

LIFE INSURANCE COMPANY OF NORTH AMERICA

(A wholly-owned subsidiary of
New York Life Insurance Company)

STATUTORY FINANCIAL STATEMENTS

DECEMBER 31, 2025 and 2024

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Report of Independent Auditors

To the Board of Directors of Life Insurance Company of North America

Opinions

We have audited the accompanying statutory financial statements of Life Insurance Company of North America (the "Company"), which comprise the statutory statements of financial position as of December 31, 2025 and 2024, and the related statutory statements of operations, of changes in capital and surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying 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 the accounting practices prescribed or permitted by the Pennsylvania Insurance Department described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2025 and 2024, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Pennsylvania Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Pennsylvania Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 US 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 financial statements.

In performing an audit in accordance with US GAAS, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the 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 financial statements.
3. 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.
4. 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 financial statements.
5. 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.



New York, New York
March 27, 2026

LIFE INSURANCE COMPANY OF NORTH AMERICA
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2025	2024
	(in millions)	
Assets		
Bonds	\$ 6,460	\$ 6,644
Mortgage loans	1,446	1,461
Cash, cash equivalents and short-term investments	247	89
Common and preferred stocks	55	45
Other invested assets	350	305
Total cash and invested assets	8,558	8,544
Premiums and considerations receivable	218	253
Investment income due and accrued	66	62
Admitted disallowed interest maintenance reserve	34	17
Amounts due from reinsurers	319	318
Deferred tax assets	217	284
Other assets	40	29
Separate accounts assets	13	14
Total assets	\$ 9,465	\$ 9,521
Liabilities, capital and surplus		
Liabilities:		
Policy reserves	\$ 5,221	\$ 5,384
Deposit funds	507	559
Policy claims	265	277
Claim adjustment expense reserves	168	171
Other policy and contract liabilities	393	344
Accrued commissions, expenses and taxes	169	184
Remittance and items not allocated	212	241
Other liabilities	59	15
Asset valuation reserve	170	156
Separate accounts liabilities	13	14
Total liabilities	7,177	7,345
Capital and Surplus:		
Capital stock - par value \$100 (30,000 shares authorized, 25,000 issued and outstanding)	3	3
Gross paid in and contributed surplus	178	178
Special surplus for admitted disallowed interest maintenance reserve	34	17
Unassigned surplus	2,073	1,978
Total capital and surplus	2,288	2,176
Total liabilities, capital and surplus	\$ 9,465	\$ 9,521

See accompanying notes to financial statements.

LIFE INSURANCE COMPANY OF NORTH AMERICA
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2025	2024
	(in millions)	
Income		
Premiums	\$ 3,007	\$ 2,911
Net investment income	371	346
Other income	14	12
Total income	3,392	3,269
Benefits and expenses		
Benefit payments:		
Disability and accident and health benefits	1,794	1,753
Death benefits	116	125
Other benefits	10	21
Total benefit payments	1,920	1,899
Additions to policy reserves	(162)	(87)
Commissions	230	233
Operating expenses	850	780
Total benefits and expenses	2,838	2,825
Gain from operations before federal and foreign income taxes	554	444
Federal and foreign income taxes	(1)	(12)
Net gain from operations	555	456
Net realized capital losses, after taxes and transfers to interest maintenance reserve	(7)	(18)
Net income	\$ 548	\$ 438

See accompanying notes to financial statements.

LIFE INSURANCE COMPANY OF NORTH AMERICA
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

	Years Ended December 31,	
	2025	2024
	(in millions)	
Capital and surplus, beginning of year	\$ 2,176	\$ 1,860
Net increase/(decrease) due to:		
Net income	548	438
Change in net unrealized capital gains on investments	33	20
Change in nonadmitted assets	81	202
Change in asset valuation reserve	(14)	(34)
Change in net deferred income tax	(136)	(110)
Dividend to stockholder	(400)	(200)
Net increase	<u>112</u>	<u>316</u>
Capital and surplus, end of year	<u><u>\$ 2,288</u></u>	<u><u>\$ 2,176</u></u>

See accompanying notes to financial statements.

LIFE INSURANCE COMPANY OF NORTH AMERICA
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2025	2024
	(in millions)	
Cash flow from operating activities:		
Premiums received	\$ 3,035	\$ 2,923
Net investment income received	381	358
Other	14	16
Total received	3,430	3,297
Benefits and other payments	1,872	1,990
Operating expenses	1,053	971
Federal income taxes received	(47)	(11)
Total paid	2,878	2,950
Net cash from operating activities	552	347
Cash flow from investing activities:		
Proceeds from investments sold	2,352	947
Cost of investments acquired	(2,232)	(1,203)
Net cash from/(used in) investing activities	120	(256)
Cash flow from financing and miscellaneous activities:		
Net withdrawals on deposit-type contracts and other insurance liabilities	(52)	(76)
Dividends to stockholder	(400)	(87)
Other miscellaneous uses	(62)	(24)
Net cash from/(used in) financing and miscellaneous activities:	(514)	(187)
Net increase/(decrease) in cash, cash equivalents and short-term investments	158	(96)
Cash, cash equivalents and short-term investments, beginning of year	89	184
Cash, cash equivalents and short-term investments, end of year	\$ 247	\$ 89

See accompanying notes to financial statements.

LIFE INSURANCE COMPANY OF NORTH AMERICA
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF CASH FLOWS (supplemental)

	Years Ended December 31,	
	2025	2024
	(in millions)	
Non-cash activities during the year not included in the Statutory Statements of Cash Flows:		
Dividend to NYL paid in bonds, net of accrued interest	\$ —	\$ 113
Transfer/exchange of bond investment to bond investment	\$ 103	\$ 82
Depreciation on fixed assets	\$ 41	\$ 40
Capitalized interest on mortgage loans	\$ 2	\$ 3
Transfer of bond to insurance affiliate in exchange for affiliated other invested asset, net of realized loss	\$ 3	\$ —

See accompanying notes to financial statements.

LIFE INSURANCE COMPANY OF NORTH AMERICA
(A wholly-owned subsidiary of New York Life Insurance Company)
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Life Insurance Company of North America (“the Company”) is a direct wholly-owned subsidiary of New York Life Insurance Company (“New York Life”). The Company’s principal products are group disability, primarily long-term disability, life, and accident insurance. The Company is domiciled in the Commonwealth of Pennsylvania, and licensed in the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada and all states except New York. The Company is also an accredited reinsurer in the state of New York.

NOTE 2 - BASIS OF PRESENTATION

The accompanying financial statements have been prepared using accounting practices prescribed or permitted by the State of Pennsylvania Insurance Department (“the Department”), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The Department recognizes only statutory accounting practices prescribed or permitted by the State of Pennsylvania for determining and reporting the financial position and results of operations of an insurance company and for determining its solvency under the Pennsylvania State Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the State of Pennsylvania. Prescribed statutory accounting practices include state laws and regulations. Permitted statutory accounting practices encompass accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future. The Company has no permitted nor prescribed practices.

Statutory vs. U.S. GAAP Basis of Accounting

Financial statements prepared under NAIC SAP as determined under Pennsylvania State Insurance Law vary from those prepared under U.S. GAAP. The effects of those differences are material to the Company’s financial statements. The primary differences that would most likely be material are as follows:

Investments

- debt securities must meet a principles-based bond definition (“PBBD”) in order to be reported as bonds under SAP, whereas a PBBD does not exist under GAAP;
- investments in bonds are generally carried at amortized cost or values as prescribed by the Department. Investments in debt securities that do not meet the PBBD are generally reported at the lower of cost or market. Under U.S. GAAP, investments in bonds that are classified as available for sale or trading are carried at fair value, with changes in fair value of bonds classified as available for sale reflected in equity, and changes in fair value of bonds classified as trading reflected in earnings;
- investments in noncontrolled partnerships and limited liability companies are accounted for under the equity method for both NAIC SAP and U.S. GAAP. Under the statutory equity method, undistributed income and capital gains and losses for these investments are reported in surplus as unrealized gains or losses, whereas under U.S. GAAP, in many cases, for investment companies, unrealized gains and losses are included in net investment income;
- credit loss-related bond impairments that are deemed to be other than temporary are recorded as a direct write-down to the security without the ability to reverse those losses in the future if expected cash flows increase. Under U.S. GAAP, estimated credit losses on bonds classified as available for sale are recorded through an allowance for credit losses subject to future reversals if expected cash flows increase;

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 2 - BASIS OF PRESENTATION (continued)

- specific valuation allowances are established for the excess carrying value of a mortgage loan over the estimated fair value of the collateral as an unrealized loss in surplus when it is probable that based on current information and events, the Company will be unable to collect amounts due under the contractual terms of the loan agreement. Under U.S. GAAP, a valuation allowance is established for expected credit losses. The valuation allowance under U.S. GAAP is based on historical experience, current economic conditions and reasonable and supportable forecasts;
- realized gains and losses resulting from changes in interest rates are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold, whereas under U.S. GAAP, the gains and losses are recognized in income at the time of sale;

Insurance Contracts

- 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, whereas under U.S. GAAP, 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;
- payments received for universal and variable life insurance products, certain variable and fixed deferred annuities and group annuity contracts are reported as premium income and corresponding change in reserves, whereas U.S. GAAP would treat these payments as deposits to policyholders' account balances;
- the costs related to acquiring insurance contracts (principally commissions), policy issue expenses and sales inducements are charged to income in the period incurred, whereas under U.S. GAAP, these costs are deferred when related directly to successful sales and amortized over the periods benefited;
- life insurance reserves are based on different statutory methods and assumptions than they are under U.S. GAAP;
- reinsurance agreements are accounted for as reinsurance on an NAIC SAP and U.S. GAAP basis if certain risk transfer provisions have been met. NAIC SAP requires the reinsurer to assume insurance risk, regardless of the significance of the loss potential, whereas U.S. GAAP requires that there is a reasonable possibility that the reinsurer may realize significant loss from assuming insurance risk; assets and liabilities from reinsurance transactions are reported net of reinsurance, whereas under U.S. GAAP, assets and liabilities from reinsurance transactions are reported gross of reinsurance;

Taxes

- deferred income taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus, whereas under U.S. GAAP, deferred income taxes include federal and state income taxes and changes in deferred taxes are reflected in either earnings or other comprehensive income;
- a tax loss contingency is required to be established if it is more likely than not that a tax position will not be sustained upon examination by taxing authorities. If a loss contingency is greater than 50% of the tax benefit associated with a tax position, the loss contingency is increased to 100%, whereas under U.S. GAAP the amount of the benefit for any uncertain tax position is the largest amount that is greater than 50% likely of being realized upon settlement;

Surplus

- an asset valuation reserve ("AVR") based on a formula prescribed by the NAIC is established as a liability to offset potential non-interest related investment losses. Changes in the AVR are recorded directly to surplus, whereas under U.S. GAAP, no AVR is recognized;

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 2 - BASIS OF PRESENTATION (continued)

- certain assets, such as deferred taxes as noted above, unsecured receivables and electronic data processing and software are considered nonadmitted and excluded from assets, whereas they are included in assets under U.S. GAAP subject to a valuation allowance, as appropriate.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Management is also required to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

Bonds

Bonds that meet the PBBD are stated at amortized cost using the interest method. Bonds in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. The Company reviews all debt securities to determine if they meet the PBBD criteria to be reported as Schedule D bonds. The review includes confirming that the debt instrument represents a creditor relationship with a fixed payment schedule for one or more future payments and where any non-debt variables are nominal. For all ABS, the Company confirms that credit enhancement to our tranches is substantive from either subordination or overcollateralization. For ABS backed by cash-generating non-financial assets, the Company also confirms that cash flows produced by the collateral are meaningful as defined in SSAP No. 26 "Bonds". Residual interests in securitizations are reported as other invested assets using the cost recovery method. Refer to Note 7 - Fair Value Measurements for discussion on the valuation approach and methods for bonds.

The interest method for asset-backed securities, which are included in bonds, uses current assumptions of projected cash flows. Amortization of premium or accretion of discount from the purchase of these securities considers the estimated timing and amount of cash flows of the underlying loans, including prepayment assumptions based on data obtained from external sources or internal estimates. Projected future cash flows are updated monthly, and the amortized cost and effective yield of the securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. For high credit quality asset-backed securities backed by the U.S. government (those rated AA or above at the date of acquisition), the adjustments to amortized cost are recorded as a charge or credit to net investment income in accordance with the retrospective method. For all other securities, including all asset-backed securities that are not of high credit quality (those rated below AA at date of acquisition), floating rate securities and securities with the potential for a loss of a portion of the original investment due to contractual prepayments (e.g., interest only securities), the effective yield is adjusted prospectively for any changes in estimated cash flows.

All acquisitions of securities are recorded in the financial statements on a trade date basis except for the acquisitions of private placement bonds, which are recorded on the funding date.

Common Stocks

Common stocks include the Company's investments in unaffiliated stocks, which include investments in shares of U.S. Securities and Exchange Commission ("SEC") registered investment funds, and are carried at fair value. Unrealized gains and losses are reflected in surplus, net of deferred taxes. Refer to Note 7 - Fair Value Measurements for a discussion of the valuation approach and methods for common stocks.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Other than Temporary Impairments

The cost basis of bonds and equity securities is adjusted for impairments in value that are deemed to be other than temporary. An other-than-temporary loss is recognized in net income when it is anticipated that the amortized cost will not be recovered. Factors considered in evaluating whether a decline in value is other than temporary include: (1) whether the decline is substantial; (2) the duration that the fair value has been less than cost; (3) the financial condition and near-term prospects of the issuer; and (4) the Company's ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value.

When a bond (other than asset-backed securities), preferred stock or common stock is deemed other-than-temporarily impaired, the difference between the investment's amortized cost and its fair value is recognized as a realized loss and reported in net income if the loss is credit related, or deferred in the IMR if interest related for bonds.

For asset-backed securities, the entire difference between the security's amortized cost and its fair value is recognized in net income only when the Company (a) has the intent to sell the security or (b) it does not have the intent and ability to hold the security to recovery. If neither of these two conditions exists, a realized loss is recognized in net income for the difference between the amortized cost basis of the security and the net present value of projected future cash flows expected to be collected. The net present value is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit in the asset-backed security prior to impairment.

The determination of cash flow estimates in the net present value calculation is subjective and methodologies will vary, depending on the type of security. The Company considers all information relevant to the collectability of the security, including past events, current conditions, and reasonably supportable assumptions and forecasts in developing the estimate of cash flows expected to be collected. This information generally includes, but may not be limited to, the remaining payment terms of the security, estimated prepayment speeds, defaults, recoveries upon liquidation of the underlying collateral securing the notes, the financial condition of the issuer(s), credit enhancements and other third-party guarantees. In addition, other information, such as industry analyst reports and forecasts, sector credit ratings, the financial condition of the bond insurer for insured fixed income securities and other market data relevant to the collectability may also be considered, as well as the expected timing of the receipt of insured payments, if any. The estimated fair value of the collateral may be used to estimate recovery value if the Company determines that the security is dependent on the liquidation of the collateral for recovery.

