

# **F&G Life Re Ltd**

## **Financial Condition Report**

*For the year ended December 31, 2024*

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# 1. Company background information

F&G Life Re Ltd (“F&G Life Re” or the “Company”) was incorporated in Bermuda on August 24, 2017 and licensed as a Class C Insurer by the Bermuda Monetary Authority (“BMA”) on October 19, 2017, pursuant to the Bermuda Insurance Act 1978 to write long-term reinsurance. The Company is a wholly owned subsidiary of Fidelity & Guaranty Life Insurance Company (“FGLIC”), an Iowa corporation. FGLIC is ultimately owned by F&G Annuities & Life, Inc. (“FGAL”), a Delaware corporation and FGAL is a subsidiary of Fidelity National Financial Inc. (“FNF”), a Delaware corporation (NYSE: FNF). On December 1, 2022, FNF distributed, on a pro rata basis, approximately 15% of the common stock of FGAL to FNF shareholders and FGAL commenced trading on the New York Stock Exchange under symbol FG. FNF retained control of FGAL through ownership of approximately 85% of FGAL’s common stock. FGAL along with subsidiaries is referred to herein as the “F&G Group”.

On December 31, 2020, the Company entered into a reinsurance transaction whereby it assumed approximately \$5 billion of FGLIC’s fixed indexed annuity business on a funds withheld coinsurance basis. F&G Life Re concurrently retroceded 45% of the assumed business on a funds withheld coinsurance basis to affiliate F&G Cayman Re Ltd. (“F&G Cayman Re”) a Cayman Islands Class D reinsurer, the Retrocession Agreement. The cession from FGLIC to F&G Life Re is on a 100% quota share basis and the retrocession to F&G Cayman Re from the Reinsurer is on a 45% quota share basis. Both contracts have an effective date of December 31, 2020, (“Effective Date”). The Retrocession Agreement was recaptured effective October 1, 2023.

As a result of the Reinsurance Transaction, the Company met the asset threshold of a Bermuda Class E Insurer. The Company applied to the BMA and was reclassified as a Class E Insurer on May 20, 2021.

F&G Life Re entered into a reinsurance transaction effective December 31, 2022, whereby it assumed an 80% quota share of the \$2.5 billion FGLIC Pension Risk Transfer (“PRT”) transaction liabilities sold in 2021 and 2022, excluding New York lives in FGLIC NY. A dual contract structure was executed whereby general account liabilities were reinsured on a funds withheld coinsurance basis and commingled separate account liabilities were reinsured on a modified coinsurance basis. The contract has an effective date of December 31, 2022. This agreement was recaptured effective October 1, 2023.

The Company’s financial condition report (the “Report”) has been prepared in accordance with Section 6A(1)(e) of the Insurance Act 1978 (the “Act”) and the Insurance (Public Disclosure) Rules 2015 (the “Rules”).

## 2. Business and performance

Name and contact details of the insurer	F&G Life Re Ltd Sterling House, 3 <sup>rd</sup> Floor 16 Wesley Street Hamilton HM 11 Bermuda
Name and contact details of the insurance supervisor and group supervisor	Bermuda Monetary Authority ("BMA") BMA House 43 Victoria Street Hamilton HM 12 Bermuda  Iowa Insurance Division ("IID") 1963 Bell Avenue, Suite 100 Des Moines, IA 50315 Iowa
Name and contact details of the approved auditor	Ernst & Young Ltd. 3 Bermudiana Road Hamilton HM 08 Bermuda
Description of the ownership details including proportion of ownership interest	FGLIC (sole shareholder)
Where the insurer is part of a group, a group structure chart showing where the insurer fits within the group structure	See appendix 8.1
Insurance business written by business segment and by geographical region during the reporting period	Effective October 1, 2023, FGLIC executed the recapture of the PRT reinsurance treaty originally entered into on December 31, 2022; and, the retrocession of the FIA treaty originally entered into on December 31, 2020 was recaptured from F&G Cayman Re Ltd.
Performance of investments, by asset class and details on material income and expenses incurred during the reporting period	See appendix 8.2
Acquisitions of subsidiaries	Not applicable
Any other material information	Refer to section 7. Significant events

## 3. Governance structure

### 3.1. Board and senior executives

#### 3.1.1. Roles and responsibilities

The Company's business is managed under the supervision of its Board of Directors. The Board of Directors is responsible for strategic and material operational decisions of the Company. The Board of Directors is also responsible for providing oversight for the Company's corporate governance, risk management, and internal controls framework.

