge. The swap instrument is carried at estimated fair value in Other long-term investments or Other liabilities. Changes in the estimated fair value of the swap are recorded in Accumulated other comprehensive income on the Consolidated Balance Sheets.

The Company has variable annuity, fixed indexed annuity and indexed universal life products, and is a party to certain reinsurance agreements that have embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at fair value with changes in fair value recorded in earnings;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Such embedded insurance contract derivatives are carried at estimated fair value in Future policy benefits and claims on the Consolidated Balance Sheets with the reinsurance embedded derivatives reported in Reinsurance recoverable on the Consolidated Balance Sheets. The change in the estimated fair value is reported in Benefits and claims on the Consolidated Statements of Operations.

Additionally, reinsurance agreements written on a funds withheld or modified coinsurance (“Modco”) basis contain embedded derivatives. We have determined that the right to receive or obligation to pay the total return on the assets supporting the reinsurance funds withheld asset or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and Modco agreements is computed as the unrealized gain (loss) on the underlying assets and in certain instances, the change in experience refund provision of the treaty. Agreements in a net asset position are reported within Reinsurance funds withheld – derivatives and agreements in a net liability position (when netted with funds withheld liabilities) are reported in Reinsurance funds withheld due to affiliate, net on the Consolidated Balance Sheets. The change in the fair value of the embedded derivatives is recorded in Derivative gains (losses) on the Consolidated Statements of Operations. Assumed and ceded earnings from reinsurance funds withheld are reported in operating activities on the Consolidated Statements of Cash Flows. Contributions to and withdrawals from reinsurance funds withheld are reported in operating activities on the Consolidated Statements of Cash Flows. See Notes 6 and 8 for additional information on funds withheld embedded derivatives.

(e) Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, the Company considers all short-term and highly-liquid investments with original maturities of three months or less (including securities lending collateral, commercial paper and reverse repurchase agreements) to be cash equivalents.

(f) Segregated Special Surplus Fund

ALIC has established a segregated special surplus fund for the benefit of SUNR, a consolidated subsidiary, in accordance with the SUNR Plan of Operations approved by the State of Ohio. The assets, along with the capital within SUNR, are to be used to provide the protection to maintain SUNR’s statutory total adjusted capital at a level of at least 300% of its authorized control level (“ACL”) risk-based capital. The segregated special surplus fund is held in a custodial account. Dividends (including amounts classified as return of capital) paid by SUNR to ALIC during the years ended December 31, 2025 and 2024 were \$0 and \$155,000, respectively. Dividends (including amounts classified as return of capital) are placed in the segregated custodial account when paid. See additional details in Note 20 on dividends between SUNR and ALIC. As long as the surplus in SUNR plus the segregated special surplus fund is greater than 300% ACL, ALIC can withdraw excess capital from the segregated special surplus fund for it to use as unassigned surplus in the event at the end of the calendar quarter the segregated special surplus fund exceeds 100% ACL.

During 2024, SUNR and SYRE amended their existing reinsurance treaty (discussed in Note 14). As a result the capital requirements of SUNR were significantly reduced. During 2024, ALIC reduced the segregated surplus fund to zero due to SUNR having sufficient total adjusted capital by itself without needing ALIC’s segregated surplus fund. At December 31, 2025 and 2024, the segregated special surplus fund was zero. With the reduction of the segregated surplus fund balance to zero, the Company was able to release the

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

majority of the invested assets to its general account. The Company plans to maintain a small balance for future needs and to keep the account active. The value of the custodial account was \$2,822 and \$2,623 as of December 31, 2025 and 2024, respectively.

(g) Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

The Company incurs costs in connection with acquiring new and renewal insurance business. Costs that are related directly to the successful acquisition or renewal of insurance contracts are capitalized as deferred acquisition costs (“DAC”). Such costs generally include:

- incremental direct costs of contract acquisitions;
- the portion of the employee’s total compensation, excluding any compensation that is deferred as part of contract acquisitions, and payroll related fringe benefits for certain costs related directly to time spent performing underwriting, policy issuance, medical/inspection, and sales force contract selling acquisition activities of a successful contract;
- other costs related directly to the insurer’s acquisition activities noted above that would not have been incurred had the issuance of the contract not occurred; and
- certain advertising costs that meet the deferral criteria.

All other acquisition costs such as general advertising, market research, training, administration and unsuccessful acquisition efforts are expensed as incurred.

DAC for long-duration products is amortized on a constant-level basis that approximates straight-line amortization on an individual contract basis. For short-duration products, DAC is amortized in proportion to actual and expected future earned premiums.

DAC for long-duration products is amortized using actuarial assumptions consistent with assumptions used to estimate the corresponding liability for future policy benefits (or other related balances). Assumptions include those expected to affect contract duration (i.e., persistency and mortality assumptions). The Company reviews the assumptions on an annual basis, consistent with the assumption review process for future policy benefits (and other related liability balances), and trues up DAC amortization for actual experience on a quarterly basis. The Company has elected to use the grouped method for calculating amortization for its long-duration products on a constant-level basis, which approximates straight-line amortization on an individual contract basis. When applicable, contracts are grouped consistently with the groupings used to estimate the liability for future policy benefits. Since contracts within a grouping may vary, contracts within a group are weighted to achieve appropriate amortization and ensure DAC is derecognized when a policy is no longer in-force. Amortization drivers are as follows:

- Original Face Amount: Traditional Whole Life, Term Life, Universal Life
- Initial Premium: Fixed Indexed Annuities, Variable Annuities, Immediate Annuities, Multi-Year Guaranteed Annuities; Other Annuities
- Pre-disability Benefit: Disability Income

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

For internal replacements that result in a replacement contract that is substantially changed from the replaced contract, the Company's policy is to account for the replaced contract as extinguished; and unamortized deferred acquisition costs from the replaced contract are not deferred in connection with the replacement contract.

The Company offers certain sales inducements ("SIC") to contract holders. SIC are product features that enhance the investment yield on a contract. The Company utilizes the following sales inducements:

- day-one bonuses, which increase the account value at inception; and
- enhanced yield options which credit interest for a specified period in excess of rates currently being offered for other similar contracts.

SIC are deferred and amortized using the same methodology and assumptions used to amortize DAC.

Value of business acquired ("VOBA") represents the difference between the carrying value of the purchased insurance contract liabilities at the time of the business combination and the estimated fair value of insurance and reinsurance contracts. VOBA can be either positive or negative. Positive VOBA is recorded in insurance intangibles. Negative VOBA is recorded in the same financial statement line in the Consolidated Balance Sheets as the associated reserves.

VOBA is amortized using the same methodology and assumptions used to amortize DAC. The amortization of DAC, SIC and VOBA is included in the Consolidated Statements of Operations within Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired.

(h) Future Policy Benefits

Traditional Non-Participating and Limited Payment Long Duration products

The Company establishes Future Policy Benefits liabilities ("FPB") for amounts payable under traditional non-participating and limited payment long duration insurance and reinsurance policies which include but are not limited to disability, term life, non-participating whole life, and payout annuities. Generally, amounts are payable over an extended period of time and related liabilities are calculated as the present value of future expected benefits to be paid and discounted claims settlement expense reduced by the present value of future expected net premiums. Such liabilities are established based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards.

FPB are measured at a cohort level (i.e., groups of long-duration contracts). The Company's cohorts are determined based on product, issue year and legal entity.

FPB are calculated using a net premium ratio ("NPR") approach. The NPR is determined by taking the present value of historical and expected future benefits and claim settlement expenses for the cohort divided by the present value of historical and expected future gross premiums for the cohort. The NPR is used to calculate the net premiums for a cohort (i.e. the portion of gross premiums required to fund expected benefits and claims settlement expenses) which in turn are utilized in calculating the FPB each period. For policies issued prior to the Transition Date, a revised NPR was determined at that date using best estimate assumptions and historical locked-in discount rates, as further described in Note 3(w).

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The process of projecting expected future gross premiums and expected future benefits and claim settlement expenses for traditional non-participating and limited payment long duration cohorts involves the use of a number of assumptions, including those related to persistency (how long a contract stays with a company), mortality (the relative incidence of death in a given time), morbidity (the relative incidence of disability resulting from disease or physical ailment) and interest rates (further described below). Management conducts a comprehensive review of cash flow assumptions at the same time each year based on Company experience and industry data. Assumptions include those that are economic in nature (e.g., interest rates) and those that are insurance related (e.g., mortality, morbidity, lapse and expense assumptions).

The NPR used in the FPB calculation is updated retrospectively on a quarterly basis for actual experience and at least once a year for any changes in future cash flow assumptions, except for claim settlement expenses, for which the Company has elected to lock in assumptions at the Transition Date or inception (for contracts sold after the Transition Date), as allowed by LDTI. The resulting remeasurement (gain) loss is recorded separately in Future policy benefit liability remeasurement losses in the Consolidated Statements of Operations and reflects the impact of remeasuring the beginning of period FPB, with an NPR that has been updated for actual cash flows (including in-force changes) that have occurred during the period and/or updated future cash flow assumptions. The remaining change in the FPB (after recording the remeasurement gain/loss) is recognized in Benefits and claims in the Consolidated Statements of Operations. By retrospectively updating the NPR, it allows the total cohort's profit pattern to be recognized over the expected life of the cohort. When net premiums exceed gross premiums (i.e., expected benefits exceed expected gross premiums), a corresponding amount is recognized immediately in net income as the NPR is capped at 100%. When a cohort's present value of future net premiums exceeds the present value of future benefits, a "flooring" adjustment is required within either net income and/or Other comprehensive income ("OCI") to prevent the FPB from being in an asset position.

The discount rate used to estimate the FPB is consistent with an upper-medium grade (low-credit risk) fixed-income corporate instrument yield, which has been interpreted to represent a single-A corporate instrument yield. The Company generally interprets the upper-medium grade discount rate to be a rate comparable to that of a corporate single A rate that reflects the duration characteristics of the liability. The upper-medium grade discount rate is determined by using observable market data, including published upper-medium grade discount curves. In situations where market data for an upper-medium grade discount curve is not available (e.g., in certain foreign jurisdictions, certain tenors and/or points on a curve), the Company uses various estimation techniques consistent with fair value measurement guidance to derive an upper medium discount rate curve.

The change in FPB reflected in the Consolidated Statements of Operations is calculated using a locked-in discount rate. For products issued prior to the Transition Date, a cohort level locked-in discount rate was developed that reflected the interest accretion rates locked in at inception of the underlying contracts or the acquisition date for contracts acquired through an assumed in-force reinsurance transaction or a business combination. For contracts issued subsequent to the Transition Date, the upper-medium grade discount rate used for interest accretion is locked-in for the cohort and represents the original upper-medium grade discount rate at the issue date of the underlying contracts. The FPB for all cohorts is remeasured to a current upper-medium grade discount rate at each reporting date, with the cumulative effect of the remeasurement being reflected within Accumulated other comprehensive income (loss) ("AOCI").

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

For limited-payment long-duration contracts, the collection of premiums does not represent the completion of the earnings process, therefore, any gross premiums received in excess of net premiums is deferred and amortized as a deferred profit liability (“DPL”). The DPL is presented within the Future policy benefits line of the Consolidated Balance Sheets and is amortized in proportion to either the present value of expected benefit payments or insurance in-force of each cohort to ensure that profits are recognized over the life of the underlying policies in that cohort. DPL amortization is recorded through Benefits and claims on the Consolidated Statements of Operations. The DPL is also subject to retrospective remeasurement in Future policyholder benefit liability remeasurement losses on the Consolidated Statements of Operations; however, it is not remeasured for changes in discount rates.

Additional Insurance Liabilities

The Company has established an other additional insurance liability (“OAL”) for universal life policies with lifetime secondary guarantees, which the Company discontinued. The reserve has been established based on projected interest rates and mortality assumptions. The Company holds an excess benefit liability based on the present value of actual historical and estimated future benefits and assessments. The resulting liability is reduced by any claims that meet the definition of excess benefits. The additional insurance liability is updated at least once a year for actual experience and changes in future cash flow assumptions. The resulting adjustments are recorded to Future policy benefit liability remeasurement losses in the Consolidated Statements of Operations. The remaining change in the additional insurance liability (after recording the remeasurement gain/loss) is recognized in Benefits and claims.

(i) Policyholder Account Balances

The Company establishes a policyholder account balance liability for customer deposits on universal life and indexed life products and the following annuity contracts: fixed indexed, multi-year guaranteed, traditional variable, non-life contingent payout annuities and other deposit type annuities. The policyholder account balance liability represents deposits received from the policyholder, interest credited to the policyholder’s account balance, net of charges assessed against the account balance, and any policyholder withdrawals. The policyholder account balance also includes the base policy reserve for indexed products which includes an embedded derivative.

(j) Other Policy-Related Balances

The Company establishes the Other policy-related balance to include policy liabilities such as death and disability claims which have been reported but not yet settled, claims incurred but not reported (“IBNR”) and premiums received in advance. The liability for pending claims is based on the Company’s best estimate of the ultimate cost of settling the claim and historical analyses of claims by product line. The methods used to estimate these liabilities are reviewed regularly in conjunction with review of the Future policy benefits liability. Changes in these pending claim and advance premium liabilities are recorded in Benefits and claims in the Consolidated Statements of Operations.

The Other policy-related balance also includes the liability for unearned revenue (“UREV”) related to universal life type contracts and represents policy charges received upfront for services to be provided in future periods. The policy charges are amortized on a basis consistent with DAC. Changes in UREV are recorded in Universal life policy charges on the Consolidated Statements of Operations.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(k) Participating Business/Policyholder Dividends

Participating business, which refers to policies that participate in profits through policyholder dividends, represents 11.8% and 12.3% of the Company's ordinary life insurance in-force as of December 31, 2025 and 2024, respectively. The liability for policyholder dividends includes the estimated amount of annual dividends earned by policyholders and is recorded in Policyholders' dividend accumulations in the accompanying Consolidated Balance Sheets. Policyholder dividends incurred are recorded in the Provision for policyholders' dividends on participating policies in the accompanying Consolidated Statements of Operations.

The aggregate amount of policyholder dividends is driven by actual interest, mortality, and expense experience for the year. The waiver of premium reserve calculation also includes a morbidity assumption.

(l) Market Risk Benefits ("MRB")

MRB assets and liabilities, presented separately on the Consolidated Balance Sheets, represent contracts or contract features that provide protection to the contract holder and expose the Company to other than nominal capital market risk. MRBs are primarily related to 1) variable annuities with guaranteed minimum benefits including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum withdrawal benefits ("GMWB") and guaranteed lifetime withdrawal benefits ("GLWB") and 2) fixed indexed annuities that offer an optional GLWB rider.

The liability (or asset) for MRBs is estimated using a fair value measurement methodology at the contract level, which is based on a market participant view of assumptions used in the calculation. Management conducts a comprehensive review of assumptions used in valuing MRBs at the same time each year based on Company experience and industry data. Assumptions, as described further in Note 6, include interest rates, living benefit utilization rates, withdrawal rates, mortality, lapse and estimate of non-performance risk. On a quarterly basis, the fair value of these MRBs is calculated as the present value of expected future benefit payments to contract holders less the present value of expected future rider fees attributable to the market risk benefits. Changes in the estimated fair value of MRBs are recognized within Market risk benefit remeasurement losses (gains) in the Consolidated Statements of Operations, except for the portion of the fair value change attributable to the change in non-performance risk of the Company which is recorded as a separate component of OCI on the Consolidated Statements of Comprehensive Income (Loss).

The Company uses the non-option (or attributed fee) approach to value MRBs, where the attributed fee is determined at contract inception by estimating the fair value of expected future benefits and the expected future fees. The attributed fee percentage is the portion of the expected future fees due from contract holders deemed necessary at contract inception to fund all future expected benefits and is capped at 100%. When the fees on variable annuity and/or fixed indexed annuity contracts are sufficient to cover the expected MRB benefits, this typically results in a zero fair value for the MRB at inception. In situations where the fees at inception are not sufficient to cover the expected benefits, an immediate loss may be recognized and/or an adjustment to the host contract may occur along with a corresponding MRB reserve balance.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The estimated fair value of the expected future benefits is estimated using a stochastically-generated set of risk-neutral scenarios. Once calculated, the attributed fee percentage is fixed and does not change over the life of the contract. All fees due from contract holders (or payable to reinsurers in the case of ceded MRBs) in excess of the attributed fees are reported in Annuity premiums and charges.

(m) Reinsurance

Reinsurance is an agreement by which a reporting entity transfers all or part of its risk under a contract to another reporting entity. For each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. The Company reviews all contractual features, including those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims. To the extent there are loss-limiting features that preclude the reinsurer from assuming the risk of significant loss, the Company accounts for such agreements using deposit accounting.

Accounting for reinsurance requires the use of significant management estimates and assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risk. The Company periodically reviews actual and anticipated experience compared to the assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluates the strength of counterparties to its reinsurance agreements. Reinsurance does not discharge the Company from its primary liability to policyholders, and to the extent that a reinsurer were unable to meet its obligations, the Company would be liable to policyholders.

Amounts recoverable under reinsurance agreements, which totaled \$9,054,837 and \$8,059,495 as of December 31, 2025 and 2024, respectively, include ceded reserves, paid and unpaid claims, and certain other amounts. Ceded reserves include reinsured MRBs; when valuing the recoverable at fair value, the unit of account could be at the reinsured policy level or, depending on facts and circumstances, the entire reinsurance treaty itself. Changes in reinsured MRBs are reflected within Market risk benefit remeasurement losses (gains) on the Consolidated Statements of Operations. The entity estimates expected credit losses of reinsurance recoverables based on the credit risk of the reinsurer and based on whether assets are held in a trust collateralizing the assets. Credit losses are charged to benefits and claims expense. The allowance for credit losses reduces the carrying amount of the reinsurance recoverable asset to the net amount expected to be collected from the reinsurer which was \$9,053,428 and \$8,057,596 for 2025 and 2024, respectively.

Reinsurance premiums ceded and reinsurance recoveries on benefits and claims incurred are deducted from the respective income and expense accounts on the Consolidated Statements of Operations. Assets and liabilities related to reinsurance ceded are reported on a gross basis.

In accordance with U.S. GAAP, at inception of a reinsurance treaty, no gain or loss is recognized into income immediately; instead gains and losses are deferred and amortized into income in a manner consistent with DAC. Reinsurance treaties involving reinsurance of MRBs prior to the adoption of LDTI have been retrospectively restated as of the original treaty date and amortized subsequently per the new amortization basis. A cost of reinsurance asset (deferred loss) is recorded within Reinsurance Recoverable on the Consolidated Balance Sheets. Deferred gains on reinsurance transactions are reported in Deferred gains on

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

reinsurance transactions on the Consolidated Balance Sheets. Both balances amortize into income within Benefits and claims in the Consolidated Statements of Operations.

The Company enters into reinsurance agreements with various insurance subsidiaries, SYRE (wholly owned until it became a sister affiliate effective July 1, 2024), and external reinsurers. All intercompany transactions and balances have been eliminated in consolidation.

See Note 14 for additional reinsurance disclosures and information.

(n) Equipment, Computer Software and Hardware and Properties Occupied by the Company

Equipment, which is included in Other assets, is stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. The estimated life is generally 1 to 20 years for equipment. The cost basis of the equipment was \$71,078 and \$68,143 at December 31, 2025 and 2024, respectively. Accumulated depreciation of equipment was \$58,640 and \$54,880 at December 31, 2025 and 2024, respectively. Related depreciation expense was \$4,307 and \$4,250 for the years ended December 31, 2025 and 2024, respectively.

Computer software and hardware, which is included in Other assets, is stated at cost less accumulated amortization. Purchased software costs, as well as certain internal and external costs incurred to develop internal-use computer software during the application development stage, are capitalized. Such costs are amortized generally over a 1 to 12 year period using the straight-line method based upon the estimated useful life of the assets. The cost basis of computer software was \$130,983 and \$131,587 at December 31, 2025 and 2024, respectively. Accumulated amortization of computer software and hardware was \$109,266 and \$100,967 at December 31, 2025 and 2024, respectively. Related amortization expense was \$8,724 and \$9,194 for the years ended December 31, 2025 and 2024, respectively.

Properties occupied by the Company, which are included in Other assets, are carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful life of the assets. The estimated useful life for company-occupied real estate is 32 years, and the estimated useful life for building improvements is 5 to 20 years. The cost basis of the buildings, improvements and land was \$47,414 and \$43,839 at December 31, 2025 and 2024, respectively. Accumulated depreciation of buildings and improvements was \$26,784 and \$24,978 at December 31, 2025 and 2024, respectively. Related depreciation expense was \$1,453 and \$1,464 for the years ended December 31, 2025 and 2024, respectively. Properties occupied by the Company also include related land which is carried at cost.

The Company reviews the estimated useful lives of these long-lived assets and assesses for impairment when certain events or changes in operations occur.

The Company has \$3,732 and \$2,958 of capital projects in process recorded in Other assets at December 31, 2025 and 2024, respectively.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(o) *Separate Accounts*

Separate account assets and liabilities represent contract holders' funds, which have been segregated into accounts with specific investment objectives. Separate account assets are recorded at estimated fair value based primarily on market quotations of the underlying securities. The investment income and gains or losses of these accounts accrue directly to the contract holders. The activity of the separate accounts is not reflected in the Consolidated Statements of Operations or Consolidated Statements of Cash Flows except for the fees the Company receives for administrative services and risks assumed and the activity related to guaranteed contracts, which are riders to existing variable annuity contracts. These are recorded in either Annuity premiums and charges or Benefits and claims on the Consolidated Statements of Operations. Separate account seed money is recorded as a trading security.

(p) *Revenues and Benefits*

Traditional Life Insurance Products

Traditional life insurance products include those products with fixed and guaranteed premiums and benefits and consist primarily of whole life, limited-payment life, term life, and certain annuities with life contingencies.

Premiums for traditional life insurance products are recognized as revenue when due. Benefits and expenses are associated with earned premiums; therefore, profits are recognized over the life of the contract. This association is accomplished through the provision for future policy benefits and the deferral and amortization of policy acquisition costs.

Investment Products and Universal Life Insurance Products

Investment products consist primarily of individual and group variable and fixed deferred annuities, multi-year guaranteed annuities, annuities without life contingencies, guaranteed investment contracts and fixed indexed annuities. Universal life insurance products include universal life, variable universal life, indexed universal life and other interest-sensitive life insurance policies.

Revenues for investment products and universal life insurance products consist of cost of insurance charges, asset fees, policy administration fees, and surrender charges that have been earned and assessed against policy account balances during the period. The timing of revenue recognition as it relates to fees assessed on investment contracts and universal life contracts is determined based upon the nature of such fees. Cost of insurance charges and policy administrative fees are assessed on a daily, monthly or annual basis, and recognized as revenue when assessed and earned. Certain amounts assessed that represent compensation for services to be provided in future periods such as unearned front-end loads are reported as unearned revenue and recognized in income over the life of the contract as discussed above. Surrender charges are recognized upon surrender of a contract in accordance with contractual terms. Policy benefits and claims that are charged to expense include benefits and claims incurred in the period in excess of related policy account balances, maintenance costs, and interest credited to policy account balances.

Accident and Health Insurance Products

Accident and health (disability) insurance premiums are recognized as revenue in accordance with the terms of the policies. Policy claims are charged to expense in the period that the claims are incurred.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Group Life and Health Insurance Products

Group life and health (burial and survivorship) insurance premiums are recognized as revenue in accordance with the terms of the policies, which is generally ratably over the policy term. Policy claims are charged to expense in the period that the claims are incurred.

(q) Investment Management Fees and Product Fee Revenues

Investment management fees are earned by various subsidiaries in conjunction with money management activities. The fees are based on a percentage of assets at the end of each quarter and are recognized in income as earned.

Revenue earned by the broker dealer operations, which is based on agreed upon commission rates, is recognized when the respective broker dealer entity's performance obligation is satisfied. For fees paid up front, the performance obligation is the sale of the contract and as such, is fulfilled on the trade date. Certain variable commission revenue is considered constrained, as it is dependent on the account value at future points in time as well as the length of time and whether the policy remains in-force, all of which are highly susceptible to factors outside the Company's influence. The constraint is overcome when the account value and investor activities are known, usually monthly, at which point the revenue is recognized. The broker dealer operations had no remaining performance obligations to satisfy related to revenue from contracts with customers as of December 31, 2025 and 2024.

The following tables illustrate the revenue recognized from contracts with customers reported in Investment management fees, Net investment income and Other income on the Consolidated Statements of Operations, and the timing of revenue recognition, for the years ending December 31, 2025 and 2024:

	Registered investment and variable contracts	General securities	Fee based and other	Total
December 31, 2025				
Revenues from contracts with customers				
Other income	\$ 43,133	3,177	23,967	70,277
Net investment income	—	—	6	6
Total revenue from contracts with customers	<u>\$ 43,133</u>	<u>3,177</u>	<u>23,973</u>	<u>70,283</u>
Timing of revenue recognition				
Satisfaction of performance obligation:				
Transferred at a point in time	\$ 43,133	3,177	23,973	70,283
Total revenue from contracts with customers	<u>\$ 43,133</u>	<u>3,177</u>	<u>23,973</u>	<u>70,283</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Registered investment and variable contracts	General securities	Fee based and other	Total
December 31, 2024				
Revenues from contracts with customers				
Other income	\$ 42,504	2,636	20,818	65,958
Net investment income	—	—	6	6
Investment management fees	—	—	40,842	40,842
Total revenue from contracts with customers	<u>\$ 42,504</u>	<u>2,636</u>	<u>61,666</u>	<u>106,806</u>
Timing of revenue recognition				
Satisfaction of performance obligation:				
Transferred at a point in time	\$ 42,504	2,636	61,666	106,806
Total revenue from contracts with customers	<u>\$ 42,504</u>	<u>2,636</u>	<u>61,666</u>	<u>106,806</u>

(r) Other Income

The Company earns sales load fees on the sale of variable universal life contracts by unrelated third-party brokers through various subsidiaries. The Company also earns sales load fees on variable, fixed and fixed indexed annuity contracts. Sales load fees are recognized as revenue when earned. Additionally, the various subsidiaries of the Company sold registered investment products and variable contracts sponsored by unaffiliated parties.

The Company has a reinsurance agreement with a third-party (see Note 14 for additional details) in which the Company receives all revenue sharing fees, service fees and other amounts received by the third-party.

(s) Income Taxes

The Company files a life/non-life consolidated federal income tax return, which includes its U.S. domestic subsidiaries and its parent, CIHI. United States Department of the Treasury (“Treasury”) regulations generally require a five-year waiting period as to when a life insurance company can be included in the consolidated federal income tax return. A subsidiary life insurance company may join the consolidated tax return sooner if the provisions of the Treasury regulations are met.

The method of allocation between the companies is subject to written agreements. Allocations are based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled at least quarterly.

The Company’s policy for recording interest and penalties associated with audits, claims and adjustments is to record such amounts as a component of current income tax (benefit) expense.

The foreign life insurance subsidiaries owned by the Company file tax returns in accordance with applicable foreign laws in their respective countries of domestication. U.S. taxation of foreign affiliates may differ in

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

timing and amount from taxation under foreign laws. The impact of the returns filed subject to foreign tax law has been reflected in the provision for income tax expense and related liabilities.

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. Valuation allowances are established when it is determined that it is more likely than not that the deferred tax asset will not be fully realized. Current income taxes are charged to operations based upon amounts estimated to be payable as a result of taxable operations for the current year.

In determining the need for a valuation allowance, the Company considers the carryback capacity to absorb capital losses, reversal of existing temporary differences, estimated future taxable income and prudent and feasible tax planning strategies. The determination of the valuation allowance for the Company's deferred tax assets requires management to make certain judgments and assumptions regarding future operations that are based on historical experience and expectations of future performance. Management's judgments are subject to change given the inherent uncertainty in predicting future performance, which is impacted by such factors as policyholder behavior, competitive pricing, and specific industry and market conditions.

Pursuant to Global intangible low-taxed income ("GILTI") tax rules, companies are allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the 'period cost method') or (2) factoring such amounts into a company's measurement of its deferred taxes (the 'deferred method'). The Company has elected the period cost method, which will be determined annually if the Company's GILTI inclusion rises to a material amount from a U.S. tax compliance perspective.

The Inflation Reduction Act created the corporate alternative minimum tax ("CAMT"), which imposes a 15% minimum tax on the adjusted financial statement income (AFSI) of large corporations for taxable years beginning after December 31, 2022. The Company is not subject to CAMT in 2025 or 2024.

The One Big Beautiful Bill Act ("OBBBA") was enacted on July 4, 2025. The legislation permanently extends certain provisions of the 2017 Tax Cuts and Jobs Act and introduces additional tax measures. The Company evaluated that there was no material impact on the Company's surplus position as a result of OBBBA.

(t) Litigation Contingencies

The Company is a party in various legal actions arising in the normal course of business. Given the inherent unpredictability of these matters, it is difficult to estimate the impact on the Company's financial position. Liabilities are established when it is probable that a loss has been incurred, and the amount of loss can be reasonably estimated. Legal costs are recognized as incurred and for the estimated amount to be incurred.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

On a quarterly and annual basis, the Company reviews relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in the Company's consolidated financial statements. See Note 23 for further information

(u) Foreign Currency

Assets, liabilities, and operations of foreign subsidiaries are recorded based on the functional currency of each entity. The determination of the functional currency is made based on the appropriate economic and management indicators. The local currencies of foreign operations are the functional currencies. Assets and liabilities of foreign subsidiaries are translated from the functional currency to U.S. dollars at the exchange rates in effect at each year end, and income and expense accounts are translated at the average exchange rates during the year. The resulting translation adjustments are charged or credited directly to other comprehensive income, net of applicable taxes.

(v) Employee Benefit Plans

The Company sponsors and/or administers various plans that provide defined benefit pension and other postretirement benefits covering eligible employees and sales representatives. Measurement dates used for all of the defined benefit pension and other postretirement benefit plans correspond with the year end of the Company. The Company recognizes the funded status of the projected benefit obligation ("PBO") less plan assets for pension benefits and the accumulated benefit obligation ("ABO") for other postretirement benefits for each of its plans. The Company recognizes an expense for differences between actual experience and estimates over the average future service period of participants. The actuarial gains (losses) and prior service costs (credit) not yet included in net periodic benefit costs are charged to AOCI, net of income tax.

