UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

Commission File Number 033-44202

Fortitude Life Insurance & Annuity Company

(Exact Name of Registrant as Specified in its Charter)

Arizona	**06-1241288**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

Ten Exchange Place
Suite 2210
Jersey City, NJ 07302
(615) 981-8801

(Address and Telephone Number of Registrant's Principal Executive Offices)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Not Applicable	Not Applicable	Not Applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.   Yes ☒   No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of the Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).   Yes ☒   No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer", "accelerated filer", "smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-accelerated Filer	☒	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).   Yes ☐   No ☒

As of May 9, 2025, 25,000 shares of the registrant’s Common Stock (par value $100) consisting of 100 voting shares and 24,900 non-voting shares were outstanding. As of such date, Fortitude Group Holdings, LLC, a Delaware limited liability company, owned all of the registrant’s Common Stock.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Certain of the statements included in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Fortitude Life Insurance & Annuity Company (FLIAC). There can be no assurance that future developments affecting FLIAC will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) the ongoing impact of the uncertain and evolving economic environment on the global economy, financial market and our business; (2) losses on investments or financial contracts due to deterioration in credit quality or value, or counterparty default; (3) losses on insurance products due to mortality experience or policyholder behavior experience that differs significantly from our expectations when we price our products; (4) changes in interest rates and equity prices that may (a) adversely impact the profitability of our products, the value of separate accounts supporting these products or the value of assets we manage, (b) result in losses on derivatives we use to hedge risk or increase collateral posting requirements and (c) limit opportunities to invest at appropriate returns; (5) guarantees within certain of our products which are market sensitive and may decrease our earnings or increase the volatility of our results of operations or financial position; (6) liquidity needs resulting from (a) derivative collateral market exposure, (b) asset/liability mismatches, (c) the lack of available funding in the financial markets or (d) unexpected cash demands due to severe mortality calamity or lapse events; (7) financial or customer losses, or regulatory and legal actions, due to inadequate or failed processes or systems, external events, and human error or misconduct such as (a) disruption of our systems and data, (b) an information security breach, (c) a failure to protect the privacy of sensitive data, (d) reliance on third-parties or (e) labor and employment matters; (8) changes in the regulatory landscape, including related to (a) financial sector regulatory reform, (b) changes in tax laws, (c) fiduciary rules and other standards of care, (d) state insurance laws and developments regarding group-wide supervision, capital and reserves, or (e) privacy and cybersecurity regulation; (9) technological changes which may adversely impact companies in our investment portfolio or cause insurance experience to deviate from our assumptions; (10) ratings downgrades; (11) market conditions that may adversely affect the sales or persistency of our products; (12) competition; and (13) reputational damage. FLIAC does not intend, and is under no obligation, to update any particular forward-looking statement included in this document. See “Risk Factors” included in the Annual Report on Form 10-K for the year ended December 31, 2024 for discussion of certain risks relating to our business.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Fortitude Life Insurance & Annuity Company
Unaudited Interim Consolidated Statements of Financial Position
(in millions, except share data)

	March 31, 2025	December 31, 2024
ASSETS		
Fixed maturity securities, at fair value	$ 5,107	$ 5,022
Mortgage loans, at fair value	343	364
Short-term investments	2	8
Other invested assets (includes $294 and $354 of assets measured at fair value at March 31, 2025 and December 31, 2024, respectively)	313	395
Total investments	5,765	5,789
Cash and cash equivalents	683	563
Accrued investment income	57	58
Reinsurance recoverables, at fair value	207	163
Deposit asset, at fair value	352	364
Income taxes	74	76
Other assets: (Receivables from parent and affiliates: March 31, 2025 - $6; December 31, 2024 - $10)	43	69
Separate account assets, at fair value	21,818	22,857
TOTAL ASSETS	$ 28,999	$ 29,939
LIABILITIES AND EQUITY		
LIABILITIES		
Insurance liabilities, at fair value	$ 4,624	$ 4,380
Net modified coinsurance payable, at fair value	156	145
Liabilities associated with secured borrowing arrangements	1,004	1,200
Other liabilities: (Payables to parent and affiliates: March 31, 2025 - $3; December 31, 2024 - $4)	234	208
Separate account liabilities, at fair value	21,818	22,857
TOTAL LIABILITIES	27,836	28,790
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 9)		
EQUITY		
Common stock, $100 par value; 25,000 shares authorized, issued and outstanding	3	3
Additional paid-in capital	1,714	1,714
Retained deficit	(542)	(518)
Accumulated other comprehensive loss	(12)	(50)
Total equity	1,163	1,149
TOTAL LIABILITIES AND EQUITY	$ 28,999	$ 29,939

See Notes to Unaudited Interim Consolidated Financial Statements

Fortitude Life Insurance & Annuity Company
Unaudited Interim Consolidated Statements of Operations and Comprehensive Income
(in millions)

	Three Months Ended March 31	
	2025	**2024**
REVENUES		
Premiums	$ 7	$ 10
Policy charges and fee income	107	112
Net investment income	65	70
Asset management and service fees	22	23
Other income (loss)	(3)	2
Investment gains (losses), net	172	(321)
TOTAL REVENUES	370	(104)
BENEFITS AND EXPENSES		
Policyholder benefits and changes in fair value of insurance liabilities	359	(314)
Commission expense	22	23
General, administrative and other expenses	17	18
TOTAL BENEFITS AND EXPENSES	398	(273)
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES	(28)	169
Less: Income tax expense (benefit)	(4)	24
NET INCOME (LOSS)	$ (24)	$ 145
Other comprehensive income (loss), before tax:		
Changes in own-credit risk related to insurance liabilities	48	(13)
Less: Income tax expense (benefit) related to other comprehensive income (loss)	10	(3)
Other comprehensive income (loss), net of taxes	38	(10)
COMPREHENSIVE INCOME	$ 14	$ 135

See Notes to Unaudited Interim Consolidated Financial Statements

Fortitude Life Insurance & Annuity Company
Unaudited Interim Consolidated Statements of Equity
(in millions)

	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 31, 2024	$ 3	$ 1,714	$ (518)	$ (50)	$ 1,149
Comprehensive income (loss):					
Net loss	—	—	(24)	—	(24)
Other comprehensive income, net of tax	—	—	—	38	38
Total comprehensive income					14
Balance, March 31, 2025	$ 3	$ 1,714	$ (542)	$ (12)	$ 1,163

	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 31, 2023	$ 3	$ 1,714	$ (290)	$ (65)	$ 1,362
Dividend to parent	—	—	(75)	—	(75)
Comprehensive income (loss):					
Net income	—	—	145	—	145
Other comprehensive loss, net of tax	—	—	—	(10)	(10)
Total comprehensive income					135
Balance, March 31, 2024	$ 3	$ 1,714	$ (220)	$ (75)	$ 1,422

See Notes to Unaudited Interim Consolidated Financial Statements

Fortitude Life Insurance & Annuity Company
Unaudited Interim Consolidated Statements of Cash Flows
(in millions)

	Three Months Ended March 31	
	2025	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (24)	$ 145
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:		
Investment (gains) losses, net	(172)	321
Other, net	(7)	(7)
Change in:		
Insurance liabilities, at fair value	337	(423)
Deposit asset, at fair value	12	12
Net modified coinsurance payable, at fair value	11	(6)
Accrued investment income	1	(1)
Income taxes	(4)	24
Reinsurance recoverables, net	(43)	51
Derivatives, net	227	(456)
Other, net	17	13
Cash flows from (used in) operating activities	355	(327)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity/prepayment of:		
Fixed maturity securities, at fair value	95	85
Mortgage loans	22	49
Other invested assets	5	—
Short-term investments	6	18
Payments for the purchase/origination of:		
Fixed maturity securities, at fair value	(128)	(425)
Mortgage loans	(3)	(4)
Other invested assets	—	(4)
Short-term investments	—	(22)
Other, net	1	—
Cash flows used in investing activities	(2)	(303)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net policyholder's account withdrawals	(46)	(48)
Drafts outstanding	7	(23)
Net repayments related to secured borrowing arrangements - repurchase agreements with maturities three months or less	(194)	—
Proceeds related to secured borrowing arrangements - repurchase agreements with maturities greater than three months	—	202
Cash flows from (used in) financing activities	(233)	131
NET CHANGE IN CASH AND CASH EQUIVALENTS	120	(499)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	563	940
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 683	$ 441

See Note 5 for non-cash disclosures regarding collateral transferred under repurchase agreements.

See Notes to Unaudited Interim Consolidated Financial Statements

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

1. BUSINESS AND BASIS OF PRESENTATION

Fortitude Life Insurance & Annuity Company and its wholly-owned subsidiary (collectively, "FLIAC" or the "Company"), with its principal offices in Jersey City, New Jersey, is a wholly-owned subsidiary of Fortitude Group Holdings, LLC ("FGH").

Basis of Presentation

The Unaudited Interim Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") on a basis consistent with reporting interim financial information in accordance with instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"). The accompanying Unaudited Consolidated Financial Statements present the consolidated results of operations, financial condition, and cash flows of FLIAC. All intercompany transactions have been eliminated in consolidation.

In the opinion of management, all adjustments necessary for a fair statement of the financial position and results of operations have been made. All such adjustments are of a normal, recurring nature. Interim results are not necessarily indicative of the results that may be expected for the full year. These financial statements should be read in conjunction with the Company's Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revision to Previously Issued Consolidated Statements of Cash Flows

In 2024, we identified an error that impacted our previously issued consolidated statements of cash flows for the three months ended March 31, 2024. It was determined that certain proceeds and repayments related to repurchase agreements with original maturity dates greater than three months were incorrectly presented on a net basis rather than on a gross basis.

We assessed the materiality of the error on our prior period consolidated financial statements in accordance with SEC Staff Accounting Bulletin No. 99, Materiality, codified in Accounting Standards Codification ("ASC") 250-10, *Accounting Changes and Error Corrections,* and concluded that this error was not material to the prior period. However, we determined it was appropriate to correctly present and revise the consolidated statements of cash flows for the impacted prior period.

The following is a summary of the impacted line items within the consolidated statements of cash flows. All revisions were contained within "Cash Flows from Financing Activities".

	Consolidated Statements of Cash Flows		
	Three Months Ended March 31, 2024		
	As Previously Reported	Adjustments	As Revised
	(in millions)		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repurchase agreements	$ 202	$ (202)	$ —
Repayments related to secured borrowing arrangements - repurchase agreements with maturities greater three months	—	202	202

2. SIGNIFICANT ACCOUNTING POLICIES AND PRONOUNCEMENTS

Accounting Policy Election

Fair Value Option

We have elected to apply the fair value option to several of FLIAC's assets and liabilities. We have made this election as it improves our operational efficiency and better aligns the recognition and measurement of our investments, insurance contracts, and associated reinsurance activity with how we expect to manage the business. See Note 4 herein and Notes 2 and 4 in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 for further information.

Recent Accounting Pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of an Accounting Standards Update ("ASU") to the ASC. We consider the applicability and impact of all ASUs. ASUs listed below include those that have been adopted during the current fiscal year and/or those that have been issued but not yet adopted as of the date of this filing. ASUs not listed below were assessed and determined to be either not applicable or not material.

ASUs adopted as of March 31, 2025

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*	This ASU improved reportable segment disclosure requirements, primarily through enhanced disclosures regarding a company’s significant segment expenses and certain other items. The update also required expanded disclosures regarding the chief operating decision maker (“CODM”) and the information they are provided when assessing segment performance and allocating resources.	The Company adopted the update for interim reporting periods beginning January 1, 2025 using the retrospective method. The Company adopted this update for annual disclosures on January 1, 2024 using the retrospective method.	This adoption of the update for both interim and annual periods expanded the Company’s disclosures but did not have an impact on its financial position or results of operations. See Note 3 herein for further information regarding the expanded interim disclosures. See Note 3 within the Company's Annual Report on Form 10-K for the year ended December 31, 2024 for further information regarding the expanded annual disclosures.