The Board of Directors consists of 3 members:

- (i) Christopher O. Blunt, Chief Executive Officer of F&G Group;
- (ii) Wendy J.B. Young, EVP, Chief Financial Officer of F&G Group; and
- (iii) Bradley L Carlson, SVP, FP&A & Operational Execution.

#### ***Chief Executive Officer of F&G Group – Christopher O. Blunt***

Mr. Blunt joined F&G in 2019 after 34 years in a variety of insurance, investment management and marketing roles. Prior to joining F&G, from January 2018 to December 2018, he served as Chief Executive Officer of Blackstone Insurance Solutions, after nearly 13 years at New York Life in a variety of executive leadership roles. During his tenure at New York Life, Mr. Blunt was the President of New York Life's \$500 billion Investment Group and previously Co-President of the Insurance and Agency Group, which included the company's U.S. Life Operations, Seguros Monterrey, and AARP Direct business. Prior to joining New York Life, Mr. Blunt spent 16 years in a variety of senior marketing and distribution roles in the investment management industry, including Chief Marketing Officer - Americas for Merrill Lynch Investment Managers and as a Managing Director and National Sales Manager for Goldman Sachs Asset Management. Mr. Blunt received a B.A. in history from the University of Michigan and an MBA in finance from The Wharton School at the University of Pennsylvania. Mr. Blunt's qualifications to serve on F&G Life Re's board of directors include his many years of leadership experience across multiple institutions in the insurance industry.

#### ***EVP, Chief Liability Officer of F&G Group – Wendy J.B. Young***

Ms. Young is the Executive Vice President, Chief Liability Officer of F&G. She has served in this role since April 2025. Ms. Young served as Chief Financial Officer from February 2022 until April 2025. Ms. Young has over 35 years of insurance industry experience and over 25 years with F&G, working in a broad range of actuarial, finance and reinsurance functions. From February 2014 to February 2022, Ms. Young served as F&G's CRO and CEO of F&G's Bermuda reinsurance entities. As Chief Liability Officer, Ms. Young oversees all aspects of the corporate actuarial, asset liability management, reinsurance and offshore entity activities for the F&G Group.

#### ***SVP, FP&A & Operational Execution – Bradley L Carlson***

Mr. Carlson is the Senior Vice President, FP&A & Operational Execution of F&G. He has served in this role since April 2024, serving in various other management roles since joining F&G in 2017. Prior to joining F&G, Mr. Carlson was employed with Ernst & Young as a Senior Manager. Mr. Carlson received a B.S. in Accounting from Iowa State University in 2004 and his CPA qualification in 2006.

