GIBRALTAR REINSURANCE COMPANY LTD.

Financial Statements and
Report of Independent Auditors

As of December 31, 2020 and 2019

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Report of Independent Auditors

To the Board of Directors and Management of Gibraltar Reinsurance Company Ltd.

We have audited the accompanying financial statements of Gibraltar Reinsurance Company Ltd., which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of operations and comprehensive income, of equity and of cash flows for the year then ended December 31, 2020 and for the period October 12, 2018 through December 31, 2019.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gibraltar Reinsurance Company Ltd. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the year then ended December 31, 2020 and for the period October 12, 2018 through December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Notes 1, 6, and 8 to the financial statements, the Company has entered into significant transactions with Prudential International Insurance Service Company, LLC, The Prudential Life Insurance Company, Ltd., The Gibraltar Life Insurance Company, Ltd., and The Prudential Gibraltar Financial Life Insurance Company, Ltd., and certain other affiliates, all related parties. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

New York, New York
April 29, 2021

GIBRALTAR REINSURANCE COMPANY LTD.

Statements of Financial Position
As of December 31, 2020 and 2019 (in thousands, except share amounts)

	2020	2019
ASSETS		
Fixed maturities, available-for-sale, at fair value (allowance for credit losses: 2020 - $0) (amortized cost: 2020 - $5,637,683; 2019 - $2,461,546)	$ 5,666,433	$ 2,544,794
Other invested assets	31,145	19,337
Total investments	5,697,578	2,564,131
Cash and cash equivalents	27,376	28,650
Accrued investment income	18,068	8,097
Reinsurance recoverables(1)	60,869	39,808
Other assets	208	0
TOTAL ASSETS	$ 5,804,099	$ 2,640,686
LIABILITIES AND EQUITY		
LIABILITIES		
Future policy benefits, at fair value(1)	$ 5,338,399	$ 2,409,969
Other liabilities	2,399	6,438
Total liabilities	5,340,798	2,416,407
EQUITY		
Common stock ($1 par value; 250,000 shares authorized, issued and outstanding)	250	250
Additional paid-in capital	190,300	190,300
Accumulated other comprehensive income (loss)(1)	38,076	72,911
Retained earnings(1)	234,675	(39,182)
Total equity	463,301	224,279
TOTAL LIABILITIES AND EQUITY	$ 5,804,099	$ 2,640,686

(1) Prior period amounts have been revised to correct previously reported numbers. See Note 10 for more details.

See Notes to Financial Statements

GIBRALTAR REINSURANCE COMPANY LTD.

Statements of Operations and Comprehensive Income
Twelve Month Period Ended December 31, 2020 and Fifteen Month Period Ended December 31, 2019 (in thousands)

	2020	2019
REVENUES		
Net investment income	$ 28,186	$ 12,026
Realized investment gains (losses), net	(27,864)	20,233
Other income (loss)	(432)	391
Total revenues	(110)	32,650
BENEFITS AND EXPENSES		
Changes in fair value of reinsurance balance(1)	(278,269)	65,385
General, administrative and other expenses	4,302	6,447
Total benefits and expenses	(273,967)	71,832
NET INCOME (LOSS)	$ 273,857	$ (39,182)
Other comprehensive income (loss):		
Foreign currency translation adjustments(1)	19,817	(4,090)
Net unrealized investment gains (losses)	(54,498)	83,248
Non-performance risk reserve(1)	(154)	(6,247)
COMPREHENSIVE INCOME (LOSS)	$ 239,022	$ 33,729

(1) Prior period amounts have been revised to correct previously reported numbers. See Note 10 for more details.

See Notes to Financial Statements

GIBRALTAR REINSURANCE COMPANY LTD.

Statements of Equity
Twelve Month Period Ended December 31, 2020 and Fifteen Month Period Ended December 31, 2019 (in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings(1)	Accumulated Other Comprehensive Income (Loss)(1)	Total Equity
BALANCE, OCTOBER 12, 2018	$ 0	$ 0	$ 0	$ 0	$ 0
Capital contributions from parent	250	190,300			190,550
Comprehensive income:					
Net income (loss)(1)			(39,182)		(39,182)
Other comprehensive income (loss)(1)				72,911	72,911
Total comprehensive income (loss)					33,729
BALANCE, DECEMBER 31, 2019	250	190,300	(39,182)	72,911	224,279
Capital contributions from parent	0	0			0
Comprehensive income:					
Net income (loss)			273,857		273,857
Other comprehensive income (loss)				(34,835)	(34,835)
Total comprehensive income (loss)					239,022
BALANCE, DECEMBER 31, 2020	$ 250	$ 190,300	$ 234,675	$ 38,076	$ 463,301

(1) Prior period amounts have been revised to correct previously reported numbers. See Note 10 for more details.