ASUs issued but not yet adopted as of March 31, 2025

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*	This ASU improves income tax disclosure requirements by requiring 1. the use of consistent categories and greater disaggregation of information in the rate reconciliation and 2. income taxes paid disaggregated by jurisdiction.	Effective for annual reporting periods beginning January 1, 2025, and is required to be applied prospectively with the option of retrospective application. Early adoption is permitted.	The update is expected to expand the Company's disclosures but will not have an impact on the Company's financial position or results of operations.
ASU 2024-03, *Income Statement - Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures*	This ASU requires additional disclosures regarding certain expense types included in the income statement. The requirements include disclosure of the amounts associated with 1. purchases of inventory, 2. employee compensation, 3. depreciation and 4. intangible asset amortization. These disclosures should be included in each relevant expense caption. Furthermore, entities must disclose specific expenses, gains, or losses already required under US GAAP, offer a qualitative description of amounts not separately quantified, and present the total amount of selling expenses along with a definition of these expenses in their annual reports.	Effective for annual reporting periods beginning January 1, 2027, and interim reporting periods beginning January 1, 2028, using either the prospective or retrospective method. Early adoption is permitted	The Company is currently evaluating the potential impact of this update on its financial position, results of operations, and disclosures.

3. SEGMENT INFORMATION

FLIAC has two reportable segments, which we refer to as the "Retained Business" and the "Ceded Business."

The Retained Business consists of variable annuity products with guaranteed lifetime withdrawal benefit features as well as smaller blocks of variable annuity products with certain other living benefit and death benefit features. The Retained Business also includes variable universal life and fixed payout annuity products. The Retained Business is actively managed by FLIAC management and retains the full economic benefits and risks.

The Ceded Business represents certain business (primarily registered index-linked annuities and fixed annuities, which includes fixed indexed and fixed deferred annuities, and other variable annuities) where 100 percent of the assets and liabilities have been fully ceded to Prudential Insurance and Pruco Life under existing coinsurance and modified coinsurance agreements. At March 31, 2025 and December 31, 2024, we had a modified coinsurance payable of $1,706 million and $1,757 million, respectively, equal to the assets held in the Ceded Business, and are included in the net modified coinsurance payable.

The following is the Consolidated Statement of Financial Position by segment:

	March 31, 2025			December 31, 2024		
	Retained Business	Ceded Business	Total	Retained Business	Ceded Business	Total
	(in millions)					
ASSETS						
Total investments	$ 4,087	$ 1,678	$ 5,765	$ 4,062	$ 1,727	$ 5,789
Cash and cash equivalents	616	67	683	498	65	563
Accrued investment income	47	10	57	46	12	58
Reinsurance recoverables	9	198	207	—	163	163
Deposit asset	—	352	352	—	364	364
Income taxes	74	—	74	76	—	76
Other assets	43	—	43	69	—	69
Separate account assets	19,894	1,924	21,818	20,842	2,015	22,857
TOTAL ASSETS	$ 24,770	$ 4,229	$ 28,999	$ 25,593	$ 4,346	$ 29,939
LIABILITIES AND EQUITY						
LIABILITIES						
Insurance liabilities	$ 2,481	$ 2,143	$ 4,624	$ 2,196	$ 2,184	$ 4,380
Net modified coinsurance payable	—	156	156	—	145	145
Liabilities associated with secured borrowing arrangements	1,004	—	1,004	1,200	—	1,200
Other liabilities	228	6	234	206	2	208
Separate account liabilities	19,894	1,924	21,818	20,842	2,015	22,857
TOTAL LIABILITIES	23,607	4,229	27,836	24,444	4,346	28,790
EQUITY	1,163	—	1,163	1,149	—	1,149
TOTAL LIABILITIES AND EQUITY	$ 24,770	$ 4,229	$ 28,999	$ 25,593	$ 4,346	$ 29,939

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

The following is comprehensive income by segment:

	Three Months Ended March 31					
	2025			2024		
	Retained Business	Ceded Business	Total	Retained Business	Ceded Business	Total
	(in millions)					
REVENUES						
Premiums	$ 7	$ —	$ 7	$ 10	$ —	$ 10
Policy charges and fee income	107	—	107	112	—	112
Net investment income (1)	49	16	65	56	14	70
Asset management and service fees	22	—	22	23	—	23
Other income (loss)	(3)	—	(3)	2	—	2
Investment gains (losses), net	222	(50)	172	(425)	104	(321)
TOTAL REVENUES	404	(34)	370	(222)	118	(104)
BENEFITS AND EXPENSES						
Policyholder benefits and changes in fair value of insurance liabilities	393	(34)	359	(432)	118	(314)
Commission expense	22	—	22	23	—	23
General, administrative and other expenses (2)	17	—	17	18	—	18
TOTAL BENEFITS AND EXPENSES	432	(34)	398	(391)	118	(273)
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES	(28)	—	(28)	169	—	169
Less: Income tax expense (benefit)	(4)	—	(4)	24	—	24
NET INCOME (LOSS)	$ (24)	$ —	$ (24)	$ 145	$ —	$ 145
Other comprehensive income (loss), before tax:						
Changes in own-credit risk related to insurance liabilities	$ 48	$ —	$ 48	$ (13)	$ —	$ (13)
Less: Income tax expense (benefit)	10	—	10	(3)	—	(3)
Other comprehensive income (loss), net of taxes	38	—	38	(10)	—	(10)
COMPREHENSIVE INCOME	$ 14	$ —	$ 14	$ 135	$ —	$ 135

(1) For both the three months ended March 31, 2025 and 2024, investment expenses within the Retained Business include $15 million of expense related to liabilities associated with repurchase agreements.

(2) Represents “other segment items,” which include expense charges and allocations from FGH, reinsurer expense allowances, professional service fees, and certain other miscellaneous expenses.

4. FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Measurement – Fair value represents 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. The authoritative fair value guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. 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 as follows:

Level 1 **-** Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities.

Level 2 **-** Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, and other market observable inputs.

Level 3 **-** Fair value is based on at least one significant unobservable input for the asset or liability. The assets and liabilities in this category may require significant judgment or estimation in determining the fair value.

For a discussion of the Company's valuation methodologies for assets and liabilities measured at fair value and the fair value hierarchy, see Note 4 to the Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Fair Value Option Election

We have elected to adopt the fair value option for several of our financial assets and liabilities. With respect to our insurance contracts, as a result of this election, we do not separately disclose on our consolidated balance sheets, or provide any associated disclosures, regarding liabilities for future policyholder benefits, market risk benefits, or deferred acquisition costs as required under ASC 944. See Note 11 for certain disclosures regarding our separate account assets and liabilities.

The following are the financial assets and liabilities for which we have elected the fair value option. See Notes 2 and 4 to the Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 for further information.

- Fixed maturity securities
- Mortgage loans
- Reinsurance recoverables
- Separate account assets and liabilities
- Net modified coinsurance receivable/payable
- Deposit asset
- Insurance liabilities

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

Assets and Liabilities by Hierarchy Level – The tables below present the balances of assets and liabilities reported at fair value on a recurring basis, as of the dates indicated.

	March 31, 2025				
	Level 1	Level 2	Level 3	Netting (1)	Total
	(in millions)				
Total Business					
Assets					
Fixed maturity securities					
U.S Treasury securities and obligations of U.S. government authorities and agencies	$ —	$ 496	$ —	$ —	$ 496
Obligations of U.S. states and their political subdivisions	—	107	—	—	107
Foreign government bonds	—	1	—	—	1
U.S. corporate public securities	—	2,804	—	—	2,804
U.S. corporate private securities	—	149	273	—	422
Foreign corporate public securities	—	270	—	—	270
Foreign corporate private securities	—	31	69	—	100
Asset-backed securities (2)	—	679	78	—	757
Commercial mortgage-backed securities	—	34	—	—	34
Residential mortgage-backed securities	—	116	—	—	116
Total fixed maturity securities	—	4,687	420	—	5,107
Mortgage loans (3)	—	—	343	—	343
Short-term investments	—	2	—	—	2
Cash and cash equivalents	683	—	—	—	683
Other invested assets - derivatives	7	980	—	(716)	271
Deposit asset	—	—	352	—	352
Reinsurance recoverables	—	9	198	—	207
Subtotal excluding separate account assets	690	5,678	1,313	(716)	6,965
Separate account assets	—	21,818	—	—	21,818
Total assets	$ 690	$ 27,496	$ 1,313	$ (716)	$ 28,783
Liabilities					
Insurance liabilities	$ —	$ —	$ 4,624	$ —	$ 4,624
Other liabilities - derivatives	13	1,249	—	(1,164)	98
Net modified coinsurance payable	—	—	156	—	156
Separate account liabilities	—	21,818	—	—	21,818
Total liabilities	$ 13	$ 23,067	$ 4,780	$ (1,164)	$ 26,696

(1) "Netting" amounts represent offsetting considerations as disclosed in Note 6.
(2) Includes credit-tranched securities collateralized by syndicated bank loans, sub-prime mortgages, auto loans, credit cards, education loans and other asset types.
(3) As of March 31, 2025, the aggregate fair value of mortgage loans exceeded the aggregate unpaid principal by $5 million.

Excluded from the above chart are certain private equity funds, which are classified as other invested assets on the consolidated statements of financial position. At March 31, 2025, the fair value of these private equity funds was $23 million.

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

	March 31, 2025				
	Level 1	Level 2	Level 3	Netting (1)	Total
			(in millions)		
Retained Business					
Assets					
Fixed maturity securities					
U.S Treasury securities and obligations of U.S. government authorities and agencies	$ —	$ 419	$ —	$ —	$ 419
Obligations of U.S. states and their political subdivisions	—	107	—	—	107
U.S. corporate public securities	—	1,992	—	—	1,992
U.S. corporate private securities	—	—	272	—	272
Foreign corporate public securities	—	109	—	—	109
Foreign corporate private securities	—	—	65	—	65
Asset-backed securities (2)	—	608	69	—	677
Commercial mortgage-backed securities	—	34	—	—	34
Residential mortgage-backed securities	—	7	—	—	7
Total fixed maturity securities	—	3,276	406	—	3,682
Mortgage loans (3)	—	—	343	—	343
Cash and cash equivalents	616	—	—	—	616
Other invested assets - derivatives	7	706	—	(689)	24
Reinsurance recoverable	—	9	—	—	9
Subtotal excluding separate account assets	623	3,991	749	(689)	4,674
Separate account assets	—	19,894	—	—	19,894
Total assets	$ 623	$ 23,885	$ 749	$ (689)	$ 24,568
Liabilities					
Insurance liabilities	$ —	$ —	$ 2,481	$ —	$ 2,481
Other liabilities - derivatives	13	1,222	—	(1,137)	98
Separate account liabilities	—	19,894	—	—	19,894
Total liabilities	$ 13	$ 21,116	$ 2,481	$ (1,137)	$ 22,473

(1) "Netting" amounts represent offsetting considerations as disclosed in Note 6.
(2) Includes credit-tranched securities collateralized by syndicated bank loans, sub-prime mortgages, auto loans, credit cards, education loans and other asset types.
(3) As of March 31, 2025, the aggregate fair value of mortgage loans exceeded the aggregate unpaid principal by $5 million.

Excluded from the above chart are certain private equity funds, which are classified as other invested assets on the consolidated statements of financial position. At March 31, 2025 the fair value of these private equity funds was $22 million.