## Senior officers and senior roles

Chief Executive Officer/Chief Financial and Operating Officer/MLRO	Julia Hawkins joined F&G Life Re as the CFO and COO in April 2021. She took on the role of Interim CEO in February 2022 when Ms. Young stepped down as an officer of the Company. Ms. Hawkins became CEO in September 2022. She is an experienced and Chartered Professional Accountant with over 15 years' people management experience in the financial services industry. Prior to joining F&G Life Re, served as Chief Financial Officer at Northstar Financial Services in Bermuda. She spent the early part of her career at BF&M Insurance Group and most recently served as the AVP of Retirement Benefits for five years, where she led the pensions and annuity lines of business.
Interim Chief Risk Officer	Julie Hodges joined F&G Life Re as the Interim CRO in January 2023. Ms. Hodges currently serves as the Vice President, Head of Operational Risk for the F&G Group. With 35 years of risk management experience, Ms. Hodges is responsible for integrating effective risk management within F&G processes, helping identify and quantify potential risks, and evaluating effective risk management strategies. Prior to joining F&G in July 2021, Ms. Hodges spent most of her career at Principal Financial Group working in Internal Audit, Enterprise Risk Management, and Information Security and Risk. Ms. Hodges earned her B.A. in Business Management at the University of Northern Iowa. She also earned designations for Certified Internal Auditor, Certified Financial Services Auditor, Certified Anti-Money Laundering Specialist, and Certified in Risk Management Assurance.
Assistant Secretary	Tessa Cantonwine joined F&G Life Re as the Assistant Secretary in April 2022. Ms. Cantonwine joined the F&G Group in April 2016. As a corporate paralegal with 11 years' experience, Ms. Cantonwine currently serves as the elected Assistant Secretary of the F&G Group and is responsible for managing and assisting with all aspects of corporate governance, entity management, and insurance/other governmental regulatory reporting for the company. Additionally, she provides support to the General Counsel & Secretary and executives of F&G. Prior to joining the F&G Group, Ms. Cantonwine worked for Wells Fargo Bank, N.A., and Belin McCormick, P.C. in their Corporate practice area. Ms. Cantonwine earned her B.A. in Psychology (Minor in History) from Simpson College, her M.A. in History from Iowa State University, and later obtained a Certificate of Specialization from the Paralegal Program at Des Moines Area Community College. Additionally, she has also earned an Advanced Certified Paralegal ("ACP") credential through the National Association of Legal Assistants and Paralegals ("NALA"). Ms. Cantonwine is a member of both NALA and the Iowa Paralegal Association ("IPA"), and currently serves as Public Relations Liaison & Marketing Director for IPA. She is also a State of Iowa Notary Public.

### 3.1.2. Remuneration

The Company's remuneration practices provide executive compensation consisting of base salaries, incentive compensation, and employee benefits. Base salaries are fixed cash amounts that are determined based on role and market conditions. Incentive compensation is contingent on performance-based metrics for the individual and the Company.

The program is designed to appropriately compensate employees, while encouraging the objective of long-term financial performance and operational decisions in line with the Company's business and strategy.

### 3.1.3. Supplementary pension or early retirement schemes

The F&G Group maintains retirement savings plans to provide retirement benefits to eligible employees.

### 3.1.4. Material transactions with key personnel

Sue Santedicola is resigned from F&G Life Re in April 2024 and has been replaced by Jodi Ahlman, SVP, Chief of Gov't, Reg & Comp Affairs.

## 3.2. Fitness and propriety requirements

The Company elects members of the Board and senior executives based on qualified expertise, experience, and satisfactory background screening. Descriptions of the members holding these current roles, detailing their professional qualifications and work experience are detailed in section 3.1.1 Roles and Responsibilities.

## 3.3. Risk management and solvency self-assessment

Risk management is a critical part of F&G Group's business. The business is assessed through a formalized process involving (i) identifying short-term and long-term strategic and operational objectives, (ii) development of risk appetite statements that establish what the company is willing to accept in terms of risks to achieving its goals and objectives, (iii) identifying the levers that control the risk appetite of the company, (iv) establishing the overall limits of risk acceptable for a given risk driver, (v) establishing operational risk limits that are aligned with the tolerances, (vi) assigning risk limit quantification and mitigation responsibilities to individual team members within functional groups, (vii) analyzing the potential qualitative and quantitative impact of individual risks, including but not limited to stress and scenario testing covering economic and insurance related risks, (viii) mitigating risks by appropriate actions and (ix) identifying, documenting and communicating key business risks in a timely fashion. The responsibility for monitoring, evaluating and responding to risk is assigned first to management and employees, second to those occupying specialist functions, such as legal compliance and risk teams, and third to those occupying supervisory functions, such as internal audit and the board of directors.

The F&G Group has implemented several limit structures to manage risk. Examples include, but are not limited to, the following:

- At-risk limits on sensitivities of regulatory capital to the capital markets provide the fundamental framework to manage capital markets risks including the risk of asset / liability mismatch;
- Duration and convexity mismatch limits;
- Cash and asset/liability liquidity management;
- Credit risk concentration limits; and,
- Investment and derivative guidelines.

F&G Group manages its capital based on two key risk metrics:

- Regulatory Capital Sensitivities: the potential reduction, under a range of moderate to extreme capital markets stress scenarios, of the excess of available statutory capital above the minimum required under the National Association of Insurance Commissioners ("NAIC") regulatory RBC methodology; and
- Earnings Sensitivities: the potential reduction in results of operations over a 30-year time horizon under the same moderate to extreme capital markets stress scenarios. Maintaining a consistent level of earnings helps the F&G Group to finance its operations, support its capital requirements and provide funds to pay dividends to shareholders.