See Notes to Financial Statements

GIBRALTAR REINSURANCE COMPANY LTD.

Statements of Cash Flows
Twelve Month Period Ended December 31, 2020 and Fifteen Month Period Ended December 31, 2019 (in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)(1)	$ 273,857	$ (39,182)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Realized investment (gains) losses, net	27,864	(20,233)
Amortization	(828)	(588)
Change in:		
Future policy benefits(1)	610,924	483,957
Derivative instruments, net	(39,225)	458
Other, net(1)	(26,509)	18,795
Cash flows from (used in) operating activities	846,083	443,207
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity/prepayment of:		
Fixed maturities, available-for-sale	503,012	34,254
Short-term investments	0	84,207
Payments for the purchase/origination of:		
Fixed maturities, available-for-sale	(1,349,637)	(724,325)
Derivative instruments, net	(112)	273
Cash flows from (used in) investing activities	(846,737)	(605,591)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued	0	250
Capital contributions from parent	0	190,300
Other, net	27	0
Cash flows from (used in) financing activities	27	190,550
Effect of foreign exchange rate changes on cash balances	(647)	484
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,274)	28,650
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,650	0
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 27,376	$ 28,650

(1) Prior period amounts have been revised to correct previously reported numbers. See Note 10 for more details.

Significant Non-Cash Transactions

In January 2019 and 2020, the Company received invested assets of $1,853 million and $2,063 million, respectively, from The Gibraltar Life Insurance Company, Ltd. and The Prudential Life Insurance Company, Ltd. See Note 8 for additional information.

See Notes to Financial Statements

1. BUSINESS AND BASIS OF PRESENTATION

Gibraltar Reinsurance Company Ltd., ("Gibraltar Re" or the "Company") is a wholly-owned subsidiary of Prudential International Insurance Holdings, Ltd ("PIIH"), which in turn is a direct wholly-owned subsidiary of Prudential Financial, Inc. ("PFI"), a United States of America ("U.S.") Corporation.

The Company was incorporated as a Bermuda exempted company on August 31, 2018 and licensed as a Class E insurer by the Bermuda Monetary Authority ("BMA"), under the Bermuda Insurance Act of 1978 (the "Act"), on October 12, 2018.

Effective January 1, 2019, the Company entered into reinsurance agreements with The Prudential Life Insurance Company, Ltd. ("POJ") and The Gibraltar Life Insurance Company, Ltd. ("Gibraltar Life"), both PFI affiliated companies domiciled in Japan, whereby the Company assumed, on a coinsurance basis, certain in force Japanese yen ("JPY")-denominated business.

Effective August 1, 2019 and September 30, 2019, the Company entered into reinsurance agreements with The Prudential Gibraltar Financial Life Insurance Company, Ltd. ("PGFL") and POJ, both PFI affiliated companies domiciled in Japan, whereby the Company assumed, on a coinsurance basis, certain new U.S. dollar ("USD")-denominated business.

See Note 6 for additional information regarding the Company's reinsurance agreements.

Basis of Presentation

The Company's financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The Company's financial statements have been prepared for the twelve month period ended December 31, 2020 and the fifteen month period from October 12, 2018 to December 31, 2019.

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.

The most significant estimates include those used in determining the estimated fair value of future policy benefits and valuation of investments.

COVID-19

Beginning in the first quarter of 2020, the outbreak of the novel coronavirus ("COVID-19") has resulted in extreme stress and disruption in the global economy and financial markets and has adversely impacted, and may continue to adversely impact, the Company's results of operations, financial condition and cash flows. Due to the highly uncertain nature of these conditions, it is not possible to estimate the ultimate impacts at this time. The risks may have manifested, and may continue to manifest, in the Company's financial statements in the areas of, among others, i) investments: increased risk of loss on the Company's investments due to default or deterioration in credit quality or value; and ii) assumed insurance liabilities: potential changes to assumptions regarding investment returns, mortality and policyholder behavior which are reflected in the Company's assumed insurance liabilities. The Company cannot predict what impact the COVID-19 pandemic will ultimately have on the global economy, markets or the Company's operations.