The obligations and expenses associated with these plans require the use of assumptions such as discount rate, expected long-term return on plan assets, rate of compensation increases, healthcare cost trend rates, as well as participant demographics such as rate and age of retirements, withdrawal rates and mortality. Management determines these assumptions based upon a variety of factors such as historical performance of the plan and its assets, currently available market and industry data and mortality tables, and expected benefit payout streams. The assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics. These differences may have an effect on the Company's consolidated financial statements.

The Company sponsors a defined contribution plan for substantially all employees. The Company also sponsored a qualified contributory defined contribution profit-sharing plan for substantially all employees. Discretionary Company contributions were based on the net earnings of the Company. Accordingly, the Company recognized compensation cost for current contributions. During 2023, the profit-sharing plan was restructured, and the Company ceased contributions.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(w) Adoption and Future Adoption of New Accounting Pronouncements

Where the standard adoption timeframes differentiate between U.S. Securities and Exchange Commission (“SEC”) filers and all other entities, the Company follows the adoption timelines for public business entities that are non-SEC filers as the Company does not meet the requirements of an SEC filer.

Adoption of New Accounting Pronouncements

Effective January 1, 2024, the Company completed its adoption of ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. ASU 2021-08 changes the accounting for contract assets and liabilities acquired in a business combination by requiring an acquiring entity to measure contract assets and liabilities in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. The adoption of this guidance did not materially impact the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-12, *Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, in November 2019, the FASB issued ASU 2019-09, *Financial Services – Insurance (Topic 944)* and in October 2020, the FASB issued ASU 2020-11, *Financial Services – Insurance (Topic 944)* and ASU 2022-05, *Financial Services – Insurance (Topic 944) Transition for Sold Contracts*. The new guidance is effective for fiscal years beginning after December 15, 2024 for public business entities that are non-SEC filers. Early adoption is permitted. This new guidance impacts existing recognition, measurement, presentation, and disclosure requirements for long-duration insurance contracts issued by an insurance entity.

The Company adopted LDTI effective January 1, 2025 with a Transition Date of January 1, 2024. The standard required a full retrospective transition approach for MRBs and allowed for a transition method election for FPB and DAC, as well as other balances that have historically been amortized in a manner consistent with DAC. The Company has elected the modified retrospective transition approach for all FPB, DAC, and related balances on all long-duration contracts, subject to the transition provisions. Within the Consolidated Financial Statements, the 2024 balances have been adjusted for LDTI.

Under the modified retrospective approach, the FPB, DAC and related balances for the Company’s Transition Date opening consolidated balance sheet utilized the Company’s December 31, 2023 balances with certain adjustments as described below.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table presents a summary of the Transition Date impacts associated with the implementation of LDTI to the Consolidated Balance Sheets line items affected and the corresponding impacts to Retained earnings and AOCI within Stockholder's equity:

	As previously reported 12/31/2023	Adoption adjustment			Other reclassification adjustments	Total adoption and other reclassification adjustments	Post adoption 1/1/2024
		Retained earnings	Accumulated other comprehensive income	Reclassification adjustment			
Assets							
Reinsurance Recoverable	\$ 3,263,681	474,838	(11,816)	—	—	463,022	3,726,703
DAC, SIC and VOBA	1,849,613	—	(80,602)	—	—	(80,602)	1,769,011
MRB assest, at fair value	—	299,741	24,968	—	—	324,709	324,709
Liabilities							
Future policy benefits	17,392,753	18,191	(41,661)	(1,414,838)	(8,444,534)	(9,882,842)	7,509,911
MRB liability, at fair value	—	1,415,369	(194,239)	1,414,838	—	2,635,968	2,635,968
Policyholder account balances	—	(18,419)	—	—	8,239,829	8,221,410	8,221,410
Other policy-related balances	60,694	—	(7,577)	—	204,705	197,128	257,822
Total transition adjustment before taxes - (expense)/income		<u>(640,562)</u>	<u>176,027</u>	<u>—</u>	<u>—</u>	<u>(464,535)</u>	
Deferred federal income taxes - (expense)/benefit		<u>134,518</u>	<u>(32,833)</u>	<u>—</u>	<u>—</u>	<u>101,685</u>	
Total transition adjustment after taxes - (expense)/income	\$	<u><u>(506,044)</u></u>	<u><u>143,194</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>(362,850)</u></u>	

The Transition Date impacts associated with the implementation of LDTI were applied as follows:

DAC and other balances to be amortized in a manner consistent with DAC (See Note 9)

The opening balances of DAC and balances amortized in a manner consistent with DAC (i.e., VOBA, SIC, UREV, COR) were adjusted for removal of amounts previously recorded for the effects of unrealized gains and losses in AOCI, as applicable, as these balances are no longer amortized using expected future gross premiums, margins, profits or earned premiums. The transition adjustment recorded to Other policy-related balances represents the UREV portion.

Market Risk Benefits (See Note 11)

The full retrospective transition approach for MRBs required assessing products to determine whether contract features expose the Company to other than nominal capital market risk. The population of MRBs identified was then reviewed to determine the historical measurement model prior to adoption of LDTI. At the Transition Date, the impacts to the financial statements of the full retrospective approach for MRBs include the following:

- The amounts previously recorded for these contracts within future policy benefits and claims were reclassified to MRB assets and liabilities;

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

- Cost of reinsurance (“COR”) was adjusted as a result of the full retrospective application of MRB guidance;
- The difference between the fair value of the MRBs and the previously reported future policy benefits balances excluding the cumulative effect of changes in non-performance risk of the Company, was recorded as an adjustment to the opening balance of retained earnings;
- The cumulative effect of changes in non-performance risk between the contract issuance date and the Transition Date was recorded as an adjustment to opening AOCI; and
- Reinsured MRB balances are classified within reinsurance recoverable with changes in counterparty credit risk recorded in opening retained earnings.

Future Policy Benefits (See Note 10)

Traditional Non-participating contracts and Disability income

- Contracts in-force as of the Transition Date were grouped into cohorts; a revised NPR was calculated for each cohort using the existing Transition Date balance, best estimate cash flow assumptions without a provision for adverse deviation, and the historical discount rates used in measuring the liability immediately before the transition date (the “locked-in” discount rate). For any cohorts where the net premiums exceeded gross premiums (NPR exceeded 100%), the NPR was capped at 100% and the resulting increase in FPB, relative to the carryover basis, was recorded as an adjustment to opening retained earnings;
- The difference between the FPB balance calculated at the current upper-medium grade discount rate and the FPB balance calculated at the locked-in discount rate was recorded as an adjustment to opening AOCI; and
- Corresponding adjustments were made to ceded reinsurance balances.

Limited-payment contracts

Limited-payment contracts transition to LDTI follows a similar approach to traditional non-participating products, but require additional consideration for DPL. At transition, unfavorable remeasurements impacts are first offset against the DPL, with any remaining amount recognized in the opening retained earnings.

Additional insurance liabilities

The following changes occurred to our Additional insurance liability balances and are reflected in opening retained earnings:

- Adjustment to assessments (that are utilized in the OAL calculation) to remove the impact of investment margins from assets supporting the OAL.
- Corresponding adjustments were made to ceded reinsurance balances.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Policyholder Account Balance

The Transition Date adjustment to retained earnings is the result of applying the non-option valuation approach to measuring MRBs on fixed indexed annuities, resulting in an adjustment to the embedded derivative host balance.

Other consolidated balance sheet reclassifications and adjustments at LDTI adoption

Prior to the transition to LDTI, the Future policy benefits and claims liability included the reserves for traditional life, limited pay contracts, universal life type contracts, market risk benefits and claim related liabilities. Post transition, balances have been reclassified into separate line items primarily based on different reserving methodologies.

Future Adoption of New Accounting Pronouncements

In September 2025, the FASB issued *ASU 2025-06 — Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements*, Effective for periods beginning after December 15, 2027, this new guidance provides targeted improvements to the accounting for internal-use software, including capitalization and implementation guidance. Under the new guidance, entities begin capitalizing internal-use software costs when (1) management with appropriate authority authorizes and commits to funding the project and (2) it is probable the project will be completed and used for its intended function (the “probable-to-complete” threshold). Management is in the process of assessing the impact that this guidance may have on the consolidated financial statements but does not expect it to be material.

In November 2025, the FASB issued *ASU 2025-08, Financial Instruments—Credit Losses (Topic 326): Purchased Loans*, Effective for periods beginning after December 15, 2026. The ASU expands the use of the “gross-up” method—previously required only for purchased credit-deteriorated (PCD) assets—to a new category of acquired loans referred to as *purchased seasoned loans*. Under the gross-up method, an entity recognizes an allowance for expected credit losses at the acquisition date with a corresponding increase to the loan’s amortized cost basis, eliminating Day 1 credit loss expense. Management is in the process of assessing the impact that this guidance may have on the consolidated financial statements but does not expect it to be material.

In December 2023, the FASB issued *ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The new guidance is effective for annual periods beginning after December 15, 2025. The amendments require that all entities disclose on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes and the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). There are various other disclosure requirements included in this new guidance that will be applicable to the Company.

In October 2023, the FASB issued *ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative*, the new guidance effective date for each amendment will be two years after the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The amendments in

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

this Update should be applied prospectively. For all entities, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. This ASU incorporates certain SEC disclosure requirements into the Codification. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. Management is in the process of assessing the impact that this guidance may have on the consolidated financial statements but does not expect it to be material as it is disclosure only.

(x) Subsequent Events

The Company has evaluated subsequent events through April 28, 2026, the date that the consolidated financial statements were available to be issued.

In March 2026, CII contributed \$125,000 in capital to ALIC in satisfaction of the fourth and final installment of the demutualization transaction discussed in Note 22.

During January and February 2026, the Company transferred bonds and mortgage loans totaling \$4,452,657 to SYRE in settlement for the fixed indexed annuity and multi-year guarantee annuity reinsurance transactions with SYRE executed December 31, 2025. See Note 14 for additional discussion. Included in the bonds transferred are the Company's investments in the rated secured notes of the special purpose vehicles ("SPV") discussed in Note 7.

During March 2026, the Company executed an amendment to the variable annuity reinsurance treaty with SYRE. Effective January 1, 2026, the agreement includes updates to certain charges and new variable annuity business written by the Company.

During March 2026, the Company received approval for a new reinsurance treaty with SYRE to cede single premium immediate annuities. The treaty has an effective date of April 1, 2026.

(4) Business Risks and Uncertainties

The Company participates in an industry where there are risk factors that could have material adverse effects on the business and operating results. The following is a description of the various risk factors:

Legal/Regulatory Risk is the risk that changes in the legal or regulatory environment in which the Company operates could result in increased competition, reduced demand for the Company's products, or additional unanticipated expenses in the pricing of its products.

State insurance regulators and the NAIC regularly re-examine existing laws and regulations applicable to insurance companies, their products, and how those products may be sold. Changes in these laws and regulations may affect the Company's operating results.

Increased assessments from guaranty associations may occur if there is an increase of impaired, insolvent or failed insurers in the jurisdictions in which the Company operates.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Changes in the regulatory environment and changes in laws in the countries of the Company's international insurance operations could have a material adverse effect on its results of operations. The Company's international insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are located or operate.

Concentration Risk is the risk that arises from the Company's reliance upon certain key business relationships. Based on policyholder account balances, the Company's largest distributor of individual (fixed, fixed index and variable) annuity products accounted for approximately 8.92% and 8.0% of total individual annuity reserves as of December 31, 2025 and 2024, respectively. It is possible that a change in the Company's relationship with this distributor could result in the loss of existing business and a large outflow of the Company's general account assets along with the subsequent loss of the investment spread earned on those assets.

Mortality Risk is the risk that overall life expectancy assumptions used by the Company in the pricing of its life insurance and annuity products prove to be too aggressive. This situation may occur, for example, as a result of pandemics, terrorism, natural disasters, or acts of war. The Company attempts to reduce this risk through geographical diversification and the purchase of reinsurance.

Reinsurance Risk is the risk that the reinsurance companies, where the Company has ceded a portion of its underwriting risk, may default on their obligation. The Company has entered into reinsurance agreements to cede a portion of its general account life, annuity and health business. The Company attempts to mitigate this risk by monitoring the ratings of reinsurance companies to which it chooses to cede risk, requiring collateral to support ceded reserves and/or following up on any outstanding balances with reinsurance companies.

Ratings Risk is the risk that rating agencies change their outlook or rating of the Company or a subsidiary of the Company. If such ratings were lowered significantly relative to its competitors, the Company's ability to market products to new customers could be harmed, and the Company could potentially lose existing customers. The Company monitors its Risk-Based Capital ("RBC") and other ratios for adequacy and maintains regular communications with the rating agencies in its effort to minimize the adverse impact of this risk.

Cyber-Security Risk is the potential for information and systems to be vulnerable to adverse events, such as breaches, thefts, compromised integrity, damage, fraud, or business disruption, caused by internal, external or third parties. The loss of confidentiality, integrity or availability for information and systems could disrupt operations, result in the loss of business, materially affect profitability and negatively impact the Company's reputation. The Company utilizes a defense in depth approach to physically, administratively and technically mitigate cyber-security risk. Multiple layers of security controls provide redundancy in the event a security control fails, or a vulnerability is exploited. The Company continually monitors cyber-security risk and implements new processes, controls and technology to address risks as they are identified. Despite these efforts, there is still a risk a cyber-security incident could happen.

Credit Risk is the risk that issuers of investment securities, mortgagees on mortgage loans or other parties, including reinsurers and derivative counterparties, default on their contractual obligations or experience

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

adverse changes that would affect the Company. The Company attempts to minimize the adverse impact of this risk by monitoring the portfolio diversification, the Company's exposure to impairment, collectability of the loans and the credit quality of reinsurers and derivative counterparties as well as, in many cases, requiring collateral, lines of credit or assets in trust to manage credit exposure.

Banking Risk is the risk associated with the Company's concentrations of credit risk of its cash deposits and checking account balances, and risk of institutional failure. The Company maintains its cash deposits and checking account balances in various bank accounts that, at times, may exceed federally insured limits. The Company's cash deposits and checking account balances have been placed with high credit quality financial institutions. The Company has not experienced, nor does it anticipate, any losses with respect to such accounts.

Interest Rate Risk is the risk that interest rates will change and impact the valuation of the fixed maturity securities. A change in rates may cause certain interest-sensitive products to become uncompetitive or may cause disintermediation. To the extent that liabilities come due more quickly than assets mature, an insurer would have to borrow funds or sell assets prior to maturity and potentially recognize a gain or loss.

Equity Market Risk is the risk of loss due to declines in the equity markets in which the Company participates. A decline in the stock market will affect the value of equity securities and the contract value of the Company's individual variable annuity contracts, which offer guaranteed benefit riders, as well as fixed indexed annuity and indexed universal life contracts. Losses in the equity market could result in declines in separate account assets and assets under management, which would affect investment management fees revenue.

The Company attempts to minimize the adverse impact of equity market risk by monitoring the diversification of the Company's investment portfolio and through reinsurance arrangements with third parties. The Company uses equity index put options, equity index call options, equity swaps and interest rate swaptions to minimize exposure to the market risk associated with guarantees on certain underlying policyholder liabilities.

Inflation Risk is the risk that inflation will undermine the performance of investments. Times of rising inflation will cause interest rates to increase and may impact the valuation of the Company's investments. The long-term nature of the Company's business allows for the Company to mature through periods of change. The Company has the ability to hold securities until maturity and has the ability to adjust product crediting rates allowing the Company to mitigate the potential of liabilities coming due more quickly than the assets mature. The Company is monitoring the responsive monetary policy actions taken or anticipated to be taken by central banks to curb inflation and the corresponding impact on market interest rates.

Liquidity Risk is the risk that the Company may not have the ability to sell certain investments to meet obligations of the Company.

If the tax treatment of existing Bank Owned Life Insurance ("BOLI") policies is changed, there is the potential that a portion of the issued policies may be surrendered or allowed to lapse in a short period of time creating a liquidity strain. The Company has applied risk mitigation through diversifying BOLI sales to community banks and credit unions. Credit unions are tax exempt entities, thus eliminating the surrender

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

risk due to any pending tax law changes. In addition, effective July 1, 2019, the Company has reinsured the majority of the block of business with a third party under a coinsurance agreement.

Foreign Currency Risk is the risk that the Company's consolidated financial statements could be adversely impacted by fluctuations in exchange rates as the Company's financial statements are presented in U.S. dollars and the financial statements of its subsidiaries outside of the U.S. are translated into U.S. dollars. Additionally, the Company could be impacted by significant changes in global economic conditions.

Investment Risk – see Note 7 for additional risks specific to the investment portfolio.

Civil Unrest and Political Risk is the risk that continued civil unrest and challenging political environments may cause significant volatility, declines in the value of investments, loss of life, property damage, additional disruption to commerce and reduce economic activity. Any significant civil unrest or political challenges could result in the decrease of the Company's net income, revenue and assets under management and may adversely affect the Company's investment portfolio.

The Company does not have any direct exposure within its investment portfolio to businesses in Russia, Ukraine, Venezuela, Iran, Israel or Palestine. However, the ongoing conflicts in these areas are impacting global economic and financial markets exacerbating ongoing economic challenges. The Company is actively monitoring the impact of the conflict on its investment portfolio.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(5) Changes in Accumulated Other Comprehensive Income (Loss)

The following table shows the changes in accumulated other comprehensive income (loss), net of taxes, by component for the years ended December 31:

	Pensions and other post-retirement benefits	Foreign currency translation adjustment	Unrealized gains (losses) ¹	Adjustment to:		Net unrealized impacts on DAC and reserves - pre-LDTI ²	Total
				Future policy benefits discount rate remeasurement gains (losses)	Market risk benefit instrument-specific credit risk remeasurement gains (losses)		
December 31, 2023	\$ (6,216)	(77,373)	(939,750)	—	—	55,691	(967,648)
Cumulative impact of adoption of ASU 2018-12	—	—	—	25,712	173,174	(55,691)	143,195
January 1, 2024	(6,216)	(77,373)	(939,750)	25,712	173,174	—	(824,453)
Other comprehensive income (loss) before reclassifications	3,916	(21,310)	(58,929)	87,214	(229,066)	—	(218,175)
Amounts reclassified from accumulated other comprehensive income (loss)	159	—	(15,563)	—	—	—	(15,404)
Change	4,075	(21,310)	(74,492)	87,214	(229,066)	—	(233,579)
Impact of entity reorganization	—	—	(14,807)	—	—	—	(14,807)
December 31, 2024	\$ (2,141)	(98,683)	(1,029,049)	112,926	(55,892)	—	(1,072,839)
Other comprehensive income (loss) before reclassifications	2,879	23,461	281,490	(89,814)	79,375	—	297,391
Amounts reclassified from accumulated other comprehensive income (loss)	144	—	12,369	—	—	—	12,513
Change	3,023	23,461	293,859	(89,814)	79,375	—	309,904
December 31, 2025	\$ 882	(75,222)	(735,190)	23,112	23,483	—	(762,935)

¹ Unrealized gains (losses) include unrealized impact of derivative instruments.

² Amount represents the net balances previously reported within AOCI related to unrealized balances associated with DAC, reserves, and policyholder funds that are no longer applicable under LDTI.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table shows the reclassifications out of accumulated other comprehensive (loss) income, net of taxes, for the years ended December 31:

Details about accumulated other comprehensive income (loss) components	2025	2024	Consolidated statements of income location
Amortization of pensions and other post-retirement benefits:			
Actuarial losses	\$ (182)	(201)	Other operating costs and expenses
	(182)	(201)	Loss before income taxes
	38	42	Income tax current benefit
	<u>(144)</u>	<u>(159)</u>	Net loss
Unrealized gains/(losses) on securities available-for-sale:			
	(15,386)	19,526	Realized gains (losses), excluding other-than-ter impairment losses on securities
	3,017	(3,963)	Income tax current (expense) benefit
	<u>(12,369)</u>	<u>15,563</u>	Net income (loss)
Total reclassification for the year	\$ <u>(12,513)</u>	<u>15,404</u>	Net income (loss)

(6) Fair Value Measurements

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. The market approach utilizes prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses discounted cash flows to determine fair value. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect the assumptions market participants would use in valuing a financial instrument based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's estimates about the assumptions market participants would use in valuing financial assets and financial liabilities based on the best information available in circumstances.

The Company is required to categorize its assets and liabilities that are carried at estimated fair value on the Consolidated Balance Sheets into a three-level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy 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). If the inputs used to measure estimated fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The levels of the fair value hierarchy are as follows:

- **Level 1** – Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market at the measurement date. The types of assets and liabilities utilizing Level 1 valuations generally include U.S. government securities, actively traded equity securities, cash and cash equivalents, short-term investments, separate account assets, treasury bond forwards and exchange traded derivatives.
- **Level 2** – Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable in active markets or that are derived principally from, or corroborated by, observable market data through correlation or other means for identical or similar assets and liabilities. The types of assets and liabilities utilizing Level 2 valuations generally include U.S. government agency securities, municipal bonds, foreign government debt, certain corporate debt, asset-backed, mortgage-backed, private placement, equity securities, derivatives, securities lending collateral, cash equivalent securities, forwards, funding agreements, certain embedded derivatives associated with reinsurance treaties and short-term investments.
- **Level 3** – Fair value is based on unobservable inputs for the asset or liability for which there is little or no market activity at the measurement date. Unobservable inputs used in the valuation reflect management's best estimate about the assumptions market participants would use to price the asset or liability. The types of assets and liabilities utilizing Level 3 valuations generally include certain U.S. treasury securities and other government obligations (including certain investments in debt instruments issued by the U.S. military which are supported by lease payments), corporate debt, asset-backed or mortgage-backed securities, other invested assets, MRB's, certain embedded derivatives associated with reinsurance treaties, embedded derivatives associated with fixed indexed annuity contracts, and reinsurance contracts and embedded derivatives associated with living benefit contracts.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table presents the Company's hierarchy for its financial assets and liabilities measured at estimated fair value on a recurring basis at December 31, 2025:

Assets	Level 1	Level 2	Level 3	Total
Investments:				
Securities available-for-sale:				
Fixed maturity securities:				
U.S. Treasury securities and obligations of U.S. government	\$ 810,500	156,290	—	966,790
Obligations of states and political subdivisions	—	755,390	2,248	757,638
Debt securities issued by foreign governments	—	12,353	—	12,353
Corporate	—	6,157,531	1,513,472	7,671,003
Asset-backed	—	1,531,352	644,447	2,175,799
Mortgage-backed	—	357,527	240	357,767
Equity securities	135,218	1,585	25,331	162,134
Other long-term investments:				
Derivative assets:				
Equity put options	—	23,833	—	23,833
Equity index call options	—	189,543	—	189,543
Total equity return swaps	—	10,512	—	10,512
Treasury bond forward contracts	34,803	—	—	34,803
Cross currency swaps	—	1,570	—	1,570
Credit default swaps	—	15,254	—	15,254
Other invested assets	—	—	335,392	335,392
Short-term investments	633,999	113,862	—	747,861
Cash and cash equivalents	1,083,172	—	—	1,083,172
Market risk benefit - asset	—	—	203,745	203,745
Reinsurance recoverable:				
Reinsured market risk benefit	—	—	1,457,423	1,457,423
Fixed indexed annuity embedded derivative	—	—	700,519	700,519
Reinsurance funds withheld - derivatives:				
Equity futures	774	—	—	774
Embedded derivative receivable from external reinsurer	—	—	318,303	318,303
Assets held in separate accounts	13,049,378	—	—	13,049,378
Total assets	<u>\$ 15,747,844</u>	<u>9,326,602</u>	<u>5,201,120</u>	<u>30,275,566</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Liabilities	Level 1	Level 2	Level 3	Total
Policyholder account balance				
Fixed indexed annuity embedded derivatives	\$ —	—	700,519	700,519
Market risk benefit - liability	—	—	2,237,711	2,237,711
Reinsurance funds withheld due to affiliate, net:				
Variable annuity embedded derivatives - Modco	—	(18,670)	(262)	(18,932)
Payable to affiliate for derivative fund withheld program				
Cash and cash equivalents	34,738	—	—	34,738
Swaps	—	61,716	—	61,716
Equity put options	—	141,456	—	141,456
Derivative liabilities:				
Foreign exchange forwards	—	4,377	—	4,377
Equity futures	774	—	—	774
Interest rate swaps	—	5,115	—	5,115
Currency swaps	—	343	—	343
Total liabilities	<u>\$ 35,512</u>	<u>194,337</u>	<u>2,937,968</u>	<u>3,167,817</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table presents the Company's hierarchy for its financial assets and liabilities measured at estimated fair value on a recurring basis at December 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Investments:				
Securities available-for-sale:				
Fixed maturity securities:				
U.S. Treasury securities and obligations of U.S. government	\$ 603,368	142,870	—	746,238
Obligations of states and political subdivisions	—	930,218	—	930,218
Debt securities issued by foreign governments	—	11,312	—	11,312
Corporate	—	6,633,772	1,014,098	7,647,870
Asset-backed	—	1,157,551	568,920	1,726,471
Mortgage-backed	—	435,890	1,626	437,516
Equity securities	102,578	8,084	23,348	134,010
Other long-term investments:				
Derivative assets:				
Equity futures	13,339	—	—	13,339
Equity put options	—	19,146	—	19,146
Equity index call options	—	150,629	—	150,629
Cross currency swaps	—	877	—	877
Credit default swaps	—	18,089	—	18,089
Other invested assets	—	—	263,921	263,921
Short-term investments securities lending collateral	—	27,784	—	27,784
Short-term investments	411,650	56,525	—	468,175
Cash and cash equivalents	465,165	—	—	465,165
Market risk benefit - asset	—	—	210,977	210,977
Reinsurance recoverable:				
Reinsured market risk benefit	—	—	1,601,763	1,601,763
Fixed indexed annuity embedded derivative	—	—	377,677	377,677
Reinsurance funds withheld - derivatives:				
Embedded derivative receivable from external reinsurer	—	—	353,136	353,136
Assets held in separate accounts	13,704,897	—	—	13,704,897
Total assets	<u>\$ 15,300,997</u>	<u>9,592,747</u>	<u>4,415,466</u>	<u>29,309,210</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Liabilities	Level 1	Level 2	Level 3	Total
Policyholder account balance				
Fixed indexed annuity embedded derivatives	\$ —	—	498,106	498,106
Market risk benefit - liability	—	—	2,314,298	2,314,298
Reinsurance funds withheld due to affiliate, net:				
Variable annuity embedded derivatives - Modco	—	(3,118)	3	(3,115)
Payable to affiliate for derivative fund withheld program				
Cash and cash equivalents	28,821	—	—	28,821
Equity and currency futures	13,339	—	—	13,339
Equity put options	—	19,147	—	19,147
Derivative liabilities:				
Forwards	—	1,958	—	1,958
Treasury bond forward contracts	64,861	—	—	64,861
Total liabilities	<u>\$ 107,021</u>	<u>17,987</u>	<u>2,812,407</u>	<u>2,937,415</u>

Determination of Fair Values

The valuation methodologies used to determine the estimated fair values of assets and liabilities under the exit price notion of FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, reflect market participant objectives and are based on the application of the fair value hierarchy that prioritizes observable market inputs over unobservable inputs. The Company determines the estimated fair values of certain financial assets and financial liabilities based on quoted market prices, where available. The Company also determines estimated fair value based on future cash flows discounted at the appropriate current market rate. Estimated fair values include adjustments for credit-related and liquidity issues of the underlying issuer of the investment.

The Company has policies and guidelines that establish valuation methodologies and consistent application of such methodologies. These policies and guidelines provide controls around the valuation process. These controls include appropriate review and analysis of investment prices against market activity or price variances, secondary pricing sources, review of price source changes, and methodology changes.

The following is a discussion of the methodologies used to determine estimated fair values for the financial instruments listed in the above tables:

Fixed maturity and equity securities – The estimated fair value of fixed maturity and equity securities is generally obtained from independent pricing services based on market quotations of reported trades for identical or similar securities.

When there are no recent reported trades, the Company uses third party pricing services that use matrix or model processes to develop a security price using future cash flow expectations and collateral

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

performance discounted at an estimated market rate. For the pricing of asset-backed and mortgage-backed securities, the models include estimates for future principal prepayments based on the characteristics of the underlying structure and prepayment speeds previously experienced at the interest rate levels projected for the underlying collateral. Since these securities have been priced using market observable inputs that are obtained by the independent pricing services, the Company has classified these fixed maturity securities as Level 2 assets.

Fixed maturity securities not priced by independent services are generally priced using an internal pricing matrix. The internal pricing matrix is developed by obtaining spreads for corporate securities with varying weighted average lives and bond ratings. The weighted average life and bond rating of a particular fixed maturity security to be priced using the internal matrix are important inputs into the model and are used to determine a corresponding spread that is added to the appropriate U.S. Treasury yield to create an estimated market yield for that bond. The estimated market yield is then used to estimate the fair value of the particular fixed maturity security. Since the inputs used for the internal pricing matrix are based on observable market data, the Company has classified these fair values within Level 2.

In some instances, the independent pricing service will price securities using independent broker quotations from market makers and other broker/dealers recognized to be market participants, which utilize inputs that may be difficult to corroborate with observable market data. These fixed maturity securities are classified as Level 3 assets.

For certain asset-backed and mortgage-backed fixed maturity securities with complex cash flows that are not priced by independent pricing services, management determines the fair value using other modeling techniques, primarily commercial software applications utilized for valuing securitized investments with variable cash flows. These fixed maturity securities are classified as Level 3 assets.

In some instances, equity securities are being carried based on valuation metrics obtained from a third-party valuation report. These common stocks are classified as Level 3 assets.

At December 31, 2025, 71.6% of the estimated fair values of fixed maturity securities were obtained from independent pricing services, 10.2% from the Company's internal pricing matrices and 18.2% from other sources. At December 31, 2024, 74.5% of the estimated fair values of fixed maturity securities were obtained from independent pricing services, 12.1% from the Company's internal pricing matrices and 13.4% from other sources.