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

	March 31, 2025				
	Level 1	Level 2	Level 3	Netting (1)	Total
	(in millions)				
Ceded Business					
Assets					
Fixed maturity securities					
U.S Treasury securities and obligations of U.S. government authorities and agencies	$ —	$ 77	$ —	$ —	$ 77
Foreign government bonds	—	1	—	—	1
U.S. corporate public securities	—	812	—	—	812
U.S. corporate private securities	—	149	1	—	150
Foreign corporate public securities	—	161	—	—	161
Foreign corporate private securities	—	31	4	—	35
Asset-backed securities (2)	—	71	9	—	80
Residential mortgage-backed securities	—	109	—	—	109
Total fixed maturity securities	—	1,411	14	—	1,425
Short-term investments	—	2	—	—	2
Cash and cash equivalents	67	—	—	—	67
Other invested assets - derivatives	—	274	—	(27)	247
Deposit asset	—	—	352	—	352
Reinsurance recoverables	—		198	—	198
Subtotal excluding separate account assets	67	1,687	564	(27)	2,291
Separate account assets	—	1,924	—	—	1,924
Total assets	$ 67	$ 3,611	$ 564	$ (27)	$ 4,215
Liabilities					
Insurance liabilities	$ —	$ —	$ 2,143	$ —	$ 2,143
Other liabilities - derivatives	—	27	—	(27)	—
Net modified coinsurance payable	—	—	156	—	156
Separate account liabilities	—	1,924	—	—	1,924
Total liabilities	$ —	$ 1,951	$ 2,299	$ (27)	$ 4,223

(1) “Netting” amounts represent offsetting considerations as disclosed in Note 6.
(2) Includes credit-tranched securities collateralized by syndicated bank loans, sub-prime mortgages, auto loans, credit cards, education loans and other asset types.

Excluded from the above chart are certain private equity funds, which are classified as other invested assets on the consolidated statements of financial position. At March 31, 2025 the fair value of these private equity funds was $1 million.

Table of Contents

	December 31, 2024				
	Level 1	Level 2	Level 3	Netting(1)	Total
	(in millions)				
Total Business					
Assets					
Fixed maturity securities					
U.S Treasury securities and obligations of U.S. government authorities and agencies	$ —	$ 479	$ —	$ —	$ 479
Obligations of U.S. states and their political subdivisions	—	112	—	—	112
Foreign government bonds	—	1	—	—	1
U.S. corporate public securities	—	2,775	—	—	2,775
U.S. corporate private securities	—	148	272	—	420
Foreign corporate public securities	—	270	—	—	270
Foreign corporate private securities	—	29	68	—	97
Asset-backed securities (2)	—	618	81	—	699
Commercial mortgage-backed securities	—	34	—	—	34
Residential mortgage-backed securities	—	119	3	—	122
Total fixed maturity securities	—	4,585	424	—	5,009
Mortgage loans (3)	—	—	364	—	364
Short-term investments	—	8	—	—	8
Cash and cash equivalents	563	—	—	—	563
Other invested assets - derivatives	36	940	—	(649)	327
Deposit asset	—	—	364	—	364
Reinsurance recoverables	—	—	163	—	163
Subtotal excluding separate account assets	599	5,533	1,315	(649)	6,798
Separate account assets	—	22,857	—	—	22,857
Total assets	$ 599	$ 28,390	$ 1,315	$ (649)	$ 29,655
Liabilities					
Insurance liabilities	$ —	$ —	$ 4,380	$ —	$ 4,380
Other liabilities - derivatives	9	1,112	—	(1,035)	86
Net modified coinsurance payable	—	—	145	—	145
Separate account liabilities	—	22,857	—	—	22,857
Total liabilities	$ 9	$ 23,969	$ 4,525	$ (1,035)	$ 27,468

(1) "Netting" amounts represent offsetting considerations as disclosed in Note 6.
(2) Includes credit-tranched securities collateralized by syndicated bank loans, sub-prime mortgages, auto loans, credit cards, education loans and other asset types.
(3) As of December 31, 2024, the aggregate fair value of mortgage loans exceeded the aggregate unpaid principal by $10 million.

Excluded from the above chart are certain private equity funds, which are classified as other invested assets on the consolidated statements of financial position. Also excluded from the above chart are beneficial interests held through private equity funds that are classified as fixed maturity securities, for which fair value is measured at NAV per share (or its equivalent) as a practical expedient. At December 31, 2024, the fair values of these private equity funds and beneficial interests were $27 million and $13 million, respectively.

	December 31, 2024				
	Level 1	Level 2	Level 3	Netting(1)	Total
			(in millions)		
Retained Business					
Assets					
Fixed maturity securities					
U.S Treasury securities and obligations of U.S. government authorities and agencies	$ —	$ 402	$ —	$ —	$ 402
Obligations of U.S. states and their political subdivisions	—	112	—	—	112
U.S. corporate public securities	—	1,969	—	—	1,969
U.S. corporate private securities	—	—	271	—	271
Foreign corporate public securities	—	107	—	—	107
Foreign corporate private securities	—	—	64	—	64
Asset-backed securities (2)	—	568	70	—	638
Commercial mortgage-backed securities	—	34	—	—	34
Residential mortgage-backed securities	—	8	3	—	11
Total fixed maturity securities	$ —	$ 3,200	$ 408	$ —	$ 3,608
Mortgage loans (3)	—	—	364	—	364
Cash and cash equivalents	498	—	—	—	498
Other invested assets - derivatives	36	593		(615)	14
Subtotal excluding separate account assets	534	3,793	772	(615)	4,484
Separate account assets	—	20,842	—	—	20,842
Total assets	$ 534	$ 24,635	$ 772	$ (615)	$ 25,326
Liabilities					
Insurance liabilities	$ —	$ —	$ 2,196	$ —	$ 2,196
Other liabilities - derivatives	9	1,078	—	(1,001)	86
Separate account liabilities	—	20,842	—	—	20,842
Total liabilities	$ 9	$ 21,920	$ 2,196	$ (1,001)	$ 23,124

(1) "Netting" amounts represent offsetting considerations as disclosed in Note 6.
(2) Includes credit-tranched securities collateralized by syndicated bank loans, sub-prime mortgages, auto loans, credit cards, education loans and other asset types.
(3) As of December 31, 2024, the aggregate fair value of mortgage loans exceeded the aggregate unpaid principal by $10 million.

Excluded from the above chart are certain private equity funds, which are classified as other invested assets on the consolidated statements of financial position. Also excluded from the above chart are beneficial interests held through private equity funds that are classified as fixed maturity securities, for which fair value is measured at NAV per share (or its equivalent) as a practical expedient. At December 31, 2024, the fair values of these private equity funds and beneficial interests were $27 million and $13 million, respectively.

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

	December 31, 2024				
	Level 1	Level 2	Level 3	Netting(1)	Total
	(in millions)				
Ceded Business					
Assets					
Fixed maturity securities					
U.S Treasury securities and obligations of U.S. government authorities and agencies	$ —	$ 77	$ —	$ —	$ 77
Foreign government bonds	—	1	—	—	1
U.S. corporate public securities	—	806	—	—	806
U.S. corporate private securities	—	148	1	—	149
Foreign corporate public securities	—	163	—	—	163
Foreign corporate private securities	—	29	4	—	33
Asset-backed securities(2)	—	50	11	—	61
Residential mortgage-backed securities	—	111	—	—	111
Total fixed maturity securities	$ —	$ 1,385	$ 16	$ —	$ 1,401
Short-term investments	—	8	—	—	8
Cash and cash equivalents	65	—	—	—	65
Other invested assets - derivatives	—	347	—	(34)	313
Deposit asset	—	—	364	—	364
Reinsurance recoverables	—	—	163	—	163
Subtotal excluding separate account assets	65	1,740	543	(34)	2,314
Separate account assets	—	2,015	—	—	2,015
Total assets	$ 65	$ 3,755	$ 543	$ (34)	$ 4,329
Liabilities					
Insurance liabilities	$ —	$ —	$ 2,184	$ —	$ 2,184
Other liabilities - derivatives	—	34	—	(34)	—
Net modified coinsurance payable	—	—	145	—	145
Separate account liabilities	—	2,015	—		2,015
Total liabilities	$ —	$ 2,049	$ 2,329	$ (34)	$ 4,344

(1) "Netting" amounts represent offsetting considerations as disclosed in Note 6.

(2) Includes credit-tranched securities collateralized by syndicated bank loans, sub-prime mortgages, auto loans, credit cards, education loans and other asset types.

Quantitative Information Regarding Internally Priced Level 3 Assets and Liabilities – The tables below present information about the significant unobservable inputs used for recurring fair value measurements regarding certain Level 3 assets and liabilities.

	March 31, 2025						
	Fair Value	**Valuation Techniques**	**Unobservable Inputs**	**Minimum**	**Maximum**	**Weighted Average**	**Impact of Increase in Input on Fair Value(1)**
	(in millions)						
Assets:							
Retained business							
Fixed maturity securities							
U.S. corporate private securities	$ 228	Discounted cash flow	Discount rate	4.87%	9.45%	6.68%	Decrease
Foreign corporate private securities	44	Discounted cash flow	Discount rate	4.88%	7.36%	6.09%	Decrease
Asset-backed securities	45	Discounted cash flow	Discount rate	6.49%	12.86%	8.43%	Decrease
Mortgage loans							
Residential mortgage loans	266	Level yield	Market yield	5.05%	10.26%	6.80%	Decrease
Commercial mortgage loans	77	Discounted cash flow	Discount rate	5.90%	6.81%	6.53%	Decrease
Total Mortgage loans	343						
Ceded business							
Foreign corporate private securities	4	Discounted cash flow	Discount rate	12.00%	20.00%	13.00%	Decrease
Deposit asset	352	Fair values are determined using the same unobservable inputs as insurance liabilities.					
Reinsurance recoverables	198	Fair values are determined using the same unobservable inputs as insurance liabilities.					
Liabilities:							
Insurance liabilities							
Retained business	$ 2,481	Discounted cash flow	Equity volatility curve (2)	16%	26%		Increase
			Lapse rate (3)	0.65%	13%		Decrease
			Spread over risk free (4)	0.14%	2.23%		Decrease
			Utilization rate (5)	87.5%	100%		Increase
			Withdrawal rate (6)	See table footnote (6) below.			
			Mortality rate (7)	0%	16%		Decrease
Ceded business	2,143	Discounted cash flow	Equity volatility curve (2)	16%	26%		Increase
			Lapse rate (3)	0.65%	13%		Decrease
			Spread over risk free (4)	0.50%	0.50%		Decrease
			Utilization rate (5)	87.5%	100%		Increase
			Withdrawal rate (6)	See table footnote (6) below.			
			Mortality rate (7)	0%	16%		Decrease
Net modified coinsurance payable	156	Fair values are determined using the same unobservable inputs as insurance liabilities.					

Excluded from the above chart are certain level 3 assets that were valued by an external vendor and for which the unobservable inputs were not readily available. As of March 31, 2025, fixed maturity securities of $89 million and $10 million were excluded from the Retained business and Ceded business, respectively, under this criteria.