F&G Group's risk metrics cover the most important aspects in terms of performance measures where risk can materialize and are representative of the regulatory constraints to which its business is subject. The sensitivities for earnings and statutory capital are important metrics since they provide insight into the level of risk that F&G Group takes under stress scenarios. They also are the basis for internal risk management.

F&G Life Re management developed appropriate risk tolerances, risk limits and risk appetite for local risk management which roll up into the overall F&G Group risk tolerances, risk limits and risk appetite. The F&G Group compiles a quarterly risk register and risk assessment for each operating subsidiary, with a results dashboard for each operating subsidiary and the F&G Group which is reported to and reviewed by the F&G Group Enterprise Risk Management

(ERM) committee. F&G Life Re management also completed all the Bermuda regulatory risk management, stress testing, and reporting requirements.

F&G Group's Risk Management Policy has been approved by the FGAL ERM Committee which applies to all subsidiaries. The FGAL ERM Committee serves as the forum for the formal review and approval of risk policies except for those approved at the FGAL subsidiary Board level or where required by law. Policies approved at the FGAL ERM Committee level are the Enterprise Risk Management Policy, Enterprise Risk Acceptance Policy, Third Party Risk Management Policy, and Model Risk Governance Policy.

The Company's risk management is governed by the Board of Directors. The Board of Directors take responsibility for the risk management program, provide governance and oversight, and ensure that any F&G Group risk management processes incorporating the Company's risk exposures are and remain appropriate and relevant for the Company. Risk management is a standing agenda item during every board meeting and a review of risk reports is included in each board agenda.

The following persons have these roles and responsibilities in relation to RM:

- Board:
  - Determine strategic approach to risk and establish risk appetite; and
  - Understand emerging and significant strategic and operational risks;
- Chief Risk Officer ("CRO"):
  - Identify and assess the overall risks facing the Company on an ongoing basis;
  - Direct communications with board and stakeholders on risk topics;
  - Advise and support management and risk mitigation activities;
  - Final review and approval of official RM reports; and
  - Final review and approval of RM model results;
- Risk Modeler - through the Inter-Company Services Agreement ("ICSA") with Fidelity & Guaranty Life Business Services, Inc. ("FGLBS"):
  - Stress testing modelling; and
  - Economic capital modelling.

The Company relies upon the "Three Lines of Defense" approach:

- 1st Line – This line has the responsibility for originating insurance exposures in accordance with the stated objectives and strategies of the company. The Chief Executive Officer is the senior leader on the 1st Line;
- 2nd Line – This line has the responsibility for developing and managing an appropriate risk management framework which identifies, measures and monitors key risks of the company. The Chief Risk Officer and the Chief Compliance Officer are the senior leaders of the 2nd Line;
- 3rd Line – This line has the responsibility for providing independent assurance to the Board that the 1st Line is executing its responsibilities in accordance with the risk management framework established by the 2nd Line and that the risk management framework is effective. The 3rd Line is led by the Internal Audit Function, which is provided by the F&G Group.

## ◦ Internal controls

The F&G Group sets controls at the group level, which then apply to all the subsidiaries. The F&G Group, and therefore F&G Life Re, employs the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for SOX compliance. The F&G Group established an Internal Controls ("IC") area to ensure the health of the SOX/ICFR environment. IC is responsible for the following:

- Provide internal control expertise to key functional areas and projects
- Establish standards of quality and consistency for control design across the organization
- Advise management surrounding the design of their processes and controls impacting financial statement reporting risks
- Conduct "pre-audit" reviews of key controls to validate quality, adherence to standards and reduce the risk of control deficiencies
- Perform annual scoping in accordance with Sarbanes-Oxley Act of 2002 (SOX) and the Model Audit Rule
- Coordinate review and testing of control environment with internal and external audit

F&G Life Re relies on the F&G Group for internal controls related to services defined in the ICSA, and benefits from the IC structure. The F&G Life Re Chief Financial and Operating Officer will oversee and execute controls for F&G Life Re. The F&G Life Re Chief Financial and Operating Officer will report to the F&G Life Re Ltd Board.