Derivative instruments - The Company enters into derivative transactions comprised of equity index put options, equity futures, currency futures, equity swaps and interest rate swaptions as hedges for certain riders that were sold with variable annuity products. The Company similarly purchases equity index call options as hedges for the fixed indexed annuity and indexed universal life products. The equity and currency futures are exchange traded derivatives, and the estimated fair value is based on an active market quotation. The Company has classified the estimated fair values of the exchange traded derivatives, and the treasury bond forwards as Level 1 assets and liabilities. The equity index put options, equity index call options, equity swaps, credit default swaps, forwards and interest rate swaptions are valued using pricing models with inputs that are observable in the market or can be

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

derived principally from, or corroborated by, observable market data. These derivative assets are classified as Level 2 assets.

Other invested assets – Other invested assets include investments in limited partnerships. The carrying amount reported in the consolidated financial statements for the Company’s investment in limited partnerships is based on quarterly GAAP financial statements provided by the partnership with annual adjustments to reconcile to the audited GAAP financial statements of the partnership. Limited partnership investments are classified as Level 3 assets.

Short-term investments - Short-term investments include fixed maturity securities that mature in less than one year and are valued in the same manner as the fixed maturity securities. These fixed maturity securities are classified as Level 2 assets. A portion of short-term investments are bank deposits that are classified as Level 1 assets since these investments are very liquid and not subject to valuation fluctuations.

Cash and cash equivalents - Cash is considered a Level 1 asset as it is the functional currency in the U.S. and is the most liquid form of an asset and not subject to valuation fluctuations. Cash equivalents are comprised of publicly traded money market accounts and short-term investment securities with maturity periods of 90 days or less. The publicly traded money market accounts are considered to be Level 1 assets and the short-term investments are considered to be Level 2 assets.

Assets held in separate accounts - Separate account assets are recorded at estimated fair value based primarily on market quotations of the underlying securities and reported as a summarized total on the Consolidated Balance Sheets. The underlying securities are mutual funds that are valued using the reported net asset value which is published daily. The Company has classified the estimated separate account assets as Level 1 assets.

Market risk benefits – MRB assets and liabilities represent contracts or contract features that provide protection to the contractholder and expose the insurance entity to other-than-nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits. These include GMDBs, GMIBs, GMABs, and GLWBs. For a given contract, all MRB features are bundled together and measured at fair value. See Note 11 for additional details related to MRBs.

Because there is no observable market for the transfer of these obligations, the Company uses internally developed discounted cash flow models to estimate the fair value of MRBs. Fair value is determined as the actuarial present value of expected benefits payable to contractholders less the present value of expected future rider fees attributable to the MRBs. The valuation models are based on a stochastic risk-neutral valuation framework and incorporate risk margins to reflect the additional compensation a market participant would require to assume the non-capital-markets risks inherent in the obligations. The resulting net balance may be in an asset or liability position and is classified accordingly on the Consolidated Balance Sheet.

The assumptions used in the valuation models include policyholder behavior assumptions such as lapse rates, including a dynamic adjustment for in-the-moneyness of the MRB, benefit utilization rates, mortality rates, and withdrawal rates. Capital market inputs such as interest rates, equity indices, and volatility surface values are also used. The valuation also includes an adjustment for non-performance

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

risk, which is reflected as a spread over the risk-free discount rate and is based on the Company's creditworthiness as indicated by publicly available credit spread information. Changes in fair value attributable to changes in the Company's own credit risk are recognized in other comprehensive income (loss). Actuarial assumptions are reviewed at least annually and updated as necessary to reflect emerging experience and changes in expectations. More detail on assumptions and their ranges is provided below.

Reinsured market risk benefit – The Company has ceded certain guaranteed minimum benefit features under reinsurance agreements to third party and affiliated reinsurers. The reinsured GMxBs are classified as MRBs in their entirety and are measured at fair value. Fair values for reinsured MRBs are calculated using internally developed models consistent with the methodology used for the directly written MRBs. The fair value calculation is based on the present value of future projected reinsurance recoveries less the present value of future projected ceded fees or premiums payable to the reinsurer, over the expected lives of the underlying contracts.

Capital market and actuarial assumptions used in the valuation of reinsured MRBs are consistent with those used for the corresponding directly written benefits, including mortality, lapse, and surrender rates, benefit utilization, and withdrawal rate assumptions. A risk-neutral valuation framework is applied, and cash flows are projected under multiple stochastic scenarios. Changes in fair value are recorded through income.

Fixed indexed annuity embedded derivatives - The Company's fixed indexed annuity contracts include embedded derivatives, which are measured at estimated fair value separate from the host fixed indexed annuity contract. These embedded derivatives are estimated using the option budget method. The option budget method is used as the best estimate of the future values of the index credits. The embedded derivative incorporates the excess cash flows, or those cash flows that represent the value of the indexes in excess of guarantee values. These cash flows are then discounted using the risk-free rates plus a non-performance risk spread, adjusted for margins. The valuation of the embedded derivatives also includes a credit adjustment using the Company's non-performance risk to the present value of the future cash flows.

Other significant inputs to the valuation model for these derivatives include capital market assumptions, such as interest rates, equity indices, and volatility surface values, as well as various policyholder behavior assumptions that are actuarially determined, including lapse rates, benefit utilization rates, mortality rates, and withdrawal rates.

Since many of the assumptions utilized in the valuation of these reserves are unobservable and are considered to be significant inputs to the valuations, these are classified as Level 3 liabilities.

Reinsurance funds withheld – derivatives: embedded derivative receivable from external reinsurer – ALIC reinsures whole life contracts to an external reinsurer on a deposit accounting basis with a funds withheld asset and experience refund provision. The reinsurance arrangement results in an embedded derivative valued under ASC 815. Certain treaties are more likely to have a significant embedded derivative than others in instances where there is more than a remote likelihood of the reinsurer incurring losses related to investment performance that are expected to be recovered in the future. The

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

funds withheld asset embedded derivative is measured at fair value and is determined similar to a total return swap with a floating interest rate leg and the experience refund embedded derivative valuation considers the likelihood of experience refunds and future losses under the treaty. The valuation of this embedded derivative is based on the performance of the assets backing the funds withheld obligation and the experience refund of the treaty. Since the experience refund assumptions utilized in the valuation are unobservable and are significant input to the valuation, this has been classified as Level 3.

Payable to affiliate for derivative funds withheld program - The derivative instruments held by ALIC for the benefit of SYRE are comprised of cash, currency futures and equity put options to economically hedge liabilities embedded in certain variable annuity products. The currency futures are exchange traded derivatives and the estimated fair value is based on an active market quotation. The Company has classified the estimated fair values of the exchange traded derivatives as Level 1 assets. The equity put options are valued using pricing models with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. These derivative assets are classified as Level 2 assets.

Reinsurance funds withheld due to affiliate, net: embedded derivative – ALIC retrocedes a block of variable annuity business with a GLWB rider assumed from an external reinsurer to SYRE on a Modco basis (see Note 14 for additional details) and, as a result, the reinsurance arrangement results in an embedded derivative valued under ASC 815. The embedded derivative is measured at fair value and is determined similar to a total return swap with a floating interest rate leg. Since the valuation of this embedded derivative is based on the performance of the assets backing the agreement, the fair value level classification is determined by the level of the asset the performance is derived from. For those assets which have been priced using market observable inputs that are obtained by the independent pricing services, the associated portion of the embedded derivative is classified as Level 2.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Assets and Liabilities Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following tables summarize the reconciliation of the beginning and ending balances and related changes in fair value measurements for which significant unobservable inputs were used in determining the estimated fair value for the years ended December 31 2025 and 2024. The reconciliation for market risk benefits is presented separately in Note 11.

Assets	Investments						
	U.S. treasury securities and obligations of U.S. government	Obligations of state and political subdivisions	Corporate	Asset - backed	Mortgage - backed	Equity Securities	Subtotal
December 31, 2023	\$ 2,805	—	87,026	30,460	1,844	23,073	145,208
Acquisition	—	—	—	—	—	—	
Net investment gains/(losses):							
In earnings							
(realized and unrealized) ¹	—	—	(1,420)	66	(3)	(9)	(1,366)
Unrealized in OCI ²	—	—	(4,412)	587	45	284	(3,496)
Purchases	—	—	1,033,339	669,288	—	—	1,702,627
Settlements	—	—	(123,213)	(136,525)	(260)	—	(259,998)
Transfers into Level 3	—	—	22,778	5,044	—	—	27,822
Transfers out of Level 3	(2,805)	—	—	—	—	—	(2,805)
December 31, 2024	—	—	1,014,098	568,920	1,626	23,348	1,607,992
Net investment gains/(losses):							
In earnings							
(realized and unrealized) ¹	—	—	26	342	(2)	6	372
Unrealized in OCI ²	—	(453)	10,381	125	175	896	11,124
Purchases	—	2,701	1,082,478	325,607	260	11,081	1,422,127
Settlements	—	—	(595,295)	(250,547)	(1,819)	(10,000)	(857,661)
Transfers into Level 3	—	—	1,784	—	—	—	1,784
December 31, 2025	\$ —	2,248	1,513,472	644,447	240	25,331	2,185,738
Change in unrealized gains (losses):							
Still held at December 31:							
2024	\$ —	—	(1,420)	66	(3)	(9)	(1,366)
2025	\$ —	—	26	342	(2)	6	372

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Subtotal from previous table	Reinsurance recoverable	Other long-term investments	Reinsurance funds withheld - derivatives	Total assets
		Fixed indexed annuity embedded derivative	Other invested assets	Embedded derivative receivable from external reinsurer	
Assets					
December 31, 2023	\$ 145,208	—	104,149	—	249,357
Acquisition		—	42,758	—	42,758
Net investment gains/(losses):					
In earnings					
(realized and unrealized) ¹	(1,366)	377,677	12,871	353,136	742,318
Unrealized in OCI ²	(3,496)	—	—	—	(3,496)
Purchases	1,702,627	—	236,177	—	1,938,804
Settlements	(259,998)	—	(132,034)	—	(392,032)
Transfers into Level 3	27,822	—	—	—	27,822
Transfers out of Level 3	(2,805)	—	—	—	(2,805)
December 31, 2024	<u>1,607,992</u>	<u>377,677</u>	<u>263,921</u>	<u>353,136</u>	<u>2,602,726</u>
Net investment gains/(losses):					
In earnings					
(realized and unrealized) ¹	372	322,842	22,920	(34,833)	311,301
Unrealized in OCI ²	11,124	—	89	—	11,213
Purchases	1,422,127	—	163,387	—	1,585,514
Settlements	(857,661)	—	(102,314)	—	(959,975)
Transfers into Level 3	1,784	—	—	—	1,784
Transfers out of Level 3	—	—	(12,611)	—	(12,611)
December 31, 2025	<u>\$ 2,185,738</u>	<u>700,519</u>	<u>335,392</u>	<u>318,303</u>	<u>3,539,952</u>
Change in unrealized gains (losses):					
Still held at December 31:					
2024	<u>\$ (1,366)</u>	<u>377,677</u>	<u>12,871</u>	<u>353,136</u>	<u>742,318</u>
2025	<u>\$ 372</u>	<u>322,842</u>	<u>22,920</u>	<u>(34,833)</u>	<u>311,301</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Policyholder account balance	Reinsurance funds withheld due to affiliate, net	Total liabilities
	Fixed indexed annuity embedded derivative	Variable annuity embedded derivatives - Modco	
Liabilities			
December 31, 2023	\$ (215,990)	—	(215,990)
Net investment gains/(losses):			
In earnings			
(realized and unrealized) ¹	(282,116)	(3)	(282,119)
December 31, 2024	(498,106)	(3)	(498,109)
Net investment gains/(losses):			
In earnings			
(realized and unrealized) ¹	(202,413)	265	(202,148)
December 31, 2025	<u>\$ (700,519)</u>	<u>262</u>	<u>(700,257)</u>
Change in unrealized gains (losses):			
Still held at December 31:			
2024	\$ (282,116)	(3)	(282,119)
2025	\$ (202,413)	265	(202,148)

¹ Net realized investment gains and losses included in earnings reflect gains/(losses) on sales of financial instruments, changes in fair value of other assets and liabilities, other-than-temporary impairments, amortization and accretion of premiums or discounts and derivative settlements activity.

² Unrealized investment gains and losses recorded in other comprehensive (loss) income include changes in market value of certain instruments.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following tables present certain quantitative information about the significant unobservable inputs used in the fair value measurement for asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of December 31. Certain securities classified as Level 3 excluded from the table below are obtained from non-binding broker quotes where observable inputs are not reasonably obtainable by the Company.

	Assets/ liabilities measured at fair value	Valuation techniques(s)	Unobservable input description ²	Input/range of inputs	Weighted average	Impact of increase in input on fair value
2025						
Assets						
Securities available-for-sale:						
Fixed maturity securities:						
Obligations of state and political subdivisions	\$ 2,248	Market pricing	Market prices	83%	83	Increase
Corporate	1,513,472	Market pricing	Market prices	73 - 135%	101	Increase
Asset-backed	644,447	Market pricing	Market prices	24 - 100%	99	Increase
Mortgage-backed	240	Market pricing	Market prices	97%	97	Increase
Equity securities	25,331	Market pricing	Market prices	1 - 100%	11	Increase
Other invested assets	335,392	Audited statements	Audited statements	N/A	N/A	N/A
Market risk benefit - asset	203,745	Stochastic actuarial model	Mortality rates ages 0-59 ages 60+	0 - 0.5% 0.27% - 100%	* *	Decrease Decrease
			Base Lapse Rates duration 1-10 duration 11+	0.5% - 60.0% 2.5% - 40.0%	* *	Decrease Decrease
			Non-Sys with rates (%AV)	0.0% - 3.0%	*	Increase
			Sys with rates (%Rollup)	90% - 95%	*	Increase
			Sys with utilization	0% - 30%	*	Increase
			IB Utilization	40%	*	Increase
			Non-performance risk (Credit Spread)	2.69% - 2.97%	*	Decrease
			Equity market volatility	11.87%-23.59%	*	Increase

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Assets/ liabilities measured at fair value	Valuation techniques(s)	Unobservable input description ²	Input/range of inputs	Weighted average	Impact of increase in input on fair value
2025						
Assets (continued)						
Reinsurance recoverable:						
Reinsured market risk benefit						
	1,457,423	Stochastic actuarial model	Mortality rates			
			ages 0-59	0 - 0.5%	*	Decrease
			ages 60+	0.27% - 100%	*	Decrease
			Base Lapse Rates			
			duration 1-10	0.5% - 60.0%	*	Decrease
			duration 11+	2.5% - 40.0%	*	Decrease
			Non-Sys with rates (%AV)	0.0% - 3.0%	*	Increase
			Sys with rates (%Rollup)	90% - 95%	*	Increase
			Sys with utilization	0% - 30%	*	Increase
			IB Utilization	40%	*	Increase
			Non-performance risk (Credit Spread)	2.69% - 2.97%	*	Decrease
			Equity market volatility	11.87%-23.59%	*	Increase
	700,519	Option budget method	Mortality rates			
			ages 0-59	0 - 0.45%	*	Decrease
			ages 60+	0.27% - 100%	*	Decrease
			Base Lapse Rates			
			duration 1-10	0.5% - 60.0%	*	Decrease
			duration 11+	2.5% - 40.0%	*	Decrease
			Non-Sys with rates (%AV)	0%	*	Decrease
			Sys with rates (%MAW)	90% - 100%	*	N/A
			Sys with utilization	0% - 15%	*	Decrease
			Non-performance risk (Credit Spread)	2.44% - 2.78%	*	Decrease
			Equity market volatility surface rates	15% - 22.3%	*	Increase
Reinsurance funds withheld - derivatives:						
Embedded derivative receivable from external reinsurer						
	318,303	Market pricing Deterministic actuarial modeling	Market prices	47 - 108%	N/A	N/A
			Treaty experience	N/A	N/A	N/A

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Assets/ liabilities measured at fair value	Valuation techniques(s)	Unobservable input description ²	Input/range of inputs	Weighted average	Impact of increase in input on fair value
2025						
Liabilities						
Market risk benefit - liability	2,237,711	Stochastic actuarial model	Mortality rates			
			ages 0-59	0 - 0.5%	*	Decrease
			ages 60+	0.27% - 100%	*	Decrease
			Base Lapse Rates			
			duration 1-10	0.5% - 60.0%	*	Decrease
			duration 11+	2.5% - 40.0%	*	Decrease
			Non-Sys with rates (%AV)	0.0% - 3.0%	*	Increase
			Sys with rates (%Rollup)	90% - 95%	*	Increase
			Sys with utilization	0% - 30%	*	Increase
			IB Utilization	40%	*	Increase
			Non-performance risk (Credit Spread)	2.69% - 2.97%	*	Decrease
			Equity market volatility	11.87%-23.59%	*	Increase
Policyholder account balances						
Fixed indexed annuity embedded derivatives	700,519	Option budget method	Mortality rates			
			ages 0-59	0 - 0.45%	*	Decrease
			ages 60+	0.27% - 100%	*	Decrease
			Base Lapse Rates			
			duration 1-10	0.5% - 60.0%	*	Decrease
			duration 11+	2.5% - 40.0%	*	Decrease
			Non-Sys with rates (%AV)	0%	*	Decrease
			Sys with rates (%MAW)	90% - 100%	*	N/A
			Sys with utilization	0% - 15%	*	Decrease
			Non-performance risk (Credit Spread)	2.44% - 2.78%	*	Decrease
			Equity market volatility surface rates	15% - 22.3%	*	Increase
Reinsurance funds withheld due to affiliate net: embedded derivative						
Variable annuities	(262)	Market pricing	Market prices	83 - 106%	N/A	N/A

² Sys = Systematic

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Assets/ liabilities measured at fair value	Valuation techniques(s)	Unobservable input description ²	Input/range of inputs	Weighted average	Impact of increase in input on fair value
2024						
Assets						
Securities available-for-sale:						
Fixed maturity securities:						
Corporate	\$ 1,014,098	Market pricing	Market prices	70 - 105%	100	Increase
Asset-backed	568,920	Market pricing	Market prices	1 - 102%	99	Increase
Mortgage-backed	1,626	Market pricing	Market prices	89 - 95%	91	Increase
Equity securities	23,348	Market pricing	Market prices	1 - 24%	10	Increase
Other invested assets	263,921	Audited statements	Audited statements	N/A	N/A	N/A
Market risk benefit - asset	210,977	Stochastic actuarial model	Mortality rates			
			ages 0-59	0 - 0.5%	*	Decrease
			ages 60+	0.27% - 100%	*	Decrease
			Base Lapse Rates			
			duration 1-10	0.5% - 60.0%	*	Decrease
			duration 11+	2.5% - 40.0%	*	Decrease
			Non-Sys with rates (%AV)	0.0% - 3.0%	*	Increase
			Sys with rates (%Rollup)	90% - 95%	*	Increase
			Sys with utilization	0% - 30%	*	Increase
			IB Utilization	40%	*	Increase
			Non-performance risk (Credit Spread)	2.69% - 2.97%	*	Decrease
			Equity market volatility	11.87%-23.59%	*	Increase

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Assets/ liabilities measured at fair value	Valuation techniques(s)	Unobservable input description ²	Input/range of inputs	Weighted average	Impact of increase in input on fair value
2024						
Assets (continued)						
Reinsurance recoverable:						
Reinsured market risk benefit						
	1,601,763	Stochastic actuarial model	Mortality rates			
			ages 0-59	0 - 0.5%	*	Decrease
			ages 60+	0.27% - 100%	*	Decrease
			Base Lapse Rates			
			duration 1-10	0.5% - 60.0%	*	Decrease
			duration 11+	2.5% - 40.0%	*	Decrease
			Non-Sys with rates (%AV)	0.0% - 3.0%	*	Increase
			Sys with rates (%Rollup)	90% - 95%	*	Increase
			Sys with utilization	0% - 30%	*	Increase
			IB Utilization	40%	*	Increase
			Non-performance risk (Credit Spread)	2.69% - 2.97%	*	Decrease
			Equity market volatility	11.87%-23.59%	*	Increase
	377,677	Option budget method	Mortality rates			
			ages 0-59	0 - 0.45%	*	Decrease
			ages 60+	0.27% - 100%	*	Decrease
			Base Lapse Rates			
			duration 1-10	0.5% - 40.0%	*	Decrease
			duration 11+	2.5% - 35.0%	*	Decrease
			Non-Sys with rates (%AV)	0%	*	Decrease
			Sys with rates (%MAW)	90% - 100%	*	N/A
			Sys with utilization	0% - 15%	*	Decrease
			Non-performance risk (Credit Spread)	2.33% - 3.17%	*	Decrease
			Equity market volatility surface rates	10.40%-24.20%	*	Increase
Reinsurance funds withheld - derivatives:						
Embedded derivative receivable from external reinsurer						
	353,136	Market pricing Deterministic actuarial modeling	Market prices	68.0%-104.7%	N/A	N/A
			Treaty experience	N/A	N/A	N/A

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Assets/ liabilities measured at fair value	Valuation techniques(s)	Unobservable input description ²	Input/range of inputs	Weighted average	Impact of increase in input on fair value
2024						
Liabilities						
Market risk benefit - liability	2,314,298	Stochastic actuarial model	Mortality rates ages 0-59 ages 60+	0 - 0.5% 0.27% - 100%	* *	Decrease Decrease
			Base Lapse Rates duration 1-10 duration 11+	0.5% - 60.0% 2.5% - 40.0%	* *	Decrease Decrease
			Non-Sys with rates (%AV) Sys with rates (%Rollup) Sys with utilization IB Utilization	0.0% - 3.0% 90% - 95% 0% - 30% 40%	* * * *	Increase Increase Increase Increase
			Non-performance risk (Credit Spread) Equity market volatility	2.69% - 2.97% 11.87%-23.59%	* *	Decrease Increase
Policyholder account balances						
Fixed indexed annuity embedded derivatives	498,106	Option budget method	Mortality rates ages 0-59 ages 60+	0 - 0.45% 0.27% - 100%	* *	Decrease Decrease
			Base Lapse Rates duration 1-10 duration 11+	0.5% - 40.0% 2.5% - 35.0%	* *	Decrease Decrease
			Non-Sys with rates (%AV) Sys with rates (%MAW) Sys with utilization Non-performance risk (Credit Spread) Equity market volatility surface rates	0% 90% - 100% 0% - 15% 2.33% - 3.17% 10.40%-24.20%	* * * * *	Decrease N/A Decrease Decrease Increase
Reinsurance funds withheld due to affiliate net: embedded derivative						
Variable annuities		3 Market pricing	Market prices	100%	N/A	N/A

² Sys = Systematic

* The stochastic actuarial models are generated using one thousand scenarios. Weighted average values are not meaningful for these valuations.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Asset Transfers Between Levels

The Company reviews its fair value hierarchy classifications annually. Transfers into or out of Level 3 are primarily due to the availability of quoted market prices or changes in the Company's conclusion that pricing information received from a third-party pricing service is not reflective of market activity.

	Transfers out of Level 2 into Level 3	Transfers out of Level 3 into Level 2
2025		
Assets		
Securities available-for-sale:		
Fixed maturity securities:		
Corporate	\$ 1,784	—
2024		
Assets		
Securities available-for-sale:		
Fixed maturity securities:		
US Treasury securities	\$ —	2,805
Corporate	22,778	—
Asset-backed	5,044	—

During the years ended December 31, 2025 and 2024, the Company transferred investments totaling \$1,784 and \$27,822, respectively, into Level 3 from Level 2 as a result of lack of visibility to observe significant inputs to price. During the years ended December 31, 2025 and 2024, the Company transferred investments totaling \$0 and \$2,805, respectively, out of Level 3 into Level 2 as a result of the availability of observable pricing inputs for these securities. There were no transfers from Level 2 or Level 3 into Level 1 for the years ended December 31, 2025 and 2024.

Fair Value Measurement on a Nonrecurring Basis

For mortgage loans, the valuation techniques were primarily based on the estimated fair value of the underlying collateral. These values were determined using third-party appraisals.

There were no assets measured at fair value on a nonrecurring basis for the years ended December 31, 2025 and 2024.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Financial Instruments Not Carried at Fair Value

FASB ASC Topic 825, *Financial Instruments*, requires additional disclosure of the fair value information about existing on and off-balance sheet financial instruments. ASC Topic 825 excludes certain assets and liabilities, including insurance contracts, other than policies such as annuities that are classified as investment contracts, from its disclosure requirements. The Company's assets and liabilities subject to ASC Topic 825 disclosure that have not been presented at fair value in the ASC Topic 820 tables above are presented in the table below:

	Carrying value	Estimated fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
2025					
Assets:					
Mortgage loans on real estate	\$ 2,916,047	2,856,657	—	421,895	2,434,762
Policy loans	1,047,378	1,087,525	—	—	1,087,525
Liabilities:					
Investment contracts	3,434,985	3,434,985	—	3,434,985	—
Policyholders' dividend accumulations and other policyholder funds	122,409	122,409	122,409	—	—
Long-term debt obligations	766,343	763,308	—	763,308	—
2024					
Assets:					
Mortgage loans on real estate	\$ 2,568,432	2,682,626	—	357,297	2,325,329
Policy loans	1,078,943	1,045,304	—	—	1,045,304
Liabilities:					
Investment contracts	5,021,987	3,408,701	—	3,408,701	—
Policyholders' dividend accumulations and other policyholder funds	93,880	93,880	93,880	—	—
Long-term debt obligations	931,365	947,946	—	947,946	—

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

FASB ASC Topic 825, *Financial Instruments*, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables). The following table presents the Company's financial assets and liabilities contained in Other assets, Other long-term investments, and Other liabilities on the Consolidated Balance Sheets:

	<u>Carrying amount</u>		
	<u>2025</u>	<u>2024</u>	
Financial assets identified in other long-term investments			
Derivative instruments	\$ 275,515	202,080	Carrying value approximates fair value
Receivable for securities	41,850	10,051	Carrying value approximates fair value
Joint venture	21,355	21,055	Carrying value approximates fair value
Other invested assets	335,392	263,921	Carrying value approximates fair value
Other ¹	<u>458,998</u>	<u>399,357</u>	
Total other long-term investments	<u>\$ 1,133,110</u>	<u>896,464</u>	
Financial assets identified in other assets			
<u>Carrying amount</u>			
	<u>2025</u>	<u>2024</u>	
Accounts receivable due from external parties	\$ 13,703	4,686	Carrying value approximates fair value
Other ¹	<u>352,494</u>	<u>406,483</u>	
Total other assets	<u>\$ 366,197</u>	<u>411,169</u>	
Financial liabilities identified in other liabilities			
<u>Carrying amount</u>			
	<u>2025</u>	<u>2024</u>	
Interest payable	\$ 11,777	15,683	Carrying value approximates fair value
Derivative liabilities	10,609	66,819	Carrying value approximates fair value
Collateral liabilities	217,986	143,258	Carrying value approximates fair value
Investments in transit and payable for securities	3,982	7,960	Carrying value approximates fair value
Other ¹	<u>283,921</u>	<u>372,846</u>	
Total other liabilities	<u>\$ 528,275</u>	<u>606,566</u>	

¹ Items included in "Other" are not in the scope of ASC 825, but are presented for reconciliation purposes to agree to the balance sheet caption. Included in this category are goodwill and property and fixed assets, which are measured in accordance with the methodology described in Note 3, and Federal Home Loan Bank ("FHLB") common stock, which is carried at amortized cost. Operating lease right-of-use assets and liabilities are carried at the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. For all remaining items in this classification, carrying value approximates fair value.

In estimating the fair value of financial instruments, the Company used the following methods and assumptions:

Mortgage loans on real estate – The fair value of commercial mortgage loans on real estate is estimated using discounted cash flow analyses, using interest rates currently being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The Company has mortgage loans that are valued based on market observable quotes

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

and are classified as Level 2. The Company has mortgage loans that are valued using internally obtained credit ratings and are classified as Level 3 assets.

The fair value of residential mortgage loans on real estate is provided by the third-party administrator of the portfolio. The third-party administrator uses independent broker quotations from market makers and other broker/dealers recognized to be market participants or internal valuation techniques, which utilize inputs that may be difficult to corroborate with observable market data. These are classified as Level 3 assets.

Policy loans – The fair value of policy loans is estimated using discounted cash flow calculations. The expected life of the loan is based on internal assumptions; therefore, the Company classifies these as Level 3 assets.

Investment contracts – The estimate fair values of the Company’s deposit-type contracts are disclosed using two methods. For Funding Agreement-Backed Loans (“FABL”), the Company has classified these fair values as Level 2 since the inputs are market observable. All other deposit-type contracts held by the Company are also classified as Level 2 as the fair value is based on the amounts currently payable to contract holders, determined by the contractual terms governing benefit payments and account value provisions.

Policyholders’ dividend accumulations and other policyholder funds – The carrying amount reported on the Consolidated Balance Sheets for these instruments approximates their estimated fair value. The amounts can be converted to cash by the policyholder; therefore, the Company classifies these amounts as Level 1.

Short-term borrowings – The carrying amount of short-term borrowings related to revolving credit facilities is a reasonable estimate of its fair value because the interest rates are variable and based on current market rates. The Company classifies these amounts as Level 2.

Long-term debt obligations – The fair value of senior and surplus notes is estimated by discounting the scheduled cash flows of the notes using a market rate applicable to the yield, credit quality and maturity of similar debt instruments. The valuation inputs are based on market observable information; therefore, the Company classifies these as Level 2 liabilities.

(7) Investments

Investment Risks and Uncertainties

Investments are exposed to various risks and uncertainties that affect the determination of estimated fair values, the ability to sell certain investments during strained market conditions, the recognition of impairments, and the recognition of income on certain investments. These risks and uncertainties include:

- the risk that the Company’s assessment of an issuer’s ability to meet all of its contractual obligations will change based on changes in the credit characteristics of that issuer;
- the risk that the economic outlook, including fluctuations in interest rates and inflationary pressures, will be worse than expected or have a greater impact on the issuer than anticipated;

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

- the risk that foreign currency exchange rates could negatively impact the valuation of certain investments that are not denominated in U.S. dollars;
- the risk that the Company obtains inaccurate information for the determination of the estimated fair value estimates and other-than-temporary impairments; and
- the risk that new information or changes in other facts and circumstances lead the Company to change its intent to hold the security to maturity or until it recovers in value.