Revision to Prior Period Financial Statements

Subsequent to the issuance of its 2019 financial statements, the Company identified errors in the calculation of reserves that impacted several line items within previously issued financial statements. Prior period amounts have been revised in the financial statements and related disclosures to correct the errors. Management evaluated these adjustments and concluded they were not material to the previously reported annual financial statements. See Note 10 for a more detailed description of the revisions and for comparisons of amounts previously reported to the revised amounts.

2. SIGNIFICANT ACCOUNTING POLICIES AND PRONOUNCEMENTS

ASSETS

Fixed maturities, available-for-sale, at fair value ("AFS debt securities") are comprised of bonds that are carried at fair value. See Note 5 for additional information regarding the determination of fair value. The purchased cost of fixed maturities is adjusted for amortization of premiums and accretion of discounts to maturity or, if applicable, call date.

AFS debt securities, where fair value is below amortized cost, are reviewed quarterly to determine whether the amortized cost basis of the security is recoverable. For mortgage-backed AFS debt securities, a credit impairment will be recognized to the extent the amortized cost exceeds the net present value of projected future cash flows ("net present value") for the security. For all other AFS debt securities, qualitative factors are first considered including, but not limited to, the extent of the decline and the reasons for the decline in value (e.g., credit events, currency or interest-rate related, including general credit spread widening), and the financial condition of the issuer. If analysis of these qualitative factors results in the security needing to be impaired, the credit impairment will be measured as the extent to which the amortized cost exceeds the net present value. The net present value is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit in the AFS debt security at the date of acquisition.

Credit impairment is recognized as an allowance for credit losses and reported in "Realized investment gains (losses), net." Once the Company has deemed all or a portion of the amortized cost uncollectible, the allowance is removed from the balance sheet by writing down the amortized cost basis of the AFS debt security.

The Company adopted Accounting Standards Update ("ASU") 2016-13, and related ASUs, effective January 1, 2020. See "Recent Accounting Pronouncements" in this Note for additional information about the adoption. Prior to the adoption of ASU 2016-13, credit impairments were recognized as a direct write down to the cost basis of the security.

Interest income, including amortization of premium and accretion of discount, are included in "Net investment income" under the effective yield method. Prepayment premiums are also included in "Net investment income."

For high credit quality mortgage-backed AFS debt securities (those rated AA or above), the amortized cost and effective yield of the securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. The adjustments to amortized cost are recorded as a charge or credit to "Net investment income" in accordance with the retrospective method.

For mortgage-backed AFS debt securities rated below AA, the effective yield is adjusted prospectively for any changes in the estimated timing and amount of cash flows unless the investment is purchased with credit deterioration or an allowance is currently recorded for the respective security. If an investment is impaired, any changes in the estimated timing and amount of cash flows will be recorded as the credit impairment, as opposed to a yield adjustment. If the asset is purchased with credit deterioration (or previously impaired), the effective yield will be adjusted if there are favorable changes in cash flows subsequent to the allowance being reduced to zero. Prior to the adoption of ASU 2016-13, the effective yield was adjusted prospectively unless an impairment was recorded in the current period.

For mortgage-backed AFS debt securities, cash flow estimates consider the payment terms of the underlying assets backing a particular security, including interest rate and prepayment assumptions based on data from widely accepted third-party data sources or internal estimates. In addition to interest rate and prepayment assumptions, cash flow estimates also include other assumptions regarding the underlying collateral including default rates and recoveries, which vary based on the asset type and geographic location, as well as the vintage year of the security. These assumptions can significantly impact income recognition and the amount of impairment recognized in earnings and other comprehensive income (loss) ("OCI"). The payment priority of the respective security is also considered. For all other AFS debt securities, cash flow estimates are driven by assumptions regarding probability of default and estimates regarding timing and amount of recoveries associated with a default. The Company has developed these estimates using information based on its historical experience as well as using market observable data, such as industry analyst reports and forecasts, sector credit ratings and other data relevant to the collectability of a security, such as the general payment terms of the security and the security's position within the capital structure of the issuer.

The Company may use the estimated fair value of collateral, if any, as a proxy for the net present value if it believes that the security is dependent on the liquidation of collateral for recovery of its investment. If the net present value is less than the amortized cost of the investment, an allowance for losses is recognized in earnings for the difference between amortized cost and the net present value and is limited to the difference between amortized cost and fair value of the AFS debt security. Any difference between the fair value and the net present value of the debt security at the impairment measurement date remains in OCI. Changes in the allowance for losses are reported in "Realized investment gains (losses), net."