The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment ("OTTI"), the impaired bond security is accounted for as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis may be accreted (or amortized) into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgage Loans

Mortgage loans on real estate are carried at unpaid principal balances, net of discounts, premiums, deferred origination fees related to points, and specific valuation allowances, and are collateralized. Mortgage loans include residential mortgage loans held through a qualifying statutory trust as long as the trust meets the required criteria for look-through reporting stipulated in statutory accounting guidance. Specific valuation allowances are established for the excess carrying value of the mortgage loan over the estimated fair value of the collateral as an unrealized loss in surplus when it is probable that based on current information and events, the Company will be unable to collect amounts due under the contractual terms of the loan agreement. Fair value of the collateral is estimated by performing an internal or external current appraisal or by obtaining broker prices for residential mortgage loans. If impairment is deemed to be other-than-temporary, which can include a loan modification that qualifies as a troubled debt restructuring ("TDR"), a direct write-down is recognized as a realized loss reported in net income, and a new cost basis for the individual mortgage loan, which is equal to the fair value of the collateral, less costs to obtain and sell, is established. Refer to Note 7 - Fair Value Measurements for a discussion of the valuation approach and methods for mortgage loans.

The Company accrues interest income on mortgage loans to the extent it is deemed collectible. The Company places loans on non-accrual status and ceases to recognize interest income when management determines that the collection of interest and repayment of principal is not probable. Any accrued but uncollected interest is reversed out of interest income once a loan is put on non-accrual status. Interest payments received on mortgage loans where interest payments have been deemed uncollectible are recognized on a cash basis and recorded as interest income. If a determination is made that the principal will not be collected, the interest payment received is used to reduce the principal balance. If a mortgage loan has any investment income due and accrued that is 90 days past due and collectible, the investment income will continue to accrue but all accrued interest related to the mortgage loan is reported as a nonadmitted asset, until such time that it has been paid or is deemed uncollectible.

Other Invested Assets

Investments in limited partnerships and limited liability companies, including equity investments in affiliated entities organized as limited liability companies, which have admissible audits are carried at the underlying audited equity of the investee. In the absence of an admissible audit, the entire investment is nonadmitted. The financial statements of equity method investees 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 one to three-month lag.

The cost basis of limited partnerships and limited liability companies is adjusted for impairments in value deemed to be other-than-temporary, with the difference between cost and carrying value, which approximates fair value, recognized as a realized loss reported in net income. The new cost basis of an impaired limited partnership or limited liability company is not adjusted for subsequent increases in the underlying audited equity of the investee.

Dividends and distributions from limited partnerships and limited liability companies, other than those deemed a return of capital, are recorded in net investment income. Undistributed earnings are included in unrealized gains and losses and are reflected in surplus, net of deferred taxes.

Investments in tax credit structures, including Low-Income Housing Tax Credit ("LIHTC") investments, which are included in other invested assets, are recorded at proportional amortized cost and include remaining unfunded commitments. The carrying value of the investment is amortized into income in proportion to the actual and projected future amounts of tax credits and deductible losses. The amortization is recorded through net investment income.

Effective October 1, 2024, residual tranches of securitizations are reported using a cost recovery method, which is a practical expedient allowed under statutory accounting rules. Under the cost recovery method, distributions received are treated as a reduction of the residual's book value. Investment income is not recognized until the book value of the residual has been reduced to zero. An OTTI is recorded when fair value of the residual is below its book value.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior to October 1, 2024, most residuals were reported at the lower of cost or market and income was accrued using an effective yield method.

Real estate includes properties that are directly-owned and real estate property investments that are directly and wholly-owned through a limited liability company and meet certain criteria. Real estate held for the production of income is stated at cost less accumulated depreciation and encumbrances. Real estate held for sale is stated at the lower of cost less accumulated depreciation or fair value, less encumbrances and estimated costs to sell. If there is an indication that the carrying amount of the real estate may not be recoverable, then it must be tested for impairment. If the carrying amount of a real estate investment exceeds its undiscounted cash flows, an OTTI is recorded as a realized loss in net income, calculated as the difference between the carrying amount of the real estate investment and the fair value of the real estate investment. Depreciation of real estate held for the production of income is calculated using the straight-line method over the estimated lives of the assets, generally 40 years. Costs of permanent improvements are depreciated over the shorter of their estimated useful life, or the remaining estimated life of the real estate. Rental revenue from leased real estate is recognized on a straight-line basis over the lease term.

Included in Other Invested Assets are derivative instruments that do not qualify or are not designated for hedge accounting. These derivatives are carried at fair value and changes in fair value are recorded in surplus as unrealized gains and losses, net of deferred taxes. Periodic payments and receipts on these derivatives are recorded on an accrual basis within net investment income. Upon termination or maturity, the gains or losses on these contracts are recognized in net realized capital gains and losses, net of taxes. Realized gains or losses on terminated or matured derivatives, which are subject to the IMR, are transferred to the IMR, net of taxes.

The Company reports cash flows from the purchase or termination of derivative instruments as cash flows from investing activities unless there is a significant financing element. Income payments, which include all cash settlements and foreign exchange payments are classified as cash flows from operating activities. Changes in receivables and payables related to collateral are reported in investing activities.

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents includes cash on hand, amounts due from banks and highly liquid debt instruments that have original maturities of three months or less at date of purchase and are carried at amortized cost. Cash and cash equivalents also include money market mutual funds which are stated at fair value. Short-term investments consist of securities with remaining maturities of one year or less, but greater than three months at the time of acquisition and are carried at amortized cost, which approximates fair value.

AVR and IMR

The AVR is used to stabilize surplus from fluctuations in the fair value of bonds, stocks and mortgage loans. Changes in the AVR are accounted for as direct increases or decreases in surplus. The IMR captures interest related realized gains and losses on sales (net of taxes) of bonds, preferred stocks, mortgage loans, interest related other-than-temporary impairments (net of taxes) which are amortized into net income over the expected years to maturity of the investments sold. An interest related other-than-temporary impairment occurs when the Company has the intent to sell an investment at the reporting date, before recovery of the cost of the investment. For asset backed securities, the non-interest related other-than-temporary impairment is booked to the AVR, and the interest related portion to the IMR. The Company admits negative IMR up to the lesser of 10% of the current period unadjusted capital and surplus and 10% of its capital and surplus as required to be shown on the balance sheet of the statutory financial statements most recently filed with its domiciliary state insurance regulator, adjusted to exclude any net positive goodwill, electronic database processing equipment and operating system software, net deferred tax assets and admitted net negative IMR.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonadmitted Assets

Under statutory accounting practices, certain assets are designated as nonadmitted assets and are not included in the accompanying Statutory Statements of Financial Position since these assets are not permitted by the Department to be taken into account in determining the Company's financial condition. Nonadmitted assets typically include receivables over ninety days past due and DTAs not realizable within three years, electronic data processing and software. Changes to nonadmitted assets are reported as a direct adjustment to surplus in the accompanying Statutory Statements of Changes in Surplus.

Net Investment Income

Income from investments, including amortization of premium, accrual of discount and similar items, as well as income from prepayment penalties, is recorded within net investment income, unless otherwise stated herein.

Premiums and Related Expenses

Premiums for individual and group life, disability, and accident insurance are considered revenue when due. Commissions and other costs associated with acquiring new business are charged to operations as incurred. Amounts received or paid under deposit type contracts without mortality or morbidity risk are not reported as income or benefits but are recorded directly as an adjustment to the liability for deposit funds.

The Company issues certain group life, accident and health insurance policies for which the final premium is calculated based on the loss experience of the insured during the term of the policy. The periodic adjustments may involve either the payment of return premium to the insured or payment of an additional premium by the insured, or both, depending on experience. The Company estimates an accrual for retrospective premium adjustments using a mathematical approach that uses analytics based on the Company's underwriting rules and experience rating practice. The Company records accrued retrospective premium adjustments in Premiums in the accompanying Statements of Operations.

Policy Reserves

Policy reserves are based on mortality and morbidity tables and valuation interest rates, which are consistent with statutory requirements and are designed to be sufficient to provide for contractual benefits. The Company holds reserves greater than those developed under the minimum statutory reserving rules when the valuation actuary determines that the minimum statutory reserves are inadequate. Actual results could differ from these estimates and may result in the establishment of additional reserves. The valuation actuary monitors actual experience and, where circumstances warrant, revises assumptions and the related estimates for policy reserves. Refer to Note 10 - Insurance Liabilities for a discussion of reserves in excess of minimum NAIC requirements.

The Company anticipates investment income as a factor in a premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 54, "Individual and Group Accident and Health Policies". Premium deficiency calculations do not apply to the Company's other accident and health products.

Deposit Funds

Deposit funds relate to contracts that do not subject the Company to mortality and/or morbidity risk. The Company's deposit funds liability primarily consists of retained asset account deposits, deposits received from customers and accumulated net investment income on their fund balances less accumulated administrative charges according to contract terms and customers' experience. Refer to Note 10- Insurance Liabilities for further details in this liability.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Policy Claims

Liabilities for policy claims are estimates of payments to be made on insurance claims for reported losses and estimates of incurred but not reported losses. Estimated amounts of reinsurance recoverable on unpaid losses are deducted from the liability for policy claims. Estimated liabilities are established for policies that contain experience-rating provisions. Refer to Note 10 - Insurance Liabilities for additional disclosures related to the policy reserves.

Claim Adjustment Expense Reserve

The claim adjustment expense liability is a liability for future expected costs to adjudicate and settle claims that have been incurred on or before the valuation date. The claim adjustment expense liability is calculated based on the Company's best estimate of the expected costs of settling claims using past experience and current expense projections.

Reinsurance

The Company enters into reinsurance agreements with affiliated and unaffiliated insurers in the normal course of business to limit its insurance risk or to assume business. Premium income, policyholders' benefits and policyholders' reserves are reported net of reinsurance. Refer to Note 11 - Reinsurance for additional discussion on reinsurance.

Federal Income Taxes

The Company is a member of an affiliated group which files a consolidated federal income tax return with New York Life. The consolidated income tax provision or benefit is allocated among the members of the group in accordance with a tax allocation agreement. The tax allocation agreement provides that the Company computes its share of consolidated tax provision or benefit, in general, on a separate company basis, and may, where applicable, include the tax benefits of operating or capital losses utilizable in New York Life's consolidated returns. Intercompany tax balances are settled quarterly on an estimated basis with a final settlement occurring within 30 days of the filing of the consolidated tax return. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years.

The Company generally recognizes deferred federal income tax assets ("DTAs") and deferred federal income tax liabilities ("DTLs") for expected future tax consequences of temporary differences between statutory and taxable income. Changes in DTAs and DTLs are recognized as a separate component of surplus (except for the net deferred taxes related to investments, which are included in unrealized gains and losses). Limitations on the admitted amount of DTA are calculated in accordance with SSAP No. 101, "Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10". Gross DTAs are reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross DTA will not be realized. The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit. Refer to Note 14 - Income Taxes for more detailed information about the Company's income taxes.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Separate Accounts

Separate account assets and liabilities are contract holder funds maintained in accounts with specific investment objectives. The assets of these accounts are legally segregated and insulated from the general account of the Company and are not subject to claims that arise out of any of the Company's other businesses. The separate account assets are carried at fair value. Separate account liabilities are established in amounts that are adequate to meet estimated future obligations to contract holders and plan participants. The investment income, gains and losses of these accounts accrue to the contract holders and, therefore, do not affect the Company's net income. Premiums received and benefits paid on separate accounts flow through the general account and result in transfers between the two, which are reported in the Company's net income.

Other Assets and Liabilities

Other assets primarily consist of guaranty funds receivables, current tax receivables and other receivables. Other liabilities primarily consist of amounts withheld by the Company and other insurance related liabilities.

Fair Value of Financial Instruments and Insurance Liabilities

Fair value of various assets are included throughout the notes to the financial statements. Specifically, fair value disclosure of investments held is reported in Note 6 - Investments. The aggregate fair value of all financial instruments summarized by type is included in Note 7 - Fair Value Measurements.

Contingencies

Amounts related to contingencies are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable.

At the inception of a guarantee, the Company recognizes an initial liability at fair value for the obligations it has undertaken, regardless of the probability of performance under the guarantee.

Foreign Currency Transactions

For foreign currency items which primarily relate to the Company's Canadian insurance operations, income and expenses are translated at the average exchange rate for the period, while assets and liabilities are translated using the spot rate in effect at the date of the statements. Changes in the asset and liability values due to fluctuations in foreign currency exchange rates, are recorded as unrealized capital gains and losses in surplus until the asset is sold or exchanged or the liability is settled. Upon settlement, previously recorded unrealized capital gains and losses are reversed, and the foreign exchange gain or loss for the entire holding period is recorded as a realized capital gain or loss in net income.

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 4 - BUSINESS RISKS AND UNCERTAINTIES

The Company is exposed to various risks, including, but not limited to, insurance, financial, operational, and regulatory risks.

The Company is regulated by the insurance departments of the states and territories where it is licensed to do business. Although the federal government does not directly regulate the business of insurance, federal legislation and administrative policies can significantly and adversely affect the insurance industry and the Company. The Company is unable to predict whether any administrative or legislative proposals, at either the federal or state level, will be adopted in the future, or the effect, if any, such proposals would have on the Company.

The Company's insurance liabilities are exposed to market risk, policyholder behavior risk and morbidity/mortality/longevity risk. Furthermore, the level of sales of the Company's insurance products is influenced by many factors, including terms and conditions of competing products.

The Company is exposed to the risks normally associated with an investment portfolio, which include general risk of loss of investment, market volatility, interest rate, liquidity, credit, valuation, regulatory change, currency, geographic and counterparty risks. In addition, the investment portfolio is exposed to climate risk, which may affect the value of the Company's investments.

The Company is subject to various operational risks that could adversely impact its profitability, notably technology risks, which include cybersecurity. Technology risks may involve failures or inadequacies in the Company's technology systems, including the risk of damage to or theft of Company information, whether in digital or physical formats, or breaches of the Company's technology platforms. Operational risks also include business disruption risks, which may involve disruptions to mission-critical business functions as a result of system or infrastructure failures, malicious activity, pandemics, and natural and man-made disasters. Climate change may increase the frequency and severity of certain natural disasters that can lead to operational risks.

The Company continues to monitor the economic environment and other potential impacts that could result from current or future outbreaks of infectious diseases, viruses (including COVID-19), epidemics or pandemics.

NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS

Changes in Accounting Principles

Accounting changes adopted to conform to the provisions of NAIC SAP or other state prescribed accounting practices are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is generally reported as an adjustment to unassigned surplus in the period of the change in accounting principle. Generally, the cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

During 2025, the NAIC adopted revisions to SSAP No. 93 "Investments in Tax Credit Structures" to provide new guidance on the accounting, recognition, and reporting of investments where the return is substantially earned through either federal or state tax credits. Specifically, the guidance requires for all qualifying tax credit investments to be reported as Other Invested Assets on Schedule BA and accounted for under the proportional amortization method. Revisions were also made to SSAP No. 94 "State and Federal Tax Credits", which clarifies the accounting guidance for certificated tax credits and expands the current guidance to federal tax credits, while continuing to include state tax credits. The guidance also requires these tax credits to be recorded at face value, with any discount to the certificated tax credits' face value recorded as a deferred gain. The Company adopted the new guidance on January 1, 2025. Upon adoption, there was no significant impact to the Company's surplus.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS (continued)

During 2025, the NAIC adopted revisions to SSAP No. 26 “Bonds” to incorporate a principle-based bond definition. Revisions were also made to SSAP No. 43 “Asset Backed Securities” and SSAP No. 21 “Other Admitted Assets”. The revised definition includes criteria that must be met in order for a debt instrument to be reported as a bond, classified as either an issuer credit obligation or asset-backed security. The Company adopted the new guidance on January 1, 2025. Upon adoption, the Company identified debt securities with a book adjusted carrying value (“BACV”) of \$3 million that no longer met the definition of a bond. These bonds were reclassified to preferred stock as noted below. Prior to adoption of the new definition, these debt securities were carried at amortized cost unless they had an NAIC-6 designation, which required lower of cost or market (“LOCOM”) accounting. Details regarding these securities’ BACV and accounting measurement before and post adoption are as follows:

Non-Bond Debt Securities	BACV at 12/31/24 as reported on Schedule D	New measurement Basis	BACV at 1/1/25 After Transition	Aggregate surplus impact after transition at 1/1/25
Debt securities reclassified to preferred stock	\$ 3	Fair Value	\$ 3	\$ —

During 2024, the NAIC adopted changes to SSAP No. 21 "Other Admitted Assets," which revise the accounting guidance for residual tranches of securitizations. The new guidance provides a practical expedient that allows for the use of a cost recovery method. Under the cost recovery method, distributions received from the investment are treated as a reduction of the residual's book value. Investment income is not recognized until the book value of the residual has been reduced to zero. The Company early adopted the new guidance on a prospective basis on October 1, 2024. There was no impact to surplus upon adoption. The Company reclassified less than \$1 million from unrealized losses to realized losses upon adoption.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 6 - INVESTMENTS

Bonds

The carrying value and estimated fair value of bonds by contractual maturity at December 31, 2025 and 2024 were as follows (in millions):

	2025		2024	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	\$ 660	\$ 656	\$ 564	\$ 559
Due after one year through five years ⁽¹⁾	2,921	2,835	3,361	3,229
Due after five years through ten years	1,851	1,835	2,050	1,876
Due after ten years through twenty years	610	591	357	319
Over twenty years	417	406	314	291
Total	\$ 6,460	\$ 6,323	\$ 6,644	\$ 6,274

⁽¹⁾ Includes an affiliated bond issued by Madison Capital Funding LLC ("MCF"). Refer to Note 9 - Related Party Transactions for a more detailed discussion of related party investments.

Corporate bonds are shown based on contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-backed securities ("MBS") and asset-backed securities ("ABS") are not due at a single maturity date and therefore are shown based on the expected cash flows of the underlying loans, which includes estimates of anticipated future prepayments.

The Company had cash equivalents with a carrying value of \$223 million and \$178 million at December 31, 2025 and 2024, respectively, that are due in three months or less. The Company had short-term investments with a carrying value of \$72 million at December 31, 2025 and no short term investments at December 31, 2024, that are due in one year or less. Carrying value approximates fair value for these investments.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 6 - INVESTMENTS (continued)

At December 31, 2025 and 2024, the distribution of gross unrealized gains and losses on bonds were as follows (in millions):

	2025			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Issuer Credit Obligations:				
U.S. government obligations (RBC Exempt)	\$ 60	\$ —	\$ 3	\$ 57
Non-U.S. sovereign jurisdiction securities	70	1	1	70
Municipal bonds - general obligations (direct & guaranteed)	16	—	—	16
Municipal bonds - special revenue	76	2	2	77
Project finance bonds issued by operating entities (Unaffiliated)	141	2	7	137
Corporate bonds (Unaffiliated)	4,575	49	132	4,491
Single entity backed obligations (Unaffiliated)	28	—	—	28
Bonds Issued by Funds Representing Operating Entities (Unaffiliated)	372	3	8	367
Bank loans - acquired (Unaffiliated)	62	—	2	61
Total Issuer Credit Obligations	\$ 5,401	\$ 58	\$ 155	\$ 5,303
Asset-Backed Securities:				
Financial Asset-Backed – Self-Liquidating				
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)	\$ 170	\$ —	\$ 18	\$ 153
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)	204	1	16	189
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)	171	—	—	172
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated)	201	2	8	195
Lease-Backed Securities – Practical Expedient (Unaffiliated)	55	1	1	55
Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated)	110	1	1	109
Lease-Backed Securities – Full Analysis (Unaffiliated)	148	1	2	147
Total – Asset-Backed Securities	\$ 1,059	\$ 7	\$ 46	\$ 1,020
Total – Issuer Credit Obligations and Asset-Backed Securities	\$ 6,460	\$ 64	\$ 201	\$ 6,323

	2024			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	\$ 74	\$ —	\$ 4	\$ 71
All other governments	90	—	2	88
U.S. special revenue and special assessment	272	4	10	265
Industrial and miscellaneous unaffiliated	6,199	16	374	5,840
Parent, subsidiaries, and affiliates ⁽¹⁾	10	—	—	10
Total	\$ 6,644	\$ 20	\$ 390	\$ 6,274

⁽¹⁾ The carrying value includes \$9 million of ABS investments that are managed by affiliates of the Company but have no credit risk exposure to those affiliates.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 6 - INVESTMENTS (continued)

Common Stocks

The carrying value of and change in unrealized gains (losses) generated by common stocks at December 31, 2025 and 2024 were as follows (in millions):

	2025		2024	
	Carrying Value	Change in Unrealized Gains (Losses)	Carrying Value	Change in Unrealized Gains (Losses)
Unaffiliated common stock	\$ 52	\$ 7	\$ 45	\$ 8
Preferred Stock	3	—	—	—
Total	\$ 55	\$ 7	\$ 45	\$ 8

Mortgage Loans

The Company's mortgage loans are diversified by property type, location and borrower, and are collateralized. The maximum and minimum lending rates for new mortgage loans funded during 2025 were 9.9% and 4.8% and funded during 2024 were 11.3% and 5.0%, respectively. For 2025 and 2024, the maximum percentage of any one commercial loan to the value of the collateral at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 91.3% and 91.3%, respectively (average percentage was 59.9% and 59.7% at December 31, 2025 and 2024, respectively). For 2025, the maximum percentage of any one residential loan to the value of the collateral at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 80.0%. The Company has no significant credit risk exposure to any one individual borrower.

The Company's mortgage loans were held in a form of participations with the carrying value of \$1,102 million and \$1,076 million at December 31, 2025 and 2024, respectively. These loans were originated or acquired by New York Life. Refer to Note 9 - Related Party Transactions for more details.

At December 31, 2025 and 2024, the distribution of the mortgage loan portfolio by property type and geographic location were as follows (\$ in millions):

	2025		2024	
	Carrying Value	% of Total	Carrying Value	% of Total
Property Type:				
Industrial	\$ 633	43.7 %	\$ 656	44.9 %
Apartment buildings	482	33.3	448	30.7
Office buildings	148	10.2	161	11.0
Retail facilities	131	9.1	152	10.4
Other	34	2.4	32	2.2
Hotels	13	0.9	12	0.8
Residential	6	0.4	—	—
Total	\$ 1,446	100.0 %	\$ 1,461	100.0 %

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 6 - INVESTMENTS (continued)

	2025		2024	
	Carrying Value	% of Total	Carrying Value	% of Total
Geographic Location:				
Central	\$ 508	35.2 %	\$ 532	36.4 %
Pacific	399	27.6	405	27.7
South Atlantic	359	24.8	356	24.4
Middle Atlantic	130	9.0	124	8.5
New England	30	2.1	23	1.6
Total	\$ 1,426	98.6 %	\$ 1,441	98.6 %
International Region:				
Mexico	20	1.4	20	1.4
Total international region	20	1.4	20	1.4
Total mortgage loans	\$ 1,446	100.0 %	\$ 1,461	100.0 %

At December 31, 2025 and 2024, the Company had no mortgage loans past due 90 days and over.

For residential mortgage loans, a specific valuation allowance is established for loans that are delinquent over 90 days and where the fair value of the collateral is below the loan's amortized cost. Fair value for residential mortgages is usually derived from a broker price, which is market practice for this asset class. Residential mortgage loans are generally considered permanently impaired when the loan is delinquent for 120 days or more since foreclosure is deemed to be probable at that time.

The Company maintains a watchlist of commercial loans that may potentially be impaired. Some of the general guidelines analyzed to include commercial loans within the watchlist are loan-to-value ratio ("LTV"), asset performance such as debt service coverage ratio, lease rollovers, income/expense hurdles, major tenant or borrower issues, the economic climate, and catastrophic events, among others. Collateral securing loans placed on the watchlist generally take priority in being revalued in the Company's inspection/evaluation commercial loan program that revalues properties securing commercial mortgage loans.

The fair value of collateral for commercial mortgage loans (excluding credit loans) is periodically updated no less than every three years. If a loan is determined to be potentially troubled, the loan is monitored as to its status and may be revalued. Certain properties that serve as collateral for commercial mortgages have been placed on a different schedule to address additional risks that resulted from rising interest rates or distress in the market due to return to work issues. Collateral values and related loan-to-value (LTV) ratios are key indicators used to monitor credit quality and identify potential problem loans. At December 31, 2025 and 2024, LTVs on the Company's mortgage loans were as follows (in millions):

Loan to Value % (By Class)	2025							
	Industrial	Apartment Buildings	Office Buildings	Retail Facilities	Hotels	Residential	Other	Total
Above 95%	\$ —	\$ 12	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12
91% to 95%	—	7	10	—	—	—	—	16
81% to 90%	9	28	3	—	—	—	—	40
71% to 80%	33	176	33	34	—	4	27	307
Below 70%	590	259	103	98	12	2	7	1,070
Total	\$ 633	\$ 482	\$ 148	\$ 131	\$ 13	\$ 6	\$ 34	\$ 1,446

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 6 - INVESTMENTS (continued)

2024								
Loan to Value % (By Class)	Industrial	Apartment Buildings	Office Buildings	Retail Facilities	Hotels	Residential	Other	Total
Above 95%	\$ —	\$ —	\$ 27	\$ —	\$ —	\$ —	\$ —	\$ 27
91% to 95%	—	19	10	—	—	—	—	29
81% to 90%	—	9	2	—	—	—	—	12
71% to 80%	45	38	34	34	—	—	4	155
Below 70%	611	382	88	118	12	—	28	1,238
Total	<u>\$ 656</u>	<u>\$ 448</u>	<u>\$ 161</u>	<u>\$ 152</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ 32</u>	<u>\$ 1,461</u>

At December 31, 2025 and 2024, impaired mortgage loans were as follows (in millions):

2025					
Type	Impaired Loans with Allowance for Credit Losses	Related Allowance	Impaired Loans Without Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
Commercial	\$ 8	\$ 1	\$ —	\$ 1	\$ —

2024					
Type	Impaired Loans with Allowance for Credit Losses	Related Allowance	Impaired Loans Without Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
Commercial	\$ 27	\$ 10	\$ —	\$ 2	\$ —

In 2025, the Company started investing in residential mortgage loans through a Delaware Statutory Trust (the “Trust”). The Trust owns residential mortgages in three separate series. The Company, along with NYL and NYLIAC, own a 100% undivided beneficial ownership in the assets of one of the series. At December 31, 2025, the Company's cash owned through the trust was \$31 thousand. At December 31, 2025, the Company's investment in residential mortgages and cash owned through the Trust are as follows (in millions):

2025	
Residential Mortgage Loans	Carrying Value
In good standing:	
Pacific	\$ 2
Central	1
South Atlantic	1
Middle Atlantic	2
New England	—
Total in good standing	<u>\$ 6</u>
Cash	\$ —

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 6 - INVESTMENTS (continued)

Other Invested Assets

The carrying value of other invested assets at December 31, 2025 and 2024 consisted of the following (in millions):

	2025	2024
Affiliated non-insurance subsidiaries	\$ 275	\$ 261
Limited partnerships and limited liability companies	35	21
Capital notes and surplus notes	4	—
Other invested assets ⁽¹⁾	2	4
Derivatives	1	2
Residuals	10	9
Tax credit investments	7	8
Loans to affiliates	—	—
Real estate	15	—
Total other invested assets	<u>\$ 350</u>	<u>\$ 305</u>

Affiliated non-insurance subsidiaries consist of the Company's limited liability company investment in MCF. Dividends are recorded in Net investment income in the accompanying Statutory Statements of Operations when declared and changes in the equity of these investments are recorded in Change in net unrealized capital gains on investments in the accompanying Statutory Statements of Changes in Capital and Surplus.

Limited partnerships and limited liability companies primarily consist of limited partnership interests in a mortgage loan fund and other private equity investments. Distributions, other than those deemed a return of capital, are recorded as Net investment income in the accompanying Statutory Statements of Operations. Undistributed earnings are included in Change in net unrealized capital gains on investments in the accompanying Statutory Statements of Changes in Capital and Surplus.

Effective October 1, 2024, residual tranches of securitizations are reported using a cost recovery method where distributions received are treated as a reduction of the residual's book/adjusted carrying value. Investment income is not recognized until the book/adjusted carrying value of the residual has been reduced to zero. Prior to October 1, 2024, most residuals were reported at the lower of cost or market and income was accrued using an effective yield method. Interest earned on these investments is included in Net investment income in the accompanying Statutory Statement of Operations.

The Company has equity investments in Low Income Housing Tax Credit ("LIHTC") investments, which have the primary purpose of generating tax credits for the Company. Investments in LIHTC structures are initially recorded at cost and carried at amortized cost using the proportional amortization method unless considered impaired. The amortization of these investments is reported in Net investment income in the accompanying Statutory Statement of Operations. The tax credits received are recorded in Income Tax Expense in the accompanying Statutory Statement of Operations.