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

	December 31, 2024						
	Fair Value (in millions)	Valuation Techniques	Unobservable Inputs	Minimum	Maximum	Weighted Average	Impact of Increase in Input on Fair Value (1)
Assets:							
Retained business							
Fixed maturity securities							
U.S. corporate private securities	$ 228	Discounted cash flow	Discount rate	4.96%	8.92%	6.78%	Decrease
Foreign corporate private securities	42	Discounted cash flow	Discount rate	4.80%	7.76%	6.07%	Decrease
Asset-backed securities	45	Discounted cash flow	Discount rate	6.68%	12.29%	8.33%	Decrease
Mortgage loans							
Residential mortgage loans	286	Discounted cash flow	Discount rate	3.77%	9.94%	6.41%	Decrease
Commercial mortgage	78	Discounted cash flow	Discount rate	6.04%	7.32%	6.92%	Decrease
Total Mortgage loans	364						
Ceded business							
Foreign corporate private securities	4	Discounted cash flow	Discount rate	12.00%	20.00%	13.00%	Decrease
Deposit asset	364	Fair values are determined using the same unobservable inputs as insurance liabilities.					
Reinsurance recoverables	163	Fair values are determined using the same unobservable inputs as insurance liabilities.					
Liabilities:							
Insurance liabilities							
Retained business	$ 2,196	Discounted cash flow	Equity volatility curve (2)	16 %	26 %		Increase
			Lapse rate (3)	0.65 %	13 %		Decrease
			Spread over risk free (4)	0.46 %	2.10 %		Decrease
			Utilization rate (5)	87.5 %	100 %		Increase
			Withdrawal rate (6)	See table footnote (6) below.			
			Mortality rate (7)	0 %	16 %		Decrease
Ceded business	2,184	Discounted cash flow	Equity volatility curve (2)	16 %	26 %		Increase
			Lapse rate (3)	0.65 %	13 %		Decrease
			Spread over risk free (4)	0.50 %	0.50 %		Decrease
			Utilization rate (5)	87.5 %	100 %		Increase
			Withdrawal rate (6)	See table footnote (6) below.			
			Mortality rate (7)	0 %	16 %		Decrease
Net modified coinsurance payable	145	Fair values are determined using the same unobservable inputs as insurance liabilities.					

Excluded from the above chart are certain level 3 assets that were valued by an external vendor and for which the unobservable inputs were not readily available. As of December 31, 2024, fixed maturity securities of $93 million and $12 million were excluded from the Retained business and Ceded business, respectively, under this criteria.

(1) Conversely, the impact of a decrease in input would have the opposite impact on fair value as that presented in the table.

(2) The equity volatility curve assumption is based on 1 year and 2 year index-specific at-the-money implied volatilities grading to 10 year total variance. Increased volatility increases the fair value of the liability.

(3) Lapse rates for contracts with living benefit guarantees are adjusted at the contract level based on the in-the-moneyness of the living benefit and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates for contracts with index-linked crediting guarantees may be adjusted at the contract level based on the

applicability of any surrender charges, product type, and market related factors such as interest rates. Lapse rates are also generally assumed to be lower for the period where surrender charges apply.

(4) The spread over the risk-free rate swap curve represents the premium added to the proxy for the risk-free rate to reflect the Company's estimates of rates that a market participant would use to value the living benefits in both the accumulation and payout phases and index-linked interest crediting guarantees. This spread includes an estimate of NPR, which is the risk that the obligation will not be fulfilled by the Company. NPR is primarily estimated by utilizing the credit spreads associated with issuing funding agreements, adjusted for any illiquidity risk premium. In order to reflect the financial strength ratings of the Company, credit spreads associated with funding agreements, as opposed to credit spread associated with debt, are utilized in developing this estimate because funding agreements, living benefit guarantees, and index-linked interest crediting guarantees are insurance liabilities and are therefore senior to debt.

(5) The utilization rate assumption estimates the percentage of contracts that will utilize the benefit during the contract duration and begin lifetime withdrawals at various time intervals from contract inception. Utilization assumptions may vary by product type, tax status and age. The impact of changes in these assumptions is highly dependent on the product type, the age of the contractholder at the time of the sale, and the timing of the first lifetime income withdrawal.

(6) The withdrawal rate assumption estimates the magnitude of annual contractholder withdrawals relative to the maximum allowable amount under the contract. These assumptions vary based on the age of the contractholder, the tax status of the contract and the duration since the contractholder began lifetime withdrawals. As of both March 31, 2025 and December 31, 2024, the minimum withdrawal rate assumption was 84% and the maximum withdrawal rate assumption may be greater than 100%. The fair value of the liability will generally increase the closer the withdrawal rate is to 100% and decrease as the withdrawal rate moves further away from 100%.

(7) The range reflects the mortality rates for the vast majority of business with living benefits, with policyholders ranging from 45 to 90 years old. While the majority of living benefits have a minimum age requirement, certain other contracts do not have an age restriction. This results in contractholders with mortality rates approaching 0% for certain benefits.

Interrelationships Between Unobservable Inputs – In addition to the sensitivities of fair value measurements to changes in each unobservable input in isolation, as reflected in the table above, interrelationships between these inputs may also exist, such that a change in one unobservable input may give rise to a change in another, or multiple, inputs. Examples of such interrelationships for significant internally-priced Level 3 assets and liabilities are as follows:

Corporate Securities – The rate used to discount future cash flows reflects current risk-free rates plus credit and liquidity spread requirements that market participants would use to value an asset. The discount rate may be influenced by many factors, including market cycles, expectations of default, collateral, term and asset complexity. Each of these factors can influence discount rates, either in isolation, or in response to other factors. During weaker economic cycles, as the expectations of default increases, credit spreads widen, which results in a decrease in fair value.

Insurance Liabilities, at fair value – The Company expects efficient benefit utilization and withdrawal rates to generally be correlated with lapse rates. However, behavior is highly dependent on the facts and circumstances surrounding the individual contractholder, such as their liquidity needs or tax situation, which could drive lapse behavior independent of other contractholder behavior assumptions. To the extent that more efficient contractholder behavior results in greater in-the-moneyness at the contract level, lapse rates may decline for those contracts. Similarly, to the extent that increases in equity volatility are correlated with overall declines in the capital markets, lapse rates may decline as contracts become more in-the-money.

Changes in Level 3 Assets and Liabilities – The following tables describe changes in fair values of Level 3 assets and liabilities, by reportable segment, and in the aggregate. In addition, the following tables include the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at the end of their respective periods. When a determination is made to classify assets and liabilities within Level 3, the determination is based on significance of the unobservable inputs in the overall fair value measurement. All transfers are based on changes in the observability of the valuation inputs, including the availability of pricing service information that the Company can validate. Transfers into Level 3 are generally the result of unobservable inputs utilized within valuation methodologies and the use of indicative broker quotes for assets that were previously valued using observable inputs. Transfers out of Level 3 are generally due to the use of observable inputs in valuation methodologies as well as the availability of pricing service information for certain assets that the Company can validate.

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

	Three Months Ended March 31, 2025										
	Fair Value, beginning of year	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other	Transfers into Level 3	Transfers out of Level 3	Fair Value, end of period	Change in unrealized gains (losses) for assets still held(1)
	(in millions)										
Retained Business											
Fixed maturity securities											
U.S. corporate private securities	$ 271	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 272	$ 3
Foreign corporate private securities	64	1	—	—	—	—	—	—	—	65	1
Residential mortgage-backed securities	3	—	—	—	—	(3)	—	—	—	—	—
Asset-backed securities	70	1	—	—	—	(2)	—	—	—	69	1
Mortgage loans											
Residential mortgage loans	286	(5)	3	—	—	(18)	—	—	—	266	(5)
Commercial mortgage loans	78	(1)	—	—	—	—	—	—	—	77	(1)
Ceded Business											
U.S. corporate private securities	1	—	—	—	—	—	—	—	—	1	—
Asset-backed securities	11	—	—	—	—	(2)	—	—	—	9	—
Foreign corporate private securities	4	—	3	—	—	(3)	—	—	—	4	—
Deposit asset	364	(12)	—	—	—	—	—	—	—	352	—
Reinsurance recoverables	163	35	—	—	—	—	—	—	—	198	—
Net modified coinsurance payable	(145)	(11)	—	—	—	—	—	—	—	(156)	—

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

	Three Months Ended March 31, 2024										
	Fair Value, beginning of year	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other	Transfers into Level 3	Transfers out of Level 3	Fair Value, end of period	Change in unrealized gains (losses) for assets still held(1)
	(in millions)										
Retained Business											
Fixed maturity securities											
U.S. corporate private securities	$ 244	$ 3	$ 24	$ —	$ —	$ —	$ —	$ —	$ —	$ 271	$ 2
Foreign corporate private securities	56	1	—	—	—	—	—	—	—	57	1
Residential mortgage-backed securities	5	—	—	—	—	—	—	—	—	5	—
Asset-backed securities	246	(1)	14	—	—	(1)	—	—	—	258	(2)
Mortgage loans											
Residential mortgage loans	361	5	4	—	—	(22)	—	—	—	348	5
Commercial mortgage loans	76	1	—	—	—	—	—	—	—	77	1
Ceded Business											
U.S. corporate private securities	1	—	—	—	—	—	—	—	—	1	—
Asset-backed securities	—	—	28	—	—	—	—	—	—	28	—
Foreign corporate private securities	1	—	—	—	—	(1)	—	—	—	—	—
Short-term investments	4	—	3	—	—	(7)	—	—	—	—	—
Deposit asset	438	(10)	—	—	—	—	(2)	—	—	426	—
Reinsurance recoverables	206	(51)	—	—	—	—	—	—	—	155	—
Net modified coinsurance payable	(78)	6	—	—	—	—	—	—	—	(72)	—

(1) Unrealized gains or losses related to assets still held at the end of the period do not include amortization or accretion of premiums and discounts.

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

	Three Months Ended March 31, 2025						
		Incurred losses					
	Fair Value, beginning of year	Reduction in estimates of ultimate losses	Increase in estimates of ultimate losses	Change in fair value (discount rate)	Fee income and paid losses	Other	Fair Value, end of period
	(in millions)						
Insurance Liabilities							
Retained Business	$ 2,196	$ (91)	$ 224	$ 71	$ 80	$ 1	$ 2,481
Ceded Business	2,184	(109)	27	32	9	—	2,143

	Three Months Ended March 31, 2024						
		Incurred losses					
	Fair Value, beginning of year	Reduction in estimates of ultimate losses	Increase in estimates of ultimate losses	Change in fair value (discount rate)	Fee income and paid losses	Other	Fair Value, end of period
	(in millions)						
Insurance Liabilities							
Retained Business	$ 2,835	$ (385)	$ 108	$ (245)	$ 29	$ —	$ 2,342
Ceded Business	2,168	(96)	159	(31)	3	—	2,203

"Total realized and unrealized gains (losses)" related to our level 3 assets are included in earnings in Investment gains (losses). Activity within our level 3 liabilities is primarily recognized in earnings within Policyholder benefits and changes in fair value of insurance liabilities. However, the changes related to the Company's own-credit risk, included in "Change in fair value (discount rate)" above, is recorded in other comprehensive income (loss). Additionally, as noted in the following section, there are other components of the change in fair value that are recognized separately in the consolidated statements of operations.

Change in Fair Value of Insurance Contracts

The components of the change in fair value of our insurance contracts are reported in several line items within Revenues and Benefits and expenses in our consolidated statements of operations and comprehensive income (loss). The revenue items include Premiums, Policy charges and fee income, and Asset management and service fees. The Benefits and expenses items include Policyholders' benefits and changes in fair value of insurance liabilities and commission expense. Policyholder benefits and changes in fair value of insurance liabilities includes the following changes in fair value of the assets and liabilities related to the insurance contracts for which we have elected the fair value option:

	March 31, 2025			December 31, 2024		
	Retained Business	Ceded Business	Total	Retained Business	Ceded Business	Total
	(in millions)					
Assets:						
Reinsurance recoverables	$ —	$ 35	$ 35	$ —	$ (43)	$ (43)
Modified coinsurance receivable	—	(62)	(62)	—	87	87
Deposit asset	—	(12)	(12)	—	(74)	(74)
Liabilities:						
Insurance liabilities	$ 285	$ (41)	$ 244	$ (639)	$ 16	$ (623)

Changes in insurance liabilities attributable to the Company's own-credit risk are recorded in other comprehensive income (loss). Changes in the modified coinsurance payable are reported in Policyholder benefits and changes in fair value of insurance liabilities, however, they are not included in the above chart as they relate to the investment portfolio within the modified coinsurance agreement.