When an AFS debt security's fair value is below amortized cost and (1) the Company has the intent to sell the AFS debt security, or (2) it is more likely than not the Company will be required to sell the AFS debt security before its anticipated recovery, the amortized cost basis of the AFS debt security is written down to fair value and any previously recognized allowance is reversed. The impairment is reported in "Realized investment gains (losses), net."

The associated unrealized gains and losses are included in "Accumulated other comprehensive income (loss)" ("AOCI").

Other invested assets consist of the Company's non-coupon investments in derivative assets including foreign exchange ("FX") spot/FX forward trades and interest rate swaps. See Note 4 for additional information.

Realized investment gains (losses) are computed using the specific identification method. Realized investment gains and losses are generated from numerous sources, including the sales of fixed maturity securities, as well as changes to the allowance for credit losses recognized in earnings. Realized investment gains and losses also reflects free-standing derivatives that do not qualify for hedge accounting treatment. See "Derivative Financial Instruments" below for additional information regarding the accounting for derivatives.

Cash and cash equivalents include cash on hand, amounts due from banks, certain money market investments, funds managed similar to regulated money market funds, other debt instruments with maturities of three months or less when purchased. These assets are generally carried at fair value or amortized cost which approximates fair value.

Accrued investment income primarily includes accruals of interest income from investments that have been earned but not yet received.

Reinsurance Recoverables consist of receivables associated with reinsurance arrangements. For additional information about these arrangements see Note 6.

LIABILITIES

Future policy benefits, at fair value is primarily comprised of the present value of estimated future payments to or on behalf of policyholders, where the timing and amount of payment depends on policyholder mortality or morbidity, less the present value of future net premiums.

This liability includes reserves related to accident and health, life and annuity policies. The Company has elected to use the Fair Value Option ("FVO") to measure these liabilities. For additional information see Note 5.

The impacts to the liability driven by changes in the Company's non-performance risk ("NPR") spread are included in AOCI.

The Company's liability for future policy benefits also includes a liability for unpaid claims and claim adjustment expenses. The Company does not establish claim liabilities until a loss has been incurred. However, unpaid claims and claim adjustment expenses include estimates of claims that the Company believes have been incurred but have not yet been reported as of the balance sheet date.

Other liabilities consist primarily of trade payables, accrued expenses, and derivative liabilities. See "Derivative Financial Instruments" below for additional information regarding the accounting for derivatives.

REVENUES AND BENEFITS AND EXPENSES

Other income (loss) includes gains and losses primarily related to the remeasurement of foreign currency denominated assets and liabilities, as discussed in more detail under "Foreign Currency" below.

Changes in fair value of reinsurance balance consists of (1) Premiums from reinsurance agreements and allowance for commissions and expenses recognized when due; (2) Reinsurance gains the Company recognized as a result of reinsurance agreements entered into during the twelve month period ended December 31, 2020 and the fifteen month period ended

December 31, 2019; and (3) Policyholders' benefits recognized when incurred. Changes in future policy benefits are recorded when premiums are recognized using a fair value methodology.

OTHER ACCOUNTING POLICIES

Foreign Currency

The currency in which the Company prepares its financial statements (the "reporting currency") is the USD. Assets, liabilities and results of foreign business are recorded based on the functional currency of each foreign operation. The determination of the functional currency is based on economic facts and circumstances pertaining to each foreign operation.

The Company established a structure that disaggregates the JPY- and USD-denominated assumed businesses into separate divisions, each with its own functional currency that aligns with the underlying products and investments. This alignment reduces differences in the accounting for changes in the value of these assets and liabilities that arise due to changes in foreign currency exchange rate movements.

There are two distinct processes for expressing these foreign transactions and balances in the Company's financial statements: foreign currency measurement and foreign currency translation. Foreign currency measurement is the process by which transactions in foreign currencies are expressed in the functional currency. Gains and losses resulting from foreign currency measurement are reported in current earnings in "Other income (loss)." Foreign currency translation is the process for expressing these foreign transactions and balances in the reporting currency of the Company's financial statements. Assets and liabilities of foreign operation reported in JPY are translated at the exchange rate in effect at the end of the period. Revenues, benefits and other expenses reported in JPY are translated at the average rate prevailing during the period. The effects of translating the statements of operations and financial position in JPY are included in "Foreign currency translation adjustments," a component of AOCI.

Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, values of securities or commodities, credit spreads, market volatility, expected returns, and liquidity. Values can also be affected by changes in estimates and assumptions, including those related to counterparty behavior and NPR used in valuation models. Derivative financial instruments used by the Company include swaps and forwards and may be exchange-traded or contracted in the over-the-counter ("OTC") market. Derivative positions are carried at fair value, generally by obtaining quoted market prices or through the use of valuation models.

Derivatives are used to manage the interest rate and currency characteristics of assets or liabilities. Additionally, derivatives may be used to seek to reduce exposure to interest rate, credit, foreign currency and equity risks associated with assets held or expected to be purchased or sold, and liabilities incurred or expected to be incurred. As discussed in detail below and in Note 4, all realized and unrealized changes in fair value of derivatives are recorded in current earnings in "Realized investment gains (losses), net."

Derivatives are recorded either as assets within "Other invested assets" or as liabilities within "Other liabilities." The Company nets the fair value of all derivative financial instruments with its counterparty for which a master netting arrangement has been executed.

The Company's derivatives do not qualify for hedge accounting. All changes in the fair value of derivatives, including net receipts and payments, are included in "Realized investments gains (losses), net" without considering changes in the fair value of the economically associated assets or liabilities.

Reinsurance

For each of its reinsurance contracts, the Company determines if the contract provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims.

The Company has elected to use the FVO to value the insurance liabilities under reinsurance transactions. The fair value is reported in "Future policy benefits, at fair value." See Note 5 for additional information.

Reinsurance recoverables or payables relating to reinsurance agreements with the same counterparty are included in “Reinsurance recoverables” or “Other liabilities,” respectively, on a net basis on the balance sheet as a right of offset exists within the reinsurance agreements. In addition to the reinsurance transactions with affiliated companies, the Company has entered into facultative reinsurance agreements to retrocede certain businesses to non-affiliated insurance companies. Ceded balances would represent a liability of the Company in the event the reinsurers were unable to meet their obligations to the Company under the terms of the reinsurance agreements. Reinsurance recoverables are reported net of the current expected credit loss (“CECL”) allowance. The CECL allowance considers the credit quality of the reinsurance counterparty and is generally determined based on the probability of default and loss given default assumptions, after considering any applicable collateral arrangements. The CECL allowance does not apply to reinsurance recoverables with affiliated counterparties under common control. Additions to or releases of the allowance are reported in “Changes in fair value of reinsurance balance.” Prior to the adoption of ASU 2016-13, an allowance for credit losses for reinsurance recoverables was established only when it was deemed probable that a reinsurer may fail to make payments to us in a timely manner.

See Note 6 for additional information about the Company’s reinsurance agreements.

Income taxes

Under current Bermuda law, the Company is not required to pay any taxes in Bermuda on its income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation in Bermuda until March 2035.

RECENT ACCOUNTING PRONOUNCEMENTS

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of ASUs to the FASB Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. The ASUs listed below include those that have been adopted during the current period and/or those that have been issued but not yet adopted as of December 31, 2020 and the date of this filing. ASUs not listed below were assessed and determined to be either not applicable or not material.

Adoption of ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

The Company adopted ASU 2016-13, and related ASUs, effective January 1, 2020 using the modified retrospective method for certain financial assets carried at amortized cost and certain off-balance sheet exposures. The modified retrospective method results in a cumulative effect adjustment to opening retained earnings. The Company adopted the guidance related to fixed maturities, available-for-sale on a prospective basis.

This ASU requires the use of a new CECL model to account for expected credit losses on certain financial assets reported at amortized cost (e.g., reinsurance receivables) and certain off-balance sheet credit exposures. The guidance requires an entity to estimate lifetime credit losses related to such financial assets and credit exposures based on relevant information about past events, current conditions, and reasonable and supportable forecasts that may affect the collectability of the reported amounts. The standard also modifies the other-than-temporary impairments ("OTTI") guidance for AFS debt securities requiring the use of an allowance rather than a direct write-down of the investment.

The impacts of this ASU on the Company’s Financial Statements primarily include (1) A Cumulative Effect Adjustment Upon Adoption; (2) Changes to the Presentation of the Statements of Financial Position and Statements of Operations; and (3) Changes to Accounting Policies. Each of these impacts is described below.

(1) Cumulative Effect Adjustment Upon Adoption

The prospective adoption of the portions of the standard related to AFS debt securities resulted in no impact to opening retained earnings.