During 2025 and 2024, the Company recorded amortization on these investments under the proportional amortization method of \$0.1 million and \$2 million, respectively. The Company recorded tax credits and other tax benefits on these investments for 2025 and 2024. The Company recorded tax credits and other tax benefits on these investments for 2025 and 2024. Tax credit investments are periodically subject to regulatory reviews, and the Company is not aware of any adverse issues related to such regulatory reviews. There have been no significant modifications or events that resulted in a change in the nature of the investment or a change in the relationship with the underlying project for tax credit investments.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 6 - INVESTMENTS (continued)

Tax credits expected to be generated each year for the subsequent five years and thereafter (in millions):

Year	Transferable	Non-transferable	Total
2026	\$ 3	\$ —	\$ 3
2027	\$ 2	\$ —	\$ 2
2028	\$ 2	\$ —	\$ 2
2029	\$ 2	\$ —	\$ 2
2030	\$ 2	\$ —	\$ 2
2031+	\$ 2	\$ —	\$ 2

At December 31, 2025, total carrying value of state and federal tax credits, disaggregated by transferable/certificated and non-transferable, gross of any related tax liabilities by jurisdiction and in total (in millions):

2025			
Description of State and Federal Tax Credits	Jurisdiction	Carrying Value ⁽¹⁾	Unused Amount
State Transferable - Low Income Housing	GA	\$ 7	\$ 12
State Transferable - Low Income Housing	MA	5	6
State Transferable - Low Income Housing	CA	7	12
Federal - Transferable	N/A	—	—
Federal - Non-Transferable	N/A	—	—
Total		\$ 19	\$ 30

⁽¹⁾ Includes \$13 million of certificated tax credits which are reported in other assets on the Statutory Statements of Position.

Total unused tax credits by jurisdiction, disaggregated by transferable/certificated and nontransferable, which are fully admitted, as follows (in millions):

2025			
State Abbreviation*	Transferable/ Certificated	Nontransferable	Total
a. State			
Georgia	\$ 12	\$ —	\$ 12
Massachusetts	6	—	6
California	12	—	12
Total	\$ 30	\$ —	\$ 30
b. Federal			
	\$ —	\$ —	\$ —
c. Total (a+b)			
	\$ 30	\$ —	\$ 30

*Only applicable to State section (a) of table

The Company estimated the utilization of the remaining state and federal tax credits by projecting future premium income taking into account policy growth and rate changes, projecting future tax liability based on projected premium income, tax rate and tax credits, and comparing projecting future tax liability of remaining state and federal tax credits.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 6 - INVESTMENTS (continued)

At December 31, 2025, the Company did not have any impairment losses as a result of impairment analysis on state and federal tax credits.

The company has a commitment or contingent commitment to purchase tax credits of \$12 million.

Net investment income (loss) and change in unrealized gains (losses) for other invested assets for the years ended December 31, 2025 and 2024 consisted of the following (in millions):

	2025		2024	
	Net Investment Income (Loss)	Change in Unrealized Gains (Losses) ⁽¹⁾	Net Investment Income (Loss)	Change in Unrealized Gains (Losses) ⁽¹⁾
Affiliated non-insurance subsidiaries	\$ 25	\$ 15	\$ 19	\$ 26
Limited partnerships and limited liability companies	1	(1)	—	(2)
Other invested assets	—	—	—	—
Residuals	—	—	1	1
Tax Credit Investments	—	—	(2)	—
Loans to affiliates	—	—	—	—
Total limited partnerships and other invested assets	\$ 25	\$ 14	\$ 18	\$ 25

⁽¹⁾ There were no unrealized foreign exchange gains (losses) for both 2025 and 2024.

The Company uses derivative instruments to manage interest rate risk. The Company does not engage in derivative instrument transactions for speculative purposes. The Company's derivatives are cleared through a clearing house, and require initial and daily variation margin collateral postings. When transacting cleared derivatives, the Company is exposed to credit risk resulting from default of the clearinghouse and/or default of the Futures Commission Merchant (e.g. clearinghouse agent). At December 31, 2025, the Company had interest rate swaps with a notional amount of \$240 million and a fair value and carrying value of \$1 million.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 6 - INVESTMENTS (continued)

Assets on Deposit or Pledged as Collateral

At December 31, 2025 and 2024, the Company's restricted assets (including pledged collateral) were as follows (\$ in millions):

Restricted Asset Category	2025						Percentage	
	Gross (Admitted and Nonadmitted) Restricted					Total Admitted Restricted	Gross (Admitted and Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
	Total General Account (G/A)	Total From Prior Year	Increase (Decrease)	Total Nonadmitted Restricted	Total Admitted Restricted			
Federal Home Loan Bank ("FHLB") capital stock	\$ 1	\$ 1	\$ —	\$ —	\$ 1		0.0 %	0.0 %
On deposit with states	131	124	7	—	131		1.3	1.4
Reinsurance Trust (not Modco/FWH)	—	431	(431)	—	—		0.0	0.0
Collateral Assets Received and on Balance Sheet	1	—	1	—	1		0.0	0.0
Assets held under Modco Reinsurance Agreements	3	3	—	—	3		0.0	0.0
Total restricted assets	\$ 136	\$ 559	\$ (423)	\$ —	\$ 136		1.4 %	1.4 %

Restricted Asset Category	2024						Percentage	
	Gross (Admitted and Nonadmitted) Restricted					Total Admitted Restricted	Gross (Admitted and Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
	Total General Account (G/A)	Total From Prior Year	Increase (Decrease)	Total Nonadmitted Restricted	Total Admitted Restricted			
FHLB capital stock	\$ 1	\$ 1	\$ —	\$ —	\$ 1		0.0 %	0.0 %
On deposit with states	124	134	(10)	—	124		1.2	1.3
Assets held for reinsurance trust or other restricted assets	431	476	(45)	—	431		4.3	4.5
Total restricted assets	\$ 556	\$ 611	\$ (55)	\$ —	\$ 556		5.5 %	5.8 %

Collateral Received

At December 31, 2025, assets received as collateral reflected within the accompanying Statutory Statements of Financial Position, along with a liability to return such collateral, were as follows (\$ in millions):

Cash Collateral Assets	2025							
	BACV Collateral	BACV Modco	BACV FWH	Fair Value Collateral	Fair Value Modco	Fair Value FWH	% of Total Assets (Admitted and Nonadmitted)	% of Total Admitted Assets
Securities lending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	— %	— %
Derivatives	1	—	—	1	—	—	— %	— %
Modco/FWH Assets	—	3	—	—	3	—	— %	— %
Total (General Account)	\$ 1	\$ 3	\$ —	\$ 1	\$ 3	\$ —	— %	— %

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 6 - INVESTMENTS (continued)

Recognized Obligation to Return Collateral Asset	2025		2024	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Other liabilities (derivatives)	\$ 1	— %	\$ 1	— %
Modco Assets	3	—	—	—
Total (General Account)	\$ 4	0.1 %	\$ 1	— %

Insurer Self-Certified Securities

The Company does not carry securities which receive timely payments of principal and interest that do not have an NAIC designation.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 6 - INVESTMENTS (continued)

Admitted Negative IMR

IMR was admitted up to the lesser of 10% of the current period unadjusted capital and surplus and 10% of its prior period adjusted capital and surplus. Capital and Surplus was adjusted to exclude net positive admitted goodwill, electronic data processing equipment and operating system software, admitted negative IMR, and net deferred tax assets. The computation of adjusted Capital and Surplus for purposes of negative IMR admissibility is included below (\$ in millions):

	2025			
	Total	General Account	Insulated Separate Account	Non-Insulated Separate Account
(1) Net negative (disallowed) IMR	\$ 34	\$ 34	\$ —	\$ —
(2) Negative (disallowed) IMR admitted	34	34	—	—
(3) Calculated adjusted capital and surplus				
Prior Period General Account Capital & Surplus	\$ 2,579			
From Prior Period SAP Financials				
Net Positive Goodwill (admitted)	—			
EDP Equipment & Operating System Software (admitted)	\$ —			
Net DTAs (admitted)	\$ 244			
Net Negative (disallowed) IMR (admitted)	36			
Adjusted Capital & Surplus	<u>\$ 2,299</u>			
(4) Percentage of adjusted capital and surplus				
Percentage of Total Net Negative (disallowed) IMR admitted in General Account or recognized in Separate Account to adjusted capital and surplus		1.5 %		
(5) Allocated gains/losses to IMR from derivatives		Gains	Losses	
Unamortized Fair Value Derivative Gains & Losses Realized to IMR - Prior Period	\$ —	\$ —	\$ —	
Fair Value Derivative Gains & Losses Realized to IMR - Added in Current Period	\$ —	\$ —	\$ —	
Fair Value Derivative Gains & Losses Amortized Over Current Period	\$ —	\$ —	\$ —	
Unamortized Fair Value Derivative Gains & Losses Realized to IMR - Current Period Total	\$ —	\$ —	\$ —	

The Company engages in prudent portfolio management that may require sales of its fixed income investments in order to rebalance the portfolio and match the duration of the Company's insurance liabilities. Proceeds from the sale of fixed income investments made for these purposes are reinvested in similar assets. If sales are executed due to liquidity pressures related to the Company's insurance contracts (i.e., excess withdrawal activity), any related realized gains and losses are not deferred into the IMR.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 7 - FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, "Fair Value Measurements". Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are based on the inputs to the valuation as follows:

- Level 1** Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. Active markets are defined as a market in which many transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2** Observable inputs other than level 1 prices, such as quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities, or other model driven inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Valuations are generally obtained from third-party pricing services for identical or comparable assets or liabilities or through the use of valuation methodologies using observable market inputs.

- Level 3** Instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions in pricing the asset or liability. Pricing may also be based upon broker quotes that do not represent an offer to transact. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models and other similar techniques. Non-binding broker quotes, which are utilized when pricing service information is not available, are reviewed for reasonableness based on the Company's understanding of the market, and are generally considered Level 3. To the extent the internally developed valuations use significant unobservable inputs, they are classified as Level 3.

Determination of Fair Value

The Company has an established and well-documented process for determining fair value. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services. For most private placement securities, the Company applies a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. For private placement securities that cannot be priced through these processes, the Company uses internal models and calculations. All other securities are submitted to independent brokers for prices. The Company performs various analyses to ascertain that the prices represent fair value. Examples of procedures performed include, but are not limited to, back testing recent trades, monitoring trading volumes, and performing variance analysis of monthly price changes using different thresholds based on asset type. The Company also performs an annual review of all third-party pricing services. During this review, the Company obtains an understanding of the process and sources used by the pricing service to ensure that they maximize the use of observable inputs, the pricing service's frequency of updating prices, and the controls that the pricing service uses to ensure that their prices reflect market assumptions. The Company also selects a sample of securities and obtains a more detailed understanding from each pricing service regarding how they derived the price assigned to each security. Where inputs or prices do not reflect market participant assumptions, the Company will challenge these prices and apply different methodologies that will enhance the use of observable inputs and data. The Company may use non-binding broker quotes or internal valuations to support the fair value of securities that go through this formal price challenge process. At December 31, 2025 and 2024, the Company did not have any price challenges on general account or separate account securities from what it received from third party pricing services.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

In addition, the Company has a pricing committee that provides oversight over the Company's prices and fair value process for securities. The committee meets quarterly and is responsible for the review and approval of the Company's valuation procedures. The committee is also responsible for the review of pricing exception reports as well as the review of significant inputs used in the valuation of assets that are valued internally.

The following tables present the carrying amounts and estimated fair value of the Company's financial instruments at December 31, 2025 and 2024 (in millions):

	2025					Net Asset Value ("NAV") as a Practical Expedient
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	
Assets:						
Issuer Credit Obligations	\$ 5,303	\$ 5,401	\$ —	\$ 5,288	\$ 15	\$ —
Asset Backed Securities	1,020	1,059	—	958	62	—
Total Bonds	6,323	6,460	—	6,246	77	—
Preferred stocks	3	3	—	3	—	—
Common stocks	52	52	51	—	1	—
Mortgage loans	1,422	1,446	—	—	1,422	—
Cash, cash equivalents and short-term investments	247	247	59	188	—	—
Derivatives	1	1	—	1	—	—
Derivatives collateral	1	1	—	1	—	—
Other invested assets ⁽¹⁾	24	22	—	5	19	—
Investment income due and accrued	66	66	—	66	—	—
Separate accounts assets	13	13	13	—	—	—
Total assets	<u>\$ 8,153</u>	<u>\$ 8,311</u>	<u>\$ 123</u>	<u>\$ 6,510</u>	<u>\$ 1,520</u>	<u>\$ —</u>
Liabilities:						
Derivatives collateral	\$ 1	\$ 1	\$ —	\$ 1	\$ —	\$ —
Payable to parent and affiliates	26	26	—	26	—	—
Total liabilities	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ —</u>	<u>\$ 27</u>	<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾Excludes investments accounted for under the equity method.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

	2024					NAV as a Practical Expedient
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	
Assets:						
Bonds	\$ 6,274	\$ 6,644	\$ —	\$ 6,141	\$ 133	\$ —
Common stocks	45	45	44	—	1	—
Mortgage loans	1,402	1,461	—	—	1,402	—
Cash, cash equivalents and short-term investments	89	89	33	55	—	—
Derivatives	2	2	—	2	—	—
Derivatives collateral	2	2	—	2	—	—
Other invested assets ⁽¹⁾	19	16	—	—	19	—
Investment income due and accrued	62	62	—	62	—	—
Separate accounts assets	14	14	14	—	—	—
Total assets	\$ 7,907	\$ 8,334	\$ 91	\$ 6,261	\$ 1,555	\$ —
Liabilities:						
Derivatives collateral	\$ 1	\$ 1	\$ —	\$ 1	\$ —	\$ —
Payable to parent and affiliates	4	4	—	4	—	—
Total liabilities	\$ 5	\$ 5	\$ —	\$ 5	\$ —	\$ —

⁽¹⁾Excludes investments accounted for under the equity method.

Bonds

Securities priced using a pricing service are generally classified as Level 2. Third-party pricing services generally use an income-based valuation approach by using a discounted cash-flow model or it may also use a market approach by looking at recent trades of a specific security to determine fair value on public securities or a combination of the two. Typical inputs used by these pricing services include, but are not limited to: benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds, which the Company has determined are observable inputs.

Private placement securities are primarily priced using a market approach such as a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. Specifically, the Barclays Investment Grade Corporate Index is used for investment-grade securities and the Citi High Yield Cash Index is used for below investment-grade securities. These indices are two widely recognized, reliable and well regarded benchmarks by participants in the financial services industry, which represent the broader U.S. public bond markets. The spreads derived from each matrix are adjusted for liquidity. The liquidity premium is standardized and based on market transactions. These securities are classified as Level 2.