Fair Value of Financial Instruments

The table below presents the carrying amount and fair value by fair value hierarchy level of certain financial instruments that are not reported at fair value. The financial instruments presented below are reported at carrying value on the Company's Consolidated Statements of Financial Position. In some cases the carrying amount equals or approximates fair value.

	March 31, 2025				
	Fair Value				Carrying Amount
	Level 1	Level 2	Level 3	Total	Total
	(in millions)				
Assets:					
Accrued investment income	$ —	$ 57	$ —	$ 57	$ 57
Other invested assets - Other	4	—	11	15	15
Liabilities:					
Liabilities associated with secured borrowing arrangements					
Repurchase agreements	$ —	$ 1,021	$ —	$ 1,021	$ 1,004

	December 31, 2024				
	Fair Value				Carrying Amount
	Level 1	Level 2	Level 3	Total	Total
	(in millions)				
Assets:					
Accrued investment income	$ —	$ 58	$ —	$ 58	$ 58
Other invested assets - Other	26	—	11	37	37
Liabilities:					
Liabilities associated with secured borrowing arrangements					
Repurchase agreements	$ —	$ 1,220	$ —	$ 1,220	$ 1,200

5. INVESTMENTS

Other Invested Assets

The following table sets forth the composition of "Other invested assets," as of the dates indicated.

	March 31, 2025			December 31, 2024		
	Retained Business	Ceded Business	Total	Retained Business	Ceded Business	Total
	(in millions)					
LPs/LLCs:						
Equity method:						
Private equity	$ —	$ 1	$ 1	$ —	$ 1	$ 1
Real estate-related	—	3	3	—	3	3
Subtotal equity method	—	4	4	—	4	4
Fair value:						
Private equity	22	1	23	27	—	27
Total LPs/LLCs	22	5	27	27	4	31
Derivative instruments	24	247	271	14	313	327
Other	15	—	15	37	—	37
Total other invested assets	$ 61	$ 252	$ 313	$ 78	$ 317	$ 395

Fortitude Life Insurance & Annuity Company

Notes to Unaudited Interim Consolidated Financial Statements

Accrued Investment Income

The following table sets forth the composition of "Accrued investment income," as of the dates indicated:

	March 31, 2025			December 31, 2024		
	Retained Business	Ceded Business	Total	Retained Business	Ceded Business	Total
	(in millions)					
Fixed maturity securities	$ 42	$ 10	$ 52	$ 43	$ 12	$ 55
Mortgage loans	3	—	3	1	—	1
Short-term investments and cash equivalents	2	—	2	2	—	2
Total accrued investment income	$ 47	$ 10	$ 57	$ 46	$ 12	$ 58

The aggregate fair value of mortgage loans that were 90 days or more past due and in non-accrual status was $3 million as of both March 31, 2025 and December 31, 2024.

Net Investment Income

The following tables set forth "Net investment income" by investment type, for the periods indicated:

	Three Months Ended March 31					
	2025			2024		
	Retained Business	Ceded Business	Total	Retained Business	Ceded Business	Total
	(in millions)					
Fixed maturities securities	$ 47	$ 15	$ 62	$ 60	$ 12	$ 72
Mortgage loans	8	—	8	8	—	8
Other invested assets	1	—	1	3	(2)	1
Short-term investments and cash equivalents	10	1	11	6	4	10
Gross investment income	66	16	82	77	14	91
Less: investment expenses (1)	(17)	—	(17)	(21)	—	(21)
Net investment income	$ 49	$ 16	$ 65	$ 56	$ 14	$ 70

(1) For both the three months ended, March 31, 2025 and 2024, investment expenses within the Retained Business includes $15 million of expense related to liabilities associated with repurchase agreements.

The activity included in the above charts include interest income on investments for which we have elected the fair value option, where applicable.

Investment Gains (Losses), Net

The following tables set forth "Investment gains (losses), net" by investment type, for the periods indicated:

	Three Months Ended March 31, 2025								
	Retained Business			Ceded Business			Total Business		
	Unrealized	Realized	Total	Unrealized	Realized	Total	Unrealized	Realized	Total
	(in millions)								
Fixed maturity securities	$ 40	$ (1)	$ 39	$ 12	$ —	$ 12	$ 52	$ (1)	$ 51
Mortgage loans	(5)	—	(5)	—	—	—	(5)	—	(5)
Derivatives	—	188	188	—	(62)	(62)	—	126	126
Total	$ 35	$ 187	$ 222	$ 12	$ (62)	$ (50)	$ 47	$ 125	$ 172

	Three Months Ended March 31, 2024								
	Retained Business			Ceded Business			Total Business		
	Unrealized	Realized	Total	Unrealized	Realized	Total	Unrealized	Realized	Total
	(in millions)								
Fixed maturity securities	$ (77)	$ 1	$ (76)	$ (10)	$ —	$ (10)	$ (87)	$ 1	$ (86)
Mortgage loans	5	—	5	—	—	—	5	—	5
Derivatives	—	(354)	(354)	—	114	114	—	(240)	(240)
Total	$ (72)	$ (353)	$ (425)	$ (10)	$ 114	$ 104	$ (82)	$ (239)	$ (321)

Repurchase Agreements and Securities Lending Transactions

In the normal course of business, FLIAC sells securities under agreements to repurchase and enters into securities lending transactions. These balances are recorded within "Liabilities associated with secured borrowing arrangements" in the consolidated statements of financial position.

Repurchase Agreements

The following table sets forth, by type, the securities that we have agreed to repurchase, all of which are contained in the Retained Business. The below amounts represent the remaining contractual maturities of our repurchase agreements for the periods indicated.

	March 31, 2025				December 31, 2024			
	Up to 30 days	30-90 days	Greater than 90 days	Total	Up to 30 days	30-90 days	Greater than 90 days	Total
	(in millions)							
U.S. corporate public securities	$ 253	$ 249	$ 502	$ 1,004	$ 203	$ 495	$ 502	$ 1,200

The market value of the securities pledged as collateral under the repurchase agreements was $1,047 million and $1,224 million as of March 31, 2025 and December 31, 2024, respectively.

During the three months ended March 31, 2025 and 2024 the Company received (returned) a net $2 million and $(48) million, respectively, of fixed maturity securities to/from counterparties, on a non-cash basis, related to collateral for liabilities associated with repurchase agreements contained within the Retained Business.

Securities Lending Transactions

There were no outstanding securities lending agreements as of both March 31, 2025 and December 31, 2024.

6. DERIVATIVES, HEDGING, AND OFFSETTING

Types of Derivative Instruments and Derivative Strategies

The Company utilizes various derivative instruments and strategies to manage its risk. Commonly used derivative instruments include but are not necessarily limited to:

- Interest rate contracts: swaps, swaptions, futures, forwards, options, caps and floors
- Equity contracts: futures, options, and total return swaps
- Foreign exchange contracts: futures, options, forwards and swaps

See below for information on these contracts and the related strategies.

Interest Rate Contracts

Interest rate swaps and options are used by the Company to reduce risks from changes in interest rates, manage interest rate exposures arising from mismatches between assets and liabilities and to hedge against changes in their values it owns or anticipates acquiring or selling.

- Interest rate swaps may be attributed to specific assets or liabilities or to a portfolio of assets or liabilities. The Company agrees with counterparties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed upon notional principal amount.

- Interest rate options include swaptions and interest rate floors. Swaptions are options that give the holder the right but not obligation to enter into a specified interest rate swap. The Company uses these instruments for protection against the direction of future interest rates. Interest rate floors set an effective rate of interest on underlying reference rate and is used by the Company to provide protection against potential future declines in rates.

Equity Contracts

Equity options, total return swaps, and futures are used by the Company to manage its exposure to the equity markets which impacts the value of assets and liabilities it owns or anticipates acquiring or selling.

- Equity options are contracts which will settle in cash based on differentials in the underlying indices at the time of exercise and the strike price. The Company uses combinations of purchases and sales of equity index options to hedge the effects of adverse changes in equity indices within a predetermined range.

- Total return swaps are contracts whereby the Company agrees with counterparties to exchange, at specified intervals, the difference between the return on an asset (or market index) and Secured Overnight Financing Rate ("SOFR") plus an associated funding spread based on a notional amount. The Company generally uses total return swaps to hedge the effect of adverse changes in equity indices.

- In standardized exchange-traded equity futures transactions, the Company purchases or sells a specified number of contracts, the values of which are determined by the daily market values underlying referenced equity indices. The Company enters into exchange-traded futures with regulated futures commission's merchants who are members of a trading exchange.

Foreign Exchange Contracts

Currency derivatives, which are primarily comprised of currency swaps, are used by the Company to reduce risks from changes in currency exchange rates with respect to investments denominated in foreign currencies that the Company either holds or intends to acquire or sell.

- Under currency swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between one currency and another at an exchange rate and calculated by reference to an agreed principal amount. Generally, the principal amount of each currency is exchanged at the beginning and termination of the currency swap by each party.

Primary Risks Managed and/or Accessed by Derivatives

The tables below provide a summary, by reporting segment, of the gross notional amount and fair value of derivative contracts by the primary underlying risks. Many derivative instruments contain multiple underlying risks. The fair value amounts below represent the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral.

	March 31, 2025			December 31, 2024		
	Gross Notional	Fair Value		Gross Notional	Fair Value	
Primary Underlying Risk/Instrument Type	Values/Units	Assets	Liabilities	Values/Units	Assets	Liabilities
			(in millions)			
Retained Business						
Interest Rate						
Interest Rate Swaps	$ 62,244	$ 553	$ (961)	$ 40,347	$ 384	$ (822)
Interest Rate Options	215	—	(19)	215	—	(22)
Equity						
Equity Futures	(518)	7	(13)	(799)	36	(9)
Total Return Swaps	1,079	84	(66)	1,079	89	(67)
Equity Options	2,960	65	(176)	3,460	117	(167)
Currency/Interest Rate						
Foreign Currency Swaps	47	4	—	46	3	—
Total Derivatives, Retained Business	66,027	713	(1,235)	44,348	629	(1,087)
Ceded Business						
Interest Rate						
Interest Rate Swaps	285	8	(3)	285	15	(7)
Equity						
Total Return Swaps	307	4	—	250	1	—
Equity Options	2,468	258	(24)	2,468	327	(27)
Currency/Interest Rate						
Foreign Currency Swaps	33	4	—	33	4	—
Total Derivatives, Ceded Business	3,093	274	(27)	3,036	347	(34)
Total Derivatives (1)	$ 69,120	$ 987	$ (1,262)	$ 47,384	$ 976	$ (1,121)

(1) Recorded in “Other invested assets” and “Other liabilities” in the Consolidated Statements of Financial Position.

Offsetting Assets and Liabilities

The following table presents recognized derivative instruments and liabilities associated with repurchase agreements, that are offset in the Consolidated Statements of Financial Position, and/or are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the Consolidated Statements of Financial Position.