### 3.4. Internal audit

Internal audit responsibilities will be performed by the central F&G Group internal audit function. Internal Audit is an independent and objective assurance and advisory function that examines and evaluates the effectiveness, efficiency and reliability of F&G Group business activities, through a systematic and disciplined risk-based approach. Internal Audit's activity is established by the F&G Group Audit Committee of the FGAL as part of its oversight role. Internal Audit's activity, with strict accountability for confidentiality and safeguarding of records and information, is granted full, free and unrestricted access to any and all of the Group's records, physical properties and personnel relevant to the area under review.

The Senior Vice President – Chief Audit Executive of F&G Group oversees the Internal Audit activities for F&G Group and reports directly to the F&G Audit Committee. The Chief Audit Executive will maintain oversight of the Internal Controls team, which will remain independent of the Internal Audit team. The Chief Audit Executive will report to the F&G Executive Vice President – Chief Financial Officer on all Internal Controls team topics as well as other administrative matters.

The Internal Audit Charter governs the following responsibilities of Internal Audit:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by Management, and submit that plan to the Audit Committee or its designee for review and approval.
- Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by Management and the Audit Committee.
- Oversee the Company's testing program designed to ensure the Company's compliance with the Sarbanes-Oxley Act of 2002 and the Model Audit Rule.
- Review the design of business information systems to assess their integrity and reliability, including an assessment of the security of the data processing environments in which these business information systems operate.
- Issue periodic reports to the Audit Committee and Management summarizing results of audit activities.
- Conduct follow-up procedures for significant audit findings to ensure that corrective action is taken in an expeditious manner.
- Consider the scope of work of the external auditors, as appropriate, for the purpose of providing optimal audit coverage to the Company at a reasonable cost.
- Provide direct assistance to the external auditors to the maximum extent possible.
- Maintain a professional audit staff with sufficient knowledge, skills, and experience to meet the requirements of the Charter.
- Establish a quality assurance program by which the Chief Audit Executive assures operation of Internal Auditing activities.
- Perform advisory services as requested by Management, beyond Internal Audit assurance services, to assist Management in meeting its objectives. Such services include advisory and related client service activities, the nature and scope of which are agreed with Management, are intended to add value and

- improve the Company's governance, risk management, and control processes without the auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Assist in the investigation, as requested, of significant suspected fraudulent activities within the Company and notify Management and the Audit Committee of the results, as appropriate.

### 3.5. Actuarial function

Wendy J.B. Young, a director of F&G Life Re, is a qualified actuary and is involved in a broad range of actuarial functions at FGLIC. The role of actuarial oversight is owned by Julia Hawkins, F&G Life Re's Chief Executive Officer.

The Approved Actuary role is outsourced to Oliver Wyman.

The actuarial function of F&G Life Re is supported by staff from other F&G Group subsidiaries and reputable actuarial consulting firms. The Company ensures the fitness and propriety of any individuals performing the actuarial function.

### 3.6. Outsourcing

F&G Life Re has outsourced various services including information technology to FGLBS pursuant to an ICSA executed on December 4<sup>th</sup>, 2017. Appropriate audit rights are maintained in the agreement to allow F&G Life Re management to conduct reviews of services as appropriate.

The F&G Group's Third-Party Risk Management policies and procedures are set out at the F&G Group level, which then applies to all subsidiaries.

## 4. Risk profile

The Company considers all risks that could affect its clients or the business of the Company. These risks include:

- Insurance underwriting and reinsurance risks;
- Investment, liquidity and concentration risk (including use of derivatives);
- Market risk;
- Credit risk;
- Systems, cyber and operations risk;
- Group risk
- Strategic and tactical risks arising from the Company's business plan;
- Systemic and reputational risk;
- Legal/litigation and compliance risk;
- Money laundering, terrorist financing and fraud risk; and,

These risks are measured and monitored on an ongoing basis. All risks must be documented with assigned risk owners who are responsible for monitoring, reporting, and mitigating risks. Risks at all levels within the risk taxonomy have assigned owners who are responsible for the continuous monitoring and reporting of risk status as well as remediation of risk issues that may arise. The Company continuously monitors risks identified in the taxonomy using the quarterly risk assessments.