Any of these situations are reasonably possible and could result in a charge to income in a future period.

The determination of impairments and credit losses is highly subjective and is based upon periodic evaluations and assessments of known and inherent risks associated with each asset class. Such evaluations and assessments are revised as conditions change and new information becomes available.

The recognition of income on certain investments, including asset-backed and mortgage-backed securities, is dependent upon certain factors such as prepayments and defaults, and changes in factors could result in changes in amounts to be earned.

Fixed Maturity and Equity Securities

Fixed Maturity Securities by Sector

The amortized cost, estimated fair value, and allowance for credit losses of available-for-sale securities for fixed maturity securities by sector as of December 31 is as follows:

	<u>2025</u>				
	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Allowance for credit losses</u>	<u>Estimated fair value</u>
Securities available-for-sale:					
Fixed maturity securities:					
U.S. Treasury securities and obligations of U.S. government	\$ 1,007,800	4,453	(45,463)	—	966,790
Obligations of states and political subdivisions	922,665	1,395	(166,422)	—	757,638
Debt securities issued by foreign governments	14,979	—	(2,626)	—	12,353
Corporate	8,419,607	74,565	(819,702)	(3,467)	7,671,003
Asset-backed	2,183,723	6,156	(13,276)	(804)	2,175,799
Mortgage-backed	363,166	5,401	(10,720)	(80)	357,767
Total fixed maturity securities	<u>\$ 12,911,940</u>	<u>91,970</u>	<u>(1,058,209)</u>	<u>(4,351)</u>	<u>11,941,350</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	2024				
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Estimated fair value
Securities available-for-sale:					
Fixed maturity securities:					
U.S. Treasury securities and obligations of U.S. government	\$ 761,406	1,447	(16,615)	—	746,238
Obligations of states and political subdivisions	1,165,920	983	(236,685)	—	930,218
Debt securities issued by foreign governments	14,977	—	(3,665)	—	11,312
Corporate	8,648,462	44,557	(1,041,484)	(3,665)	7,647,870
Asset-backed	1,771,172	4,936	(47,955)	(1,682)	1,726,471
Mortgage-backed	451,440	3,695	(17,427)	(192)	437,516
Total fixed maturity securities	<u>\$ 12,813,377</u>	<u>55,618</u>	<u>(1,363,831)</u>	<u>(5,539)</u>	<u>11,499,625</u>

The available-for-sale model requires the recording of an allowance for credit loss when an asset is deemed to be credit impaired. Any improvements in expected future cash flows will be reflected as a reduction of the allowance for credit loss.

The Company's fixed maturities portfolio is comprised primarily of investment grade securities. Based upon designations by the NAIC, investment grade securities comprised 98.8% and 98.0% of the Company's total available-for-sale and trading securities portfolio as of December 31, 2025 and 2024, respectively.

Investments with a fair value of \$15,688 and \$15,047 as of December 31, 2025 and 2024, respectively, were on deposit with various regulatory agencies as required by law and are included in securities available-for-sale.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Maturities of Fixed Maturity Securities

The amortized cost and estimated fair value of fixed maturity securities available-for-sale as of December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-backed securities are classified based on the last payment date of the underlying mortgage loans with the longest contractual duration as of December 31, 2025.

	Fixed maturity securities	
	Available-for-sale	
	Amortized cost	Estimated fair value
Due in one year or less	\$ 313,528	312,776
Due after one year through five years	2,951,120	2,934,951
Due after five years through ten years	1,958,021	1,925,372
Due after ten years	7,689,271	6,768,251
Total	<u>\$ 12,911,940</u>	<u>11,941,350</u>

Continuous Gross Unrealized Losses for Fixed Maturity Securities

The following tables present the estimated fair value and gross unrealized losses of the Company's fixed maturity (aggregated by sector) in an unrealized loss position, aggregated by length of time the securities have been in a continuous unrealized loss position for which no allowance is recorded at December 31:

	<u>Less than 12 months</u>		<u>12 months or longer</u>		<u>Total</u>	
	<u>Estimated fair value</u>	<u>Unrealized losses</u>	<u>Estimated fair value</u>	<u>Unrealized losses</u>	<u>Estimated fair value</u>	<u>Unrealized losses</u>
2025						
U.S. Treasury securities and obligations of U.S. government	\$ 747,604	(44,148)	102,758	(1,397)	850,362	(45,545)
Obligations of states and political subdivisions	40,477	(2,236)	644,749	(164,186)	685,226	(166,422)
Debt securities issued by foreign governments	—	—	12,353	(2,626)	12,353	(2,626)
Corporate	405,372	(18,261)	4,169,735	(798,437)	4,575,107	(816,698)
Asset-backed	43,116	(384)	175,425	(12,893)	218,541	(13,277)
Mortgage-backed	1,975	(14)	161,061	(10,745)	163,036	(10,759)
Total fixed maturity securities	<u>\$ 1,238,544</u>	<u>(65,043)</u>	<u>5,266,081</u>	<u>(990,284)</u>	<u>6,504,625</u>	<u>(1,055,327)</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Less than 12 months		12 months or longer		Total	
	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
2024						
U.S. Treasury securities and obligations of U.S. government	\$ 594,538	(13,741)	98,689	(2,874)	693,227	(16,615)
Obligations of states and political subdivisions	71,836	(3,825)	810,603	(232,861)	882,439	(236,686)
Debt securities issued by foreign governments	—	—	11,312	(3,665)	11,312	(3,665)
Corporate	649,791	(28,848)	5,194,940	(1,008,659)	5,844,731	(1,037,507)
Asset-backed	119,390	(1,782)	716,757	(46,175)	836,147	(47,957)
Mortgage-backed	17,973	(216)	198,193	(17,211)	216,166	(17,427)
Total fixed maturity securities	<u>\$ 1,453,528</u>	<u>(48,412)</u>	<u>7,030,494</u>	<u>(1,311,445)</u>	<u>8,484,022</u>	<u>(1,359,857)</u>

Concentrations related to fixed maturity securities in an unrealized loss position are included in the tables below. The tables summarize the fixed maturity securities by sector in an unrealized loss position for less than and greater than twelve months as of December 31:

Unrealized losses	Less than 12 months	12 months or longer	Total	Number of Securities
2025				
99.9%-80%				
U.S. Treasury securities and obligations of U.S. government	\$ (44,148)	(1,397)	(45,545)	31
Obligations of states and political subdivisions	(2,236)	(33,002)	(35,238)	226
Debt securities issued by foreign governments	—	(2,626)	(2,626)	5
Corporate	(11,595)	(165,145)	(176,740)	1,729
Asset-backed	(190)	(8,613)	(8,803)	148
Mortgage-backed	(14)	(10,701)	(10,715)	183
Below 80%				
Obligations of states and political subdivisions	—	(131,184)	(131,184)	192
Corporate	(6,666)	(633,292)	(639,958)	1,007
Asset-backed	(194)	(4,280)	(4,474)	10
Mortgage-backed	—	(44)	(44)	3
Total	<u>\$ (65,043)</u>	<u>(990,284)</u>	<u>(1,055,327)</u>	<u>3,534</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

<u>Unrealized losses</u>	<u>Less than 12 months</u>	<u>12 months or longer</u>	<u>Total</u>	<u>Number of Securities</u>
2024				
99.9%-80%				
U.S. Treasury securities and obligations of U.S. government	\$ (13,475)	(2,824)	(16,299)	63
Obligations of states and political subdivisions	(1,313)	(37,838)	(39,151)	264
Corporate	(17,783)	(265,778)	(283,561)	2,399
Asset-backed	(1,199)	(45,134)	(46,333)	536
Mortgage-backed	(216)	(16,602)	(16,818)	224
Below 80%				
U.S. Treasury securities and obligations of U.S. government	(266)	(50)	(316)	9
Obligations of states and political subdivisions	(2,512)	(195,023)	(197,535)	298
Debt securities issued by foreign governments	—	(3,665)	(3,665)	5
Corporate	(11,065)	(742,881)	(753,946)	1,201
Asset-backed	(583)	(1,041)	(1,624)	9
Mortgage-backed	—	(609)	(609)	6
Total	\$ <u>(48,412)</u>	<u>(1,311,445)</u>	<u>(1,359,857)</u>	<u>5,014</u>

Allowance for credit loss

Under ASC 326, the Company considers allowance for credit loss using various indicators of credit deterioration to evaluate whether credit loss exists on a security-by-security basis. The assessment considers the severity of unrealized loss (change in market value), the issuer's credit rating compared to investment grade by using external or internal ratings, changes in the issuer's credit rating and delinquency. A security needs to satisfy the severity of unrealized loss and either the investment grade or credit change to be further evaluated for credit losses. If there is a substantial change in credit risk, a discounted cash flow analysis is used.

Allowance for credit losses on available-for-sale securities for the year ended December 31, 2025:

	<u>Corporate</u>	<u>Asset- backed</u>	<u>Mortgage- backed</u>	<u>Total</u>
Beginning balance	\$ 3,665	1,682	192	5,539
Net credit loss expense				
not previously recorded	1,516	164	21	1,701
Securities sold to SYRE	(951)	(2)	(133)	(1,086)
Recoveries	(762)	(1,041)	—	(1,803)
Ending balance	\$ <u>3,468</u>	<u>803</u>	<u>80</u>	<u>4,351</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Allowance for credit losses on available-for-sale securities for the year ended December 31, 2024:

	<u>Corporate</u>	<u>Asset- backed</u>	<u>Mortgage- backed</u>	<u>Total</u>
Beginning balance	\$ 1,814	627	234	2,675
Net credit loss expense not previously recorded	2,014	1,055	—	3,069
Recoveries	(163)	—	(42)	(205)
Ending balance	<u>\$ 3,665</u>	<u>1,682</u>	<u>192</u>	<u>5,539</u>

Current Year Evaluation

Total unrealized losses decreased from December 31, 2024 to December 31, 2025 due mainly to the decrease in intermediate term interest rates during the year. The Company has concluded that the majority of its securities in an unrealized loss position as of December 31, 2025 and 2024, reflect temporary fluctuations in economic factors that are not indicative of credit losses due to the Company's ability and intent to hold these investments until recovery of estimated fair value or amortized cost, and for equity investments, anticipate a forecasted recovery in a reasonable period of time. The Company has recorded credit losses when necessary on securities that the Company has deemed as being indicative of a credit loss.

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans consist of both commercial mortgage loans and residential mortgage loans originated in the United States and Chile. Mortgage loans are collateralized by the underlying properties. Collateral on mortgage loans must meet or exceed 125% of the loan at the time the loan is made. The carrying amounts of the mortgage loan portfolio as of December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Mortgage loans		
Commercial mortgage loans - domestic	\$ 1,598,367	1,688,363
Commercial mortgage loans - foreign	88,791	72,292
Residential mortgage loans - domestic	906,434	529,480
Residential mortgage loans - foreign	334,670	286,204
Total amortized cost	<u>2,928,262</u>	<u>2,576,339</u>
Valuation allowance	<u>12,215</u>	<u>7,907</u>
Net carrying value	<u>\$ 2,916,047</u>	<u>2,568,432</u>

The Company has elected to present the accrued interest receivable balance separately in its Consolidated Balance Sheets from the amortized cost of the finance receivables. Accrued interest receivable was \$13,123 and \$10,388 as of December 31, 2025 and 2024, respectively, relating to loans. The Company also elected not to measure an allowance for credit losses for accrued interest receivables. For mortgage loan investments, the accrual of interest is discontinued when the contractual payment of principal or interest has

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

become 120 days past due. Write-off of accrued interest receivables are recognized by reversing interest income. The Company wrote off \$3 and \$2 of loan accrued interest receivables for the years ended December 31, 2025 and 2024, respectively.

Unfunded Mortgage Loan Commitments

These commitments arise when the Company, based on review of a borrower's loan application, agrees to provide financing to a borrower. To estimate the loss, the Company manually forecasts the cash flows for these commitments, based on the committed loan terms, as they represent the contractual life that the Company will have credit exposure to the borrower. The forecasted cash flows have an estimate of expected credit loss calculated using the WARM method. The resulting estimate is reduced by incorporating an estimate of the probability of commitments not funding and recorded as a liability on the Consolidated Balance Sheets.

Concentration of Credit Risk

The Company diversifies its mortgage loan portfolio by both geographic region and property type to reduce concentration risk. As of December 31, 2025, 85.5% of the Company's portfolio is collateralized by properties located in the United States, with the remaining 14.5% located in Chile.

At December 31, 2025 and 2024, the distribution of the mortgage loan portfolio by property type and geographic location was as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Carrying Value</u>	<u>% of Total</u>	<u>Carrying Value</u>	<u>% of Total</u>
Property Type				
Industrial	\$ 368,046	12.6%	360,823	14.0%
Office buildings	159,766	5.5%	174,858	6.8%
Retail facilities	570,920	19.5%	601,000	23.3%
Apartment buildings	229,783	7.8%	242,937	9.4%
Hotels	6,997	0.2%	10,411	0.4%
Other	351,646	12.0%	370,626	14.4%
Total commercial	<u>1,687,158</u>	<u>57.6%</u>	<u>1,760,655</u>	<u>68.3%</u>
Residential	1,241,104	42.4%	815,684	31.7%
Total	<u>\$ 2,928,262</u>	<u>100.0%</u>	<u>2,576,339</u>	<u>100.0%</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Geographic Location	2025		2024	
	Carrying Value	% of Total	Carrying Value	% of Total
Central	\$ 796,920	27.2%	803,323	31.3%
South Atlantic	658,722	22.5%	533,815	20.7%
Pacific	540,053	18.4%	443,286	17.2%
Mid Atlantic	283,339	9.7%	223,896	8.7%
Mountain	207,462	7.1%	191,709	7.4%
New England	15,480	0.5%	13,888	0.5%
Foreign	423,461	14.5%	358,496	13.9%
Other	2,825	0.1%	7,926	0.3%
Total	\$ 2,928,262	100.0%	2,576,339	100.0%

Commercial Mortgage Loans - Domestic

The Company performs an annual performance review of the domestic commercial mortgage loan portfolio and assigns a rating based on the property's LTV, age, mortgage debt service coverage ("DSC") and occupancy. This analysis helps identify loans that may experience difficulty. If a loan is not paying in accordance with contractual terms, it is placed on a watch list and monitored through inspections and contact with the property's local representative. In addition, as part of portfolio monitoring, the Company physically inspected nearly 100% of the properties in the portfolio. The LTV and DSC ratios are applied consistently across the entire commercial mortgage loan portfolio.

The following table summarizes the amortized cost of the domestic commercial mortgage loan portfolio LTV ratios and DSC ratios using available data as of December 31. The ratios are updated as information becomes available.

LTV	DSC						Total
	Greater than 2.0x	1.8x to 2.0x	1.5x to 1.8x	1.2x to 1.5x	1.0x to 1.2x	Less than 1.0x	
2025							
0% - 50%	\$ 532,981	138,243	113,498	130,530	43,314	7,925	966,491
50% - 60%	15,147	9,737	60,976	121,993	29,618	9,072	246,543
60% - 70%	—	—	30,025	114,328	42,272	4,849	191,474
70% - 80%	—	—	—	33,076	38,089	3,200	74,365
80% and greater	—	—	—	5,607	62,033	51,854	119,494
Total	\$ 548,128	147,980	204,499	405,534	215,326	76,900	1,598,367

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

LTV	DSC						Total
	Greater than 2.0x	1.8x to 2.0x	1.5x to 1.8x	1.2x to 1.5x	1.0x to 1.2x	Less than 1.0x	
2024							
0% - 50%	\$ 465,365	95,445	139,573	125,584	31,810	24,874	882,651
50% - 60%	36,742	31,377	92,192	86,708	60,024	14,812	321,855
60% - 70%	29,497	21,396	42,972	90,845	48,066	903	233,679
70% - 80%	—	—	6,221	52,352	42,141	6,188	106,902
80% and greater	—	—	4,654	31,405	68,907	38,310	143,276
Total	<u>\$ 531,604</u>	<u>148,218</u>	<u>285,612</u>	<u>386,894</u>	<u>250,948</u>	<u>85,087</u>	<u>1,688,363</u>

LTV and DSC ratios are measures frequently used in commercial real estate to determine the quality of a mortgage loan and are the Company's primary quality indicators. The LTV ratio is a comparison between the current loan balance and the value assigned to the property and is expressed as a percentage. If the LTV is greater than 100%, this would indicate that the loan amount exceeds the value of the property. It is preferred that the LTV be less than 100%. The Company's corporate policy directs that the LTV on new mortgages not exceed 75% for standard mortgages.

The DSC ratio compares the property's net operating income to its mortgage debt service payments. If the debt service coverage ratio is less than 1.0x, this would indicate that the property is not generating enough income after expenses to cover the mortgage payment. Therefore, a higher debt service coverage ratio could indicate a better quality loan.

Residential Mortgage Loans – Domestic

The Company performs an annual performance review of the domestic residential mortgage loan portfolio. For residential mortgage loans, the Company's primary quality indicator is whether the loan is performing or nonperforming. Residential Mortgage Loans nonperforming is defined as those loans that are 60 or more days past due/or in nonaccrual status. Generally nonperforming residential mortgage loans have a higher risk of experiencing a credit loss.

The following table summarizes the residential mortgage loan portfolio, net of allowance, performing and nonperforming positions which was last updated as of December 31:

	<u>2025</u>	<u>2024</u>
Residential mortgage loans		
Performing	\$ 895,240	529,480
Nonperforming	11,194	—
Total	<u>\$ 906,434</u>	<u>529,480</u>

The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 90% in 2025.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Mortgage Loans - Foreign

The Company's subsidiary ASDV maintains a mortgage loan portfolio consisting of both commercial and residential mortgage loans. These loans have similar characteristics and are evaluated similarly.

ASDV considers the delinquency status of mortgage loans to be its primary credit quality indicator. ASDV monitors delinquency trends as a measure of overall portfolio quality, collections effectiveness, and as an indicator of potential losses in future quarters. ASDV considers performing mortgages to be those loans that are either current on payments or delinquent by four payments or less. Upon missing the fifth payment, ASDV considers these loans nonperforming. In accordance with the mortgage agreement, performing mortgages continue to record principal, interest and monetary correction. Monetary correction is defined as an economic adjustment to functional currency amounts arising from changes in inflation. The principal, interest and monetary correction values of those missed payments are 100% provisioned for. All loans classified as nonperforming are considered to be impaired.

Management continually monitors mortgages to determine their status. Mortgages that are nonperforming are required to have an appraisal every two years. Based on the appraised value, management determines if an adjustment to the carrying value is necessary. All loans classified as nonperforming have been placed on nonaccrual status.

The following table summarizes the amortized cost of the foreign mortgage loan portfolio performing and nonperforming positions which was last updated as of December 31:

	<u>2025</u>	<u>2024</u>
Mortgage loans - foreign		
Performing	\$ 369,468	341,373
Nonperforming	53,993	17,123
Total	<u>\$ 423,461</u>	<u>358,496</u>

Commercial Mortgage Loans - Foreign

ASDV currently holds a commercial mortgage portfolio with a total amortized cost of \$88,791 and \$72,292 as of December 31, 2025 and 2024, respectively. These loans are originated to borrowers primarily in Santiago, Chile. The borrowers are all commercial borrowers, and the loans are secured by collateral.

Management reviews a variety of factors, including the borrower's Directorio de Información Comercial ("DICOM") report (i.e., credit report) prior to originating these loans. At inception, ASDV will only select those DICOM reports with a metric of 999 (i.e, 1-999). A credit score closer to 999 demonstrates responsible credit behavior in the past.

As part of monitoring, ASDV generates a monthly delinquency report showing all payments which are 30, 60, 90, and 120 days past due. Management follows up with the correspondents (servicers) as necessary. If a loan is delinquent for two months consecutively a new DICOM is generated. While management may act sooner, generally loans are not written down and/or foreclosed upon until management has exhausted all

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

other options to bring the loan current. The timing of the foreclosure and write-down are dependent on the facts and circumstances surrounding each loan.

The following table summarizes the amortized cost of the mortgage loan portfolio LTV ratios and credit score using available data as of December 31. The ratios are updated as information becomes available.

LTV	DICOM Credit Score			
	1 to 100	101 to 500	501 to 999	Total
2025				
0% - 50%	\$ 2,638	—	3,678	6,316
50% - 60%	2,769	—	10,859	13,628
60% - 70%	2,122	—	37,716	39,838
70% - 80%	7,561	912	15,430	23,903
80% and greater	—	—	5,106	5,106
Total	\$ 15,090	912	72,789	88,791
2024				
0% - 50%	\$ 1,314	802	2,675	4,791
50% - 60%	2,800	—	5,156	7,956
60% - 70%	3,254	—	19,560	22,814
70% - 80%	12,742	—	23,989	36,731
Total	\$ 20,110	802	51,380	72,292

ASDV uses LTV and credit scores ratios in commercial real estate to determine the quality of a mortgage loan and are the ASDV's primary quality indicators. The LTV ratio is a comparison between the current loan balance and the value assigned to the property and is expressed as a percentage. If the LTV is greater than 100%, this would indicate that the loan amount exceeds the value of the property. It is preferred that the LTV be less than 100%. ASDV's corporate policy directs that the LTV on new mortgages not exceed 80% for standard mortgages. The credit scores range from 1 to 999 and it is obtained from the borrower's credit report.

Residential Mortgage Loans - Foreign

ASDV currently holds a residential mortgage portfolio with a total amortized cost of \$334,670 and \$286,204 as of December 31, 2025 and 2024, respectively. The loans are secured by residential property, primarily in Santiago, Chile. These loans are all fully amortizing over a period of generally 20 – 25 years. Underwriting requirements include that individuals have at least one to two years of job stability, an LTV of no more than 80% at origination. Additionally, a borrower's loan payment cannot be greater than 25% of their monthly income. Management reviews a variety of factors, including the borrower's DICOM report, prior to originating these loans.

Allowance for Loan Losses

The Company's allowance for expected credit loss represents the portion of the amortized cost basis on mortgage loans that the Company does not expect to collect primarily based on current delinquency status.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

A rollforward of the allowance for mortgage loan losses is as follows:

	<u>Domestic Commercial</u>	<u>Domestic Residential</u>	<u>Foreign</u>	<u>Total</u>
Balance, December 31, 2023	\$ 6,099	—	711	6,810
Provision (reversal) for expected credit losses	(800)	1,944	69	1,213
Loans charged-off	—	—	(5)	(5)
Recoveries of loans previously charged-off	—	—	(85)	(85)
Effect of exchange rates	—	—	(26)	(26)
Balance, December 31, 2024	5,299	1,944	664	7,907
Provision (reversal) for expected credit losses	(902)	2,590	2,944	4,632
Loans charged-off	—	—	(19)	(19)
Recoveries of loans previously charged-off	—	—	(372)	(372)
Effect of exchange rates	—	—	67	67
Balance, December 31, 2025	<u>\$ 4,397</u>	<u>4,534</u>	<u>3,284</u>	<u>12,215</u>

The Company has other financing receivables with contractual maturities of one year or less such as reinsurance recoverables and premiums receivables. The Company does not record an allowance for these items since the Company has not had any significant collection issues related to these types of receivables. The Company writes off the receivable if it is deemed to be uncollectible.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Mortgage Loan Aging

The table below depicts the loan portfolio exposure, net of allowance, of the remaining principal balances (which equal the Company's recorded investment), by type, as of December 31:

	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total	Recorded investment >90 days and accruing	Non- accruing loans	Non- accruing loans with no allowance	Interest income on non- accruing loans
2025										
Domestic	\$ 15,596	3,832	7,362	26,790	2,463,243	2,490,033	—	7,362	—	311
Foreign	61,980	3,056	16,369	81,405	344,609	426,014	113	—	—	—
Total	\$ 77,576	6,888	23,731	108,195	2,807,852	2,916,047	113	7,362	—	311
2024										
Domestic	\$ 2,740	2,438	728	5,906	2,204,694	2,210,600	—	728	—	111
Foreign	31,873	5,383	17,330	54,586	303,246	357,832	98	—	—	—
Total	\$ 34,613	7,821	18,058	60,492	2,507,940	2,568,432	98	728	—	111

Performance, Impairment and Foreclosures

At December 31, 2025 the Company had one foreign and five domestic mortgage loan in the process of foreclosure. At December 31, 2024 the Company had one foreign and one domestic mortgage loan in the process of foreclosure. There was one mortgage loan write-down in 2025 and 2024. There were four foreclosures of foreign residential mortgage loans during 2025 and one foreclosure during 2024.

Domestic commercial and residential mortgage loans in foreclosure and mortgage loans considered to be impaired as of the consolidated balance sheet date are placed on a nonaccrual status if the payments are not current. Interest received on nonaccrual status mortgage loans is included in net investment income in the period received.

Foreign mortgage loans are placed on nonaccrual status once management believes the collection of accrued interest is doubtful. Once foreign mortgages are classified as nonaccrual loans, interest income is recognized under the cash basis. Interest income recognized related to nonaccrual loans was \$0 for December 31, 2025 and 2024.

The carrying value of mortgage loans on nonaccrual status as of December 31:

	2025	2024
Mortgage loans		
Foreign mortgage loans	\$ 53,993	17,123
Total	\$ 53,993	17,123

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The recorded investment in and unpaid principal balance of impaired loans along with the related specific allowance for loan losses, if any, and the average recorded investment and interest income recognized during the time the loans were impaired as of December 31 were as follows:

	<u>Recorded investment</u>	<u>Unpaid principal balance</u>	<u>Related allowance</u>	<u>Average recorded investment</u>	<u>Interest income recognized</u>
2025					
With an allowance recorded:					
Foreign mortgages	\$ 27,276	53,993	(3,284)	35,558	—
Total	<u>\$ 27,276</u>	<u>53,993</u>	<u>(3,284)</u>	<u>35,558</u>	<u>—</u>
2024					
With an allowance recorded:					
Foreign mortgages	\$ 17,787	17,123	(664)	9,682	—
Total	<u>\$ 17,787</u>	<u>17,123</u>	<u>(664)</u>	<u>9,682</u>	<u>—</u>

Other Long-Term Investments

The components of Other long-term investments were as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Direct financing leases	\$ 32,979	36,145
FHLB common stock	98,017	71,857
Derivative instruments	275,515	202,080
Receivable for securities	41,850	10,051
Joint venture	21,355	21,055
Chilean financing receivables	333,472	292,064
Other invested assets	335,392	263,921
	<u>1,138,580</u>	<u>897,173</u>
Allowance for credit losses	<u>(5,470)</u>	<u>(709)</u>
Total	<u>\$ 1,133,110</u>	<u>896,464</u>

The Company is a member of the FHLB of Cincinnati. Through its membership, and by purchasing FHLB stock, the Company can enter into deposit contracts.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table lists the components of the net investment in direct financing leases, net of allowances for credit losses, as of December 31:

	<u>2025</u>	<u>2024</u>
Total minimum lease payments to be received	\$ 40,790	50,032
Less unearned income	<u>(13,281)</u>	<u>(14,596)</u>
Net investment in direct financing leases	<u>\$ 27,509</u>	<u>35,436</u>

The minimum lease payments did not include executory costs, allowance for uncollectibles, or unguaranteed residual values of leased property for 2025 and 2024. Past favorable payment experience, a minimum required LTV ratio of 75% - 80% at lease inception as well as the Company's right to repossess the property after two missed payments have resulted in not holding an allowance for uncollectibles by the Company, and no leases are on nonaccrual status. Credit quality is monitored based on past payment history.

The table below depicts the direct financing leasing exposure of remaining principal balances (which equal the Company's recorded investment) by type as of December 31:

	<u>30-59 days past due</u>	<u>60-89 days past due</u>	<u>90 days or more past due</u>	<u>Total past due</u>	<u>Current</u>	<u>Total</u>	<u>Recorded investment > 90 days and accruing</u>
2025	\$ 8,294	-	-	8,294	19,215	27,509	-
2024	<u>6,027</u>	<u>-</u>	<u>-</u>	<u>6,027</u>	<u>29,409</u>	<u>35,436</u>	<u>-</u>

Future undiscounted cash flows from direct financing leases as of December 31, 2025 are as follows:

2026	\$ 8,650
2027	3,343
2028	2,934
2029	2,864
2030	2,862
Thereafter	<u>25,607</u>
Total undiscounted lease payments	46,260
Less imputed interest	<u>(13,281)</u>
Lease receivable subtotal	32,979
Less allowance for credit losses	<u>(5,470)</u>
Lease receivable total	<u>\$ 27,509</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Securities Lending

As of December 31, 2025 and 2024, the Company received \$0 and \$27,784, respectively, of cash collateral on securities lending. The cash collateral is invested in short-term investments, which are recorded on the Consolidated Balance Sheets in Short-term investments securities lending collateral with a corresponding liability recorded in Payables for securities lending collateral to account for the Company's obligation to return the collateral. The Company had not received any non-cash collateral on securities lending as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the Company had loaned securities with a fair value of \$0 and \$26,832, respectively, which are recognized on the Consolidated Balance Sheets in Securities available-for-sale and Equity securities. The program was closed in 2025.

Consolidated VIE

As described in Note 3, the Company evaluates its interests in VIEs on an ongoing basis and consolidates those VIEs in which it has a controlling financial interest and is thus deemed to be the primary beneficiary. The Company has determined that curtailed interest in VIEs have met the requirement for consolidation. The following table presents, as of December 31, 2025 and 2024, the asset and liabilities of the VIEs that have been reported in the Consolidated Balance Sheets.