	March 31, 2025					
	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Statements of Financial Position		Net Amounts Presented in the Statements of Financial Position	Financial Instruments/ Collateral(1)	Net Amount
		Counterparty Netting	Cash Collateral			
	(in millions)					
Offsetting of Financial Assets:						
Derivatives						
Retained Business	$ 713	$ (670)	$ (19)	$ 24	$ —	$ 24
Ceded Business	274	(24)	(3)	247	—	247
Total	$ 987	$ (694)	$ (22)	$ 271	$ —	$ 271
Offsetting of Financial Liabilities:						
Derivatives						
Retained Business	$ 1,235	$ (670)	$ (467)	$ 98	$ (98)	$ —
Ceded Business	27	(24)	(3)	—	—	—
Total	$ 1,262	$ (694)	$ (470)	$ 98	$ (98)	$ —
Repurchase agreements	$ 1,004	$ —	$ —	$ 1,004	$ (1,004)	$ —

`	December 31, 2024					
	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Statements of Financial Position		Net Amounts Presented in the Statements of Financial Position	Financial Instruments/ Collateral(1)	Net Amount
		Counterparty Netting	Cash Collateral			
	(in millions)					
Offsetting of Financial Assets:						
Derivatives						
Retained Business	$ 629	$ (491)	$ (124)	$ 14	$ —	$ 14
Ceded Business	347	(34)	—	313	—	313
Total	$ 976	$ (525)	$ (124)	$ 327	$ —	$ 327
Offsetting of Financial Liabilities:						
Derivatives						
Retained Business	$ 1,087	$ (491)	$ (510)	$ 86	$ (86)	$ —
Ceded Business	34	(34)	—	—	—	—
Total	$ 1,121	$ (525)	$ (510)	$ 86	$ (86)	$ —
Repurchase agreements	$ 1,200	$ —	$ —	$ 1,200	$ (1,200)	$ —

(1) Amounts exclude the excess of collateral received/pledged from/to the counterparty.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial derivative transactions with a positive fair value. FLIAC manages credit risk by (i) entering into derivative transactions with highly rated major international financial institutions and other creditworthy counterparties governed by master netting agreement, as applicable; (ii) trading through central clearing and OTC parties; (iii) obtaining collateral, such as cash and securities, when appropriate; and (iv) setting limits on single-party credit exposures which are subject to periodic management review. Substantially all of the Company's derivative agreements have zero thresholds which require daily full collateralization by the party in a liability position.

For repurchase agreements, the Company monitors the value of the securities and maintains collateral, as appropriate, to protect against credit exposure. Where the Company has entered into repurchase agreements with the same counterparty, in the event of default, the Company would generally be permitted to exercise right of offset. For additional information on the Company's accounting policy for repurchase agreements, see Note 2 to the Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Classification of Derivatives Activity

The Company does not designate any of its derivatives as instruments that qualify for hedge accounting treatment. Accordingly, all realized and unrealized changes in the fair value of derivatives are recorded in current earnings within either "Investment gains (losses), net" or "Other income" on the consolidated statements of operations.

The following tables provide the financial statement classification and impact of derivatives, by segment.

	Three Months Ended March 31					
	2025			2024		
	Investment gains (losses), net	Other income (loss)	Total	Investment gains (losses), net	Other income	Total
	(in millions)					
Retained Business						
Interest Rate	$ 15	$ —	$ 15	$ (74)	$ —	$ (74)
Currency/Interest Rate	—	(3)	(3)	—	2	2
Credit	—	—	—	2	—	2
Equity	173	—	173	(282)	—	(282)
Total, Retained Business	188	(3)	185	(354)	2	(352)
Ceded Business						
Interest Rate	(2)	—	(2)	2	—	2
Equity	(60)	—	(60)	112	—	112
Total, Ceded Business	(62)	—	(62)	114	—	114
Total	$ 126	$ (3)	$ 123	$ (240)	$ 2	$ (238)

7. INCOME TAXES

The Company uses a full year projected effective tax rate approach to calculate taxes. In addition, certain items impacting total income tax expense are recorded in the periods in which they occur. The projected effective tax rate is the ratio of projected "Income tax expense (benefit)" divided by projected "Income (loss) from operations before income taxes".

For the three months ended March 31, 2025, the Company's income tax provision amounted to an income tax benefit of approximately $4 million or 14.3 percent of loss from operations before income taxes. The effective tax rate differed from the U.S. statutory tax rate of 21 percent due primarily to non-taxable investment income and intercompany cost allocations.

For the three months ended March 31, 2024, the Company's income tax provision amounted to an income tax expense of approximately $24 million or 14.2 percent of income from operations before income taxes. The effective tax rate differed from the U.S. statutory tax rate of 21 percent due primarily to non-taxable investment income, intercompany cost allocations, and deductible foreign taxes paid and accrued.

Valuation Allowance on Deferred Tax Assets

The application of U.S. GAAP requires the evaluation of the recoverability of deferred tax assets and establishment of a valuation allowance, if necessary, to reduce the deferred tax asset to an amount that is more likely than not expected to be realized, including an assessment of the character of future income necessary to realize a deferred tax asset. As of both March 31, 2025 and December 31, 2024, the Company had a valuation allowance $50 million, regarding realized and unrealized capital losses on our fixed maturity securities portfolio. A portion of the deferred tax asset relates to unrealized capital losses for which the carryforward period has not yet begun, and as such, when assessing its recoverability, we consider our ability and intent to hold the underlying securities to recovery. The amount of the deferred tax asset considered realizable may be adjusted if projections of future taxable income, including the character of that taxable income during the requisite carryforward period, are updated or if objective negative evidence exists that outweighs the positive evidence.

8. EQUITY

Dividend to Parent

During the first quarter of 2024, a $150 million dividend was approved by the Company's board of directors, $75 million of which was considered an ordinary dividend and not subject to approval by the Arizona Department of Insurance and Financial Institutions ("DIFI") prior to payment and was accrued as of March 31, 2024. The other $75 million was conditioned upon the Company receiving written approval from the Arizona DIFI prior to payment and was not accrued for as of March 31, 2024. In April 2024, the Company received written approval from the Arizona DIFI and the entire $150 million dividend was distributed in cash to FGH in the second quarter of 2024.

The Company did not pay any dividends to FGH during the first quarter of 2025.

Accumulated Other Comprehensive Income (Loss) ("AOCI")

AOCI represents the cumulative Other Comprehensive Income items that are reported separate from net income and detailed on the consolidated statements of operation and comprehensive income (loss). AOCI is comprised entirely of changes in own-credit risk related to insurance liabilities. See the consolidated statements of equity for additional information regarding this activity.

9. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

As of March 31, 2025 and December 31, 2024, the Company had commitments totaling $185 million and $224 million, respectively, to purchase private fixed maturity securities and alternative investments. These amounts include unfunded commitments that are not unconditionally cancellable. See Note 10 for further information regarding certain commitments to related parties.

Contingent Liabilities

On an ongoing basis, the Company and its regulators review its operations including, but not limited to, sales and other customer interface procedures and practices, and procedures for meeting obligations to its customers and other parties. These reviews may result in the modification or enhancement of processes or the imposition of other action plans, including concerning management oversight, sales and other customer interface procedures and practices, and the timing or computation of payments to customers and other parties. In certain cases, if appropriate, the Company may offer customers or other parties remediation and may incur charges, including the cost of such remediation, administrative costs and regulatory fines.

The Company is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of unclaimed or abandoned funds, and is subject to audit and examination for compliance with these requirements. For additional discussion of these matters, see “Litigation and Regulatory Matters” below.

It is possible that the results of operations or the cash flows of the Company in a particular quarterly or annual period could be materially affected as a result of payments in connection with the matters discussed above or other matters depending, in part, upon the results of operations or cash flows for such period. Management believes, however, that ultimate payments in connection with these matters, after consideration of applicable reserves and rights to indemnification, should not have a material adverse effect on the Company's financial position.

Litigation and Regulatory Matters

The Company is subject to legal and regulatory actions in the ordinary course of its business. Pending legal and regulatory actions include proceedings specific to the Company and proceedings generally applicable to business practices in the industry in which it operates. The Company is subject to class action lawsuits and other litigation involving a variety of issues and allegations involving sales practices, claims payments and procedures, premium charges, policy servicing and breach of fiduciary duty to customers. The Company is also subject to litigation arising out of its general business activities, such as its investments, contracts, leases and labor and employment relationships, including claims of discrimination and harassment, and could be exposed to claims or litigation concerning certain business or process patents. In addition, the Company, along with other participants in the businesses in which it engages, may be subject from time to time to investigations, examinations and inquiries, in some cases industry-wide, concerning issues or matters upon which such regulators have determined to focus. It is possible that legal and regulatory actions may result in certain parties seeking large and/or indeterminate amounts, including punitive or exemplary damages. The outcome of litigation or a regulatory matter, and the amount or range of potential loss at any particular time, is often inherently uncertain.

The Company establishes accruals for litigation and regulatory matters when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. For litigation and regulatory matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established, but the matter, if material, is disclosed. The Company estimates that as of March 31, 2025, the aggregate range of reasonably possible losses in excess of recoveries from unaffiliated indemnitors regarding litigation and regulatory matters, for which such an estimate currently can be made, is not considered to be material and no accrual has been made regarding such matters. This estimate is not an indication of expected loss, if any, or the Company's maximum possible loss exposure on such matters. The Company reviews relevant information with respect to its litigation and regulatory matters on a quarterly and annual basis and updates its accruals, disclosures and estimates of reasonably possible loss based on such reviews.

Regulatory

Variable Products

Prior to its acquisition by FGH on April 1, 2022, the Company has received regulatory inquiries and requests for information from state and federal regulators, including a subpoena from the U.S. Securities and Exchange Commission, concerning the appropriateness of variable product sales and replacement activity. The Company was recently notified that the SEC has concluded its investigation related to this matter and is not recommending any enforcement actions.

Summary

The Company's litigation and regulatory matters are subject to many uncertainties, and given their complexity and scope, their outcome cannot be predicted. It is possible that the Company's results of operations or cash flows in a particular quarterly or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation and regulatory matters depending, in part, upon the results of operations or cash flows for such period. In light of the unpredictability of the Company's litigation and regulatory matters, it is also possible that in certain cases an ultimate unfavorable resolution of one or more pending litigation or regulatory matters could have a material adverse effect on the Company's financial statements. Management believes, however, that, based on information currently known to it, the ultimate outcome of all pending litigation and regulatory matters, after consideration of applicable reserves and rights to indemnification, is not likely to have a material adverse effect on the Company's financial statements.

10. RELATED PARTY TRANSACTIONS

The Company has transactions and relationships with affiliates. Although we seek to ensure that these transactions and relationships are fair and reasonable, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Expense Charges and Allocations

The majority of the Company's expenses are allocations or charges from FGH. These expenses primarily relate to general and administrative expenses which include accounting, actuarial, risk management, and data processing services. FGH also provides the Company with personnel and certain other services. The allocation of costs for other services are based on estimated level of usage, transactions or time incurred in providing the respective services. During both the three months ended March 31, 2025 and 2024, FLIAC was allocated $9 million of costs for these services.

Affiliated Investment and Advisory Activities

As of April 1, 2022, FLIAC became affiliated with The Carlyle Group Inc. ("Carlyle"), whereby Carlyle, through an affiliated investment fund has a 38.53% equity investment in its parent, FGH. In addition, FLIAC entered into an investment management and consulting services agreement with an affiliate of Carlyle.

Certain of Carlyle's affiliates also provide investment management services for FLIAC pursuant to investment management agreements. Investment management fees are charged based on a percentage of assets under management. As of March 31, 2025 and December 31, 2024, assets under management had a market value of $386 million and $490 million, respectively, and were comprised primarily of private credit fixed income assets. FLIAC recognized $6 million and $11 million of investment income on these assets during the three months ended March 31, 2025 and 2024, respectively.

In connection with the investment management agreements, as of March 31, 2025 and December 31, 2024, FLIAC has unfunded commitments of $1 million and $44 million, respectively, to fund private investments where one or more Carlyle entities serves as general partner to the fund.