Stress testing is performed annually for F&G Life Re and Semi-Annually for FGLIC. Stresses are applied to the base deterministic stress testing scenario and range from severe systemic stresses (like a financial meltdown) to adverse stresses like a mis-estimation of longevity. Stress testing results and the approach are reviewed by FGLIC's Board of Directors as well as F&G Life Re's Board of Directors during the annual review.

## 5. Solvency valuation

The Company uses valuation principles outlined in the BMA's Guidance Notes for Commercial Insurers and Groups' Statutory Reporting Regime 30 Nov 2016 ("Guidance Notes"). The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date). The solvency basis is the Bermuda Economic Balance Sheet ("EBS"), where all assets and liability values are calculated in accordance with the EBS rules and regulations.

- **Assets**

Assets are held at fair market value.

- **Technical Provisions**

F&G Life Re uses the scenario-based approach for determining the best estimate liabilities in the EBS framework. The technical provisions as of December 31, 2024, were as follows:

	2024 ('000s)
Best Estimate Liability	2,962,489
Risk Margin	6,798
Technical Provisions	2,969,287

- **Other Liabilities**

Other liabilities follow the valuation principles outlined by the BMA's Guidance Notes which values liabilities using a fair value basis for EBS.

## 6. Capital management

### 6.1. Eligible capital

#### 6.1.1. Capital management policy and processes

The primary capital management objectives of the Company are to maintain a strong capital base to support the development of its business and to meet regulatory and rating agency capital requirements at all times.

F&G Life Re's capital position will be measured and monitored using the EBS framework.

#### 6.1.2. Eligible capital categorized by Eligible Capital Rules

To enable the BMA to better assess the quality of the insurer's capital resources, a Class E insurer is required to disclose the makeup of its capital in accordance with a "3-tiered capital system". Highest quality capital is classified as Tier 1 Capital, lesser quality capital is classified as either Tier 2 or Tier 3 Capital. As of December 31, 2024, the eligible capital is categorized as follows.

	2024 ('000s)
Tier 1	299,591
Tier 2	0
Tier 3	0
Total	299,591

#### 6.1.3. Transitional arrangements under the Eligible Capital Rules

Not applicable.

#### 6.1.4. Factors affecting availability and transferability of capital

Not applicable.

#### 6.1.5. Ancillary capital instruments approved by the BMA

Not applicable.

#### 6.1.6. Differences in shareholder's equity in financial statements vs available capital and surplus

For the years ended December 31, 2023 and 2024, the BMA approved a permitted practice for the Company to remove the effect of the Financial Accounting Standard 133 DIG Issue B36 ("DIG B36"). This permits the Company to not measure the embedded derivatives included within its FWH coinsurance agreements at fair value. The impacts to the Statutory Financial Statements (SFS) are discussed in the Notes to the SFS.

## 6.2. Regulatory capital requirements

### 6.2.1. ECR and Minimum Margin of Solvency at the end of the reporting period

Under the Bermuda Insurance Act, the Company is required to maintain SFS capital and surplus to meet the Minimum Margin of Solvency (MSM) which is equal to the greater of \$500,000 or 1.5% of SFS assets. The MMS is subject to a floor of 25% of the Enhanced Capital Ratio (ECR). The Company met the minimum requirements.

At the end of the reporting period, the regulatory capital requirements were as follows:

	2024('000s)
Statutory Capital (EBS)	299,591
Minimum Margin of Solvency	63,528
Enhanced Capital Requirement	154,507
ECR Ratio	194%
Transition ECR	125,711
Transition ECR Ratio	238%

### 6.2.2. Non-compliance with the Minimum Margin of Solvency and the ECR

The Company was compliant with the MSM and ECR requirement at the end of the reporting period.

### 6.2.3. Non-compliance, remedial measures taken and their effectiveness

Not applicable.

### 6.2.4. Description of the amount of the non-compliance at the end of the reporting period

Not applicable.

## 6.3. Approved internal capital model used to derive the ECR

### 6.3.1. Purpose and scope of the business risk areas where the internal model is used

Not applicable - the Company has not applied to have its internal capital model approved to determine regulatory capital requirements.