Assets	2025	2024
Investments		
Securities available-for-sale, at fair value:		
Fixed maturity securities	\$ 361,601	112,072
Mortgage loans on real estate	906,434	528,703
Other long-term investments	79,401	51,156
Short-term investments	95,898	47,667
Cash and cash equivalents	16,549	399
Accrued investment income	8,736	4,370
Other assets	86	—
Total assets	\$ 1,468,705	744,367
Liabilities		
Other liabilities	\$ 4,878	193
Variable interest entity liabilities	48,076	—
Total liabilities	\$ 52,954	193

Collateralized Loan Obligations and Other

The Company provided initial capital into four identical SPVs. These SPVs invest in commercial loans and securitize the assets into collateralized loan obligations. They are classified as VIEs because they have disproportionate voting rights. The Company concluded it is the primary beneficiary of these VIEs because it has the power and obligation to absorb losses or the right to receive benefits that could potentially be

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

significant to the Company. The Company retains the basis of accounting used by each SPV and accounts for the \$493,062 and \$161,663 of invested assets at fair value and \$52,767 and \$53 of liabilities for the years ended December 31, 2025 and 2024, respectively, measured at fair value. The initial capital carried on each SPV's balance sheet at fair value eliminates in consolidation with the initial investment into the SPV by the Company. There was no gain or loss recognized from the consolidation.

The Company consolidated one VIE that represents a limited partnership fund where the company provided the initial seed capital. Management of the fund is performed by a third party. Based on the design and operation of the entity, the Company concluded that it is subject to consolidation under the VIE model and that the Company is the primary beneficiary. The consolidation of this VIE increased assets by \$63,787 and \$51,212 and increased liabilities by \$187 and \$140 for the years ended December 31, 2025 and 2024, respectively. The Company's unfunded commitments to the partnership totaled \$0 as of December 31, 2025 and 2024. There was no gain or loss recognized from the consolidation.

Residential mortgage-backed security trusts

The Company purchased interests in residential mortgage-backed security ("RMBS") trusts secured by residential mortgage real estate properties. The trusts are classified as VIEs as they have no equity investment at risk and while no future equity infusions should be required to permit the entities to continue their activities, accounting guidance requires trusts with no equity at risk to be classified as VIEs. The company has determined that it is the primary beneficiary of the trust VIEs because of its significant control as the sole beneficial interest owner in the trusts. The assets of the RMBS trusts can only be used to settle their respective liabilities, and the Company is not responsible for any principal or interest shortfalls. The Company's exposure is limited to its investment of \$911,856 and \$531,492 at December 31, 2025 and 2024, respectively. There was no gain or loss recognized from the consolidation.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Net Investment Income

Analysis of investment income by investment type follows for the years ended December 31:

	Investment income	
	2025	2024
Gross investment income:		
Securities available-for-sale:		
Fixed maturity securities	\$ 578,003	535,983
Equity securities, at fair value	1,210	1,309
Mortgage loans on real estate	147,841	90,430
Real estate	27,159	7,818
Policy loans	54,259	49,601
Short-term investments	50,395	45,188
Other long-term investments	64,754	36,426
Total gross investment income	923,621	766,755
Interest expense	(60,560)	(66,174)
Other investment expenses	(87,126)	(52,867)
Net investment income	\$ 775,935	647,714

Net Realized (Losses) Gains

Analysis of net realized (losses) gains by investment type follows for the years ended December 31:

	Realized (losses) gains on investments	
	2025	2024
Securities available-for-sale:		
Fixed maturity securities	\$ (15,386)	19,526
Equity securities, at fair value	72	(51)
Mortgage loans on real estate*	(137)	(3)
Real estate	906	1,006
Other long-term investments	(244)	(5)
Sale/transfer of subsidiary	—	45
Total realized gains (losses) on investments	(14,789)	20,518
Change in allowance for credit loss	(7,205)	(4,079)
Net realized gains (losses) on investments	\$ (21,994)	16,439

* Includes the changes in the allowance for residential mortgage loans

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

As of December 31, 2025 and 2024, fixed maturity securities with a carrying value of \$57,922 and \$26,198, respectively, which had an allowance for credit loss of \$4,351 and \$5,539, respectively, remained in the Company's investment portfolio.

Sales of Fixed Maturity Securities, Available-for-Sale

The following table summarizes sales of fixed maturity securities available-for-sale activity:

	<u>2025</u>	<u>2024</u>
Proceeds	\$ 5,770,142	2,330,007
Gross realized gains	\$ 109,819	81,981
Gross realized losses	\$ (123,689)	(61,775)

The Company had no securities classified as held-to-maturity securities in 2025 and 2024.

Net Unrealized Gains (Losses) on Available-for-Sale Securities

An analysis by investment type of the change in unrealized gains (losses), before taxes, on securities available-for-sale is as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Securities available-for-sale:		
Fixed maturity securities	\$ 341,974	74,758
Change in net unrealized gains	\$ 341,974	74,758

The following table summarizes the unrealized gains (losses) recognized during the year ended December 31, on equity securities still held at December 31:

	<u>2025</u>	<u>2024</u>
Net gains recognized during the period on equity securities	\$ 8,299	7,724
Less: Net gains (losses) recognized during the period on equity securities sold during the period	—	—
Unrealized gains recognized during the reporting period on equity securities still held at the reporting date	\$ 8,299	7,724

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The components of net unrealized gains (losses) on securities available-for-sale in AOCI arising during the period were as follows as of December 31:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Securities available-for-sale	\$ (966,239)	(1,308,213)	341,974
Unrealized losses related to closed block	30,901	41,765	(10,864)
Future policy benefits and claims	(11,272)	107,548	(118,820)
Market risk benefit	(189,483)	(289,957)	100,474
Deferred federal income tax provision (benefit)	198,490	229,506	(31,016)
Net unrealized losses	<u>\$ (937,603)</u>	<u>(1,219,351)</u>	<u>281,748</u>

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Securities available-for-sale	\$ (1,308,213)	(1,233,455)	(74,758)
Unrealized losses related to closed block	41,765	38,979	2,786
Future policy benefits and claims	107,548	(2,601)	110,149
Market risk benefit	(289,957)	—	(289,957)
Deferred policy acquisition costs	—	80,601	(80,601)
Other policyholder funds	—	(7,577)	7,577
Deferred federal income tax provision (benefit)	229,506	237,018	(7,512)
Net unrealized gains (losses)	<u>\$ (1,219,351)</u>	<u>(887,035)</u>	<u>(332,316)</u>

(8) Derivative Financial Instruments

The Company enters into derivative contracts to economically hedge guarantees on riders for certain insurance contracts. Although these contracts do not qualify for hedge accounting or have not been designated in hedging relationships by the Company pursuant to ASC Topic 815, they provide the Company with an economic hedge, which is used as part of its overall risk management strategy. The Company enters into equity futures, currency futures, cross currency swaps, equity index put options, equity index call options, interest rate swaptions, bond forwards, credit default swaps and equity swaps to economically hedge liabilities embedded in certain variable annuity products such as the GMAB, GMWB, GMIB and GLWB and in fixed indexed annuity and indexed universal life products.

In 2024, the Company launched a derivatives-based asset replication program by implementing two distinct investment structures. One structure adds credit risk and corresponding yield to the investment portfolio using a combination of credit default swap contracts and high-grade fixed income securities. The second structure adds duration to the portfolio by using a combination of bond forward contracts and fixed income securities. Both structures are designed to synthetically replicate the economic characteristics of one or more market securities. In 2025, the program was retired.

As of December 31, 2022, ONSV has entered into eight cross currency swap agreements to convert the cash flows from U.S. and Euro denominated bonds into Unidad de Fomento (“UF”) denominated cash flows, which do not qualify for hedge accounting as a cash flow hedge. The swap involves exchanging principal and fixed interest payments on a bond in one currency for principal and fixed interest payments on a similar loan in another currency. The parties to the swap exchange principal amounts at the beginning and the end

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

of the swap. The two specified principal amounts are set to be approximately equal to one another given the exchange rate at the time the swap is initiated. Since this does not meet the definition of a hedge, it is treated as a derivative with no hedging designation under ASC 815, with the gain or loss on the derivative instrument recognized in earnings.

In October 2018, the Company purchased equity index put options to replace existing futures used to hedge the equity risk embedded in the variable annuity guarantees. One-year S&P 500, Russell 2000, and NASDAQ 100 options were purchased. The Company continues to hold futures to hedge the foreign indices and currency exposure in the variable annuity guarantees. Since this does not meet the definition of a hedge, it is treated as a derivative with no hedging designation under ASC 815, with the gain or loss on the derivative instrument recognized in earnings.

In October 2016, the Company entered into an equity index call option agreement. Under this agreement, three equity index call options will be purchased monthly. The S&P 500 and Russell 2000 options are one-year call spread options. The custom Barclays instrument is a three-year call. Starting in May 2018, the Company began purchasing one-year calls for the custom Barclay instrument as well. Since this does not meet the definition of a hedge, it is treated as a derivative with no hedging designation under ASC 815, with the gain or loss on the derivative instrument recognized in earnings.

In November 2014, the Company entered into a cross currency swap agreement which qualified for hedge accounting as a cash flow hedge. The Company purchased a ten-year bond in the amount of €7 million with an annual foreign currency coupon of 1.93%. The Company concurrently entered into a matching cross currency swap effectively converting the cash flows of the Euro denominated bond into U.S. denominated cash flows. The investment receives a fixed rate of 3.78% on the converted U.S. investment of \$9,038. Interest on the bond is paid annually. During the years ended December 31, 2025 and 2024, the Company had foreign currency swap losses of \$0 and \$1,326, respectively, recorded in AOCI. The Company reclassified \$0 and \$1,326 to income for the years ended December 31, 2025 and 2024, respectively. The swap reached maturity and terminated in 2024.

The Company has entered into a reinsurance arrangement with a nonaffiliated reinsurer to offset a portion of its risk exposure to the GMIB rider in certain variable annuity contracts. This reinsurance contract is accounted for as a freestanding derivative.

Embedded Derivatives

The Company has certain embedded derivatives that are required to be separated from their host contracts and accounted for as derivatives. These host contracts include fixed indexed annuities, which include index features in excess of their guaranteed minimum values.

In connection with the reinsurance agreements with SYRE, in which the Company cedes certain annuity related risks, the reinsurance contracts that are ceded contain embedded derivatives that are required to be separated from their host contracts and accounted for as derivatives. These host contracts include fixed indexed annuities which include index features in excess of their guaranteed minimum values.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The Company's reinsurance agreements written on a funds withheld or Modco basis contain embedded derivatives. The embedded derivatives are valued under ASC 815. The embedded derivative is measured at fair value and is determined similar to a total return swap with a floating interest rate leg. See Note 14 for additional information related to the reinsurance agreements.

The following tables present a summary of the estimated fair value of derivatives held by the Company along with the amounts recognized on the Consolidated Balance Sheets:

<u>Derivatives not designated as hedging instruments under ASC 815</u>	<u>Balance sheet location</u>	<u>December 31</u>			
		<u>2025 Fair value</u>	<u>2025 Notional Amount</u>	<u>2024 Fair value</u>	<u>2024 Notional Amount</u>
Asset derivatives:					
Equity futures	Other long-term investments	\$ —	—	13,339	423,796
Bond forwards	Other long-term investments	34,803	2,104,125	—	—
Equity put options	Other long-term investments	23,833	402,633	19,146	422,381
Equity index call options	Other long-term investments	189,543	6,250,821	150,629	5,333,110
Credit default swaps	Other long-term investments	15,254	100,000	18,089	125,000
Total equity return swaps	Other long-term investments	10,512	592,500	—	—
Cross currency swaps	Other long-term investments	1,570	21,300	877	26,800
Fixed indexed annuity embedded derivative	Reinsurance recoverable	700,519	n/a	377,677	n/a
Equity futures	Reinsurance funds withheld - derivatives	774	n/a	—	n/a
Embedded derivative receivable from external reinsurer	Reinsurance funds withheld - derivatives	318,303	n/a	353,136	n/a
Total		\$ 1,295,111	9,471,379	932,893	6,331,087

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Derivatives not designated as hedging instruments under ASC 815	Balance sheet location	December 31			
		2025 Fair value	2025 Notional Amount	2024 Fair value	2024 Notional Amount
Liability derivatives:					
Fixed indexed annuity embedded derivatives ¹	Policyholder account balances	\$ 700,519	n/a	498,106	n/a
Variable annuities ²	Reinsurance funds withheld due to affiliate, net: embedded derivative	(18,932)	n/a	(3,115)	n/a
FX forwards	Other liabilities	4,377	77,840	1,958	8,740
Treasury bond forwards	Other liabilities	—	—	64,861	1,014,100
Equity futures	Other liabilities	774	369,353	—	—
Currency swaps	Other liabilities	343	19,608	—	—
Interest rate swaps	Other liabilities	5,115	1,250,000	—	—
Total		\$ 692,196	1,716,801	561,810	1,022,840

¹ Represents embedded derivative portion of the fixed indexed annuity base contracts only. There are no embedded derivatives in fixed indexed GLWB riders.

² Represents embedded derivative associated with reinsurance funds withheld liabilities that are netted with the liability on the Consolidated Balance Sheets

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table presents the effect of derivative instruments on the Consolidated Statements of Operations for the years ended December 31:

Derivatives not designated as hedging instruments under ASC 815	Location of gain (loss) recognized in income on derivatives	Amount of (loss) gain recognized in income on derivatives	
		2025	2024
Equity futures	Net realized gains (losses): derivative instruments	\$ —	(56,182)
Equity put options	Net realized gains (losses): derivative instruments	604	(19,337)
Equity index call options	Net realized gains (losses): derivative instruments	4,929	29,125
Equity swaps	Net realized gains (losses): derivative instruments	—	1,367
Total equity return swaps	Net realized gains (losses): derivative instruments	(26)	—
Foreign exchange forwards	Net realized gains (losses): derivative instruments	(496)	—
Currency swaps	Net realized gains (losses): derivative instruments	5,121	—
Credit default swaps	Net realized gains (losses): derivative instruments	—	(1,720)
Reinsurance funds withheld embedded derivative	Net realized gains (losses): derivative instruments	(214,231)	7,725
Embedded derivative Modco - affiliate	Net realized gains (losses): derivative instruments	15,817	1,215
External reinsurance embedded derivative	Net realized gains (losses): derivative instruments	(34,834)	353,134
Fixed indexed annuity embedded derivatives ¹	Benefits and claims	(202,413)	(282,116)
Total		<u>\$ (425,529)</u>	<u>33,211</u>

¹ The amounts recorded in benefits and claims reflect the change in the excess of fair value over account value.

Credit Risk

The Company may be exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments.

Because exchange traded futures are affected through regulated exchanges and positions are marked to market on a daily basis, the Company has minimal exposure to credit-related losses in the event of non-performance by counterparties to such derivative instruments. The Company manages its credit risk related to over-the-counter derivatives by only entering into transactions with creditworthy counterparties with long-standing performance records and requiring collateral for all derivatives in accordance with the International Swaps and Derivatives Association and Credit Support Annex (“ISDA”/“CSA”) agreements in place with all of its counterparties. The Company manages its credit risk related to the freestanding reinsurance derivative by monitoring the credit ratings of the reinsurer and requiring either a certain level of assets to be held in a trust for the benefit of the Company or a letter of credit to be held by the reinsurer and assigned to the Company. As of December 31, 2025 and 2024, a non-affiliated reinsurer held assets in trust with an estimated fair value of \$650,452 and \$766,934, respectively, and a letter of credit of \$2 and \$2, respectively.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(9) Deferred Policy Acquisition Costs, Deferred Sales Inducements, Value of Business Acquired, Unearned Revenue, Cost of Reinsurance and Deferred Gains on Reinsurance

The transition adjustments associated with the implementation of LDTI related to DAC, COR and Unearned revenue were as follows by product at the Transition Date:

	Participating Whole Life	Traditional Life	Disability Income	Universal Life	Indexed Universal Life
DAC:					
Balance, December 31, 2023	\$ 568,376	105,499	35,696	108,474	5,922
Removal of related amounts in AOCI	(10,176)	—	—	(21,128)	—
Balance, January 1, 2024	<u>\$ 558,200</u>	<u>105,499</u>	<u>35,696</u>	<u>87,346</u>	<u>5,922</u>
	Fixed Index Annuities	Variable Annuities	Other Annuities	Latin America	Total
DAC continued:					
Balance, December 31, 2023	\$ 136,330	708,888	4,267	10,361	1,683,813
Removal of related amounts in AOCI	(44,431)	(4,918)	51	—	(80,602)
Balance, January 1, 2024	<u>\$ 91,899</u>	<u>703,970</u>	<u>4,318</u>	<u>10,361</u>	<u>1,603,211</u>
	Variable Annuities	Universal Life	Total		
COR:					
Balance, December 31, 2023	\$ 29,362	66,502	95,864		
Adjustment due to MRB retrospective adoption	483,042	—	483,042		
Balance, January 1, 2024	<u>\$ 512,404</u>	<u>66,502</u>	<u>578,906</u>		
	Universal Life	Variable Annuities	Latin America	Total	
Unearned revenue:					
Balance, December 31, 2023	\$ 42,699	4,873	6,555	54,127	
Removal of related amounts in AOCI	(7,609)	32	—	(7,577)	
Balance, January 1, 2024	<u>\$ 35,090</u>	<u>4,905</u>	<u>6,555</u>	<u>46,550</u>	

*VOBA and SIC did not have any transition adjustments due to adoption of LDTI

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The rollforwards of DAC, SIC and VOBA for the years ended December 31, 2025 and 2024 were as follows by product:

	Participating Whole Life	Traditional Life	Disability Income	Universal Life	Indexed Life
DAC:					
Balance, January 1, 2024	\$ 558,200	105,499	35,696	87,346	5,922
Acquisition costs deferred	10,898	2,948	1,423	2,930	15,971
Amortization of deferred costs	(30,300)	(14,268)	(3,543)	(7,064)	(758)
Effect of foreign currency translation and other	—	—	—	—	—
Impact of entity reorganization	—	—	—	—	—
Balance, December 31, 2024	<u>538,798</u>	<u>94,179</u>	<u>33,576</u>	<u>83,212</u>	<u>21,135</u>
Acquisition costs deferred	7,725	3,538	1,443	3,277	19,543
Amortization of deferred costs	(37,195)	(12,159)	(3,263)	(6,856)	(2,411)
Effect of foreign currency translation and other	—	—	—	—	—
Impact of FIA Recapture	—	—	—	—	—
Balance, December 31, 2025	<u>\$ 509,328</u>	<u>85,558</u>	<u>31,756</u>	<u>79,633</u>	<u>38,267</u>
	Fixed Index Annuities	Variable Annuities	Other Annuities	Latin America	Total
DAC continued:					
Balance, January 1, 2024	\$ 91,899	703,970	4,318	10,361	1,603,211
Acquisition costs deferred	150,958	526	8,903	3,518	198,075
Amortization of deferred costs	(15,834)	(68,367)	(1,385)	(1,674)	(143,193)
Effect of foreign currency translation and other	—	—	—	(1,028)	(1,028)
Impact of entity reorganization	(223,062)	—	—	—	(223,062)
Balance, December 31, 2024	<u>3,961</u>	<u>636,129</u>	<u>11,836</u>	<u>11,177</u>	<u>1,434,003</u>
Acquisition costs deferred	59,057	213	50,655	4,353	149,804
Amortization of deferred costs	(38,344)	(63,373)	(4,749)	(1,668)	(170,018)
Effect of foreign currency translation and other	—	—	—	924	924
Impact of FIA Recapture	267,718	—	—	—	267,718
Balance, December 31, 2025	<u>\$ 292,392</u>	<u>572,969</u>	<u>57,742</u>	<u>14,786</u>	<u>1,682,431</u>

The impact of the entity reorganization in the preceding table, and throughout the remainder of the tables in this note, represents the net amounts that have been ceded to SYRE as of the date of the reorganization on July 1, 2024.

See Note 14 for additional details related to the impact of FIA Recapture in the preceding table and throughout the remainder of the tables in this note.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	<u>Fixed Index Annuities</u>	<u>Variable Annuities</u>	<u>Total</u>
SIC:			
Balance, January 1, 2024	\$ —	165,800	165,800
Sales inducement costs deferred	194,161	179	194,340
Amortization of deferred costs	(11,180)	(8,256)	(19,436)
Impact of entity reorganization	(182,981)	(80,341)	(263,322)
Balance, December 31, 2024	<u>—</u>	<u>77,382</u>	<u>77,382</u>
Sales inducement costs deferred	—	40	40
Amortization of deferred costs	—	(7,614)	(7,614)
Balance, December 31, 2025	<u>\$ —</u>	<u>69,808</u>	<u>69,808</u>
	<u>Latin America</u>	<u>Total</u>	
VOBA:			
Balance, January 1, 2024	\$ —	—	
Business acquisition	159,434	159,434	
Amortization	(222)	(222)	
Effect of foreign currency translation and other	—	—	
Balance, December 31, 2024	<u>159,212</u>	<u>159,212</u>	
Business acquisition	—	—	
Amortization	(5,251)	(5,251)	
Effect of foreign currency translation and other	14,082	14,082	
Balance, December 31, 2025	<u>\$ 168,043</u>	<u>168,043</u>	

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table provides information to reconcile the Company's disaggregated rollforward of DAC, SIC and VOBA amounts to the Consolidated Balance Sheets for the years ended December 31:

	<u>2025</u>	<u>2024</u>
DAC:		
Participating Whole Life	\$ 509,328	538,798
Traditional Life	85,558	94,179
Disability Income	31,756	33,576
Universal Life	79,633	83,212
Indexed Life	38,267	21,135
Fixed Index Annuities	292,392	3,961
Variable Annuities	572,969	636,129
Other Annuities	57,742	11,836
Latin America	14,786	11,177
Total DAC	<u>1,682,431</u>	<u>1,434,003</u>
SIC:		
Variable Annuities	69,808	77,382
Total SIC	<u>69,808</u>	<u>77,382</u>
VOBA:		
Latin America	168,043	159,212
Total VOBA	<u>168,043</u>	<u>159,212</u>
Combined total	<u>\$ 1,920,282</u>	<u>1,670,597</u>

The cost of reinsurance (deferred reinsurance losses) and changes thereto by product for the years ended December 31, 2025 and 2024 was as follows:

	<u>Universal</u>	<u>Fixed Index</u>	<u>Variable</u>	<u>Total</u>
	<u>Life</u>	<u>Annuities</u>	<u>Annuities</u>	
Cost of reinsurance:				
Balance, January 1, 2024	\$ 66,502	—	512,403	578,905
Amortization	(8,394)	(907)	(75,529)	(84,830)
Impact of entity reorganization	—	16,374	291,407	307,781
Balance, December 31, 2024	58,108	15,467	728,281	801,856
Amortization	(7,327)	—	(84,173)	(91,500)
Impact of FIA Recapture	—	(15,467)	—	(15,467)
Balance, December 31, 2025	<u>\$ 50,781</u>	<u>—</u>	<u>644,108</u>	<u>694,889</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The deferred gain on reinsurance and changes thereto by product for the years ended December 31, 2025 and 2024 was as follows:

	<u>Fixed Index</u> <u>Annuities</u>	<u>Variable</u> <u>Annuities</u>	<u>Other</u> <u>Annuities</u>	<u>Total</u>
Deferred gain on reinsurance:				
Balance, January 1, 2024	\$ —	—	—	—
Deferred gain on reinsurance	—	—	9,904	9,904
Amortization of deferred gain on reinsurance	—	(1,406)	(494)	(1,900)
Impact of entity reorganization	—	23,326	—	23,326
Balance, December 31, 2024	—	21,920	9,410	31,330
Deferred gain on reinsurance	46,171	—	13,376	59,547
Amortization of deferred gain on reinsurance	(3,943)	(2,616)	(1,686)	(8,245)
Balance, December 31, 2025	\$ <u>42,228</u>	<u>19,304</u>	<u>21,100</u>	<u>82,632</u>

UREV and changes thereto by product for the years ended December 31, 2025 and 2024 was as follows:

	<u>Universal Life</u>	<u>Indexed</u> <u>Universal</u> <u>Life</u>	<u>Variable</u> <u>Annuities</u>	<u>Latin</u> <u>America</u>	<u>Total</u>
Unearned revenue:					
Balance, January 1, 2024	\$ (35,090)	—	(4,905)	(6,555)	(46,550)
Unearned revenue deferred	(13,904)	(15,675)	—	(2,045)	(31,624)
Amortization of unearned revenue	3,208	708	471	1,772	6,159
Effect of foreign currency translation and other	—	—	—	366	366
Balance, December 31, 2024	(45,786)	(14,967)	(4,434)	(6,462)	(71,649)
Unearned revenue deferred	(12,225)	(18,235)	—	(2,062)	(32,522)
Amortization of unearned revenue	3,664	1,982	439	1,188	7,273
Effect of foreign currency translation and other	—	—	—	(669)	(669)
Balance, December 31, 2025	\$ <u>(54,347)</u>	<u>(31,220)</u>	<u>(3,995)</u>	<u>(8,005)</u>	<u>(97,567)</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(10) Future Policy Benefits

The Company establishes liabilities for amounts payable under insurance policies. These liabilities are comprised of traditional life contracts, limited payment contracts (i.e., life contingent payout annuity contracts) and associated DPLs, additional insurance liabilities on universal type contracts, participating life and short-duration contracts.

The LDTI transition adjustments related to future policy benefits, as well as the associated ceded recoverables, as described in Note 3, were as follows at the Transition Date:

	Traditional Life	Disability Income	Limited Payment Contracts - U.S.	Limited Payment Contracts - LATAM	Total
Balance, future policy benefits, at December 31, 2023	\$ 584,244	297,772	1,062,957	745,265	2,690,238
Removal of other long-duration liabilities for separate presentation	(10,520)	—	—	—	(10,520)
Removal of related amounts in AOCI	—	—	—	(904)	(904)
Adjustment of future policy benefits to remeasure cohorts where net premiums exceed gross premiums under the modified retrospective approach	—	42	25,877	—	25,919
Effect of remeasurement of future policy benefits to an upper-medium grade discount rate	(14,665)	(28,193)	(65,980)	69,780	(39,058)
Removal of remeasured deferred profit liabilities for separate presentation	—	—	(24,860)	(2,078)	(26,938)
Balance at January 1, 2024	<u>\$ 559,059</u>	<u>269,621</u>	<u>997,994</u>	<u>812,063</u>	<u>2,638,737</u>

	<u>Universal Life</u>
Additional insurance liabilities at December 31, 2023	\$ 88,622
Adjustments for the cumulative effect of adoption on additional insurance liabilities	<u>(7,728)</u>
Additional insurance liabilities at January 1, 2024	<u>\$ 80,894</u>
Ceded recoverable on additional insurance liabilities at December 31, 2023	\$ 11,057
Adjustments for the cumulative effect of adoption on ceded recoverables on additional insurance liabilities	<u>6,292</u>
Ceded recoverables on additional insurance liabilities at January 1, 2024	<u>\$ 17,349</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The Company's future policy benefits on the Consolidated Balance Sheets were as follows at:

	December 31,	
	2025	2024
Traditional life and limited - payment contracts - U.S.:		
Traditional life	\$ 537,480	533,398
Disability income	261,481	256,615
Limited payment contracts	1,229,741	1,094,573
Traditional life and limited - payment contracts - LATAM:		
Traditional life - other	8,727	7,720
Limited payment contracts	3,266,421	2,828,471
Deferred profit liabilities:		
Limited payment contracts - U.S.	202,623	122,460
Limited payment contracts - LATAM	2,461	1,921
Additional insurance liabilities:		
Universal life secondary guarantees	93,878	88,534
Whole life	4,401,634	4,598,422
Short-duration	40,736	59,448
Other	3,377	3,171
Total future policy benefits	\$ 10,048,559	9,594,733

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Traditional Life and Limited Payment Contracts

The following information about the direct and assumed liability for future policy benefits includes disaggregated rollforwards of expected future net premiums and expected future benefits.