Affiliated Asset Transfers

The Company may participate in affiliated asset transfers with its parent and affiliates. Book and market value differences for trades with its parent and affiliates are recognized within "Investment gains (losses), net" on the consolidated statements of operations. The table below shows affiliated asset trades for the three months ended March 31, 2025. There were no affiliated asset trades during the three months ended March 31, 2024

Affiliate	Date	Transaction	Security Type	Fair Value	Book Value	Investment Gains (Losses), net
				(in millions)		
Fortitude Re Investments, LLC	January 2025	Sale	Fixed Maturity Securities	$ 13	$ 13	$ —

11. SEPARATE ACCOUNTS

Separate Account Assets

The aggregate fair value of assets, by major investment category, supporting separate accounts is as follows:

	March 31, 2025			December 31, 2024		
	Retained Business	Ceded Business	Total Business	Retained Business	Ceded Business	Total Business
	(in millions)					
Mutual funds:						
Equity	$ 13,478	$ 1,304	$ 14,782	$ 14,256	$ 1,378	$ 15,634
Fixed income	6,403	619	7,022	6,497	628	7,125
Other	13	1	14	89	9	98
Total mutual funds	$ 19,894	$ 1,924	$ 21,818	$ 20,842	$ 2,015	$ 22,857

Separate Account Liabilities

The balances of and changes in separate account liabilities, at fair value, are as follows:

	Three Months Ended March 31					
	2025			2024		
	(in millions)					
	Retained Business	Ceded Business	Total Business	Retained Business	Ceded Business	Total Business
Balance, beginning of year	$ 20,842	$ 2,015	$ 22,857	$ 21,800	$ 2,070	$ 23,870
Deposits	8	1	9	7	1	8
Investment performance	(147)	(13)	(160)	1,134	109	1,243
Policy charges	(107)	(9)	(116)	(112)	(9)	(121)
Surrenders and withdrawals	(704)	(72)	(776)	(697)	(64)	(761)
Benefit payments	(9)	(1)	(10)	(11)	(1)	(12)
Net transfers from general account	11	3	14	25	10	35
Balance, end of period	$ 19,894	$ 1,924	$ 21,818	$ 22,146	$ 2,116	$ 24,262
Cash surrender value	$ 19,872	$ 1,921	$ 21,793	$ 22,120	$ 2,113	$ 24,233

12. CREDIT AND LIQUIDITY AGREEMENTS

Letter of Credit Facilities

In April 2025, the Company was added as a participant to an uncommitted bilateral letter of credit agreement to support its collateral requirements, which allows the Company to issue up to $200 million under this facility. This letter of credit agreement was initially established in 2023 for certain of the Company's affiliates. This agreement contains certain restrictive and maintenance covenants customary for facilities of this type. The ability to utilize this facility is also subject to the ability and willingness of the banks to issue the letter of credit. The Company is currently in compliance with all covenants associated with this facility. The Company has not utilized the credit facility since being added as a participant.

The Company is eligible to issue a standby letter of credit with another bank, allowing issuance of up to $100 million until its expiration in December 2027. The facility contains certain restrictive and maintenance covenants customary for facilities of this type. In addition, borrowings are not contingent on the Company’s credit ratings nor subject to material adverse change clauses, however, the Company will be required to maintain a minimum Company Action Level (CAL) Risk-based Capital (RBC) ratio of 250% to maintain the agreement. As of March 31, 2025, there were no amounts outstanding under this credit facility.

The maximum board-approved overall capacity of the letter of credit program is $1,500 million for all participants. The maximum board-approved amount of letters of credit that can be issued under this program for FLIAC is $500 million.

Intercompany Liquidity Agreement

FLIAC entered into an intercompany liquidity agreement with FGH that allows the Company to borrow or loans funds of up to $300 million to meet the short-term liquidity and other capital needs of itself and FGH and its affiliates. The Company did not borrow or loan any funds under the agreement during the three months ended March 31, 2025 and 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis of our financial condition and results of operations should be read in conjunction with the MD&A, the "Risk Factors" section, and the audited Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as well as the statements under "Forward-Looking Statements", and the Unaudited Interim Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Company Overview

The Company was established in 1969 and has been a provider of annuity contracts for the individual market in the United States. The Company's products have been sold primarily to individuals to provide for long-term savings and retirement needs and to address the economic impact of premature death, estate planning concerns, and supplemental retirement income.

The Company has sold a wide array of annuities, including deferred and immediate variable annuities with (1) fixed interest rate allocation options, subject to a market value adjustment, that are registered with the United States Securities and Exchange Commission (the "SEC"), and (2) fixed-rate allocation options subject to a limited market value adjustment or no market value adjustment and not registered with the SEC. The Company ceased offering these products.

Impact of a Changing Interest Rate Environment

As a financial services company, market interest rates are a key driver of our results of operations and financial condition. Changes in interest rates can affect our results of operations and/or our financial condition in several ways, including favorable or adverse impacts to:

- investment-related activity, including: investment income returns, net interest margins, net investment spread results, new money rates, mortgage loan prepayments and bond redemptions;
- the recoverability of deferred tax assets related to losses on our fixed maturity securities portfolio;
- hedging costs and other risk mitigation activities;
- insurance reserve levels and market experience true-ups;
- customer account values, including their impact on fee income;
- product design features, crediting rates and sales mix; and
- policyholder behavior, including surrender or withdrawal activity.

For more information on interest rate risks, see "Risk Factors—Market Risk" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Revenues and Expenses

The Company earns revenues principally from contract fees, mortality and expense fees, and asset administration fees from annuity and investment products, all of which primarily result from the sale and servicing of annuity products. The Company also earns net investment income from the investment of general account and other funds. The Company's operating expenses principally consist of annuity benefit guarantees provided, reserves established for anticipated future annuity benefit guarantees, and costs of managing risk related to these products. The Company's operating expenses also include general business expenses, reinsurance premiums, and commissions and other costs of selling and servicing the various products it sold.

Accounting Policies & Pronouncements

Application of Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the application of accounting policies that often involve a significant degree of judgment. Management on an ongoing basis, reviews estimates and assumptions used in the preparation of financial statements. If management determines that modifications in assumptions and estimates are appropriate given current facts and circumstances, the Company’s results of operations and financial position as reported in the Unaudited Consolidated Interim Financial Statements could change significantly.

Management believes the accounting policies relating to the following areas are most dependent on the application of estimates and assumptions and require management’s most difficult, subjective, or complex judgments:

- Insurance liabilities;
- Valuation of investments, including derivatives; and
- Taxes on income, including valuation allowances

Recent Accounting Pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of an Accounting Standards Update ("ASU") to the Accounting Standards Codification. We consider the applicability and impact of all ASUs. ASUs listed below include those that have been adopted during the current fiscal year and/or those that have been issued but not yet adopted as of the date of this filing. ASUs not listed below were assessed and determined to be either not applicable or not material.

ASUs adopted as of March 31, 2025

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	This ASU improved reportable segment disclosure requirements, primarily through enhanced disclosures regarding a company’s significant segment expenses and certain other items. The update also required expanded disclosures regarding the chief operating decision maker (“CODM”) and the information they are provided when assessing segment performance and allocating resources.	The Company adopted the update for interim reporting periods beginning January 1, 2025 using the retrospective method. The Company adopted this update for annual disclosures on January 1, 2024 using the retrospective method.	This adoption of the update for both interim and annual periods expanded the Company’s disclosures but did not have an impact on its financial position or results of operations. See Note 3 herein for further information regarding the expanded interim disclosures. See Note 3 within the Company's Annual Report on Form 10-K for the year ended December 31, 2024 for further information regarding the expanded annual disclosures.

ASUs issued but not yet adopted as of March 31, 2025

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures	This ASU improves income tax disclosure requirements by requiring 1. the use of consistent categories and greater disaggregation of information in the rate reconciliation and 2. income taxes paid disaggregated by jurisdiction.	Effective for annual reporting periods beginning January 1, 2025, and is required to be applied prospectively with the option of retrospective application. Early adoption is permitted.	The update is expected to expand the Company's disclosures but will not have an impact on the Company's financial position or results of operations.
ASU 2024-03, Income Statement - Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures	This ASU requires additional disclosures regarding certain expense types included in the income statement. The requirements include disclosure of the amounts associated with 1. purchases of inventory, 2. employee compensation, 3. depreciation and 4. intangible asset amortization. These disclosures should be included in each relevant expense caption. Furthermore, entities must disclose specific expenses, gains, or losses already required under US GAAP, offer a qualitative description of amounts not separately quantified, and present the total amount of selling expenses along with a definition of these expenses in their annual reports.	Effective for annual reporting periods beginning January 1, 2027, and interim reporting periods beginning January 1, 2028, using either the prospective or retrospective method. Early adoption is permitted	The Company is currently evaluating the potential impact of this update on its financial position, results of operations, and disclosures.

Segment and Product Overview

Our business is comprised of two major blocks of in-force policies, which we refer to as the "Retained Business" and the "Ceded Business". The Retained Business consists of variable annuity products with guaranteed lifetime withdrawal benefit features as well as smaller blocks of variable annuity products with certain other living benefit and death benefit features. The Retained Business also includes variable universal life and fixed payout annuity products. The Retained Business is actively managed by FLIAC management and the Company retains the full economic benefits and risks. The Retained Business consists of variable annuity contracts originated between 1993 – 2010. These products allow the holder to direct investments into certain separate account funds to receive tax deferred build-up within the contract. Most of the contracts have optional living benefit riders, commonly known as guaranteed minimum withdrawal benefits, which entitle the holder to elect to withdraw a guaranteed amount from the contract while alive, irrespective of the balance in their separate account. Almost all of the contracts also offer a guaranteed amount payable to a beneficiary upon the death of the holder, which is commonly known as a guaranteed minimum death benefit.

The Ceded Business represents certain business (primarily registered index linked-annuities and fixed annuities, which includes fixed indexed and fixed deferred annuities, and other variable annuities) where 100 percent of the assets and liabilities have been fully ceded to Prudential Insurance and Pruco Life under existing coinsurance and modified coinsurance agreements. The Ceded Business will continue to impact certain line items within the Company's financial statements but will not have a material impact to stockholders' equity or net income and will represent the economic impact assumed by Prudential Insurance and Pruco Life.

Changes in Financial Position

The following is a discussion regarding changes in the financial position of the Company by reportable segment.

Retained Business

Assets decreased $823 million to $24,770 million at March 31, 2025 from $25,593 million at December 31, 2024. The decrease was primarily driven by lower separate account assets resulting from lower equity market movements. Partially offsetting the decrease was a higher level of cash resulting from the timing of investment purchases and an increase in the fair value of fixed maturity securities driven by lower interest rate movements.

Liabilities decreased $837 million to $23,607 million at March 31, 2025 from $24,444 million at December 31, 2024. The decrease was primarily driven by lower separate account liabilities, corresponding to the decrease in separate account assets, and a decline in liabilities related to repurchase agreements. Partially offsetting the decrease in overall liabilities was an increase in the fair value of insurance liabilities resulting from both lower interest rate and equity market movements, which was partially offset by a decline in the own-credit risk (OCR) component of the fair value of insurance liabilities.

Equity increased $14 million to $1,163 million at March 31, 2025 from $1,149 million at December 31, 2024, due primarily to the $38 million net-of-tax impact in accumulated other comprehensive income related to movements in the OCR component of the fair value of insurance liabilities. Partially offsetting the increase was a net loss of $24 million during the quarter.

Ceded Business

Assets decreased $117 million to $4,229 million at March 31, 2025 from $4,346 million at December 31, 2024. The decrease was driven by lower separate account assets resulting primarily from lower equity market movements.

Liabilities decreased $117 million to $4,229 million at March 31, 2025 from $4,346 million at December 31, 2024. The decrease was primarily driven by lower separate account liabilities, corresponding to the decrease in separate account assets, as discussed above.

There was no equity within our Ceded Business at both March 31, 2025 and December 31, 2024 as the assets are fully offset by the liabilities.