Certain private placement securities that cannot be priced using the matrix pricing described above, are priced by an internally developed discounted cash flow model or are priced based on internal calculations. The model uses observable inputs with a discount rate based off spreads of comparable public bond issues, adjusted for liquidity, rating and maturity. The Company assigns a credit rating for private placement securities based upon internal analysis. The liquidity premium is usually based on market transactions. These securities are classified as Level 2.

For some of the private placement securities priced through the model, the liquidity adjustments may not be based on market data, but rather, calculated internally. If the impact of the liquidity adjustment, which usually requires the most judgment, is not significant to the overall value of the security, the security is still classified as Level 2. If it is deemed to be significant, the security is classified as Level 3.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

The valuation techniques for most Level 3 bonds are generally the same as those described in Level 2. However, if the investments are less liquid or are lightly traded, there is generally less observable market data, and therefore these investments will be classified as Level 3. Circumstances where observable market data are not available may include events such as market illiquidity and credit events related to the security. In addition, certain securities are priced based upon internal valuations using significant unobservable inputs. If a security could not be priced by a third-party vendor or through internal pricing models, broker quotes are received and reviewed by each investment analyst. These inputs may not be observable. Therefore, Level 3 classification is determined to be appropriate.

Included in bonds are affiliated bonds from MCF. The affiliated bond from MCF had a carrying value of \$220 thousand and a fair value of \$228 thousand at December 31, 2025. The fair value of this security is calculated internally and may include inputs that may not be observable. Therefore, this security is classified as Level 3.

Preferred Stocks

Preferred stocks valued using prices from third-party pricing services generally use a discounted cash flow model or a market approach to arrive at the security's fair value and are classified as Level 2. Preferred stocks classified as Level 3 are valued based on internal valuations where significant inputs are deemed to be unobservable.

Common Stocks

These securities are comprised of exchange traded U.S. and foreign common stock and mutual funds. The fair value of these securities is primarily based on unadjusted quoted prices in active markets that are readily and regularly available and are classified as Level 1. Common stocks priced through an internal valuation where significant inputs are deemed to be unobservable, including securities issued by government organizations where fair value is fixed, are classified as Level 3.

Mortgage Loans

The estimated fair value of mortgage loans is determined using an income approach, based upon the present value of the expected cash flows discounted at a market yield using an internally calculated spread. The spread is based on management's judgment and assumptions, which takes into account matters such as property type, LTV and remaining term of each loan, etc. The spread is a significant component of the pricing inputs, and therefore, these investments are classified as Level 3.

Cash, Cash Equivalents, Short-term Investments and Investment Income Due and Accrued

Cash on hand and money market mutual funds are classified as Level 1. Cash overdrafts (i.e. outstanding checks) are classified as Level 2. Due to the short-term maturities of cash equivalents, short term investments, and investment income due and accrued, carrying value approximates fair value and is classified as Level 2.

Derivatives

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives that are exchange-traded, which are valued using quoted prices in an active market. Where valuation models are used, the selection of a particular model depends upon the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation model inputs include contractual terms, yield curves, foreign exchange rates, equity prices, credit curves, measures of volatility and other factors. Exchange-traded derivatives are valued using a market approach as fair value is based on quoted prices in active market and are classified as Level 1. OTC derivatives that trade in liquid markets, where model inputs are observable for substantially the full term, are classified as Level 2. Derivatives that are valued based upon models with any significant unobservable market inputs or inputs from less actively traded markets, or where the fair value is solely derived using broker quotations, are classified as Level 3.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

Derivatives Collateral

The carrying value of these instruments approximates fair value since these assets and liabilities are generally short-term in nature and are classified as Level 2.

Other Invested Assets

Other invested assets are comprised of Low Income Housing Tax Credit (“LIHTC”) investments, residual tranches of securitizations, surplus notes and capital notes. The fair value of the LIHTC investments is derived using an income valuation approach, which is based on a discounted cash flow calculation using a discount rate that is determined internally and therefore classified as Level 3 (refer to Note 6 - Investments for details on LIHTC investments). The fair value of the majority of the residual tranches of securitizations is derived using an income valuation approach, which is based on a discounted cash flow calculation that may or may not use observable inputs and therefore is classified as Level 3. Surplus notes and capital notes are valued using prices from third-party pricing services that generally use a discounted cash-flow model or a market approach to arrive at the security’s fair value and are classified as Level 2.

Separate Accounts Assets

Separate accounts assets reported as Level 1 in the fair value hierarchy are comprised of cash and common stocks. Assets within the separate accounts are invested in mutual funds. The fair value of these open-ended publically traded mutual funds are valued at their closing bid prices each business day.

The following table presents the balances of assets and liabilities measured and carried at fair value or NAV as a practical expedient at December 31, 2025 and 2024 (in millions):

	2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as a Practical Expedient	Total
Assets at fair value					
Total bonds	\$ —	\$ —	\$ —	\$ —	\$ —
Preferred stocks	—	3	—	—	3
Common stocks	51	—	1	—	52
Derivatives	—	1	—	—	1
Separate accounts assets	13	—	—	—	13
Other invested assets	—	—	5	—	5
Total assets at fair value	\$ 65	\$ 4	\$ 6	\$ —	\$ 75
Liabilities at fair value					
Derivatives	\$ —	\$ —	\$ —	\$ —	\$ —
Total liabilities at fair value	\$ —	\$ —	\$ —	\$ —	\$ —

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

	2024				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as a Practical Expedient	
Assets at fair value					
Total bonds	\$ —	\$ —	\$ —	\$ —	\$ —
Common stocks	44	—	1	—	45
Derivatives	—	2	—	—	2
Separate accounts assets	14	—	—	—	14
Other invested assets	—	—	8	—	8
Total assets at fair value	\$ 58	\$ 2	\$ 9	\$ —	\$ 68
Liabilities at fair value					
Total liabilities at fair value	\$ —	\$ —	\$ —	\$ —	\$ —

The table below presents a rollforward of Level 3 assets and liabilities for the year ended December 31, 2025 and 2024 (in millions):

	2025										
	Balance at 1/1	Change in Accounting Principle ⁽¹⁾	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31
Bonds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Common stocks	1	—	—	—	—	—	—	—	—	—	1
Other invested assets	8	—	—	(2)	(1)	—	—	—	—	—	5
Total	\$ 9	\$ —	\$ —	\$ (2)	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6
2024											
	Balance at 1/1	Change in Accounting Principle ⁽¹⁾	Transfers into Level 3	Transfers out of Level 3	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31
Bonds:											
U.S. corporate	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Non-agency ABS	—	—	—	—	—	—	—	—	—	—	—
Total bonds	—	—	—	—	—	—	—	—	—	—	—
Common stocks ⁽¹⁾	1	—	—	—	—	—	—	—	—	—	1
Other invested assets	8	—	—	(2)	(1)	1	1	—	(1)	—	8
Total	\$ 9	\$ —	\$ —	\$ (2)	\$ (1)	\$ 1	\$ 1	\$ —	\$ (1)	\$ —	\$ 9

⁽¹⁾ Common stock beginning balance and purchases are both less than \$1 million but they add up to about \$1 million in ending balance.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

Transfers Between Levels

Transfers between levels may occur due to changes in valuation sources, or changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid-ask spreads or as a result of a security measured at amortized cost at the beginning of the period, but measured at estimated fair value at the end of the period, or vice versa due to a ratings downgrade or upgrade.

Transfers into and out of Level 3

There were no transfers into Level 3 for the year ended December 31, 2025. Transfers out of Level 3 totaled \$2 million for the year ended December 31, 2025, which primarily relates to other invested assets residual tranches of securitizations measured at fair value at the beginning of the period and measured at amortized cost at the end of the period.

Transfers into Level 3 totaled \$189 thousand for the year ended December 31, 2024, which primarily relates to other invested assets residual tranches of securitizations that were measured at amortized cost at the beginning of the period and measured at fair value at the end of the period. Transfers out of Level 3 totaled \$2 million for the year ended December 31, 2024, which primarily relates to other invested assets residual tranches of securitizations measured at fair value at the beginning of the period and measured at amortized cost at the end of the period.

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES

The components of net investment income for the years ended December 31, 2025 and 2024 were as follows (in millions):

	2025	2024
Bonds	\$ 271	\$ 259
Common and preferred stocks	1	1
Mortgage loans	76	72
Other invested assets ⁽¹⁾	33	18
Short-term investments	15	10
Other investments	3	3
Gross investment income	<u>399</u>	<u>362</u>
Investment expenses	(21)	(14)
Net investment income	<u>379</u>	<u>348</u>
Amortization of IMR	(8)	(2)
Net investment income, including amortization of IMR	<u>\$ 371</u>	<u>\$ 346</u>

⁽¹⁾ Includes \$7 million of real estate.

Due and accrued investment income is excluded from surplus when amounts are over 90 days past due or collection is uncertain. At December 31, 2025 and 2024, the Company reported admitted due and accrued investment income of \$66 million and \$62 million, respectively. At December 31, 2025, the Company reported \$122 thousand of nonadmitted due and accrued investment income and \$60 thousand for 2024. For certain fixed income instruments, the contractual agreement allows the issuer/borrower to defer interest (Paid-in-Kind interest). When interest is deferred, it is capitalized into principal. At December 31, 2025, the Company had paid-in-kind interest of \$3 million, which has been included in the principal amount of the Company's mortgage loans of \$3 million and \$64 thousand for bonds. At December 31, 2024, the Company had paid-in-kind interest of \$5 million, which has been included in the principal amount of the Company's mortgage loans of \$5 million and \$40 thousand for bonds.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

The following table shows the Company's securities redeemed or otherwise disposed of as a result of a callable feature (including make whole call provisions) and the amount of investment income generated as a result of a prepayment and/or acceleration fee, which is included in Bonds in the table above (\$ in millions):

	2025		2024	
	General Account	Separate Account	General Account	Separate Account
Number of cusips	27	—	15	—
Investment income ⁽¹⁾	\$ 1	\$ —	\$ —	\$ —

For the years ended December 31, 2025 and 2024, net realized capital gains (losses) were as follows (in millions):

	2025	2024
Bonds	\$ (38)	\$ (21)
Common and preferred stocks	—	—
Other invested assets	(1)	(2)
Mortgage loans	(23)	(1)
Net realized capital losses before tax and transfers to the IMR	(62)	(24)
Less:		
Capital gains tax (benefit)/loss	(30)	4
Net realized capital losses after tax transferred to IMR	(25)	(11)
Net realized capital losses after tax and transfers to the IMR	<u>\$ (7)</u>	<u>\$ (18)</u>

Proceeds from investments in bonds sold were \$1,167 million and \$282 million for the years ended December 31, 2025 and 2024, respectively. Gross gains of \$5 million and \$1 million in 2025 and 2024, respectively, and gross losses of \$33 million and \$14 million in 2025 and 2024, respectively, were realized on these sales. The Company computes gains and losses on sales under the specific identification method.

The following table provides a summary of OTTI losses included as realized capital losses for the years ended December 31, 2025 and 2024 (in millions):

	2025	2024
Bonds	\$ 7	\$ 4
Common stocks	—	—
Other invested assets	1	\$ 2
Mortgage loans	23	1
Total	<u>\$ 31</u>	<u>\$ 7</u>

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

The following tables present the Company's gross unrealized losses and fair values for bonds and equity securities aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2025 and 2024 (in millions):

	2025					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses ⁽¹⁾
Bonds						
Bank Loans - Acquired (Unaffiliated)	\$ 21	\$ 1	\$ 4	\$ —	\$ 25	\$ 2
Bonds Issued by Funds Representing Operating Entities (Unaffiliated)	34	—	227	8	261	8
Corporate Bonds (Unaffiliated)	357	11	2,421	122	2,778	132
Lease-Backed Securities – Full Analysis (Unaffiliated)	7	—	48	2	55	2
Lease-Backed Securities – Practical Expedient	17	—	8	—	25	1
Municipal Bonds – General Obligations (Direct and Guaranteed)	—	—	1	—	1	—
Municipal Bonds – Special Revenues	—	—	30	2	31	2
Non-Agency – CLOs/CBOs/CDOs (Unaffiliated)	24	—	5	—	30	—
Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated)	1	—	130	16	131	16
Non-Agency Residential Mortgage-Backed Securities (Unaffiliated)	6	—	82	18	88	18
Non-U.S. Sovereign Jurisdiction Securities	5	—	29	1	34	1
Other Financial Asset-Backed Securities – Self-Liquidating (Unaffiliated)	29	1	77	7	106	8
Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated)	8	—	29	1	37	1
Project Finance Bonds Issued by Operating Entities (Unaffiliated)	21	—	73	6	93	7
Single Entity Backed Obligations (Unaffiliated)	11	—	9	—	20	—
U.S. government obligations (RBC Exempt)	29	—	15	3	44	3
Total bonds	\$ 572	\$ 15	\$ 3,187	\$ 186	\$ 3,760	\$ 201

⁽¹⁾ Includes no unrealized losses related to NAIC 6 bonds included in the statutory carrying amount.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

	2024					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds						
U.S. governments	\$ 61	\$ 1	\$ 7	\$ 3	\$ 68	\$ 4
All other governments	2	—	60	2	62	2
U.S. special revenue and special assessment	—	—	159	10	159	10
Industrial and miscellaneous unaffiliated	860	45	4,014	329	4,874	374
Total bonds	<u>\$ 923</u>	<u>\$ 46</u>	<u>\$ 4,240</u>	<u>\$ 344</u>	<u>\$ 5,163</u>	<u>\$ 390</u>
Total	<u>\$ 923</u>	<u>\$ 46</u>	<u>\$ 4,240</u>	<u>\$ 344</u>	<u>\$ 5,163</u>	<u>\$ 390</u>

(1) Includes no unrealized losses related to NAIC 6 bonds included in the statutory carrying amount.

(2) The unrealized losses include less than a \$1 million of ABS investments that are managed by affiliates of the Company but have no credit risk exposure to those affiliates.

At December 31, 2025, the gross unrealized loss on bonds was comprised of 1,624 different securities, which are included in the table above. Of the total amount of bond unrealized losses, \$185 million or 92% is related to unrealized losses on investment grade securities and \$16 million or 8% is related to below investment grade securities. At December 31, 2024, the gross unrealized loss on bonds was comprised of 2,063 different securities, respectively, which are included in the table above. Of the total amount of bond unrealized losses, \$356 million, or 91%, is related to unrealized losses on investment grade securities and \$35 million, or 9%, is related to below investment grade securities. Investment grade is defined as a security having a credit rating from the NAIC of 1 or 2; a rating of Aaa, Aa, A or Baa from Moody's or a rating of AAA, AA, A or BBB from Standard & Pools; or a comparable internal rating if an externally provided rating is not available.