### 6.3.2. Partial internal model and integration with the BSCR model

Not applicable.

### 6.3.3. Description of methods used in the internal model to calculate the ECR

Not applicable.

### 6.3.4. Description of aggregation methodologies and diversification effects

Not applicable.

### **6.3.5. Differences in methods and assumption used in internal model vs BSCR model**

Not applicable.

### **6.3.6. Description of the nature and suitability of the data used in the internal model**

Not applicable.

### **6.3.7. Any other material information**

Not applicable.

# 7. Significant events

## F&G Significant Events and Risks

- **Executive Changes:** In 2024, there were several changes within the Executive Team of the F&G Group. Chris Blunt moved to CEO and John Currier was named President of Fidelity & Guaranty Annuities and Life (FGAL). Steve Sanders was promoted to President, Retail Markets to replace John Currier. Wendy Young was named Chief Actuary after Paul Connor left the company. Matt Christensen, Strategy and PRT markets left the company. SVP's for PRT now report up through John Currier, President. Marie Norcia took over the role of F&G Group Chief Risk Officer from David Martin, who was named SVP Investment Risk and ALM Strategy. Amanda Wuest took over as the Head of Human Resources.
- **Persistent Inflation and Higher Rates for Longer:** After peaking in 2022, inflation moderated into 2023, but at a slower pace than desired, with the Consumer Price Index falling from above 6% at the end of 2022 to above 3% at the end of 2023, where it has remained. Persistent inflation prompted the Federal Reserve to continue raising interest rate through July 2023, before promising to hold them at that level in support of more moderate inflation numbers. Currently, the Fed is not expected to start cutting rates until much later in 2024, and possibly later if economic numbers warrant. Bond yields remain high, providing continued support to competitive rates for annuity products, and F&G Group's sales remain strong. Surrenders have increased moderately over the period, commensurate with expectation in a higher yield environment, but F&G Group's ALM and liquidity profile have been effectively utilized to mitigate the need for asset liquidation. The market has continued to offer opportunities for Blackstone, F&G Group's asset manager, to source attractive assets in support of new business. The risk of recession has declined significantly throughout 2023, but F&G Group continues to improve the overall investment risk profile by reducing positions that are most at risk in the current macro environment, improving the performance of the asset portfolio.
- **Outsourcing partners:** The F&G operating model includes outsourcing several key functions. A Vendor Risk Management team established a comprehensive program to address third party risk. ERM is actively involved to ensure key risks such as data integrity/accuracy, business continuity, compliance, and contract execution are mitigated appropriately. Outsourcing such functions allows us to focus capital and employees on core business operations and perform differentiating functions, such as investment, actuarial, product development and risk management functions. F&G believes this outsourcing model provides predictable pricing, service levels and volume capabilities and allows us to benefit from technological developments that enhance our customer self-service and sales processes.