Results of Operations

INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES

Three Months Comparison to Prior Period

Retained Business

Loss from operations before income taxes was $28 million for the three months ended March 31, 2025 compared to income from operations before income taxes of $169 million for the three months ended March 31, 2024. The decline was primarily driven by an increase in the fair value of insurance liabilities during the first quarter of 2025 resulting from both lower interest rate and equity market movements, mostly offset by investment gains on interest rate and equity derivatives, which were also driven by lower interest rate and equity market movements.

Ceded Business

There was no impact to the income from operations before income taxes as all revenues and expenses are ceded to Prudential Insurance or Pruco Life.

REVENUES, BENEFITS, AND EXPENSES

Three Months Comparison to Prior Period

Retained Business

Revenues were $404 million for the three months ended March 31, 2025 compared to $(222) million for the three months ended March 31, 2024. The change was primarily driven by investment gains on interest rate and equity derivatives during the three months ended March 31, 2025, which were driven by both lower interest rate and equity market movements.

Benefits and expenses were $432 million during the three months ended March 31, 2025 compared to $(391) million during the three months ended March 31, 2024. The change was driven primarily by unfavorable changes in the fair value of insurance liabilities resulting from both lower interest rate and equity market movements.

Ceded Business

There was no impact to the income from operations before income taxes as all revenues and expenses are ceded to Prudential Insurance or Pruco Life.

Income Taxes

For information regarding income taxes, see Note 7 to the Consolidated Unaudited Interim Financial Statements.

Liquidity and Capital Resources

This section supplements and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Overview

Liquidity is a measure of a company's ability to generate cash flows sufficient to meet the short-term and long-term cash requirements of the Company. Capital refers to the long-term financial resources available to support the operations of our business, fund business growth, and provide a cushion to withstand adverse circumstances. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of our business, general economic conditions, our ability to borrow and our access to capital markets.

Effective and prudent liquidity and capital management is a priority across the organization. Management monitors the liquidity of the Company on a daily basis and projects borrowing and capital needs over a multi-year time horizon. We use a Risk Appetite Framework ("RAF") to ensure that all risks taken by the Company aligns with our capacity and willingness to take those risks. The RAF provides a dynamic assessment of capital and liquidity stress impacts and is intended to ensure that sufficient resources are available to absorb those impacts. We believe that our capital and liquidity resources are sufficient to satisfy the capital and liquidity requirements of the Company.

Our businesses are subject to comprehensive regulation and supervision by domestic and international regulators. These regulations currently include requirements (many of which are the subject of ongoing rule-making) relating to capital, leverage, liquidity, stress-testing, overall risk management, credit exposure reporting and credit concentration. For information on these regulatory initiatives and their potential impact on us, see "Business - Regulation" and "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Capital

We manage FLIAC to regulatory capital levels and utilize the risk-based capital ("RBC") ratio as a primary measure of capital adequacy. RBC is calculated based on statutory financial statements and risk formulas consistent with the practices of the National Association of Insurance Commissioners ("NAIC"). RBC considers, among other things, risks related to the type and quality of the invested assets, insurance-related risks associated with an insurer's products and liabilities, equity market and interest rate risks and general business risks. RBC determines the minimum amount of capital required of an insurer to support its operations and underwriting coverage. The ratio of a company's Total Adjusted Capital ("TAC") to RBC is the corresponding RBC ratio. RBC ratio calculations are intended to assist insurance regulators in measuring an insurer's solvency and ability to pay future claims. The reporting of RBC measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities, but is available to the public. The Company's capital levels substantially exceed the minimum level required by applicable insurance regulations. Our regulatory capital levels may be affected in the future by changes to the applicable regulations, proposals for which are currently under consideration by both domestic and international insurance regulators.

The regulatory capital level of the Company can be materially impacted by interest rate and equity market fluctuations, changes in the values of derivatives, the level of impairments recorded, and credit quality migration of the investment portfolio, among other items. In addition, the reinsurance of business or the recapture of business subject to reinsurance arrangements due to defaults by, or credit quality migration affecting, the reinsurers or for other reasons could negatively impact regulatory capital levels. The Company's regulatory capital level is also affected by statutory accounting rules, which are subject to change by each applicable insurance regulator.

Dividend to Parent

During the first quarter of 2024, a $150 million dividend was approved by the Company's board of directors, $75 million of which was considered an ordinary dividend and not subject to approval by the Arizona Department of Insurance and Financial Institutions ("DIFI") prior to payment and was accrued as of March 31, 2024. The other $75 million was conditioned upon the Company receiving written approval from the Arizona DIFI prior to payment and was not accrued for as of March 31, 2024. In April 2024, the Company received written approval from the Arizona DIFI and the entire $150 million dividend was distributed in cash to FGH in the second quarter of 2024.

Liquidity

Our liquidity is managed to ensure stable, reliable and cost-effective sources of cash flows to meet all of our obligations. Liquidity is provided by a variety of sources, as described more fully below, including portfolios of liquid assets. Our investment portfolios are integral to the overall liquidity of the Company. We use a projection process for cash flows from operations to ensure sufficient liquidity to meet projected cash outflows, including claims.

Liquidity is measured against internally-developed benchmarks that take into account the characteristics of both the asset portfolio and the liabilities that they support. We consider attributes of the various categories of liquid assets (for example, type of asset and credit quality) in calculating internal liquidity measures to evaluate our liquidity under various stress scenarios, including company-specific and market-wide events. We continue to believe that cash generated by ongoing operations and the liquidity profile of our assets provide sufficient liquidity under reasonably foreseeable stress scenarios.

The principal sources of the Company's liquidity are premiums and certain annuity considerations, investment and fee income, investment maturities, sales of investments, borrowings from its parent and affiliates, and banking relationships through secured or unsecured agreements. The principal uses of that liquidity include benefits, claims, and payments to policyholders and contractholders in connection with surrenders, withdrawals and net policy loan activity. Other uses of liquidity include commissions, general and administrative expenses, purchases of investments, the payment of dividends and returns of capital to the parent company, hedging and reinsurance activity and payments in connection with financing activities.

In managing liquidity, we consider the risk of policyholder and contractholder withdrawals of funds earlier than our assumptions when selecting assets to support these contractual obligations. We also consider the risk of future collateral requirements under stressed market conditions in respect of the derivatives we utilize.

Liquid Assets

Liquid assets include cash and cash equivalents, short-term investments, and fixed maturity securities. As of March 31, 2025 and December 31, 2024, the Company had liquid assets of $5.8 billion and $5.6 billion, respectively, which includes $1.5 billion and $1.5 billion of modified coinsurance assets contained within the Ceded business, for each respective period. As of March 31, 2025 and December 31, 2024, the portion of liquid assets comprised of cash and cash equivalents and short-term investments was $0.7 billion and $0.6 billion, respectively.

Intercompany Liquidity Agreement

FLIAC entered into an intercompany liquidity agreement with FGH that allows the Company to borrow or loans funds of up to $300 million to meet the short-term liquidity and other capital needs of itself and FGH and its affiliates. The Company did 0borrow or loan any funds under the agreement during the three months ended March 31, 2025 and 2024.

Liquidity Regarding Hedging Activities

The hedging portion of our risk management strategy for the Retained Business is being managed within the Company. We enter into a range of exchange-traded, cleared, and other OTC derivatives in order to hedge market sensitive exposures against changes in certain capital market risks. The portion of the risk management strategy comprising the hedging portion requires access to liquidity to meet the Company's payment obligations relating to these derivatives, such as payments for periodic settlements, purchases, maturities and terminations. These liquidity needs can vary materially due to, among other items, changes in interest rates, equity markets, mortality, and policyholder behavior.

The hedging portion of the risk management strategy may also result in derivative-related collateral postings to (when we are in a net pay position) or from (when we are in a net receive position) counterparties. The net collateral position depends on changes in interest rates and equity markets related to the amount of the exposures hedged. Depending on market conditions, the collateral posting requirements can result in material liquidity needs when we are in a net pay position.

Letter of Credit Facilities

In April 2025, the Company was added as a participant to an uncommitted bilateral letter of credit agreement to support its collateral requirements, which allows the Company to issue up to $200 million under this facility. This letter of credit agreement was initially established in 2023 for certain of the Company's affiliates. This agreement contains certain restrictive and maintenance covenants customary for facilities of this type. The ability to utilize this facility is also subject to the ability and willingness of the banks to issue the letter of credit. The Company is currently in compliance with all covenants associated with this facility. The Company has not utilized the credit facility since being added as a participant.

The Company is eligible to issue a standby letter of credit with another bank, allowing issuance of up to $100 million until its expiration in December 2027. The facility contains certain restrictive and maintenance covenants customary for facilities of this type. In addition, borrowings are not contingent on the Company’s credit ratings nor subject to material adverse change clauses, however, the Company will be required to maintain a minimum Company Action Level (CAL) Risk-based Capital (RBC) ratio of 250% to maintain the agreement. As of March 31, 2025, there were no amounts outstanding under this credit facility.

The maximum board-approved overall capacity of the letter of credit program is $1,500 million for all participants. The maximum board-approved amount of letters of credit that can be issued under this program for FLIAC is $500 million.

Repurchase Agreements

In the normal course of business, we may enter into repurchase agreements with unaffiliated financial institutions, which are typically large or highly rated, to earn spread income and facilitate trading activity. Under these agreements, the Company transfers securities to the counterparty and receives cash as collateral. The cash received is generally invested in short-term investments and fixed maturity securities.

A liability representing the amount that the securities will be repurchased is recorded in "Liabilities associated with secured borrowing arrangements" in our consolidated statement of financial position. As of March 31, 2025, the liabilities associated with our outstanding repurchase agreements were $1,004 million.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2025, there have been no material changes in our economic exposure to market risk from December 31, 2024, a description of which may be found in our Annual Report on Form 10-K for the year ended December 31, 2024, Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” filed with the SEC. See Item 1A, “Risk Factors” included in the Annual Report on Form 10-K for the year ended December 31, 2024, for a discussion of how difficult conditions in the financial markets and the economy generally may materially adversely affect our business and results of our operations.

Item 4. Controls and Procedures

In order to provide reasonable assurance that the information we must disclose in our filings with the SEC is recorded, processed, summarized and reported on a timely basis, the Company's management, including our Chief Executive Officer and Chief Financial Officer, has reviewed and evaluated the effectiveness of our disclosure controls and procedures, as defined in Securities Exchange Act of 1934, as amended ("Exchange Act") Rule 15d-15(e), as of March 31, 2025. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2025 our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2025 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9 to the Unaudited Interim Financial Statements under "Litigation and Regulatory Matters" for a description of certain pending litigation and regulatory matters affecting us, and certain risks to our business presented by such matters, which is incorporated herein by reference.

Item 1A. Risk Factors

You should carefully consider the risks described under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. These risks could materially affect our business, results of operations or financial condition, or cause our actual results to differ materially from those expected or those expressed in any forward-looking statements made by, or on behalf of, the Company. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the factors mentioned under "Forward-Looking Statements" and the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q.

Item 6. Exhibits

EXHIBIT INDEX

31.1 Section 302 Certification of the Chief Executive Officer

31.2 Section 302 Certification of the Chief Financial Officer

32.1 Section 906 Certification of the Chief Executive Officer

32.2 Section 906 Certification of the Chief Financial Officer

101.INS - XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

101.SCH - XBRL Taxonomy Extension Schema Document.

101.CAL - XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB - XBRL Taxonomy Extension Label Linkbase Document

101.PRE - XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF - XBRL Taxonomy Extension Definition Linkbase Document

104.Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORTITUDE LIFE INSURANCE & ANNUITY COMPANY

By:	/s/ Greta Hager
Name	Greta Hager Executive Vice President and Chief Financial Officer (Authorized Signatory and Principal Financial Officer)

Date: May 9, 2025