The amount of gross unrealized losses for bonds where fair value had declined by 20% or more of the amortized cost, totaled \$7 million. The period of time that each of these securities has continuously been below amortized cost by 20% or more consists of \$2 million for less than 12 months and \$5 million for 12 months or greater. In accordance with the Company's impairment policy, the Company performed quantitative and qualitative analysis to determine if the decline was temporary. For those securities where the decline was considered temporary, the Company did not recognize an impairment when it had the ability and intent to hold until recovery.

The change in unrealized capital gains (losses) for the years ended December 31, 2025 and 2024 were as follows (in millions):

	Change in Unrealized Gains (Losses)		Change in Unrealized Foreign Exchange Gains (Losses)		Change in Total Unrealized Gains (Losses)	
	2025	2024	2025	2024	2025	2024
Bonds	\$ —	\$ —	\$ 7	\$ (9)	\$ 7	\$ (9)
Common and preferred stocks	7	8	—	—	7	8
Mortgage loans	10	(10)	—	—	10	(10)
Cash, cash equivalents and short-term investments	—	—	1	2	1	2
Other invested assets	14	25	—	—	14	25
Derivatives	(1)	2	—	—	(1)	2
Total change in unrealized on investments	<u>30</u>	<u>25</u>	<u>9</u>	<u>(7)</u>	<u>38</u>	<u>18</u>
Capital gains tax benefit	5	(2)	—	—	5	(2)
Total change in unrealized losses, net of tax	<u>\$ 25</u>	<u>\$ 27</u>	<u>\$ 9</u>	<u>\$ (7)</u>	<u>\$ 33</u>	<u>\$ 20</u>

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 9 - RELATED PARTY TRANSACTIONS

Capital Contributions

For the years ended December 31, 2025 and 2024, the Company had no return of capital from MCF.

For the years ended December 31, 2025 and 2024, the Company had a return of capital to New York Life of \$400 million and \$200 million, respectively.

Dividend Distributions

For the years ended December 31, 2025 and 2024, the Company received dividend distributions from MCF of \$25 million and \$19 million, respectively. For information on dividend payments made to New York Life, refer to Note 16 - Dividends to Stockholder.

Material Transactions

The following table presents material related party transactions between the Company and its affiliates for the years ended December 31, 2025 and 2024:

Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Description
Active Agreements				
Various	New York Life	Parent	Participation in mortgage loans, REO and Real Estate	The Company's interests in commercial mortgage loans are primarily held in the form of participations in mortgages originated or acquired by New York Life. A real estate property acquired through foreclosure is called REO Portfolio. The Company's interests in the ownership of REO Portfolio is called REO Ownership Interest. Certain real estate investments acquired may have similar ownership interests through a participation. Under the participation agreement for the mortgage loans, it is agreed between the Company and New York Life that the Company's proportionate interest (as evidenced by a participation certificate) in the underlying mortgage loan, including without limitation, the principal balance thereof, all interest which accrues thereon, and all proceeds generated therefrom, will be pari passu with New York Life's and pro rata based upon the respective amounts funded by New York Life and the Company in connection with the applicable mortgage loan origination or acquisition. Consistent with the participation arrangement, all mortgage loan documents name New York Life (and not both New York Life and the Company) as the lender but are held for the benefit of both the Company and New York Life pursuant to the applicable participation agreement. New York Life retains general decision making authority with respect to each mortgage loan, although certain decisions require the Company's approval. The Company's mortgage loans, REOs and certain real estate investments acquired through a participation from New York Life had a carrying value of \$1,102 million and \$1,076 million at December 31, 2025 and 2024, respectively. There's no REO in the form of participations owned by the Company as of December 31, 2025 and 2024.
12/31/2022 (last amended as of 05/16/2025)	MCF	Non insurance affiliate	Note funding agreement	The Company and New York Life entered into a note funding agreement with MCF (as amended from time to time, the "MCF Note Agreement") and acquired a variable funding note issued by MCF thereunder (the "2015 Note"). The note was reissued on December 31, 2022 due to NYLIAC transferring a portion of its interest to the Company. The note is reported as a bond, with no material balances outstanding for the Company at December 31, 2025 and 2024, respectively. The funding limit is determined using 2.25% multiplied by the cash and invested assets amount, as of such date of determination. Cash and invested assets amount means, as of any date of determination, the sum of (x) the net admitted cash and invested assets of the Company and NYLIAC (y) the net admitted cash and invested assets of New York Life (excluding any portion thereof attributable to New York Life's investment in the Company and NYLIAC), in each case, based on the most recently available quarterly or annual financial statements of New York Life, NYLIAC or the Company, as applicable. All outstanding advances made to MCF under the MCF Note Agreement will be due in full on December 31, 2035.
1/1/2024	New York Life / NYLGICNY	Parent / Insurance affiliate	Claims administration service agreement	The Company has entered into a claims administration services agreement with both New York Life and NYLGICNY. For the year ended December 31, 2025, there was no fee incurred associated with these services.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 9 - RELATED PARTY TRANSACTIONS (continued)

Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Description
12/31/2020 (amended as of 10/26/2022)	New York Life	Parent	Revolving credit agreement	The Company, as borrower, has a revolving credit agreement with New York Life, as lender, for a maximum aggregate amount of \$100 million. At December 31, 2025 and 2024, the credit facility was not used, no interest was paid, and there was no outstanding balance due.
12/31/2020	New York Life	Parent	Service and facility agreement	New York Life provides the Company with certain services and facilities including, but not limited to accounting, tax and auditing services, legal services, actuarial services, electronic data processing operations and communications operations. New York Life charges the Company for the identified costs associated with these services and facilities under the terms of a service agreement between New York Life and the Company. For the years ended December 31, 2025 and 2024, the fees incurred associated with these services and facilities, amounted to \$145 million and \$130 million, respectively. The terms of the agreements require that these amounts be settled in cash within 90 days.
12/31/2020	New York Life and Annuity Corporation ("NYLIAC")	Insurance affiliate	Reinsurance agreement	The Company entered into an affiliate reinsurance agreement with a direct wholly-owned subsidiary of New York Life, NYLIAC, to reinsure mortality risk arising under the Company's group term life insurance business on a yearly renewable term basis. Entry into the yearly renewable term treaty reduces the Company's exposure to mortality risk.
12/31/2020	NYL Investors	Non insurance affiliate	Investment management agreement	The Company is a party to an investment management agreement with NYL Investors (a wholly-owned subsidiary of New York Life), as amended from time to time, whereby NYL Investors provides investment advisory and administrative services to the Company. For the years ended December 31, 2025 and 2024, the total cost for these services amounted to \$12 million and \$12 million, respectively, which is included in the costs of services billed by New York Life to the Company.

Significant Transactions

1/1/2025	NYLIAC	Insurance affiliate	Reinsurance agreement	The Company entered into a coinsurance reinsurance agreement with NYLIAC, whereby the Company will reinsure on a coinsurance basis 100% of all policies issued by NYLIAC associated with critical illness insurance, accidental indemnity insurance, and hospital indemnity insurance policies. The morbidity risk and any other key risk in the policies were ceded to the Company as part of this agreement. This agreement was effective January 1, 2025. Therefore, there was no financial impact associated with this agreement at or for the year ended December 31, 2024. See Note 11 - Reinsurance.
12/31/2022	NYLIAC	Insurance affiliate	Transfer of assets	Bond asset and cash transfers between the Company and NYLIAC were executed to strengthen duration alignment between asset and liability profiles amongst the insurance companies. The Company acquired a \$250 million equity interest in MCF from NYLIAC in exchange for transferring \$250 million of bonds.

At December 31, 2025 and 2024, the Company reported a net amount of \$18 million and \$1 million, respectively, as amounts payable to parent and affiliates. The terms of the underlying agreements generally require that these amounts be settled in cash within 90 days.

In the ordinary course of business, the Company enters into reinsurance agreements with its parent and affiliates. Material reinsurance agreements have been disclosed in Note 11 - Reinsurance. In addition, the Company may enter into guarantees and/or keep wells with its parent and affiliates. Material guarantee agreements and/or keep wells have been disclosed in Note 13 - Commitments and Contingencies.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 10 - INSURANCE LIABILITIES

Insurance liabilities at December 31, 2025 and 2024 were as follows (in millions):

	2025	2024
Disability insurance reserves	\$ 4,561	\$ 4,761
Life insurance reserves	535	519
Other reserves	125	104
Total policy reserves	5,221	5,384
Deposit funds	507	559
Policy claims	265	277
Claim adjustment expense reserves	168	171
Other policy and contract liabilities	393	344
Total insurance liabilities	<u>\$ 6,554</u>	<u>\$ 6,735</u>

Disability Insurance Reserves

Mortality and morbidity assumptions are predominantly based on industry tables and are at least as conservative as the statutory minimums. Discount rates ranged from 2.0% to 10.3% in both 2025 and 2024. The Company also discounts liabilities for certain cancellable disability insurance business. The liabilities for discounted reserves were \$3,975 million and \$4,177 million at December 31, 2025 and 2024, respectively. The aggregate amount of discount was \$714 million and \$709 million at December 31, 2025 and 2024, respectively.

Life Insurance Reserves

Reserves for life insurance policies are maintained principally using the 1958 Commissioners' Extended Term Mortality Table and the 1941, 1958, 1980, 2001 and 2017 Commissioners' Standard Ordinary Mortality Tables under the Commissioners' Reserve Valuation Method or Net Level Premium Reserve Method with valuation interest rates ranging from 2.5% to 6.0%. Reserves for disabled lives are maintained principally using the 2023 Group Life Waiver of Premium Valuation Table with valuation interest rates ranging from 3.0% to 6.0%. Reserves for supplementary contracts with life contingencies are maintained principally using the 1971, 1983, and 1994 Group Annuity Mortality Tables, the 1971 Individual Annuity Mortality Table, the 2012 Individual Annuity Reserve Mortality Table, the 1983 Table A, and the Annuity 2000 Mortality Table with valuation interest rates ranging from 1.0% to 11.0%.

The Company has established policy reserves on contracts issued January 1, 2001 and later that exceed the minimum amounts determined under Appendix A-820, "Minimum Life and Annuity Reserve Standards" of NAIC SAP by approximately \$9 million.

The Company generally waives deduction of deferred fractional premiums upon death of insured and returns any portion of the premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.

The Company has issued or assumed substandard policies either rated-up age, or with extra premium, temporary or otherwise, or at a special scale of premiums. In the case of those with rated-up age, the valuation is done at such rated-up age or an equivalent percentage rating.

Ordinary policies issued substandard are valued using a multiple of the standard mortality rates.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 10 - INSURANCE LIABILITIES (continued)

The tabular interest has been determined by formula as described in the NAIC instructions except for certain universal life products for which tabular interest has been determined from the basic data for the calculation of policy reserves. The tabular interest and tabular cost less actual reserve released for life insurance has been determined by a formula as described in the NAIC instructions. The tabular cost has been determined by formula as described in the NAIC instructions. Tabular interest on funds not involving life contingencies was determined from the basic data for the calculation of deposit fund liabilities.

Withdrawal Characteristics of Annuity Reserves and Deposit Funds

The following tables reflect the withdrawal characteristics at December 31, 2025 and 2024 (\$ in millions):

Individual Annuities

	2025				% of Total
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	
Subject to discretionary withdrawal:					
With fair value adjustment	\$ —	\$ —	\$ 5	\$ 5	0.4 %
Total with adjustment or at fair value	—	—	5	5	0.4
At book value without adjustment	1	—	—	1	0.1
Not subject to discretionary withdrawal	1,230	—	—	1,230	99.5
Total	1,231	—	5	1,236	100.0 %
Reinsurance ceded	1,229	—	—	1,229	
Total	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 5</u>	<u>\$ 7</u>	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	\$ —	\$ —	\$ —	\$ —	

	2024				% of Total
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	
Subject to discretionary withdrawal:					
With fair value adjustment	\$ —	\$ —	\$ 5	\$ 5	0.4 %
Total with adjustment or at fair value	—	—	5	5	0.4
At book value without adjustment	1	—	—	1	0.1
Not subject to discretionary withdrawal	1,183	—	—	1,183	99.5
Total	1,184	—	5	1,189	100.0 %
Reinsurance ceded	1,182	—	—	1,182	
Total	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 5</u>	<u>\$ 7</u>	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	\$ —	\$ —	\$ —	\$ —	

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 10 - INSURANCE LIABILITIES (continued)

Group Annuities

	2025				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non- guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	\$ —	\$ —	\$ 9	\$ 9	5.3 %
Total with adjustment or at fair value	—	—	9	9	5.3
At book value without adjustment	1	—	—	1	0.6
Not subject to discretionary withdrawal	160	—	—	160	94.1
Total	161	—	9	170	100.0 %
Reinsurance ceded	62	—	—	62	
Total	\$ 99	\$ —	\$ 9	\$ 108	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	\$ —	\$ —	\$ —	\$ —	

	2024				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non- guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	\$ —	\$ —	\$ 9	\$ 9	5.8 %
Total with adjustment or at fair value	—	—	9	9	5.8
At book value without adjustment	1	—	—	1	0.6
Not subject to discretionary withdrawal	146	—	—	146	93.6
Total	147	—	9	156	100.0 %
Reinsurance ceded	67	—	—	67	
Total	\$ 80	\$ —	\$ 9	\$ 89	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	\$ —	\$ —	\$ —	\$ —	

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 10 - INSURANCE LIABILITIES (continued)

Deposit-Type Contracts

	2025				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non- guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	\$ 46	\$ —	\$ —	\$ 46	9.0 %
At book value less current surrender charge of 5% or more	20	—	—	20	3.9
Total with adjustment or at fair value	66	—	—	66	13.0
At book value without adjustment	425	—	—	425	83.5
Not subject to discretionary withdrawal	18	—	—	18	3.5
Total	509	—	—	509	100.0 %
Reinsurance ceded	2	—	—	2	
Total	<u>\$ 507</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 507</u>	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	\$ —	\$ —	\$ —	\$ —	

	2024				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non- guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	\$ 47	\$ —	\$ —	\$ 47	8.4 %
At book value less current surrender charge of 5% or more	20	—	—	20	3.6
Total with adjustment or at fair value	67	—	—	67	12.0
At book value without adjustment	477	—	—	477	85.0
Not subject to discretionary withdrawal	17	—	—	17	3.0
Total	561	—	—	561	100.0 %
Reinsurance ceded	2	—	—	2	
Total	<u>\$ 559</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 559</u>	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	\$ —	\$ —	\$ —	\$ —	

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 10 - INSURANCE LIABILITIES (continued)

Withdrawal Characteristics of Life Insurance Reserves

The following table reflects the withdrawal characteristics of life insurance reserves at December 31, 2025 and 2024 (\$ in millions):

	2025			2024		
	General Account			General Account		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender, or policy loans:						
Universal life	\$ 29	\$ 28	\$ 29	\$ 33	\$ 32	\$ 33
Other permanent cash value life insurance	—	40	54	—	39	50
Not subject to discretionary withdrawal or no cash values:						
Term policies without cash value	—	—	51	—	—	55
Disability - disabled lives	—	—	409	—	—	396
Total life insurance (gross)	29	68	543	33	71	534
Reinsurance ceded	—	—	8	—	—	9
Total life insurance (net)	<u>\$ 29</u>	<u>\$ 68</u>	<u>\$ 535</u>	<u>\$ 33</u>	<u>\$ 71</u>	<u>\$ 525</u>

Retained Asset Accounts

Retained asset accounts are classified as liabilities for deposit funds. These accounts represent the Company's method for settling certain life, disability and accidental death and dismemberment claims where the claimant does not specify or request payment in an alternate form, or where another form of payment is directed by applicable law. The insurance proceeds are retained in the Company's general account and credited to a beneficiary's free interest-bearing account with draft privileges that can be liquidated at any time. The account balance and earned interest are fully guaranteed by the Company. The interest crediting rate is updated weekly and pegged to the Bank Rate Monitor Index, which reflects the average annual effective yield on money markets offered by one hundred large banks and thrifts in the United States. Interest is compounded daily and is credited to account holders on a monthly basis. The weighted average effective interest rate credited to account holders in 2025 was 0.45%, ranging from 0.40% to 0.48%. Account holders are charged fees only for special services (stop payment requests, checks denied due to insufficient funds, copies of drafts or statements) and are not charged per-draft fees, maintenance charges or withdrawal penalties.