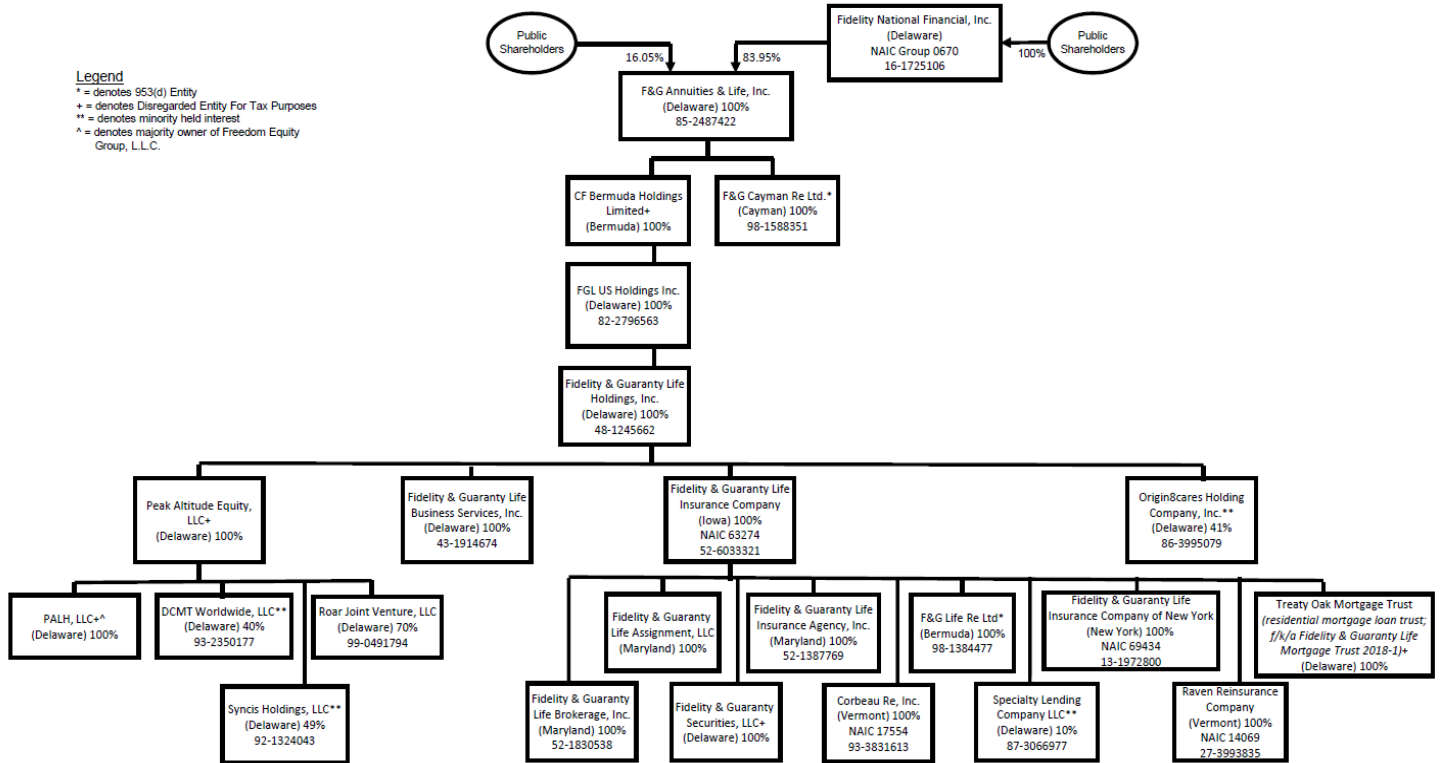
F&G Group outsources the following functions to third-party service providers:

- new business administration;
  - service of existing policies;
  - underwriting administration of life insurance applications;
  - call centers;
  - information technology development and maintenance;
  - investment accounting and custody; and
  - co-located data centers and hosting of financial systems.
- **Cybersecurity:** The industry continues to be plagued by cyber-threats and data breaches. The considerable number of remote staff increased the complexity and difficulty in managing the environment. Cybersecurity risks continue to be monitored closely, both internal and external. The control environment continues to improve; focusing on zero trust concepts and strengthening vulnerability management to reduce residual risk. Continued diligence has resulted in no significant attacks or breaches.
  - **Regulatory Environment:** Consultation Papers from the BMA were released in 2023 with aggressive timelines. New Rules post-consultation process were published in March 2024 to be implemented by year-end 2024. The Company continues to review and assess potential impacts to modeling, resources, and capital positions. The BMA requirements related to climate reporting due in 2024 will be addressed through standard data collection and disclosures as currently required in several states.

# 8. Appendices

## 8.1. Group structure

F&G Annuities & Life  
Corporate Organizational Chart – Current as of December 31, 2024



## 8.2. Investment Yields by asset class

F&G Life Re's investment strategy is designed to (i) achieve strong absolute returns, (ii) provide consistent yield and investment income, and (iii) preserve capital. All decisions are based on fundamental, bottom-up research, coupled with a top-down view that respects the cyclicity of certain asset classes. The market yields of investments within the portfolio by asset class, as of December 31, 2024, are detailed in the table below.

BSCR Asset Class	Market Value (%)	Market Yield (%)
Corporate	50	6.0
ABS	19	6.5
Equity	5	14.7
CMBS	8	11.9
Cash	14	4.5
RMBS	4	6.2
Total Portfolio	100.0	6.8