	Year Ended December 31, 2025			
	Traditional life	Disability income	Limited payment contracts - U.S.	Limited payment contracts - LATAM
Present value of expected net premiums				
Balance, beginning of year	\$ 951,131	132,152	—	—
Effect of changes in discount rate assumptions	64,965	15,704	—	—
Beginning balance at original discount rate	1,016,096	147,856	—	—
Effect of changes in cash flow assumptions	21,625	4	—	—
Effect of actual variances from expected experience	(56,001)	(9,185)	(1,729)	—
Adjusted beginning of year balance	981,720	138,675	(1,729)	—
Issuances	11,463	846	199,940	173,857
Interest accrual	44,266	5,115	1,032	7,674
Net premiums collected	(100,633)	(17,096)	(199,243)	(181,531)
Ending balance at original discount rate	936,816	127,540	—	—
Effect of changes in discount rate assumptions	(38,348)	(10,756)	—	—
Balance, end of year	<u>\$ 898,468</u>	<u>116,784</u>	<u>—</u>	<u>—</u>
Present value of expected future policy benefits				
Balance, beginning of year	\$ 1,476,795	388,764	1,094,573	2,828,471
Effect of changes in discount rate assumptions	113,874	57,128	82,075	9,896
Beginning balance at original discount rate	1,590,669	445,892	1,176,648	2,838,367
Effect of changes in cash flow assumptions	21,596	9	(2,141)	—
Effect of actual variances from expected experience	(55,901)	3,499	(511)	4,495
Adjusted beginning of year balance	1,556,364	449,400	1,173,996	2,842,862
Issuances	11,390	837	202,749	175,440
Interest accrual	71,472	17,989	51,441	206,972
Benefit payments	(142,335)	(44,456)	(153,191)	(269,641)
Ending balance at original discount rate	1,496,891	423,770	1,274,995	2,955,633
Effect of changes in discount rate assumptions	(69,100)	(45,577)	(45,254)	58,037
Changes in benefits due to exchange rate effect	—	—	—	252,751
Balance, end of year	<u>\$ 1,427,791</u>	<u>378,193</u>	<u>1,229,741</u>	<u>3,266,421</u>
Cumulative impact of flooring the future policyholder benefit reserve				
	\$ 8,157	72	—	—
Net liability for future policy benefits	537,480	261,481	1,229,740	3,266,421
Less: Reinsurance Recoverable	112,935	150,258	115,651	21,176
Net liability for future policy benefits, after reinsurance recoverable	<u>\$ 424,545</u>	<u>111,223</u>	<u>1,114,089</u>	<u>3,245,245</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

		Year Ended December 31, 2024			
		Traditional life	Disability income	Limited payment contracts - U.S.	Limited payment contracts - LATAM
Present value of expected net premiums					
Balance, beginning of year	\$	1,127,323	159,299	—	—
Effect of changes in discount rate assumptions		42,991	15,034	—	—
Beginning balance at original discount rate		1,170,314	174,333	—	—
Effect of changes in cash flow assumptions		(39,387)	6	—	—
Effect of actual variances from expected experience		(65,531)	(13,255)	(927)	—
Adjusted beginning of year balance		1,065,396	161,084	(927)	—
Issuances		13,765	1,158	205,781	30,607
Interest accrual		50,196	6,087	1,337	2,107
Net premiums collected		(113,261)	(20,473)	(206,191)	(32,714)
Ending balance at original discount rate		1,016,096	147,856	—	—
Effect of changes in discount rate assumptions		(64,965)	(15,704)	—	—
Balance, end of year	\$	<u>951,131</u>	<u>132,152</u>	<u>—</u>	<u>—</u>
Present value of expected future policy benefits					
Balance, beginning of year	\$	1,686,382	428,920	997,999	812,062
Effect of changes in discount rate assumptions		57,655	43,227	65,980	(69,780)
Beginning balance at original discount rate		1,744,037	472,147	1,063,979	742,282
Effect of changes in cash flow assumptions		(41,451)	8	—	(12,149)
Effect of actual variances from expected experience		(66,673)	(12,014)	(3,651)	15,006
Adjusted beginning of year balance		1,635,913	460,141	1,060,328	745,139
Acquisition of Zurich annuity portfolio (see Note 1)		—	—	—	2,182,210
Issuances		13,770	1,158	205,397	33,429
Interest accrual		78,055	19,145	45,951	74,247
Benefit payments		(137,069)	(34,552)	(135,028)	(84,193)
Ending balance at original discount rate		1,590,669	445,892	1,176,648	2,950,832
Effect of changes in discount rate assumptions		(113,874)	(57,128)	(82,075)	(9,896)
Changes in benefits due to exchange rate effect		—	—	—	(112,465)
Balance, end of year	\$	<u>1,476,795</u>	<u>388,764</u>	<u>1,094,573</u>	<u>2,828,471</u>
Cumulative impact of flooring the future policyholder benefit reserve					
Net liability for future policy benefits	\$	7,734	3	—	—
Less: Reinsurance Recoverable		533,398	256,615	1,094,573	2,828,471
		108,752	145,753	99,980	20,071
Net liability for future policy benefits, after reinsurance recoverable	\$	<u>424,646</u>	<u>110,862</u>	<u>994,593</u>	<u>2,808,400</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following information presents the weighted-average durations for the liability for future policy benefits and additional insurance liabilities, along with the undiscounted and discounted gross premiums, expected future benefits, and the weighted-average interest rates used for the liability for future policy benefits.

	Year Ended December 31, 2025			
	Traditional life	Disability income	Limited payment contracts - U.S.	Limited payment contracts - LATAM
Undiscounted:				
Expected future gross premiums	\$ 2,200,504	478,579	—	—
Expected future benefit payments	\$ 2,251,061	632,429	1,753,617	4,312,197
Discounted (at current discount rate at balance sheet date):				
Expected future gross premiums	\$ 1,486,436	329,273	—	—
Expected future benefit payments	\$ 1,427,792	378,288	1,229,740	3,266,422
Weighted-average duration of the liability (in years)	10.48	8.89	5.94	9.41
Weighted-average interest accretion (original locked-in) rate	4.92%	4.37%	4.38%	3.01%
Weighted-average current discount rate at balance sheet date	5.40%	5.09%	5.02%	2.77%
	Year Ended December 31, 2024			
	Traditional life	Disability income	Limited payment contracts - U.S.	Limited payment contracts - LATAM
Undiscounted:				
Expected future gross premiums	\$ 2,367,105	518,677	—	—
Expected future benefit payments	\$ 2,492,627	669,890	1,616,873	3,826,012
Discounted (at current discount rate at balance sheet date):				
Expected future gross premiums	\$ 1,545,844	346,837	—	—
Expected future benefit payments	\$ 1,476,795	388,759	1,094,573	2,828,470
Weighted-average duration of the liability (in years)	38.34	9.12	6.73	9.46
Weighted-average interest accretion (original locked-in) rate	4.95%	4.54%	4.19%	3.02%
Weighted-average current discount rate at balance sheet date	5.85%	5.32%	5.44%	3.00%

For additional information regarding observable market information and the techniques used to determine the interest rate assumptions seen above, see Note 3.

Traditional Life

For Traditional Life, the following factors influenced the future policy benefit reserve for the year ended December 31, 2025:

- The Company recognized an increase to the future policy benefit reserve as a result of updates to actuarial assumptions. This net impact was primarily due to updates to lapse assumptions.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

- The Company also recognized an increase to the liabilities for future policy benefits as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to premium varying from the expected experience, largely offset by benefits.
- The impact of loss cohorts (those with net premiums in excess of gross premiums) was recognized in net income in the amount of \$3,094.

For Traditional Life, the following factors influenced the future policy benefit reserve for the year ended December 31, 2024:

- The Company recognized a decrease to the future policy benefit reserve as a result of updates to actuarial assumptions. This net impact was primarily due to updates to mortality assumptions.
- The Company also recognized a decrease to the liabilities for future policy benefits as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to premium varying from the expected experience, largely offset by benefits.

Limited Payment Contracts

For Limited Payment Contracts, the following factors influenced the future policy benefit reserve for the year ended December 31, 2025:

- The Company recognized a decrease to the liabilities for future policy benefits as a result of updates to actuarial assumptions. This net impact was primarily due to updates to the mortality assumption.
- The Company also recognized an increase to the liabilities for future policy benefits as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to payout benefits varying from the expected experience, partially offset by premiums.

For Immediate Annuities, the following factors influenced the future policy benefit reserve for the year ended December 31, 2024:

- The Company recognized no impact to the future policy benefit reserve as no actuarial assumptions were updated during the period.
- The Company also recognized a decrease to the liabilities for future policy benefits as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to payout benefits varying from the expected experience, partially offset by premiums.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Disability Income

For Disability Income, the following factors influenced the future policy benefit reserve for the year ended December 31, 2025:

- The Company recognized no impact to the future policy benefit reserve as no actuarial assumptions were updated during the period.
- The Company also recognized an increase to the liabilities for future policy benefits as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to premium varying from the expected experience, partially offset by claims and benefits.
- The impact of loss cohorts (those with net premiums in excess of gross premiums) was recognized in net income in the amount of \$5,285.

For Disability Income, the following factors influenced the future policy benefit reserve for the year ended December 31, 2024:

- The Company recognized no impact to the future policy benefit reserve as no actuarial assumptions were updated during the period.
- The Company also recognized an increase to the liabilities for future policy benefits as a result of differences of actual experience compared to expected. This net impact was primarily due to the actual experience related to premium varying from the expected experience, partially offset by claims and benefits.
- The impact of loss cohorts (those with net premiums in excess of gross premiums) was recognized as a decrease to net income in the amount of \$2,642.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Additional Insurance Liabilities

The Company has established an additional insurance liability for three universal life plans with lifetime secondary guarantees, which the Company discontinued. The following table shows a rollforward of additional insurance liability balances for the above-mentioned universal life products, for the years ended December 31:

	Universal life secondary guarantees	
	2025	2024
Balance, beginning of year	\$ 88,534	80,893
Effect of changes in cash flow assumptions	—	3,857
Effect of actual variances from expected experience	130	(1,455)
Adjusted beginning of year balance	88,664	83,295
Assessments collected	6,636	6,161
Benefit payments	(4,435)	(3,855)
Interest accrued	2,961	2,769
Other	52	164
Balance, end of year	\$ <u>93,878</u>	<u>88,534</u>
Additional liability for death benefits	\$ 93,878	88,534
Less: Reinsurance recoverable	<u>20,973</u>	<u>18,563</u>
Additional liability for death benefits , after reinsurance recoverable	\$ <u>72,905</u>	<u>69,971</u>
Weighted-average duration of the liability (in years)	17.51	19.70
Weighted-average interest accretion rate	2.67%	2.82%

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Gross Premiums or Assessments and Interest Expense

The Company's gross premiums or assessments and interest expense recognized in the Consolidated Statements of Operations and comprehensive income (loss) for long-duration contracts, excluding participating life contracts, were as follows:

	Years Ended December 31,			
	2025		2024	
	Gross premiums or assessments (1)	Interest expense (2)	Gross premiums or assessments (1)	Interest expense (2)
Traditional life and limited -payment contracts:				
Traditional life	\$ 127,488	27,206	179,541	27,859
Disability income	46,235	12,874	50,863	13,059
Limited payment contracts - U.S.	294,988	12,941	305,244	11,662
Limited payment contracts - Latin America	181,531	94,329	32,714	33,785
Additional insurance liabilities:				
Universal life	2,228	760	8,840	2,763
Total	<u>\$ 652,470</u>	<u>148,110</u>	<u>577,202</u>	<u>89,128</u>

(1) Gross premiums are related to traditional and limited-payment contracts and are included in premiums. Assessments are related to additional insurance liabilities and are included in universal life policy fees and net investment income.

(2) Interest expense is included in benefits and claims

(11) Market Risk Benefits

The Company establishes liabilities for certain fixed index and variable annuity contracts which include a minimum benefit guarantee that provides to the contract holder a minimum return based on their initial deposit less withdrawals. In some cases, the benefit base may be increased by additional deposits, bonus amounts, accruals or optional market value resets.

The LDTI transition adjustments related to net MRB liabilities, as described in Note 3, were as follows at the Transition Date:

	Variable Annuities	Fixed Index Annuities
Direct and assumed net MRB liabilities at December 31, 2023	\$ —	—
Reclassification of carrying amounts of contracts and contract features that are market risk benefits	1,370,812	44,026
Adjustment for the difference between carrying amount and fair value, except for the difference due to instrument-specific credit risk	1,113,184	2,444
Adjustment for the cumulative effect of changes in the instrument-specific credit risk since issuance	<u>(202,251)</u>	<u>(16,956)</u>
Direct and assumed net MRB liabilities at January 1, 2024	<u>\$ 2,281,745</u>	<u>29,514</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The Company's MRB assets and MRB liabilities on the Consolidated Balance Sheets were as follows at December 31:

	2025			2024		
	Asset	Liability	Net	Asset	Liability	Net
Variable Annuities	\$ 199,792	2,183,416	1,983,624	206,622	2,265,976	2,059,354
Fixed Index Annuities	3,953	54,295	50,342	4,355	48,322	43,967
Total	\$ 203,745	2,237,711	2,033,966	210,977	2,314,298	2,103,321

The following table shows a rollforward of market risk benefit balances for variable annuity and fixed indexed annuity products as of the following dates:

	Year Ended December 31, 2025	
	Variable Annuities	Fixed Indexed Annuities
Balance, January 1, 2025	\$ 2,059,354	43,967
Effect of cumulative changes in the instrument-specific credit risk	(78,490)	7,739
Balance, beginning of year before the effect of cumulative changes in the instrument-specific credit risk	1,980,864	51,706
Issuances	—	(146)
Interest accrual	141,097	2,763
Attributed fees collected	437,561	6,306
Benefit payments	(100,577)	—
Effect of changes in future policyholder behavior and other assumptions	55,142	(130)
Effect of changes in interest rates ¹	(44,681)	(51)
Effect of changes in equity markets	(429,211)	(869)
Actual policyholder behavior different from expected behavior	(37,012)	927
Balance, end of period, before effect of changes in instrument-specific credit risk	2,003,183	60,506
Effect of cumulative changes in the instrument-specific credit risk	(19,559)	(10,164)
Balance, end of period	\$ 1,983,624	50,342
Less: Reinsurance recoverable, end of year	1,407,081	50,342
Balance, December 31, 2025, net of reinsurance	\$ 576,543	—
Net amount at risk	2,167,632	25,430
Weighted-average attained age of contract holders	73	76

¹ Activity includes impact of interest rate changes and other adjustments from the stochastic reserve calculation

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Year Ended December 31, 2024	
	Variable Annuities	Fixed Indexed Annuities
Balance, January 1, 2024	\$ 2,281,746	29,514
Effect of cumulative changes in the instrument-specific credit risk	202,251	16,956
Balance, beginning of year before the effect of cumulative changes in the instrument-specific credit risk	2,483,997	46,470
Issuances	—	72
Interest accrual	165,780	2,797
Attributed fees collected	482,863	6,225
Benefit payments	(104,448)	—
Effect of changes in future policyholder behavior and other assumptions	(87,718)	8,410
Effect of changes in interest rates ¹	(897,804)	(14,823)
Effect of changes in equity markets	(155,693)	(391)
Actual policyholder behavior different from expected behavior	93,887	2,946
Balance, end of period, before effect of changes in instrument-specific credit risk	1,980,864	51,706
Effect of cumulative changes in the instrument-specific credit risk	78,490	(7,739)
Balance, end of period	\$ 2,059,354	43,967
Less: Reinsurance recoverable, end of year	1,557,796	43,967
Balance, December 31, 2024, net of reinsurance	\$ 501,558	—
Net amount at risk	2,544,185	15,426
Weighted-average attained age of contract holders	72	75

¹ Activity includes impact of interest rate changes and other adjustments from the stochastic reserve calculation

Variable Annuities

During 2025, the following changes were made to the inputs to the fair value estimates of the MRB:

- Mortality rates were reviewed but not changed, resulting in no change in the MRB reserve.
- Lapse rates decreased to capture recent trends in actual lapse experience, which resulted in an increase in the MRB reserve.
- The cumulative effect of the non-performance risk adjustment increased as a result of increasing credit spreads, which resulted in a decrease in the MRB reserve that was recorded within OCI.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

- Decreases in interest rates led to lower discount rates, which resulted in an increase in the MRB reserve.
- Increases in equity markets led to higher separate account fund performance and a decrease in future projected benefits, which resulted in a decrease in the MRB reserve.

Fixed Indexed Annuities

During 2025, the following notable changes were made to the inputs to the fair value estimates of the MRB calculations:

- Mortality rates were reviewed but not changed, resulting in no change in the MRB reserve.
- Lapse rates were decreased to capture recent trends in actual lapse experience, which resulted in an decrease in the MRB reserve.
- The cumulative effect of the non-performance risk adjustment increased as a result of increasing credit spreads, which resulted in a decrease in the MRB reserve that was recorded within OCI.
- Decreases in interest rates led to lower discount rates, which resulted in an increase in the MRB reserve.
- Increases in equity markets led to a decrease in future projected benefits, which resulted in a decrease in the MRB reserve.

Variable Annuities

During 2024, the following notable changes were made to the inputs to the fair value estimates of the MRB calculations:

- Mortality rates were increased as a result of trends in actual mortality experience, which resulted in a decrease in the MRB reserve.
- Lapse rates were updated to capture recent trends in actual lapse experience, which resulted in a decrease in the MRB reserve.
- The cumulative effect of the non-performance risk adjustment decreased as a result of decreasing credit spreads, which resulted in an increase in the MRB reserve that was recorded within OCI.
- Decreases in interest rates at short tenors and increases at long tenors led to lower overall cash flow discount rates and higher projected benefit discount rates, respectively, which resulted in a decrease in the MRB reserve.
- Increases in equity markets led to higher separate account fund performance and a decrease in future projected benefits, which resulted in a decrease in the MRB reserve.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Fixed Indexed Annuities

During 2024, the following notable changes were made to the inputs to the fair value estimates of the MRB calculations:

- Mortality rates were decreased as a result of trends in actual mortality experience, which resulted in an increase in the MRB reserve.
- Lapse rates were reviewed but not changed, resulting in no change in the MRB reserve.
- The cumulative effect of the non-performance risk adjustment increased as a result of increasing credit spreads, which resulted in a decrease in the MRB reserve that was recorded within OCI.
- Decreases in interest rates at short tenors and increases at long tenors led to lower overall cash flow discount rates and higher projected benefit discount rates, respectively, which resulted in a decrease in the MRB reserve.
- Increases in equity markets led to a decrease in future projected benefits, which resulted in a decrease in the MRB reserve.

(12) Policyholder Account Balances

There were no LDTI transition adjustments related to policyholder account balances other than an adjustment to the host balance of certain FIA contracts with a GLWB now measured as an MRB (as shown in the Transition disclosure table at Note 3).

The Company's Policyholder Account Balances on the Consolidated Balance Sheets were as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Life benefits:		
Universal Life	\$ 3,679,941	3,749,255
Universal Life - LATAM	58,623	51,867
Indexed Life	209,678	175,558
Retirement services:		
Fixed Indexed Annuities	4,554,567	3,970,705
Variable Annuities	207,520	253,483
Immediate Annuities	80,852	92,312
Multi-Year Guarantee Annuity	2,481,889	470,710
Other Annuities	540,746	646,779
Funding agreements	2,320,096	1,100,000
Other	5,550	4,473
Total	<u>\$ 14,139,462</u>	<u>10,515,142</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following tables provide the balances of and changes in the Company's liability for its policyholder account balances for the years ended December 31, 2025 and 2024:

	December 31, 2025							
	Life benefits			Retirement services				
	Universal Life			Fixed Indexed Annuities	Variable Annuities	Immediate Annuities	Multi-Year Guaranteed Annuity	Other Annuities
Universal Life	- LATAM	Indexed Life						
Balance, beginning of year	\$ 3,749,255	51,867	175,558	3,970,705	253,483	92,312	470,710	646,779
Issuances and Premiums received (1)	147,775	18,060	54,140	629,953	3,566	6,145	1,968,277	(480)
Policy charges	(145,545)	(4,903)	(25,380)	(6,760)	(935)	—	—	(9)
Surrenders and withdrawals (2)	(160,411)	(13,203)	(10,027)	(309,214)	345,854	(26,174)	(11,473)	(85,560)
Death payments (3)	(53,024)	(3,431)	(53)	(42,117)	(193,522)	—	(5,954)	(25,822)
Net transfers from (to) separate account	1,289	—	—	—	1,829	—	—	1,085
Interest credited	139,156	5,625	11,983	238,122	4,812	2,319	60,329	17,494
Other (4)	1,446	4,608	3,457	73,878	(207,567)	6,250	—	(12,741)
Balance, end of year	\$ 3,679,941	58,623	209,678	4,554,567	207,520	80,852	2,481,889	540,746
Less: Reinsurance recoverable	\$ 1,615,448	—	1,178	4,554,567	53,812	599	—	—
Policyholder Account Balance	\$ 2,064,493	58,623	208,500	—	153,708	80,253	2,481,889	540,746
Weighted-average crediting rate	3.75%	2.67%	4.60%	6.08%	2.70%	0.00%	5.14%	2.90%
Net amount at risk	9,826,425	10,222	3,103,423	24,430	59,723	—	—	—
Cash surrender value	7,000,667	1,328	120,608	3,758,586	205,827	—	2,295,201	530,732

(1) Includes first year and renewal premiums

(2) Reserves released on lapses and surrenders

(3) Reserves released on death

(4) Includes changes in fair value of embedded derivative instruments associated with the indexed option of certain products and annuitization of the guarantees into payout annuities

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	December 31, 2024							
	Life benefits			Retirement services				
	Universal Life		Indexed Life	Fixed Indexed Annuities	Variable Annuities	Immediate Annuities	Multi-Year	
Universal Life	- LATAM	Guaranteed Annuity					Annuity	
Balance, beginning of year	\$ 3,919,703	49,900	144,830	1,681,714	324,662	101,718	110,518	785,826
Issuances and Premiums received (1)	123,111	16,763	44,173	2,089,965	2,694	11,853	348,374	2,321
Policy charges	(145,882)	(4,651)	(19,905)	(6,665)	(1,102)	—	—	(10)
Surrenders and withdrawals (2)	(250,355)	(10,659)	(6,387)	(230,408)	299,194	(28,981)	(2,975)	(128,942)
Death payments (3)	(50,986)	(18)	(368)	(26,813)	(184,576)	—	(2,000)	(27,845)
Net transfers from (to) separate account	3,955	—	—	—	3,479	—	—	4,277
Interest credited	144,344	5,940	10,775	357,679	7,607	1,354	16,793	16,305
Other (4)	5,365	(5,408)	2,440	105,233	(198,475)	6,368	—	(5,153)
Balance, end of year	\$ 3,749,255	51,867	175,558	3,970,705	253,483	92,312	470,710	646,779
Less: Reinsurance recoverable	\$ 1,672,776	—	815	3,321,330	65,394	—	—	—
Policyholder Account Balance	\$ 2,076,479	51,867	174,743	649,375	188,089	92,312	470,710	646,779
Weighted-average crediting rate	3.75%	2.87%	4.37%	2.94%	2.67%	0.00%	5.38%	2.99%
Net amount at risk	10,512,731	10,754	2,620,697	15,426	68,031	—	—	—
Cash surrender value	7,150,192	1,329	102,973	3,293,003	251,568	—	460,665	633,425

(1) Includes first year and renewal premiums

(2) Reserves released on lapses and surrenders

(3) Reserves released on death

(4) Includes changes in fair value of embedded derivative instruments associated with the indexed option of certain products and annuitization of the guarantees into payout annuities

The net amount at risk is defined as the current death benefit in excess of the current account balance at the consolidated balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts at the consolidated balance sheet date.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The balance of account values by range of guaranteed minimum crediting rates (“GMCR”) and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums are as follows:

December 31, 2025					
Range of GMCR (1)	At guaranteed minimum	1 to 50 basis points above	51 to 150 basis points above	Greater than 150 basis points above	Total Account Value
Life Benefits					
Less than 2%	\$ —	—	—	—	—
2% to less than 4%	413,321	230,312	998,478	294,507	1,936,618
4% to less than 6%	1,879,757	44,838	—	—	1,924,595
6% and greater	15,818	—	—	—	15,818
Total	<u>\$ 2,308,896</u>	<u>275,150</u>	<u>998,478</u>	<u>294,507</u>	<u>3,877,031</u>
Retirement Services					
Less than 2%	\$ 73,145	572	1,701	—	75,418
2% to less than 4%	175,173	346	3,888	—	179,407
4% to less than 6%	—	—	—	—	—
6% and greater	—	—	—	—	—
Total	<u>\$ 248,318</u>	<u>918</u>	<u>5,589</u>	<u>—</u>	<u>254,825</u>
December 31, 2024					
Range of GMCR (1)	At guaranteed minimum	1 to 50 basis points above	51 to 150 basis points above	Greater than 150 basis points above	Total Account Value
Life Benefits					
Less than 2%	\$ —	—	—	—	—
2% to less than 4%	407,085	215,348	990,171	310,432	1,923,036
4% to less than 6%	1,960,434	15,813	—	—	1,976,247
6% and greater	15,268	—	—	—	15,268
Total	<u>\$ 2,382,787</u>	<u>231,161</u>	<u>990,171</u>	<u>310,432</u>	<u>3,914,551</u>
Retirement Services					
Less than 2%	\$ 39,910	4,770	35,519	13,669	93,868
2% to less than 4%	779,917	830	17,007	491,194	1,288,948
4% to less than 6%	55,879	—	—	—	55,879
6% and greater	—	—	—	—	—
Total	<u>\$ 875,706</u>	<u>5,600</u>	<u>52,526</u>	<u>504,863</u>	<u>1,438,695</u>

(1) Excludes contracts without minimum guaranteed crediting rates, such as funds with indexed-linked crediting options

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(13) Separate Accounts

The balances of separate account assets as of and for the years ended are as follows as of December 31:

Asset Type	2025	2024
Mutual Funds:		
Equity	\$ 9,035,980	9,571,000
Bond	3,334,588	3,614,935
Money Market	678,810	518,962
Total	\$ 13,049,378	13,704,897

Separate Account Liabilities

The balance of and change in separate account liabilities were as follows:

	Individual variable annuities	Group annuities	Variable universal life	Total
Balance, January 1, 2024	\$ 13,831,942	373,186	271,356	14,476,484
Premiums and deposits	35,144	25,385	6,784	67,313
Policy charges	(373,780)	(6,800)	(10,515)	(391,095)
Surrenders and withdrawals	(1,342,083)	(119,677)	(20,191)	(1,481,951)
Benefit payments	(828,336)	(400)	(1,436)	(830,172)
Investment performance	1,771,908	52,794	51,327	1,876,029
Net transfers from (to) general account	(3,479)	(4,277)	(3,955)	(11,711)
Balance, December 31, 2024	\$ 13,091,316	320,211	293,370	13,704,897
Premiums and deposits	28,833	21,040	6,357	56,230
Policy charges	(342,255)	(6,091)	(10,191)	(358,537)
Surrenders and withdrawals	(1,200,323)	(93,628)	(17,877)	(1,311,828)
Benefit payments	(836,748)	(19)	(2,633)	(839,400)
Investment performance	1,713,279	42,681	46,259	1,802,219
Net transfers from (to) general account	(1,829)	(1,085)	(1,289)	(4,203)
Balance, December 31, 2025	\$ 12,452,273	283,109	313,996	13,049,378
Cash surrender value at December 31, 2024	\$ 13,014,201	320,192	291,291	
Cash surrender value at December 31, 2025	\$ 12,383,102	283,064	312,281	

Cash surrender value represents the amount of the contractholders' account balances distributable at the consolidated balance sheet date less policy loans and certain surrender charges.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(14) Reinsurance

The Company participates in reinsurance activities in order to limit losses, minimize exposure to significant risks and provide additional capacity for future growth. The Company routinely enters into reinsurance transactions with other insurance companies, third parties and subsidiaries. This reinsurance involves either ceding certain risks to, or assuming risks from, other insurance companies. The Company's consolidated financial statements reflect the effects of assumed and ceded reinsurance transactions.

Reinsurance agreements that do not transfer significant insurance risk are recorded using deposit accounting. The Company enters into such agreements with affiliated and unaffiliated reinsurers.

External Reinsurance

For the Company's life insurance products, the Company reinsures a percentage of the mortality or morbidity risk on a quota share basis or on an excess of retention basis. The Company also reinsures risk associated with their disability and health insurance policies. Ceded premiums approximated 18% and 17% of gross earned life and accident and health premiums during 2025 and 2024, respectively.

For the Company's individual variable annuity products, the Company reinsures various living and death benefit riders, including GMDB and GMIB.

For the Company's fixed annuity products, the Company had coinsurance agreements in place to reinsure fixed annuity products sold between 2001 and 2006. Ceded amounts under these coinsurance agreements ranged from one-third to two-thirds of the business produced. Effective September 30, 2023, the Company recaptured this ceded block of Single Premium Deferred Annuity ("SPDA") business from the external reinsurer as part of a mandatory termination. The recaptured contract included a block of BOLI business. The reinsurer held assets in trust to back the reserves associated with the SPDA block of business. At the time of recapture, the Company's SPDA reserves increased \$51,050 and the Company recorded a receivable from the trust for the same amount. No assets were held in trust related to the BOLI block of business. At the time of recapture, the Company's BOLI reserves increased \$236.

Effective December 31, 2018, the Company entered into an agreement to cede its quota share of the net liability on certain term life policies issued between June 4, 2007 through December 31, 2017, and in-force as of the effective date. This treaty is accounted for using deposit accounting. The risk charge liabilities and expenses related to this agreement settle quarterly, beginning March 31, 2019. The risk charge expense related to this agreement was \$295 and \$318 as of December 31, 2025 and 2024, respectively. The treaty was recaptured on December 31, 2025.

Effective July 1, 2019, the Company entered into a reinsurance agreement to coinsure 100% of its retained in-force BOLI and SPDA blocks of business with a third-party reinsurer licensed as an authorized reinsurer in the State of Ohio. The BOLI block of business met the requirements for reinsurance accounting; however, because the SPDA block qualifies as investment contracts, the SPDA portion of the agreement did not meet the criteria for reinsurance accounting and was accounted for under deposit accounting. Effective October 1, 2021, the contract was amended to include SPDA contracts reinsured under an older reinsurance agreement. The amended SPDA portion of the agreement is accounted for under deposit accounting. The

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

total asset is carried at a net amortized value of \$436,505 and \$514,449 on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively.

Effective December 31, 2021, the Company entered into a coinsurance funds withheld/yearly renewable term reinsurance agreement with a third-party reinsurer certified in the State of Ohio in which the Company ceded term insurance policies. The treaty contained a provision for statutory surplus relief of \$4,500 as the initial ceding commission to offset the first year policy expenses. The initial ceding commission will be repaid, with interest, over a three year period. As of December 31, 2025 and 2024, there was no outstanding liability related to this treaty. The risks transferred by the Company to the reinsurer under the agreement are not considered significant insurance risks and therefore do not qualify for reinsurance accounting. The Company has applied deposit accounting to this agreement. Accordingly, the Company reflected the liability in Other liabilities on the Consolidated Balance Sheets. The risk charge liabilities and expenses related to this agreement settle quarterly, beginning March 31, 2022.

Effective March 31, 2022, the Company entered into a funds withheld reinsurance agreement to coinsure 100% of all open block Whole Life, including all Whole Life riders, net of existing external reinsurance issued from approximately August 1998 through December 2021 with a third-party reinsurer licensed as an authorized reinsurer in the State of Ohio. The Company has applied deposit accounting to this agreement as the transfer of insurance risk was not deemed significant at treaty inception. Accordingly, the risk charge liabilities and expenses related to this agreement settle quarterly, beginning June 30, 2022. The risk charge expense related to this agreement was \$6,738 and \$6,801 as of December 31, 2025 and 2024, respectively. This treaty has an embedded derivative related to the credit risk of the funds withheld assets and an experience refund provision that provides the Company excess profits of the treaty. The fair value of the embedded derivative reflected in Reinsurance funds withheld – derivatives on the Consolidated Balance Sheets was \$318,302 and \$353,116 as of December 31, 2025 and 2024, respectively.