The following table presents the number and balance of retained asset accounts in-force at December 31, 2025 and 2024, respectively (\$ in millions):

	2025		2024	
	Number	Balance	Number	Balance
Up to and including 12 months	1,867	\$ 126	2,229	\$ 140
13 to 24 months	1,165	57	1,422	61
25 to 36 months	913	34	1,195	59
37 to 48 months	811	38	1,003	43
49 to 60 months	714	30	709	29
Over 60 months	3,747	128	4,028	132
Total	<u>9,217</u>	<u>\$ 413</u>	<u>10,586</u>	<u>\$ 464</u>

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 10 - INSURANCE LIABILITIES (continued)

The following table presents the Company's roll forward of retained asset accounts at December 31, 2025 (\$ in millions):

	Individual Number	Individual Balance/ Amount	Group Number	Group Balance/ Amount
At the beginning of the year	118	\$ 8	10,468	\$ 456
Issued/added during the year	—	—	4,527	402
Investment earnings credited during the year	N/A	—	N/A	2
Fees and other charges assessed during the year	N/A	—	N/A	—
Transferred to State Unclaimed Property funds during the year	(5)	—	(365)	(7)
Closed/withdrawn during the year	(23)	(3)	(5,503)	(445)
At the end of the year	<u>90</u>	<u>\$ 5</u>	<u>9,127</u>	<u>\$ 408</u>

Claim Adjustment Expenses

For the years ended December 31, 2025 and 2024, the Company's claim adjustment expense reserves were \$168 million and \$171 million, respectively. The balance in the liability for unpaid accident and health claim adjustment expenses at December 31, 2025 and 2024 was \$160 million and \$163 million, respectively. The Company incurred \$178 million and paid \$181 million of claim adjustment expenses in the current year, of which \$91 million of the paid amount was attributable to insured or covered events of prior years. There was no change to the liability associated with estimated anticipated salvage and subrogation.

Policy Claims

The following table presents a rollforward of the Company's accident and health liabilities for unpaid claims for the years ended December 31, 2025 and 2024 (in millions):

	2025	2024
Liability at beginning of year	\$ 190	\$ 181
Incurred expenses for insured or covered events, current year	2,151	1,954
Incurred expenses for insured or covered events, prior years	(364)	(201)
Total provision	1,787	1,753
Payments for insured of covered events, current year	(641)	(590)
Payments for insured of covered events, prior years	(1,144)	(1,154)
Total payments	(1,784)	(1,744)
Liability at end of year	<u>\$ 193</u>	<u>\$ 190</u>

The incurred policy claims attributable to insured or covered events of prior years were favorable to reserve levels by \$364 million and \$201 million in 2025 and 2024, respectively, primarily attributable to observed disability resolution rate experience. There was no change to the liability associated with estimated anticipated salvage and subrogation.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 11 - REINSURANCE

The effects of reinsurance on the accompanying Statutory Statements of Financial Position at December 31, 2025 and 2024 were as follows (in millions):

	2025	2024
Policy reserves:		
Direct	\$ 6,440	\$ 6,565
Assumed	208	227
Ceded	(1,427)	(1,408)
Policy reserves	<u>\$ 5,221</u>	<u>\$ 5,384</u>
Policy claims:		
Direct	\$ 607	\$ 639
Assumed	20	13
Ceded	(362)	(375)
Policy claims	<u>\$ 265</u>	<u>\$ 277</u>
Reinsurance recoverable	\$ 316	\$ 316

The effects of reinsurance on the accompanying Statutory Statements of Operations for the years ended December 31, 2025 and 2024 were as follows (in millions):

	2025	2024
Premiums:		
Direct	\$ 4,319	\$ 4,133
Assumed	109	65
Ceded	(1,421)	(1,287)
Premiums	<u>\$ 3,007</u>	<u>\$ 2,911</u>
Benefit payments:		
Direct	\$ 3,237	\$ 3,238
Assumed	91	80
Ceded	(1,408)	(1,419)
Benefit payments	<u>\$ 1,920</u>	<u>\$ 1,899</u>

Reinsurance Assumed

Under various reinsurance agreements, the Company assumed the risks associated with life, accident, and health insurance contracts issued by Connecticut General Life Insurance Company ("CGLIC") and Cigna Health & Life Insurance Company ("CHLIC"). Policy reserves and deposit funds assumed were \$293 million and \$325 million at December 31, 2025 and 2024, respectively. Premiums assumed were \$61 million and \$65 million for the years ended December 31, 2025 and 2024, respectively. Policyholders' benefits assumed were \$69 million and \$19 million for the years ended December 31, 2025 and 2024, respectively.

In connection with its agreement with CGLIC, the Company maintains a trust with CGLIC as the beneficiary. The book value of the assets in the trust was \$353 million and \$431 million at December 31, 2025 and 2024, respectively.

The Company entered into a reinsurance agreement with NYLIAC, effective January 1, 2025, whereby the Company reinsures on a coinsurance basis 100% of all policies issued by NYLIAC associated with critical illness insurance, accidental indemnity insurance, and hospital indemnity insurance policies. The morbidity risk and any other key risk in the policies were ceded to the Company as part of this agreement. At December 31, 2025, the

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 11 - REINSURANCE (continued)

Company assumed liabilities for policy claims relating to this reinsurance agreement of \$7 million. Premiums assumed were \$47 million and policyholders' benefits assumed were \$27 million for the year ended December 31, 2025. There was no financial impact associated with this agreement at or for the year ended December 31, 2024.

Reinsurance Ceded

The Company enters into ceded reinsurance agreements in the normal course of its insurance business to reduce overall risk and to be able to issue group long term disability, group term life and group personal accident insurance policies in excess of its retention limits.

The ceding of risk does not discharge the Company from its primary obligations to policyholders. To the extent that the assuming reinsurers become unable to meet their obligations under reinsurance contracts, the Company remains contingently liable. Each reinsurer is reviewed to evaluate its financial stability before executing each reinsurance contract and periodically thereafter.

The Company cedes the risks associated with all structured settlement contracts to CGLIC. Policy reserves ceded were \$1,290 million and \$1,248 million at December 31, 2025 and, 2024, respectively. CGLIC maintains a trust with the Company as the beneficiary. The book value of the assets in the trust was \$1,179 million and \$1,195 million at December 31, 2025 and 2024, respectively.

The Company cedes all of the mortality risk arising under the Company's group term life insurance business to NYLIAC. At December 31, 2025 and 2024, the Company ceded liabilities for policy claims relating to this reinsurance agreement of \$330 million and \$358 million, respectively. Premiums ceded were \$1,272 million and \$1,212 million for the years ended December 31, 2025 and 2024, respectively. In addition, for the year ended December 31, 2025 and 2024, the Company ceded death benefits relating to this reinsurance agreement of \$1,189 million and \$1,243 million, respectively.

NOTE 12 - BENEFIT PLANS

The Company participates in New York Life's tax-qualified and non-qualified defined contribution plans covering eligible U.S. employees (401(k) plans). The tax-qualified plan provides for pre-tax, after-tax and/or after-tax Roth salary reduction contributions (subject to maximums) and Company matching contributions of up to 5% of annual salary (base plus eligible incentive pay are considered). A non-qualified plan credits participant and Company matching contributions with respect to compensation in excess of the amount that may be taken into account under the tax-qualified plan, and a separate non-qualified plan provides for Company matching contributions with respect to deferred compensation. For the years ended December 31, 2025 and 2024, the Company's matching contributions to the employees' tax-qualified and non-qualified plans totaled \$13 million.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Guarantees

As stated in Note 3 - Significant Accounting Policies, at the inception of a guarantee (except unlimited guarantees), the Company recognizes an initial liability at fair value for the obligations it has undertaken, regardless of the probability of performance under the guarantee. This includes guarantees made on behalf of affiliates unless the guarantee is deemed unlimited. At December 31, 2025 and 2024, the Company had no such guarantees.

Litigation

The Company is a defendant in individual and/or alleged class action suits related to its group life and disability business. Some of these actions seek substantial or unspecified compensatory and punitive damages. The Company is also from time to time involved in various governmental, administrative, and investigative proceedings and inquiries.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 13 - COMMITMENTS AND CONTINGENCIES (continued)

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, the Company believes that, after provisions made in the financial statements, the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on the Company's operating results for a given year.

Assessments

Most of the jurisdictions in which the Company is licensed to transact business require life insurers to participate in guaranty associations which are organized to pay contractual benefits pursuant to insurance policies issued by impaired, insolvent or failed life insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the line of business in which the impaired, insolvent or failed life insurer is engaged. Some states permit member insurers to recover assessments through full or partial premium tax offsets.

The Company recorded guaranty fund receivables of \$3 million and \$4 million at December 31, 2025 and 2024, respectively. The Company recorded guaranty fund liabilities of \$7 million and \$8 million at December 31, 2025 and 2024, respectively.

Lease Commitments

Rental expenses for operating leases principally for office space amounted to \$9 million and \$12 million for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025, the aggregate future minimum rental payments under leases having initial or remaining non-cancelable lease terms in excess of one year for each year are as follows: \$10 million in 2026, \$8 million in 2027, \$5 million in 2028, \$4 million in 2029, \$4 million in 2030 and \$16 million in the years thereafter.

The Company is not involved in any material sale-leaseback transactions.

Other Commitments and Contingencies

At December 31, 2025 and 2024, the Company had contractual commitments to extend credit for commercial mortgage loans at both fixed and variable rates of interest, which amounted to approximately \$41 million and \$39 million, respectively. These commitments are diversified by property type and geographic location.

At December 31, 2025 and 2024, the Company had outstanding contractual obligations to acquire additional private placement securities for \$70 million and \$62 million, respectively.

At December 31, 2025 and 2024, the Company had unfunded commitments on limited partnerships, limited liability companies and other invested assets for \$4 million and \$24 million, respectively. Included in the total unfunded commitments are commitments in tax credit structures of \$0 million and \$0 million, respectively.

The Company is a member of the FHLB of Pittsburgh. Membership in the FHLB of Pittsburgh provides the Company with a significant source of alternative liquidity. Advances received by the general account are included in Other liabilities in the accompanying Statutory Statements of Financial Position. When borrowing from the FHLB of Pittsburgh, the Company is required to post collateral in the form of eligible securities, including mortgage-backed, government and agency debt instruments for each of the advances received. Upon any event of default by the Company, the FHLB of Pittsburgh's recovery from the collateral is limited to the amount of the Company's liability to the FHLB of Pittsburgh.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 13 - COMMITMENTS AND CONTINGENCIES (continued)

The amount of FHLB of Pittsburgh common stock held, in aggregate exclusively in the Company's general account at December 31, 2025 and 2024 were as follows (in millions):

	<u>2025</u>	<u>2024</u>
Membership stock - Class B ⁽¹⁾	\$ 1	\$ 1
Activity stock	—	—
Aggregate total	<u>\$ 1</u>	<u>\$ 1</u>
Actual or estimated borrowing capacity as determined by the insurer	\$ 473	\$ 475

⁽¹⁾ Membership stock is not eligible for redemption.

At December 31, 2025 and 2024, the Company did not have an outstanding balance due to the FHLB of Pittsburgh and there was no maximum amount borrowed. The maximum amount of collateral pledged to the FHLB of Pittsburgh during the years ended December 31, 2025 and 2024 was as follows (in millions):

	<u>2025</u>		<u>2024</u>	
	<u>General Account</u>	<u>Separate Account</u>	<u>General Account</u>	<u>Separate Account</u>
Fair Value	\$ 19	\$ —	\$ 18	\$ —
Carrying Value	\$ 19	\$ —	\$ 18	\$ —

The Company does not have any prepayment obligations for the borrowing arrangement.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 14 - INCOME TAXES

The components of the net DTAs and DTLs were as follows at December 31, 2025 and 2024 (in millions):

	2025			2024			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTAs	\$ 626	\$ 12	\$ 638	\$ 744	\$ 24	\$ 768	\$ (118)	\$ (12)	\$ (130)
Statutory valuation allowance	—	—	—	—	—	—	—	—	—
Adjusted gross DTAs	626	12	638	744	24	768	(118)	(12)	(130)
Nonadmitted DTAs ⁽¹⁾	388	—	388	447	15	462	(59)	(15)	(74)
Subtotal net admitted DTAs	238	12	250	297	9	306	(59)	3	(56)
Gross DTLs	20	13	33	13	9	22	7	4	11
Net admitted DTAs	\$ 218	\$ (1)	\$ 217	\$ 284	\$ —	\$ 284	\$ (66)	\$ (1)	\$ (67)

⁽¹⁾ DTAs are nonadmitted primarily because they are not expected to be realized within three years of the Statutory Statements of Financial Position date.