The Company maintains a portfolio of assets to back this funds withheld agreement. The portfolio contained the following amounts by asset type as of December 31:

Asset Type	2025	2024
Securities available-for-sale, at fair value:		
Fixed maturity securities	\$ 1,990,916	2,161,943
Equity securities, at fair value	185	222
Cash equivalents	23,096	10,387
Mortgage loans on real estate	34,511	40,712
Other assets	118,692	83,997
Accrued interest	17,914	19,793
Total	<u>\$ 2,185,314</u>	<u>2,317,054</u>

Effective April 1, 2023, ALIC entered into a reinsurance transaction with an external insurer in which the Company assumed a block of variable annuity business with a GLWB rider, with separate account liabilities reinsured on a Modco basis and general account liabilities reinsured on a coinsurance basis. At inception of

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

the agreement, the Company recognized a \$550,035 cost of reinsurance asset, as updated for LDTI. The total asset, updated for LDTI, is carried at a net amortized value of \$399,132 and \$453,202 on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively. The separate account assets and liabilities are retained by the ceding company and not reported on the Company's Consolidated Balance Sheets.

In December 2024, in conjunction with the ZRV acquisition discussed in Note 1, ASDV entered into a reinsurance transaction with an unaffiliated insurance company for the acquired annuity portfolio, across two distinct portfolios. The first portfolio, designated as Portfolio One, encompasses sales executed between 1989 and early 1990. The second portfolio, referred to as Portfolio Two, relates to early-age old age policies initiated in 1994.

Affiliate Reinsurance

As it relates to reinsurance among affiliates, the Company enters into various affiliated reinsurance transactions to mitigate the volatility of statutory surplus, provide capital efficiency, and support long-term liability management. The Company cedes activity to SYRE and effective July 1, 2024, CIHI, CII, and SYRE entered into an internal entity reorganization to move SYRE within the entity organization structure from CII to CIHI, see Note 1. As a result, reinsurance transactions with SYRE are no longer eliminated as SYRE is no longer a subsidiary of the Company. Prior to the reorganization, transactions were eliminated in consolidation.

Effective April 1, 2023, ALIC entered into a transaction to retrocede a block of variable annuity business with a GLWB rider assumed from an external reinsurer to SYRE on a Modco basis. At inception of the agreement (and updated for LDTI), ALIC recognized initial ceded premiums of \$665,905, initial ceded liabilities of \$517,508 less a commission of \$175,000 and a pre-tax deferred gain of \$26,603. Premiums ceded included \$523,431 related to the ceded Modco reserve and commissioners annuity reserve valuation method ("CARVM") allowance associated with the block under U.S. statutory accounting principles. The deferred gain is amortized in accordance with ASC 944. Effective July 1, 2024, the Company is now reporting the deferred gain that had previously been eliminated in consolidation. The value of the deferred gain as of 2025 and 2024 was \$19,304 and \$21,920, respectively.

The initial premium associated with the ceded statutory reserve and CARVM allowance was not paid in cash but recorded as a reinsurance liability. The value of the statutory Modco reserve was recorded as a FWH payable and is adjusted based on the change in the statutory Modco reserve, which is settled in cash. The FWH payable is included in Reinsurance funds withheld due to affiliate, net on the Consolidated Balance Sheets. The remainder was recorded within Other liabilities on the Consolidated Balance Sheets and is reduced as the CARVM decreases. The reduction of the reinsurance liability and any remaining balance associated with CARVM is recorded as income in Other income on the Consolidated Statements of Operations.

An asset associated with the ceded GAAP Modco liability is recorded in Reinsurance funds withheld – modified coinsurance on the Consolidated Balance Sheets with the change in that asset being recorded in Market risk benefits losses/(gains) on the Consolidated Statements of Operations. The asset reflects the insurance liability ceded as accounted for in accordance with ASC 944. The value of the asset as of

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

December 31, 2025 and 2024 was \$692,856 and \$619,219, respectively. Prior to the entity reorganization of SYRE, see Note 1, all this activity eliminated within the Consolidated Financial Statements.

ALIC cedes variable annuity-related risks, living and death benefits to SYRE for the GMIB, GMDB, and GLWB riders. Effective April 1, 2019, ALIC recaptured its direct business previously ceded to SYRE. ALIC now cedes these variable annuity-related risks and certain additional guarantee risks, which were previously retained, to SUNR, which retrocedes GMIB and associated risks and riders to SYRE. Effective July 1, 2021, the base contracts associated with the rider benefits were ceded to SUNR with the GMIB base contracts being ceded from SUNR to SYRE. Effective October 1, 2021, the portion of the GLWB benefit riders previously ceded to an external reinsurer were recaptured by ALIC and then ceded to SUNR. Effective January 1, 2024, an amendment was executed to add the GLWB riders, including the death benefit, and associated base contracts to the business ceded from SUNR to SYRE. The treaty reinsures annuity contracts and associated riders on a coinsurance basis for 100% of the general account liabilities and on a Modco basis for 100% of the separate account liabilities. Effective July 1 2024, the Company is now reporting cost of reinsurance asset that had previously been eliminated in consolidation. The value of the cost of reinsurance asset as of December 31, 2025 and 2024 was \$275,080 and \$244,975, respectively, as updated for LDTI. Asset is reported within Reinsurance recoverable on the Consolidated Balance Sheets.

Additionally, to consolidate the management of such living benefit risks, ALIC assumes GMIB and associated riders issued by NSLAC, which are correspondingly retroceded to SYRE as discussed above.

Effective January 2018, ALIC ceded 100% of the fixed indexed annuities exchange program business and associated GLWB riders to SYRE. Effective March 31, 2022, ALIC and SYRE executed an amendment to the fixed indexed annuity reinsurance agreement to cede all retained, and any future, fixed indexed annuity policies (for the fixed indexed annuity products being offered at the time of the agreement) and associated GLWB riders to SYRE. Effective January 1, 2024, the treaty was amended to add in-force fixed indexed annuity base policies with the premium bonus rider, other fixed indexed annuity policies not already reinsured in SYRE, as well as new issues. The policies are reinsured on 100% coinsurance funds withheld basis. In addition, the settlement schedule was updated to settle to the Cash Surrender Value instead of the Net GAAP Reserve (gross reserves, net of DAC balances) for all policies reinsured, including those in the 2018 treaty and 2022 amendment. Effective July 1 2024, the Company is reporting cost of reinsurance asset that had previously been eliminated in consolidation. The related DAC and SIC assets of the policies being ceded have also been ceded to SYRE. The value of the cost of reinsurance assets as of December 31, 2025 and 2024 was \$0 and \$15,467, respectively, as updated for LDTI.

The fixed indexed annuity treaty discussed above encompassed all fixed indexed annuity contracts issued by ALIC. The initial treaty and subsequent amendments had been evaluated for risk transfer and determined that fixed indexed annuity policies with GLWB riders and premium bonus riders qualify for risk transfer, however policies without riders do not qualify for risk transfer. Policies that meet risk transfer requirements are being accounted for using reinsurance accounting and policies that do not meet the risk transfer requirements are being accounted for using investment contract accounting. For the March 31, 2022 amendment, initial consideration was exchanged equal to ALIC's statutory reserves. As the funds withheld settlement statement settled to the net GAAP reserve per the treaty, a portion of the net settlement at June 30, 2022 was driven by this accounting basis difference. Effectively, this portion of the settlement is a

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

negative expense allowance and was deferred. The allowance is being amortized into income over time (on an amortization basis consistent with DAC). Effective January 1, 2025, this treaty was recaptured and ALIC recorded a gain on the recapture of \$23,834. The negative expense allowance was reduced to zero as part of the recapture.

Effective January 1, 2025 and subsequent to the recapture discussed above, ALIC entered into a 100% coinsurance reinsurance agreement with SUNR to reinsure all fixed indexed annuity blocks of business and associated riders written by ALIC. SUNR simultaneously ceded the business and associated riders to SYRE on a 100% coinsurance basis with a funds withheld provision for derivative hedging activity. The treaty was evaluated for risk transfer and based on the analysis is accounted for under reinsurance accounting. The transaction resulted in SUNR recognizing a deferred gain liability of \$46,171 at inception of the treaty. The value of the deferred gain liability on reinsurance as of December 31, 2025 is \$42,228. At inception of the treaty, a liability of \$3,292,867 (net of derivative funds withheld) was recorded as a reinsurance payable to SYRE. Total assets transferred to SYRE through December 31, 2025 was \$640,268. Total outstanding payable to SYRE, inclusive of 2025 settlement activity, under the agreement as of December 31, 2025 recorded in Reinsurance payable on the Consolidated Balance Sheets was \$3,000,187.

Effective January 1, 2025, ALIC entered into a 100% coinsurance reinsurance agreement with SUNR to reinsure all multi-year guaranteed annuity business written by ALIC. The agreement contains a funds withheld provision for derivative hedging instruments related to the ceded contracts. SUNR simultaneously ceded the business to SYRE on a 100% coinsurance basis with a funds withheld provision for derivative hedging activity. The treaty was evaluated for risk transfer and based on the analysis is accounted for under deposit accounting. The transaction did not result in the recognition of a deferred gain or loss. At inception of the treaty, a liability of \$430,665 was recorded as a reinsurance payable to SYRE. Total assets transferred to SYRE through December 31, 2025 in satisfaction of the initial payable and 2025 activity was \$1,559,894. Total outstanding payable to SYRE under the agreement as of December 31, 2025 recorded in Reinsurance payable on the Consolidated Balance Sheets was \$735,074. As the treaty is accounted for under deposit accounting, the total deposit asset as of December 31, 2025 is carried at a net amortized value of \$2,293,327 as reported in Reinsurance deposit asset on the Consolidated Balance Sheets.

The Company writes a significant amount of term and universal life insurance that requires statutory reserves in excess of the Company's best estimate economic reserves (i.e. redundant reserves). To efficiently manage the statutory surplus impact and improve capacity to write new business, the Company established two affiliated Vermont captive insurers, MONT and KENW, and an Ohio captive, CMGO. The Company cedes certain term life policies and certain death benefit guarantee universal life policies to MONT. The Company also cedes certain term life policies to KENW and CMGO. Prior to the ALIC and ALAC merger as discussed in Note 1, ALAC was the writer of the business and would cede the business to MONT, KENW and CMGO and then the captives entities retroceded term life policies on a yearly renewable term basis to ALIC. ALIC then ceded to external reinsurers. Associated with the merger, MONT, KENW and CMGO have recaptured amounts ceded to ALIC and no longer cede any business. The merged ALIC entity now cedes to MONT, KENW and CMGO net of inuring ceded external reinsurance.

ASDV entered into a proportional quota share agreement with ASDP whereby ASDV assumes 68% of the premiums and claims related to ASDP's participation in the Peruvian survival, disability and burial group

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

insurance program. This agreement applies to premiums and claims incurred between January 1, 2021 and December 31, 2022.

In April 2022, ASDV entered into an intercompany reinsurance contract with ASDP whereby ASDV assumes 100% of the unreported claims related to ASDP's SIS I through IV participation in the Peruvian survival, disability and burial group insurance program. This agreement applies to unreported claims incurred starting on March 1, 2022 and onward.

In January 2023, ASDV entered into a proportional quota share reinsurance agreement with ASDP whereby ONSV assumes 40% of the premiums and claims related to ASDP's participation in the Peruvian survival disability and burial yearly renewable group life and health insurance program. This agreement applies to premiums and claims incurred between January 1, 2023 and December 31, 2023.

In December 2023, ASDV entered into a proportional quota share reinsurance agreement with ASDP whereby ASDV assumes 40% of the premiums and claims related to ASDP's participation in the Peruvian survival disability and burial yearly renewable group life and health insurance program. This agreement applies to premiums and claims incurred between January 1, 2024 and December 31, 2024.

All of the affiliated reinsurance transactions, excluding reinsurance ceded to SYRE effective July 1, 2024, eliminate in consolidation at the CII level.

The reconciliations of Traditional life insurance, Annuity, Universal life, Group life and health insurance, and Accident and health insurance premiums and charges to net premiums and charges and total benefits and claims to net benefits and claims for the years ended December 31, were as follows:

	Premiums and charges		Benefits and claims¹	
	2025	2024	2025	2024
Direct premiums and charges	\$ 1,109,640	1,326,618	1,809,696	2,189,535
Reinsurance assumed - external	3,776	2,605	171,257	(6,877)
Reinsurance ceded - external	(160,809)	(173,633)	(237,786)	(996,064)
Reinsurance ceded - affiliate ²	(144,093)	(75,642)	(584,015)	(260,183)
Net premiums and charges	<u>\$ 808,514</u>	<u>1,079,948</u>	<u>1,159,152</u>	<u>926,411</u>

¹ Amount includes Benefits and claims, Future policy benefit liability remeasurement losses and Market risk benefit remeasurement losses (gains) from the Consolidated Statements of Operations.

² Represents activity with SYRE post entity reorganization.

As part of the affiliate reinsurance agreements, an affiliate of the Company may be required to hold assets in trust or secure a letter of credit for the benefit of another affiliate. As of December 31, 2025, assets held in trust and letters of credit between affiliates were \$3,777,552 and \$750,000, respectively. As of December 31, 2024, assets held in trust and letters of credit between affiliates were \$1,427,100 and \$950,000, respectively. See Note 16 for further information on the letters of credit.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Variable Annuity Rider Reinsurance Agreements with SYRE

Amounts in the accompanying financial statements related to ceded variable annuity business to SYRE, including Modco activity, were as follows for the year ended December 31:

	2025	2024
Consolidated Balance Sheets:		
Reinsurance recoverable:		
Cost of reinsurance	\$ 244,984	275,087
Policy and contract claims	5,669	18,284
Future policy benefits	115,651	99,980
Market risk benefit liabilities, at estimated fair value	799,880	849,371
Policyholder account balances	55,010	65,394
Other policy-related balances	5,852	5,229
Reinsurance funds withheld - derivatives	774	—
Reinsurance funds withheld - modified coinsurance	692,856	619,291
Deferred gains on reinsurance transactions	40,404	31,330
Payable to affiliate for derivative funds withheld program	78,166	—
Reinsurance funds withheld due to affiliate, net	349,691	323,755
Reinsurance payable	30,146	130,030
Consolidated Statements of Operations¹:		
Annuity premiums and charges	\$ (283,530)	(229,728)
Derivative (losses) gains	122,195	159,139
Other income	(105,441)	(114,477)
Benefits and claims:		
Change in reserves	(1,198)	407
Benefits incurred	(79,391)	5,812,959
Change in cost of reinsurance	27,489	14,916
Interest credited	(687)	(639)
Modco premium	(1,266,279)	(977,758)
Modco reserve adjustments	1,303,646	(4,852,894)
Modco transfers	5,684	7,428
Future policy benefit liability remeasurement losses	219	(36)
Market risk benefit remeasurement losses (gains)	(14,060)	(119,998)
Commissions, net	(92,059)	(49,634)

¹Consolidated Statements of Operations activity includes the full year of activity with SYRE for 2024 (not adjusted for consolidation eliminations)

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Fixed Indexed Annuity Reinsurance Agreements with SYRE

Amounts in the accompanying financial statements related to ceded fixed indexed annuity business to SYRE were as follows for the years ended December 31:

	2025	2024
Consolidated Balance Sheets:		
Deferred acquisition cost, deferred sales inducements and value of business acquired:		
Deferred acquisition costs	\$ —	(267,718)
Deferred sales inducements	(350,457)	(310,362)
Reinsurance recoverable:		
Market risk benefit liabilities, at estimated fair value	50,342	43,967
Policyholder account balances	4,554,567	3,321,330
Other policy-related balances	96	—
Deferred gains on reinsurance transactions	42,228	—
Reinsurance funds withheld due to affiliate, net	—	2,410,093
Payable to affiliate for derivative funds withheld program	162,447	—
Reinsurance payable	3,000,187	(48,430)
Consolidated Statements of Operations¹:		
Annuity premiums and charges	\$ (9,863)	(879)
Derivative (losses) gains	(282,383)	111,854
Other income	(117,153)	1,661
Benefits and claims:		
Change in reserves	(88,407)	(49,742)
Capitalization of deferred sales inducements	84,076	64,430
Change in cost of reinsurance	57,695	907
Interest credited	(593,638)	(102,767)
Market risk benefit remeasurement losses (gains)	(6,375)	(15,853)
Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired:		
Amortization of deferred sales inducements	(43,982)	(17,389)
Amortization of deferred policy acquisition costs	—	11,969
Commissions, net	(8,035)	(5,435)

¹Consolidated Statements of Operations activity includes the full year of activity with SYRE for 2024 (not adjusted for consolidation eliminations)

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Multi-year guarantee annuities with SYRE

Amounts in the accompanying financial statements related to ceded multi-year guarantee annuity business to SYRE were as follows for the years ended December 31:

		<u>2025</u>
Consolidated Balance Sheets:		
Reinsurance deposit asset	\$	2,293,327
Reinsurance payable		735,074
Payable to affiliate for derivative funds withheld program		(2,702)
 Consolidated Statements of Operations:		
Other income	\$	9,807

The Company maintained portfolios of assets to back the SYRE funds withheld agreement, including the portion of the agreement accounted for under GAAP as investment contract accounting. As previously discussed, effective January 1, 2025, the FIA reinsurance agreement with SYRE was recaptured, which includes the termination of funds withheld agreement. The portfolio contained the following amounts by asset type as of December 31:

Asset Type		<u>2024</u>
Securities available-for-sale, at fair value:		
Fixed maturity securities	\$	2,562,238
Mortgage loans on real estate		225,169
Other assets		90,492
Derivatives		96,487
Short-term investments		68,746
Accrued interest		25,068
Cash		<u>9,100</u>
Total	\$	<u><u>3,077,300</u></u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(15) Long-Term Debt Obligations

Long-term debt obligations outstanding were as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Surplus notes		
6.875% fixed rate due 2042	\$ 248,171	248,060
5.000% fixed rate due 2031	4,259	4,219
5.800% fixed rate due 2027	5,982	5,968
8.500% fixed rate due 2026	47,985	47,956
Senior notes		
6.625% fixed rate due 2031	166,934	232,127
6.800% fixed rate due 2030	293,012	393,035
Total long-term debt obligations	<u>\$ 766,343</u>	<u>931,365</u>

Surplus Notes

In June 2012, ALIC issued a \$250,000, 6.875% fixed rate surplus note due June 15, 2042. Interest on this surplus note is payable semi-annually on June 15 and December 15. ALIC may redeem this surplus note at its option. This surplus note is unsecured and subordinated to all present and future indebtedness and policy claims of ALIC.

In December 2011, ALIC issued a \$4,500, 5.000% fixed rate surplus note to Security Mutual Life Insurance Company of New York (“SML”), as payment for the purchase of additional shares of NSLAC. This note matures on December 15, 2031. Interest on this surplus note is payable semi-annually on December 15 and June 15. ALIC may redeem this surplus note at its option. This surplus note is unsecured and subordinated to all present and future indebtedness and policy claims of ALIC.

In April 2007, ALIC issued a \$6,000, 5.800% fixed rate surplus note to SML, as payment for the purchase of a portion of the shares of NSLAC. This note matures on April 1, 2027. Interest on this surplus note is payable semi-annually on April 1 and October 1. ALIC may redeem this surplus note at its option. This surplus note is unsecured and subordinated to all present and future indebtedness and policy claims of ALIC.

In May 1996, ALIC issued \$50,000, 8.500% fixed rate surplus note, due May 15, 2026. Interest on this surplus note is payable semi-annually on May 15 and November 15. ALIC may redeem this surplus note at its option. This surplus note is unsecured and subordinated to all present and future indebtedness and policy claims of ALIC. In December 2023, ALIC purchased \$2,000 of the surplus note on the open market. The \$2,000 was redeemed, reducing outstanding principal to \$48,000.

The surplus notes have been issued in accordance with Section 3941.13 of the Ohio Revised Code. Interest payments, scheduled semi-annually, must be approved for payment by the Ohio Department of Insurance

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(“Department”). All issuance costs have been capitalized and are being amortized over the terms of the notes.

Senior Notes

In January 2020, CII issued a \$425,000, 5.550% fixed rate senior note due January 24, 2030. Interest is payable semi-annually on January 24 and July 24. In January 2021, the interest rate increased to 5.800% due to changes in CII’s credit rating. In July 2022, the interest rate increased to 6.800% due to CII no longer receiving a credit rating from Standards and Poor’s (“S&P”). CII may redeem this senior note at its option. During 2024 and 2023, ALIC purchased \$19,848 and \$10,000, respectively, of the senior note on the open market and will hold the note as an investment. The note value settlement and investment value held are eliminated on consolidation.

In April 2011, CII issued a \$250,000, 6.625% fixed rate senior note due May 1, 2031. Interest is payable semi-annually on May 1 and November 1. CII may redeem this senior note at its option. In December 2023, ALIC purchased \$16,300 of the senior note on the open market and will hold the note as an investment. The note value settlement and investment value held are eliminated on consolidation.

The senior notes are obligations of CII and are not subject to Department approval for payments of principal or interest. Claims of the policyholders of ALIC and ALAC have priority over these senior notes if either company is unable to pay policyholder claims.

Interest Expense

Total interest expense, including amortization of debt discounts and issuance costs, on all obligations was \$60,679 and \$67,157 during the years ended December 31, 2025 and 2024, respectively. Total interest expense is included in investment expenses as a component of net investment income.

(16) Bank Line of Credit

On May 7, 2021, the Company entered into a \$1,500,000 senior unsecured, syndicated credit facility. The credit facility is established for the purpose of issuing letters of credit and loans for general corporate purposes. Letters of credit can be issued up to the maximum credit facility, however loans under the credit facility are limited to \$500,000 with total combined amounts not to exceed \$1,500,000. On July 2, 2024 the credit facility was amended to reduce fees, included changes to the commitment levels of the banks involved in the agreement and extended the maturity date to July 2029.

The Company utilized \$0 and \$100,000 of this facility as of December 31, 2025 and 2024, respectively, to secure a letter of credit for SYRE, with SUNR as the beneficiary, in order to recognize reserve credit under statutory accounting principles.

The Company utilized \$0 and \$100,000 of this facility as of December 31, 2025 and 2024, respectively, to secure a letter of credit for SYRE, with ALIC as the beneficiary, in order to recognize reserve credit under statutory accounting principles.

On December 9, 2024, the Company, as guarantor, and SYRE entered into a \$750,000 bespoke credit facility. The Company has guaranteed payment of all present and future obligations of the agreement. The

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

credit facility is established for the purpose of issuing letters of credit and will mature in December 2034. Letters of credit are issued up to the maximum credit facility, not to exceed \$750,000. Total letters of credit outstanding may only be maintained or reduced.

SYRE utilized \$750,000 and \$600,000 of this facility as of December 31, 2025 and 2024, respectively, to secure a letter of credit, with SUNR as the beneficiary, in order to recognize reserve credit under statutory accounting principles.

SYRE utilized \$0 and \$150,000 of this facility as of December 31, 2025 and 2024, respectively, to secure a letter of credit, with ALIC as the beneficiary, in order to recognize reserve credit under statutory accounting principles.

Total interest and fees paid on these credit facilities were \$5,693 and \$13,648 in 2025 and 2024, respectively.

(17) Income Taxes

The provision for income taxes is as follows:

	<u>2025</u>	<u>2024</u>
Current expense (benefit)	\$ 25,605	98,973
Deferred (benefit) expense	<u>(112,230)</u>	<u>(40,072)</u>
Provision for income taxes	<u>\$ (86,625)</u>	<u>58,901</u>

The following table is the reconciliation of the provision for income taxes based on enacted U.S. federal income tax rates to the provision for income taxes reported in the consolidated financial statements for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Pre-tax (loss) income times U.S. enacted tax rate	\$ (52,809)	167,766
Tax-preferred investment income	(25,124)	(23,296)
Foreign subsidiaries statutory tax differential	(3,850)	(24,028)
Deemed income from foreign operations	4,244	11,041
Valuation allowance	—	2,304
Prior period adjustments	(7,415)	(5,283)
Impact of entity reorganization	—	(71,157)
State taxes	40	1,345
Other, net	<u>(1,711)</u>	<u>209</u>
Provision for income taxes	<u>\$ (86,625)</u>	<u>58,901</u>
Effective tax rate	34.4%	7.4%

The Company files income tax returns in the U.S. federal jurisdiction, foreign countries and various state jurisdictions.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The largest component of tax-preferred investment income in the rate reconciliation above is the Dividends Received Deduction (“SA DRD”) on separate account assets held in connection with variable annuity and life contracts. For the 2025 tax return, the Company anticipates recognizing an income tax benefit of \$14,095. For the 2024 tax return, the Company recognized an income tax benefit of \$9,174.

The Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities through the 2021 tax year.

The Company has made the decision to permanently re-invest the foreign subsidiaries’ earnings, thus local foreign country tax rules and tax rates govern the reporting of taxes rather than the U.S. tax rules and tax rate.

The tax effects of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities that give rise to significant components of the net deferred tax liability relate to the following as of December 31:

	2025	2024
Deferred tax assets:		
Pension and benefit obligations	\$ 6,614	7,812
Future policy benefits	4,233,015	2,454,810
Investments	149,117	153,313
Net operating loss carryforwards	32,788	28,695
Tax credits	2,989	2,282
Fixed asset capitalization and depreciation	74,334	71,040
Section 481(a) adjustment	4,941	5,222
Other	454,392	193,052
Total gross deferred tax assets	4,958,190	2,916,226
Valuation allowance on deferred tax assets	(10,355)	(10,355)
Net deferred tax assets	4,947,835	2,905,871
Deferred tax liabilities:		
Investments	—	28,719
Deferred policy acquisition costs	234,288	175,653
Reinsurance recoverable	4,253,099	2,185,967
Reinsurance liability	175,558	321,965
Other	19,228	4,591
Total gross deferred tax liabilities	4,682,173	2,716,895
Net deferred tax asset	\$ 265,662	188,976

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future income, and prudent and feasible tax planning strategies in making this

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

assessment. As discussed in Note 21, the Company had a change of ownership defined under Internal Revenue Code Section 382 on March 31, 2022. Code Section 382 limits utilization of carryforwards and other tax attributes. The Company believes it is more likely than not that it will not realize the benefits of some of these carryforwards. On the basis of this evaluation, as of December 31, 2025, a valuation allowance of \$10,355 has been recorded. As of December 31, 2024, a valuation allowance of \$10,355 was recorded.

As of December 31, 2025, the Company has non-life net operating loss carryforwards of \$156,134 of which \$106,907 is expiring in years 2036 through 2037 and \$49,227 can be carried forward indefinitely. As of December 31, 2024, the Company has non-life net operating loss carryforwards of \$136,641 of which \$106,907 is expiring in years 2036 through 2037 and \$29,734 can be carried forward indefinitely. As of December 31, 2025 and 2024, the Company has no remaining life net operating loss carryforward.

As of December 31, 2025, the Company has a federal valuation allowance of \$1,791 for tax credit carryforwards and \$8,564 for non-life net operating loss carryforwards not expected to be utilized before they expire as a result of the aforementioned Code Section 382 limitation. As of December 31, 2024, the Company has a federal valuation allowance of \$1,791 for tax credit carryforwards and \$8,564 for non-life net operating loss carryforwards not expected to be utilized before they expire as a result of the aforementioned Code Section 382 limitation. As of December 31, 2025, the Company has a \$23,814 net capital loss carryforward expiring in 2028-2029. As of December 31, 2024, the Company has a \$21,309 net capital loss carryforward expiring in 2028-2029. As of December 31, 2025, the Company has a \$10 non-life charitable contribution carryforward. As of December 31, 2024, the Company has a \$10 non-life charitable contribution carryforward. As of December 31, 2025, the Company has tax credit carryforwards of \$490 expiring in 2030-2033. As of December 31, 2024, the Company has tax credit carryforwards of \$1,835 expiring in 2030-2033.

(18) Pensions and Other Post-Retirement Benefits

a) Home Office Pension Plan

The Company sponsors a funded qualified pension plan covering all home office employees hired prior to January 1, 1998. This plan was amended, effective December 31, 2019, to freeze the accrual of future benefits. This plan includes participants who are employees of the Company and devote substantially all of their time to service for the Company. Retirement benefits are based on years of service and the highest average earnings in five of the last ten years.

The Company also sponsors unfunded pension plans covering certain home office employees where benefits exceed Code 401(a)(17) and Code 415 limits.

The Company also has other deferred compensation and supplementary plans. One of the supplementary plans was also amended, effective December 31, 2020, to freeze the accrual of future benefits.

The measurement dates were December 31, 2025 and 2024.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

b) Home Office Post-Retirement Benefit Plans

The Company currently offers eligible retirees the opportunity to participate in a post-retirement health and group life plan. This plan was amended, effective July 1, 2013, to provide participants younger than age 65, a fixed portion of the health insurance contract premium and for participants age 65 and older, a fixed dollar amount, which the participant must use to independently purchase their own insurance. Previously, this plan provided all participants a fixed portion of the health insurance contract premium. The portion the Company pays is periodically increased and is a function of participant service. Only home office employees hired prior to January 1, 1998 may become eligible for these benefits provided that the employee meets the retirement age and years of service requirements.

This plan includes participants who are employees of the Company and devote substantially all of their time to service for the Company.

The post-retirement health plan does not provide benefits which are actuarially equivalent to Medicare Part D benefits. Therefore, the Company does not receive the associated federal Medicare subsidy.

The measurement dates were December 31, 2025 and 2024.

c) General Agents' Pension Plan

The Company sponsors an unfunded, nonqualified defined benefit pension plan covering its general agents hired prior to January 1, 2005. This plan provides benefits based on years of service and average compensation during the final five and ten years of service.

The measurement dates were December 31, 2025 and 2024.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

d) Obligations and Funded Status

Information regarding the funded status of the pension plans as a whole and other benefit plans as a whole as of December 31 is as follows:

	Pension benefits		Other benefits	
	2025	2024	2025	2024
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	\$ 39,760	48,341	5,266	5,901
Service cost	—	—	15	21
Interest cost	2,092	2,335	271	280
Actuarial loss (gain)	148	(3,160)	61	(100)
Benefits paid*	(848)	(8,169)	(828)	(836)
Settlement/curtailment	(2,058)	413	—	—
Projected benefit obligation at end of year	\$ 39,094	39,760	4,785	5,266
Accumulated benefit obligation	\$ 39,094	39,760		
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 58,551	60,689	—	—
Actual return on plan assets	7,932	5,843	—	—
Benefits and expenses paid	(2,906)	(7,981)	—	—
Fair value of plan assets at end of year	\$ 63,577	58,551	—	—
Funded status**	\$ 24,483	18,791	(4,785)	(5,266)

* Benefits paid include amounts paid from both funded and unfunded benefit plans.