The admission calculation components for the years ended December 31, 2025 and 2024 are as follows (paragraph references throughout Note 14 are to paragraphs of SSAP No. 101 “Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10”) (in millions):

	December 31, 2025			December 31, 2024			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks (Paragraph 11.a)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from paragraph 11.a above) after application of the threshold limitation (the lesser of paragraph 11.b.i and 11.b.ii below)	212	4	216	284	—	284	(72)	4	(68)
Adjusted gross DTAs expected to be realized following the balance sheet date. (Paragraph 11.b.i)	212	4	216	289	13	302	(77)	(9)	(86)
Adjusted gross DTAs allowed per limitation threshold (Paragraph 11.b.ii)	N/A	N/A	311	N/A	N/A	284	N/A	N/A	27
Adjusted gross DTAs (excluding the amount of DTAs from paragraphs 11.a and 11.b above) offset by gross DTLs (Paragraph 11.c)	26	8	34	13	9	22	13	(1)	12
DTAs admitted as the result of application of SSAP 101 (Total of paragraphs 11.a, 11.b, 11.c).	\$ 238	\$ 12	\$ 250	\$ 297	\$ 9	\$ 306	\$ (59)	\$ 3	\$ (56)

The ratio used to determine the applicable period used in paragraph 11.b.i above and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in paragraph 11.b.ii above are as follows at December 31, 2025 and 2024 (\$ in millions):

	2025	2024
Ratio percentage used to determine recovery period and threshold limitation amount.	1,224 %	1,060 %
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in paragraph 11.b.ii above.	\$ 2,071	\$ 1,892

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 14 - INCOME TAXES (continued)

There was no impact on adjusted gross and net admitted DTAs or corporate alternative minimum tax ("CAMT") DTAs, if any, due to tax planning strategies at December 31, 2025 and 2024. The Company did not use reinsurance in its tax planning strategies.

The Company utilized operating loss carry forwards of \$299 million and \$312 million at December 31, 2025 and 2024 respectively.

The Company had no unrecognized DTLs at December 31, 2025 and 2024. Additionally, the Company had no adjustments to gross DTAs because of a change in circumstances that causes a change in judgment about the realizability of the related DTAs.

Significant components of the current federal and foreign income taxes for the years ended December 31, 2025 and 2024 were as follows (in millions):

	2025	2024	Change
Federal ⁽¹⁾	\$ (1)	\$ (12)	\$ 11
Foreign	—	—	—
Subtotal	(1)	(12)	11
Federal income tax on net capital (losses) gains	(30)	4	(34)
Total federal and foreign income taxes	<u>\$ (31)</u>	<u>\$ (8)</u>	<u>\$ (23)</u>

⁽¹⁾ The Company had less than \$1 million investment tax credits for the years ended December 31, 2025 and 2024 , respectively.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 14 - INCOME TAXES (continued)

The tax effects of temporary differences that give rise to DTAs and DTLs at December 31, 2025 and 2024 were as follows (in millions):

	<u>2025</u>	<u>2024</u>	<u>Change</u>
DTAs			
Ordinary:			
Other insurance and contract holder liabilities	\$ 100	\$ 116	\$ (16)
Employee and retiree benefit plans	12	11	1
Deferred acquisition costs	42	33	9
Fixed assets	—	—	—
Non-admitted assets	28	29	(1)
Investments	42	55	(13)
Net operating loss	—	62	(62)
Other ⁽¹⁾	402	438	(36)
Gross deferred tax assets	<u>626</u>	<u>744</u>	<u>(118)</u>
Non-admitted deferred tax assets	<u>388</u>	<u>447</u>	<u>(59)</u>
Admitted ordinary DTAs	<u>238</u>	<u>297</u>	<u>(59)</u>
Capital:			
Investments	8	11	(3)
Net capital loss carry forward	<u>4</u>	<u>13</u>	<u>(9)</u>
Subtotal	<u>12</u>	<u>24</u>	<u>(12)</u>
Nonadmitted	<u>—</u>	<u>15</u>	<u>(15)</u>
Admitted capital DTAs	<u>12</u>	<u>9</u>	<u>3</u>
Total admitted DTAs	<u>250</u>	<u>306</u>	<u>(56)</u>
DTLs			
Ordinary:			
Investments	12	11	1
Depreciation and amortization	7	1	6
Policyholder reserves	—	—	—
Other	<u>1</u>	<u>1</u>	<u>—</u>
Subtotal	<u>20</u>	<u>13</u>	<u>7</u>
Capital:			
Investments	<u>13</u>	<u>9</u>	<u>4</u>
Subtotal	<u>13</u>	<u>9</u>	<u>4</u>
Total DTLs	<u>33</u>	<u>22</u>	<u>11</u>
Net admitted DTAs	<u>\$ 217</u>	<u>\$ 284</u>	<u>\$ (67)</u>
Deferred income tax (expense)/benefit on change in net unrealized capital gains/ (losses)			\$ (5)
Change in net deferred taxes related to other items			(136)
Change in DTAs nonadmitted			74
Total change in net admitted DTAs			<u>\$ (67)</u>

*Other DTA Includes goodwill and intangibles of \$393 million and \$432 million at December 31, 2025 and 2024 respectively.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 14 - INCOME TAXES (continued)

Company's income tax expense (benefit) for the years ended December 31, 2025 and 2024 differs from the amount obtained by applying the statutory rate of 21% to net (loss) gain from operations before federal and foreign income taxes for the following reasons (in millions):

	2025	2024	Change
Net gain from operations before federal and foreign income taxes at statutory rate	\$ 116	\$ 93	\$ 23
Net realized capital losses at statutory rate	(13)	(5)	(8)
Investment items	(1)	(2)	1
Partnership income from subsidiary	8	9	(1)
Dividend from subsidiary	(5)	(4)	(1)
Change in non-admitted assets	2	11	(9)
Amortization of IMR	2	—	2
Meals & Entertainment	—	1	(1)
Foreign tax expense net of foreign tax credit	(4)	(1)	(3)
Other	—	—	—
Federal and foreign income taxes incurred and change in net deferred taxes during the year	<u>\$ 105</u>	<u>\$ 102</u>	<u>\$ 3</u>
Federal income tax benefit reported in the Company's Statutory Statements of Operations	\$ (1)	\$ (12)	\$ 11
Capital gains tax (benefit) expense incurred	(30)	4	(34)
Change in net deferred income taxes	<u>136</u>	<u>110</u>	<u>26</u>
Federal and foreign income taxes incurred and change in net deferred taxes during the year	<u>\$ 105</u>	<u>\$ 102</u>	<u>\$ 3</u>

The Company's federal income tax return is consolidated with New York Life, NYLIAC, NYLIFE Insurance Company of Arizona, NYLIFE LLC, New York Life Enterprises LLC, New York Life Investment Management Holdings LLCs, NYL Investors LLC, New York Life Group Insurance Company of NY ("NYLGICNY"), and LINA Benefit Payments, Inc. Refer to Note 3 – Significant Accounting Policies - Federal Income Taxes.

The New York Life consolidated federal income tax returns are routinely audited by the Internal Revenue Service ("IRS") and provisions are made in the financial statements in anticipation of the results of these audits. The IRS has completed audits through 2013, and tax years 2014 through 2018 are currently under examination. There were no material effects in the Company's Statement of Operations as a result of these audits.

The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

The Company does not have any tax credit or CAMT credit carryforwards available for tax purposes.

The Company has the following carry forwards available for tax purposes (in million):

	Amount	Origination Date	Expiration Date
Capital Loss	\$ 19	12/31/2023	12/31/2028

For the years ended December 31, 2025, 2024, and 2023, the Company had no income taxes incurred in current and prior years that will be available for recoupment in the event of future net losses.

At December 31, 2025 and 2024, the Company recorded a current income tax payable of \$13 million and receivable of \$3 million, respectively. The current income tax payable is included in Other liabilities and the current income tax receivable was included in Other assets in the accompanying Statutory Statements of Financial Position.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 14 - INCOME TAXES (continued)

The Company has determined as of the reporting date that it will be an applicable corporation but will not be liable for corporate alternative minimum tax ("CAMT"), that is based on the adjusted financial statement income set forth on the applicable financial statement on the applicable corporation, for the reporting year. The reporting entity has made an accounting policy election to disregard CAMT when evaluating the need for valuation allowance for its non-CAMT DTA's. As the subsidiary that is a member of a controlled group of corporations that file a consolidated return, any CAMT liability will be borne by the parent.

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.

At December 31, 2025, the Company had no protective tax deposits on deposit with the IRS under Section 6603 of the Internal Revenue Code.

NOTE 15 - CAPITAL AND SURPLUS

Capitalization

The Company has 30,000 shares authorized, and approximately 25,000 shares issued and outstanding as of December 31, 2025 and 2024 with a par value of \$100. There are no other classes of capital stock. The Company has no preferred stock outstanding at December 31, 2025 and 2024.

Nonadmitted Assets

Under statutory accounting rules, a nonadmitted asset is defined as an asset having economic value other than that which can be used to fulfill policyholder obligations, or those assets that are unavailable due to encumbrances or other third-party interests. These assets are not recognized in the accompanying Statutory Statements of Financial Position, and are, therefore, considered nonadmitted. The changes between years in nonadmitted assets are charged or credited directly to surplus.

Special Surplus Funds

At December 31, 2025, the Company had special surplus funds of \$34 million due to the admittance of negative IMR. Refer to Note 6 - Investments for a more detailed discussion on Admitted Negative IMR.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

NOTE 16 - DIVIDENDS TO STOCKHOLDER

The Company is subject to restrictions on the payment of dividends to New York Life. Under Title 40 of the Pennsylvania Statutes, cash dividends can be paid only out of that part of the Company’s available and accumulated surplus funds which are derived from realized net operating profits on its business and realized capital gains, and dividends (or other distributions) on capital stock can be declared and paid only out of earned surplus (being an amount equal to the unassigned funds of the Company as set forth in its most recent annual statement submitted to the Pennsylvania Insurance Commissioner (“the Commissioner”), including all or part of the surplus arising from unrealized capital gains or revaluation of assets), except as otherwise approved by the Commissioner (provided that stock dividends may be paid out of any available surplus funds). Furthermore, no extraordinary dividend may be paid until 30 days after the Commissioner has received notice of such declaration and has not disapproved of such payment within such 30 day period, or the Commissioner has approved such payment within that 30 day period. Extraordinary dividends are defined as any dividend or distribution or cash or other property, whose fair market value, together with that of other dividends or distributions made within the preceding 12 months, exceeds the greater of (1) 10 percent of the Company’s surplus as regards policyholders as of the preceding December 31 or (2) the net income from operations of the Company for the 12 month period ending on the preceding December 31 (not including pro rata distributions of any class of the Company’s own securities).

Dividends may be declared by the Board of Directors of the Company from available surplus, as it deems appropriate, on a non-cumulative basis. At December 31, 2025, the amount of earned surplus of the Company available for the payment of dividends was \$2,073 million. The maximum amount of dividends that may be paid in 2026 without prior notice to or approval of the Commissioner is \$548 million.

For the years ended December 31, 2025 and 2024, the Company paid cash dividends to its sole stockholder, New York Life of \$400 million and \$200 million, respectively.

NOTE 17 - WRITTEN PREMIUMS

The amount of net premiums written by the Company for the years ended December 31, 2025 and 2024 that are subject to retrospective rating features were \$84 million and \$82 million, respectively, which represented 2.8% of the total net premiums written for both periods. No other net premiums written by the Company are subject to retrospective rating features.

Deferred and uncollected life insurance premiums and annuity considerations at December 31, 2025 and 2024 were as follows (in millions)⁽¹⁾:

	2025		2024	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary Renewal	\$ 1	\$ 1	\$ 1	\$ 1
Group Life	128	128	151	151
Total	\$ 129	\$ 129	\$ 152	\$ 152

⁽¹⁾ Excludes group term life reinsurance with NYLIAC. See note 11 - Reinsurance for more details.

Deferred premium is the portion of the annual premium not earned at the reporting date. Loading of deferred premium is an amount obtained by subtracting the valuation net deferred premium from the gross deferred premium and generally includes allowances for acquisition costs and other expenses.

Uncollected premium is gross premium, net of reinsurance that is due and unpaid at the reporting date. Net premium is the amount used in the calculation of reserves. The change in loading is included as an expense and is not shown as a reduction to premium income.

LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS

NOTE 17 - WRITTEN PREMIUMS (CONTINUED)

Based upon the Company experience, the amount of premiums that may become uncollectible and result in a potential loss is not material to the Company's financial position. At December 31, 2025 and 2024, the Company had \$33 million and \$39 million of uncollected premiums, respectively, that were nonadmitted as they were over 90 days past due.

The Company did not have any direct premium written/produced by a single managing general agent/third-party administrator that was equal to or greater than 5% of surplus for the years ended December 31, 2025 and 2024, respectively.

NOTE 18 - SUBSEQUENT EVENTS

Effective January 1, 2026, a strategic decision to re-domesticate LINA from Pennsylvania to Iowa was approved. Iowa offers a lower insurance premiums tax rate, enabling favorable pricing and a reduced cost of business environment.

At March 27, 2026, the date the financial statements were available to be issued, there have been no other events occurring subsequent to the close of the Company's books or accounts for the accompanying statutory financial statements that would have a material effect on the financial condition of the Company.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
NOTES TO STATUTORY FINANCIAL STATEMENTS**

GLOSSARY OF TERMS

Term	Description
ABS	Asset-backed securities
AVR.....	Asset valuation reserve
CAMT	Corporate Alternative Minimum Tax
CGLIC	Connecticut General Life Insurance Company
CHLIC	Cigna Health & Life Insurance Company
Commissioner.....	Pennsylvania Insurance Commissioner
DTA(s).....	Deferred tax asset(s)
DTL(s)	Deferred tax liability(ies)
FHLB	Federal Home Loan Bank
IMR	Interest maintenance reserve
INT	Interpretation adopted by the NAIC
IRA	The Inflation Reduction Act of 2022
IRS.....	Internal Revenue Service
LIHTC	Low-income housing tax credit
LTV	Loan to value ratio
MCF.....	Madison Capital Funding LLC
NAIC	National Association of Insurance Commissioners
NAIC SAP	National Association of Insurance Commissioners' Accounting Practices and Procedures Manual
NAV	Net asset value
New York Life.....	New York Life Insurance Company
NYLGICNY	New York Life Group Insurance Company of NY
NYLIAC.....	New York Life and Annuity Corporation
OTTI.....	Other-than-temporary impairment(s)
OBBBA	One Big Beautiful Bill Act
PBBD.....	Principles-based bond definition
SEC	U.S. Securities and Exchange Commission
SSAP	Statement of Statutory Accounting Principles
SVO.....	Securities Valuation Office
The Company	Life Insurance Company of North America
The Department.....	State of Pennsylvania Insurance Department
U.S. GAAP.....	Accounting principles generally accepted in the United States of America