** Funded status is recorded in other liabilities in the consolidated balance sheets.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following tables show the funded status of the pension plans as of December 31:

	Qualified Pension Plan	Unfunded Pension Plan	Total
2025			
Projected benefit obligation	\$ 38,105	989	39,094
Fair value of plan assets	63,577	—	63,577
Funded status	<u>\$ 25,472</u>	<u>(989)</u>	<u>24,483</u>
2024			
Projected benefit obligation	\$ 38,834	926	39,760
Fair value of plan assets	58,551	—	58,551
Funded status	<u>\$ 19,717</u>	<u>(926)</u>	<u>18,791</u>

	Pension benefits		Other benefits	
	2025	2024	2025	2024
Amounts recognized in the balance sheet consist of:				
Other liabilities	<u>\$ 24,483</u>	<u>18,791</u>	<u>(4,785)</u>	<u>(5,266)</u>

Amounts recognized in other comprehensive income (loss) arising during the period consist of the following:

	Pension benefits		Other benefits	
	2025	2024	2025	2024
Net actuarial loss (gain)	<u>\$ (3,794)</u>	<u>(4,393)</u>	<u>61</u>	<u>(100)</u>

	Pension benefits		Other benefits	
	2025	2024	2025	2024
Amounts recognized in accumulated other comprehensive income:				
Net actuarial loss	<u>\$ (2,624)</u>	<u>1,031</u>	<u>1,509</u>	<u>1,681</u>
Total	<u>\$ (2,624)</u>	<u>1,031</u>	<u>1,509</u>	<u>1,681</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	Pension benefits	
	2025	2024
Components of net periodic benefit cost:		
Interest cost	\$ 2,092	2,335
Expected return on plan assets	(3,991)	(4,198)
Amortization of net (loss)/gain	(52)	(49)
Settlement	(87)	429
Net periodic benefit cost	\$ (2,038)	(1,483)

	Other benefits	
	2025	2024
Components of net periodic benefit cost:		
Service cost	\$ 15	21
Interest cost	271	280
Amortization of net loss	234	250
Net periodic benefit cost	\$ 520	551

Information for defined benefit pension plans with an accumulated benefit obligation in excess of fair value of plan assets as of December 31:

	Pension benefits	
	2025	2024
Projected benefit obligation	\$ 989	926
Accumulated benefit obligation	989	926

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

e) Assumptions

	<u>Pension benefits</u>		<u>Other benefits</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Weighted average assumptions used to determine net periodic benefit cost at January 1:				
Discount rate	5.45%	5.05%	5.40%	5.05%
Expected long-term return on plan assets	7.00%	7.00%	—	—
Rate of compensation increase	0.00%	3.50%	4.25%	4.25%
Health care cost trend rate assumed for next year:				
Before 65	—	—	9.00%	9.00%
Age 65 and older	—	—	0.00%	0.00%
Rate to which the health cost trend rate is assumed to decline (the ultimate trend rate):				
Before 65	—	—	9.00%	9.00%
Age 65 and older	—	—	0.00%	0.00%
Year that the rate reaches the ultimate trend rate	—	—	2025	2024
Weighted average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.35%	5.45%	5.30%	5.40%
Rate of compensation increase	0.00%	3.50%	4.25%	4.25%

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

	<u>1 Percentage point increase</u>	<u>1 Percentage point decrease</u>
Effect on total of 2025 service cost and interest cost	\$ 11	(11)
Effect on 2025 other post-retirement benefit obligation	176	(178)

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

f) Plan Assets

The following table presents the hierarchy of the Company’s pension plan assets at fair value as of December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 1</u>
2025				
Bond funds	\$ 24,614	—	—	24,614
Equity funds	38,963	—	—	38,963
Total assets	<u>\$ 63,577</u>	<u>—</u>	<u>—</u>	<u>63,577</u>
2024				
Bond funds	\$ 21,363	—	—	21,363
Equity funds	37,188	—	—	37,188
Total assets	<u>\$ 58,551</u>	<u>—</u>	<u>—</u>	<u>58,551</u>

The Company categorizes pension benefit plan assets consistent with the Fair Value Hierarchy described in Note 6.

The Company’s other post-retirement benefit plans were unfunded at December 31, 2025 and 2024.

The assets of the Company’s defined benefit pension plan (“the Plan”) are invested in group variable annuity contracts with ALIC offering specific investment choices from various asset classes providing diverse and professionally managed options. As of December 31, 2025 and 2024, \$32,569 and \$28,675, respectively, of the Plan assets are funds that are affiliated with the Company. The assets are invested in a mix of equity securities, debt securities and real estate securities in allocations as determined from time to time by the Pension Plan Committee. The target allocations are designed to balance the Plan’s short-term liquidity needs and its long-term liabilities. The target allocations are currently 61% equity securities and 39% debt securities.

For diversification and risk control purposes, where applicable, each asset class is further divided into sub classes such as large cap, mid cap and small cap and growth, core and value for equity securities and U.S. domestic, global and high yield for debt securities. To the extent possible, each sub asset class utilizes multiple fund choices, and no single fund contains more than 25% of Plan assets (exclusive of any short-term increases in assets due to any Plan funding). The Plan performance is measured by a weighted benchmark consisting of equity and debt benchmarks in weights determined by the Plan committee.

The overall expected long-term rate of return on assets is determined by a weighted average return of fixed income and equity indexes. Fixed income securities (including cash) make up 39% of the weighted average return and equity securities make up 61% of the weighted average return.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table shows the weighted average asset allocation by class of the Company's qualified pension plan assets as of December 31:

	2025	2024
Equity securities	61%	64%
Debt securities	39	36
Total	100%	100%

g) Cash Flows

Contributions

The minimum funding requirement under The Employee Retirement Income Security Act of 1974 for 2025 and 2024 was zero. No contributions were made to the qualified pension plan for the years ended December 31, 2025 and 2024. There is no planned contribution to the qualified pension plan for the 2026 plan year.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension benefits	Other benefits
2026	\$ 1,654	572
2027	1,921	538
2028	2,311	507
2029	2,513	502
2030	2,755	423
2031 - 2035	16,023	1,716

h) Other Plan Expenses

The Company maintained a qualified contributory defined contribution profit-sharing plan covering substantially all employees. Company contributions to the profit-sharing plan were based on the net earnings of the Company and were payable at the sole discretion of management. During 2023, the profit-sharing plan was restructured, and the Company ceased contributions. The expense for contributions to the profit-sharing plan for 2025 and 2024 was zero.

Employees hired on or after January 1, 1998 are covered by a defined contribution pension plan. The expense reported for this plan was \$3,439 and \$3,264 in 2025 and 2024, respectively.

During 2020 the profit-sharing plan and the defined contribution pension plan were combined and are now being administered by a third party.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The Company has other deferred compensation and supplemental pension plans not included in the tables above. The expenses for these plans were \$141 and \$142 in 2025 and 2024, respectively.

(19) Closed Block

Effective August 1, 1998, ALIC was reorganized with approval of the Board of Directors, the Company's policyholders, and the Ohio Department of Insurance under provisions of the Ohio Revised Code to become a stock company 100% owned by CII. This reorganization contained an arrangement, known as a closed block (the "Closed Block"), to provide for dividends on policies that were in-force on the effective date and were within classes of individual policies for which the Company had a dividend scale in effect at the time of the reorganization. The Closed Block was designed to give reasonable assurance to owners of affected policies that assets will be available to support such policies, including maintaining dividend scales in effect at the time of the reorganization, if the experience underlying such dividend scales continues. The assets, including revenue therefrom, allocated to the Closed Block will accrue solely to the benefit of the owners of policies included in the Closed Block until the Closed Block is no longer in effect. The Company is not required to support the payment of dividends on the Closed Block policies from its general funds.

The financial information of the Closed Block is consolidated with all other operating activities, and is prepared in conformity with FASB ASC 944-805, *Financial Services-Insurance-Business Combinations* ("ASC 805"). This presentation reflects the contractual provisions and not the actual results of operations and financial position. Many expenses related to the Closed Block operations are charged to operations outside the Closed Block; accordingly, the contribution from the Closed Block does not represent the actual profitability of the Closed Block operations. Operating costs and expenses outside of the Closed Block are, therefore, disproportionate to the business outside of the Closed Block.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Summarized financial information of the Closed Block as of December 31, 2025 and 2024 and for each of the years in the two-year period ended December 31, follows:

	<u>2025</u>	<u>2024</u>
Closed Block liabilities:		
Future policy benefits and claims	\$ 507,322	529,102
Policyholders' dividend accumulations	21,886	23,294
Other liabilities	1,052	1,151
Total Closed Block liabilities	<u>\$ 530,260</u>	<u>553,547</u>
Closed Block assets:		
Fixed maturity securities available-for-sale, at fair value (amortized cost of \$340,550 and \$392,548 as of December 31, 2025 and 2024, respectively)	\$ 309,650	350,783
Mortgage loans on real estate, net	79,696	55,103
Policy loans	64,587	70,974
Other policyholder funds	16,579	26,756
Cash and short-term investments	20,884	3,773
Accrued investment income	4,101	4,116
Deferred policy acquisition costs	8,324	12,499
Reinsurance recoverable	806	841
Deferred federal income taxes	6,489	8,771
Other assets	224	280
Total Closed Block assets	<u>\$ 511,340</u>	<u>533,896</u>
Excess of reported Closed Block liabilities over Closed Block assets	<u>\$ 18,920</u>	<u>19,651</u>
Amounts included in accumulated other comprehensive income:		
Unrealized investment losses, net of tax	(29,493)	(40,328)
Allocated to policyholder dividend obligation, net of tax	<u>(1,408)</u>	<u>(1,437)</u>
Maximum future earnings to be recognized from Closed Block assets and liabilities	<u>\$ (11,981)</u>	<u>(22,114)</u>

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

	2025	2024
Change in policyholder dividend obligation:		
Balance at beginning of year	\$ 23,294	24,731
Net unrealized investment activity	(1,408)	(1,437)
Balance at end of year	\$ 21,886	23,294
Closed Block revenues and expenses:		
Traditional life insurance premiums	\$ 10,249	9,900
Net investment income	26,265	25,661
Net realized losses on investments	(110)	(13)
Benefits and claims	(21,813)	(22,118)
Provision for policyholders' dividends on participating policies	(4,172)	(3,795)
Amortization of deferred policy acquisition costs	(4,175)	(3,786)
Other operating costs and expenses	(1,283)	(1,182)
Income before federal income taxes	4,961	4,667
Income tax expense	736	977
Closed Block net income	\$ 4,225	3,690

(20) Regulatory RBC and Dividend Restrictions

The Company's domestic insurance subsidiaries, ALIC, NSLAC, MONT, KENW, CMGO and SUNR, file Annual Statements with their respective insurance departments prepared on a basis of accounting practices prescribed or permitted by such regulatory authority in their respective states of domicile. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners ("NAIC"), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not prescribed.

The Company's Ohio domiciled life insurance subsidiaries, ALIC, CMGO and SUNR, do not have any permitted statutory accounting practices as of December 31, 2025 or 2024. NSLAC, a New York domiciled life insurance company, does not have any permitted statutory accounting practices as of December 31, 2025 or 2024.

The Company's subsidiary, SUNR, applies a prescribed practice, which values assumed GMDB and GLWB risks on variable annuity contracts, fixed index annuities and multi-year guaranteed annuities from ALIC using separate reserving bases from the Statutory Accounting Principles detailed within the NAIC *Accounting Practices and Procedures manual* ("NAIC SAP") pursuant to Ohio Revised Code Chapter 3964 and approved by the Ohio Department of Insurance. The prescribed practice related to ALIC guaranteed risks affects the Company's carrying value of SUNR, included in common stocks – affiliates on the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus. The effect is a decrease of \$31,203 and an increase of \$11,494 as of December 31, 2025 and 2024, respectively. Effective January 1,

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

2024, SUNR ceded the GLWB risks to SYRE, reducing the increase related to the prescribed practice. If the prescribed practices were not applied, ALIC's risk-based capital would continue to be above regulatory action levels.

The Company's Vermont domiciled life insurance subsidiary, MONT, received approval from the Vermont Insurance Department regarding the use of a permitted practice in the statutory financial statements as of December 31, 2014. The approval continues indefinitely. MONT was given approval by the Vermont Commissioner of Insurance to recognize as an admitted asset the value of a stop loss agreement. This stop loss agreement is from a third-party unauthorized reinsurer and is used to fund the reinsurer's obligation to ALIC. There is no difference in net loss between NAIC statutory accounting practices and practices permitted by the Vermont Department.

The Company's Vermont domiciled life insurance subsidiary, KENW, received approval from the Vermont Insurance Department regarding the use of a permitted practice in the statutory financial statements as of December 31, 2013. The approval continues indefinitely. KENW was given approval by the Vermont Commissioner of Insurance to recognize as an admitted asset the value of a letter of credit and a stop loss agreement. This stop loss agreement is from a third-party unauthorized reinsurer and is used to fund the reinsurer's obligation to ALIC. There is no difference in net loss between NAIC statutory accounting practices and practices permitted by the Vermont Department.

Prior to the entity reorganization mentioned in Note 1, the Company's Cayman Islands domiciled subsidiary, SYRE, received approval from the Cayman Islands Monetary Authority ("CIMA") regarding the use of permitted practices to use GAAP as the basis of accounting and to recognize, as an admitted asset, a letter of credit. The approval continues indefinitely.

Statutory Surplus and Income

State insurance regulators and the NAIC have adopted RBC requirements for life insurance companies to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks. The requirements provide a means of measuring the minimum amount of statutory surplus appropriate for an insurance company to support its overall business operations based on its size and risk profile. As of December 31, 2025, ALIC, NSLAC, MONT, KENW, CMGO and SUNR exceeded the minimum RBC requirements.

A company's risk-based statutory surplus is calculated by applying factors and performing calculations relating to various asset, premium, claim, expense and reserve items. Regulators can then measure the adequacy of a company's statutory surplus by comparing it to the RBC. Under specific RBC requirements, regulatory compliance is determined by the ratio of a company's total adjusted capital, as defined by the insurance regulators, to its company action level of RBC (known as the RBC ratio), also as defined by insurance regulators. As of December 31, 2025, the Company's primary life insurance subsidiary, ALIC, had total adjusted capital and company action level RBC of \$2,249,803 and \$303,736, respectively. Additionally, as of December 31, 2025, ALIC's authorized control level RBC was \$151,868.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The combined statutory basis net income of ALIC, NSLAC, MONT, KENW, CMGO and SUNR, after intercompany eliminations, was \$139,455 and \$141,207 for the years ended December 31, 2025 and 2024, respectively.

The combined statutory basis capital and surplus of ALIC, NSLAC, MONT, KENW, CMGO and SUNR, after intercompany eliminations, was \$1,986,296 and \$2,025,702 as of December 31, 2025 and 2024, respectively.

The primary reasons for the difference between statutory and GAAP accounting for reporting purposes include the following provisions for GAAP:

- the costs related to successful efforts to acquire business, principally commissions and certain policy issue expenses, are amortized over the period benefited rather than charged to operations in the year incurred;
- future policy benefit reserves are based on current best estimate insurance assumptions including lapses and mortality, as well as market observable interest rate assumptions, rather than statutory mortality and interest requirements, without consideration of withdrawals;
- guarantees on variable annuities and fixed indexed annuities are accounted for under a fair value framework for GAAP with a separate reserve for the guarantee from the base policy reserve, rather than a holistic reserve for the base and rider guarantee as prescribed by statutory valuation methodology;
- fixed maturity securities must meet a principles-based bond definition ("PBBD") in order to be reported as bonds under SSAP, whereas a PBBD does not exist under GAAP;
- investments in fixed maturity available-for-sale securities are carried at fair value rather than amortized cost;
- specific valuation allowances are established using the CECL impairment model, while Statutory accounting utilizes the other-than-temporary impairments ("OTTI") model;
- investments in replicated synthetic asset transactions ("RSATs") are reported at fair value, while Statutory accounting requires these investments to be reported at amortized cost;
- only contracts that have significant mortality or morbidity risk are classified as insurance contracts; otherwise, they are accounted for in a manner consistent with the accounting for interest bearing or other financial instruments; for statutory reporting, contracts that have any mortality or morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts;
- certain assets designated as non-admitted under statutory accounting are excluded from the Consolidated Balance Sheets; under GAAP, these assets would be included on the Consolidated Balance Sheets, net of any valuation allowance;
- the asset valuation reserve and interest maintenance reserve are not recorded;

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

- separate account seed money is classified as a trading security recorded at estimated fair value as opposed to a component of separate account assets;
- the fixed maturity securities that are related to NSLAC's funds withheld reinsurance arrangement are classified as trading securities recorded at estimated fair value as opposed to amortized cost;
- changes in deferred taxes are recognized in operations;
- there is a presentation of other comprehensive income (loss) and comprehensive income (loss);
- consolidation for GAAP is based on whether the Company has voting control, or for certain VIEs, has the power to direct the activities most significant to the VIE while for statutory, consolidation is not applicable; and
- surplus notes are presented as part of notes payable within liabilities and are not presented as a component of capital and surplus.

Additionally, state regulators and rating agencies do not always use the same methodologies for calculating RBC ratios. There is a risk that a rating agency will not give the Company credit for certain regulatory RBC rules or permitted practices, which could result in a reduced rating even though the Company's RBC ratio and those of its insurance subsidiaries remain high based upon state regulatory rules and practices.

Dividend Restrictions

The payment of dividends by ALIC to CII is limited by Ohio insurance laws. The maximum dividend that may be paid to CII without prior approval of the Director of Insurance is limited to the greater of ALIC's statutory net income of the preceding calendar year or 10% of statutory surplus as of the preceding December 31. Any dividend that exceeds the earned surplus of ALIC, even if it is within the above parameters, would be deemed extraordinary under Ohio law. Therefore, dividends of approximately \$199,000 may be paid by ALIC to CII in 2026 without prior approval. Dividends of \$202,570 and \$195,000 were declared and paid by ALIC to CII in 2025 and 2024, respectively.

The payment of dividends by CMGO to ALIC is limited by Ohio insurance laws. CMGO may pay to their stockholder, ALIC, a dividend from unassigned surplus at the end of any calendar quarter in which CMGO's unassigned surplus is equal to the amount required for CMGO to have company action level RBC of 200%, after adjusting its capital level and its RBC level for such dividend. No dividends were declared or paid by CMGO in 2025 or 2024.

The payment of dividends by SUNR to ALIC is limited by the SUNR plan of operations, which was approved by the Ohio Department of Insurance. SUNR declared and paid extraordinary dividends to ALIC of \$0 and \$155,000 in 2025 and 2024, respectively. Due to dividend limitations for 2024, \$35,752 was classified as a dividend and the remaining \$119,248 was classified as a return of capital. No ordinary dividends were paid by SUNR to ALIC during 2025 or 2024.

The payment of dividends by NSLAC to ALIC is limited by New York insurance laws. The maximum ordinary dividend that may be paid without prior approval of the Superintendent of Financial Services is limited to the lesser of 10% of NSLAC's statutory surplus (defined by New York Insurance Law, Section

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

4207a as page 3, line 37 of the Annual Statement) as of the immediately preceding calendar year or NSLAC's net gain from operations for the immediately preceding calendar year, not including realized capital gains. Therefore, dividends of approximately \$4,000 may be paid by NSLAC to ALIC in 2026 without prior approval. No dividends were declared or paid by NSLAC in 2025 or 2024.

MONT and KENW are subject to limitations, imposed by the State of Vermont, on the payment of dividends to their stockholder, ALIC. Generally, dividends during any year may not be paid, without prior regulatory approval. No dividends were declared or paid by MONT to ALIC in 2025 or 2024. No dividends were declared or paid by KENW to ALIC in 2025 or 2024.

SYRE is subject to limitations, imposed by CIMA, on the payment of dividends to its stockholder. Dividends could only be paid out of SYRE's retained earnings and any paid-in capital in excess of par, provided that, after giving effect to each such dividend, the remaining capital is in excess of any capital requirements as prescribed by CIMA. SYRE cannot pay any dividends without prior approval from CIMA. No dividends were declared or paid by SYRE to the Company during 2024. SYRE was no longer a subsidiary of the Company during 2025 due to the transaction described in Note 1.

(21) Demutualization and Stockholder's Equity

On March 31, 2022 CIHI demutualized and converted to a stock company. As part of the demutualization, Constellation was required to pay \$500,000 in consideration distributed either in cash or by crediting policy benefits to eligible members to extinguish their ownership interest. Cash of approximately \$98,000 was paid by Constellation directly to eligible members and was not recorded in the Company's financial statements. Additionally, on the transaction closing date, policy benefits of approximately \$402,000 were provided to eligible members for extinguish their remaining ownership interest. ALIC was obligated by Constellation to effectuate this portion of the transaction. Constellation provided a capital contribution to CIHI on March 31, 2022. The contribution was then immediately contributed to the Company and then onto ALIC.

As part of the acquisition, on each of the first four anniversaries after the closing, Constellation will pay or cause to be paid an infusion of capital to ALIC. In March 2025 and 2024, CII contributed \$125,000 of capital to ALIC in satisfaction of the second and third installments. Subsequent to the consolidated balance sheet date, CII contributed \$125,000 of capital to ALIC in satisfaction of the fourth and final installment.

Effective July 1, 2024, CIHI, CII and SYRE entered into an internal entity reorganization to move SYRE within the entity organization structure via dividend of SYRE's capital stock from CII to CIHI. The transaction was recorded as a capital contribution of \$304,236 from CIHI to CII due to SYRE's negative GAAP equity as of the transaction date.

During 2025 and 2024, the Company declared and paid dividends of \$45,866 and \$139,570, respectively, to CIHI. This included a non-cash dividend of \$14,089 effective September 1, 2024 consisting of the Company's entire capital stock ownership of CINV.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(22) Additional Financial Instruments Disclosure

Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business through management of its investment portfolio. The Company had outstanding commitments to fund mortgage loans, bonds, common stocks, limited partnerships and limited liability companies of \$1,661,540 and \$1,295,823 as of December 31, 2025 and 2024, respectively. These commitments involve, in varying degrees, elements of credit and market risk in excess of amounts recognized in the consolidated financial statements. The credit risk of all financial instruments, whether on or off-balance sheet, is controlled through credit approvals, limits, and monitoring procedures.

(23) Commitments and Contingencies

Several subsidiaries of the Company are a party to two court cases stemming from the strategic changes announced in September 2018, specifically the termination of certain variable annuity selling agreements with broker dealers related to the annuity business. The core issue in both cases is a disputed interpretation of certain language in ALIC's contracts with the broker dealers who sold ALIC's annuities. One of the two cases purports to be on behalf of a class, and a settlement with the class has now been reached which is pending court approval. The Company has accrued a liability estimate of \$21,300 related to the class settlement, which is included in Other liabilities on the Consolidated Balance Sheets at December 31, 2025. While the final outcome is uncertain, as individual class members may object to and/or opt-out of the settlement, management does not believe the ultimate liability will exceed the amount accrued by a material amount.

(24) Related Party Transactions

The Company has investment management service agreements and administrative service agreements with CINV, an affiliate. CINV provides investment management services across the Company. The Company recorded expenses for these investment management agreements of \$48,161 and \$10,967 for the years ended December 31, 2025 and 2024, respectively. The Company recorded income for these administrative service agreements of \$27,392 and \$9,759 for the years ended December 31, 2025 and 2024, respectively. The Company recorded net accounts payable to CINV of \$1,013 as of December 31, 2025 and net accounts receivable from CINV of \$2,688 at 2024. Prior to the CINV entity reorganization transaction during 2024 and discussed in Note 1, CINV was a subsidiary of the Company and these expenses eliminated in consolidation. See Note 1 for additional information regarding the entity reorganization transaction.

The Company has cash concentration, reinsurance and administrative service agreements with SYRE, an affiliate. Prior to the SYRE entity reorganization transaction during 2024, SYRE was a subsidiary of the Company and these amounts eliminated in consolidation. See Note 1 for additional information regarding the entity reorganization transaction. See Note 14 for disclosures of the reinsurance agreements and balances with SYRE. The entity reorganization was effective July 1, 2024 and, as such, the effect of transactions between the Company and SYRE for the first six months of 2024 were eliminated in the Company's income statement. With the reorganization, transactions between the Company and SYRE after July 1, 2024 no longer eliminate. As the reorganization represents a transaction between parties under common control, the

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

change to CII's equity of \$653,741 is reflected through Additional Paid in Capital, inclusive of any changes to activity between the Company and SYRE due to the implementation of LDTI.

The terms of SYRE's administrative service agreements call for periodic cash settlements. The Company recorded income for these agreements of \$1,231 and \$373 for the years ended December 31, 2025 and 2024, respectively. The Company recorded net accounts payable to SYRE of \$52,324 and \$3,331 at December 31, 2025 and 2024, respectively.

CIHI and most of CIHI's direct and indirect subsidiaries are party to agreement with ALIC whereby ALIC maintains a common checking account. It is ALIC's duty to maintain sufficient funds to meet the reasonable needs of each party on demand. ALIC must account for the balances of each party daily. Such funds are deemed to be held in escrow by ALIC for the other parties. Settlement is made daily for each party's needs from or to the common account. It is ALIC's duty to invest excess funds in an interest bearing account and/or short term highly liquid investments. ALIC credits monthly interest using the average interest earned for positive cash balances during the period or charges interest on any negative balances to the parties in the agreement. The parties agree to indemnify one another for any losses of any nature relating to a party's breach of its duties under the terms of the agreement. At December 31, 2025 and 2024, the Company held SYRE's share of this common checking account (including accrued interest) as a payable to SYRE of \$10,888 and \$118,586, respectively. The Company's related interest expense was \$4,881 and \$960 for the years 2025 and 2024, respectively. At December 31, 2025 and 2024, the Company held a receivable for CIHI's share of this common checking account (including accrued interest) of \$164 and \$293, respectively. The Company's related interest income was \$109 and \$490 for the years 2025 and 2024, respectively.

In connection with the hedging programs between the ALIC, SUNR and SYRE, all parties have agreed that all administrative expenses will be paid by ALIC and subsequently reimbursed by SYRE.

(25) Acquisition

On December 2, 2024, the ONSV acquired 99.25% of the outstanding shares of ZRV for a cash purchase price of \$118,825 (the "ZRV Acquisition"). This acquisition is part of the Company's strategy to increase its market share and has been accounted for as a business combination in accordance with ASC 805.

The transaction was completed using a locked box mechanism to ensure price certainty and avoid post-completion negotiations. Consequently, the final purchase price was established based on ZRV's December 31, 2022 audited financial statements. The net assets and results of operations of ZRV are included in the Company's consolidated financial statements commencing as of December 2, 2024.

Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. Critical estimates included, but were not limited to, future expected cash flows and the applicable discount rates.

After reviewing the net assets acquired, ONSV determined there were no intangible assets associated with the business. As a result, no carrying value for intangible assets were recognized from the acquisition as of December 31, 2024.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

Upon completing the ZRV Acquisition, the consideration transferred for the acquired assets and assumed liabilities was determined to be less than the net assets acquired from ZRV, resulting in an economic gain (“bargain purchase”). ONSV completed the required reassessment as detailed in ASC 805 to validate that all assets acquired, and liabilities assumed on the acquisition date were identified and appropriately measured. Based on the reassessment, the transaction resulted in a bargain purchase gain of \$109,500, which has been included in Other income within the Company’s Consolidated Statements of Operations for the year ended December 31, 2024. The bargain purchase gain was primarily driven by the fair value of the net assets acquired as part of purchase accounting. There are two classes of assets that had the largest increases between fair value and book value – direct reserves and fixed maturities, with adjustments driven by the interest rates and book yield, respectively. In addition, the pricing strategy of the acquisition was primarily driven by the sale of the book of business in compliance with Chilean regulatory requirements rather than fair value. The model used in determining pricing incorporated high hurdle rates. Other factors are qualitative in nature. The European regulatory environment places strict capital constraints on insurers, particularly under the Solvency II framework. Under this regulatory environment, that the Company is not subject to, the seller was motivated to pursue a buyer that had sufficient cash to meet the requirements, which limits the pool of potential buyers.

Direct costs related to the acquisition were expensed as incurred. Integration and acquisition costs principally consisting of non-recurring banking, legal, tax and accounting services, retention and severance costs are reflected separately on the Consolidated Statements of Operations. The Company recognized \$1,900 of transaction related costs for the year ended December 31, 2024.

While ONSV has elected the fair value option for this transaction at the ONSV reporting level, the Company has not elected the fair value option. The adjustment related to the change in methodology between ONSV and the Company results in the Company recognizing an initial VOBA (described in Note 3). The values listed below are the Company's best estimates as of December 2, 2024, and are subject to adjustments as additional information becomes available to complete the allocation. The Company may make further adjustments to its purchase price allocation and the fair value of non-controlling interest through the end of the permissible one-year measurement period.

CONSTELLATION INSURANCE, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Constellation Insurance Holdings, Inc.)

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

The following table summarizes the allocation of the total consideration paid to acquire the assets and assume the liabilities related to the ZRV Acquisition during the fourth quarter of 2024.

Assets	December 2, 2024
Total Investments	\$ 2,215,274
Cash and cash equivalents	36,952
Reinsurance recoverables	20,932
VOBA	161,751
Deferred tax asset	11,614
Other assets	<u>6,296</u>
Total assets	2,452,819
Liabilities	
Future policy benefits and claims	2,182,262
Other liabilities	<u>40,484</u>
Total liabilities	2,222,746
Non-controlling interest	<u>(1,717)</u>
Net assets acquired	\$ <u><u>228,356</u></u>
Cash paid	<u>118,825</u>
Bargain purchase gain	\$ <u><u>109,531</u></u>