(2) Changes to the Presentation of the Statements of Financial Position and Statements of Operations

Allowances for credit losses, if any, will be presented parenthetically on relevant line items in the Statements of Financial Position. In the Statements of Operations, realized investment gains (losses), net are presented on one line item and will no longer reflect the breakout of OTTI on fixed maturity securities; OTTI on fixed maturity securities transferred to OCI; and other realized investment gains (losses), net. The presentation of this detail in prior periods is immaterial.

(3) Changes to Accounting Policies

The narrative description of our significant accounting policies at the beginning of this Note reflects our policies as of December 31, 2020, including the policies associated with the adoption of ASU 2016-13.

Other ASU adopted during the twelve month period ended December 31, 2020

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
ASU 2018-13, *Fair Value Measurement (Topic 820): Framework- Changes to the Disclosure Requirements for Fair Value Measurement*	In August 2018, the FASB issued this guidance as part of its disclosure framework project to eliminate, add and modify certain disclosure requirements for fair value measurements. Among the changes made by the ASU, entities are no longer required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. As well as, the entity's policy for the timing of transfers between such levels and the valuation processes used for Level 3 measurements. For nonpublic entities ("NPE"), the requirement to report changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period was also removed. New disclosures required under the ASU include reporting the changes in unrealized gains and losses included in OCI for recurring Level 3 measurements (public entities only); and additional information about the unobservable inputs used in Level 3 measurements. In lieu of a rollforward for Level 3 fair value measurements, a NPE is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities. For public business entities, the ASU is effective in periods beginning after December 15, 2019. Entities are permitted to early adopt the entire standard or only the provisions that eliminate or modify requirements.	January 1, 2020 using the prospective method.	The adoption of the ASU did not have a significant impact on the Company's Financial Statements and Notes to the Financial Statements. The Company adopted the ASU consistent with its parent company, PFI, as applicable.

3. INVESTMENTS

Fixed Maturity Securities

The following tables set forth the composition of fixed maturity securities, as of the dates indicated:

	December 31, 2020				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(in thousands)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 116,533	$ 22,083	$ 0	$ 0	$ 138,616
Obligations of U.S. states and their political subdivisions	22,826	685	0	0	23,511
Foreign government bonds(1)	4,079,330	27,317	65,063	0	4,041,584
U.S. public corporate securities	446,493	24,450	3,307	0	467,636
U.S. private corporate securities	298,273	23,094	175	0	321,192
Foreign public corporate securities	652,402	1,163	2,351	0	651,214
Foreign private corporate securities	10,384	605	0	0	10,989
Residential mortgage-backed securities	11,442	249	0	0	11,691
Total fixed maturities, available-for-sale	$ 5,637,683	$ 99,646	$ 70,896	$ 0	$ 5,666,433

(1) Represents Japanese government securities in which concentrations of credit risk of single issuers is greater than 10% of the Company's equity.

	December 31, 2019				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI(2)
			(in thousands)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 112,966	$ 11,027	$ 663	$ 123,330	$ 0
Foreign government bonds(1)	1,840,731	66,288	3,700	1,903,319	0
U.S. public corporate securities	181,066	10,692	533	191,225	0
Foreign public corporate securities	326,783	600	463	326,920	0
Total fixed maturities, available-for-sale	$ 2,461,546	$ 88,607	$ 5,359	$ 2,544,794	$ 0

(1) Represents Japanese government securities in which concentrations of credit risk of single issuers is greater than 10% of the Company's equity.
(2) Represents unrealized losses remaining in AOCI, from the impairment measurement date.

The following table sets forth the fair value and gross unrealized losses on available-for-sale fixed maturity securities without an allowance for credit losses aggregated by investment category and length of time that individual fixed maturity securities had been in a continuous unrealized loss position, as of the date indicated:

	December 31, 2020					
	Less Than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in thousands)					
Fixed maturities, available-for-sale:						
Foreign government bonds	$2,336,613	$ 64,990	$ 92,670	$ 73	$2,429,283	$ 65,063
U.S. public corporate securities	71,442	3,307	0	0	71,442	3,307
U.S. private corporate securities	6,752	175	0	0	6,752	175
Foreign public corporate securities	146,717	2,271	42,702	80	189,419	2,351
Total fixed maturities, available-for-sale	$2,561,524	$ 70,743	$ 135,372	$ 153	$2,696,896	$ 70,896

The following table sets forth the fair value and gross unrealized losses on available-for-sale fixed maturity securities aggregated by investment category and length of time that individual fixed maturity securities had been in a continuous unrealized loss position, as of the date indicated:

	December 31, 2019					
	Less Than Twelve Months		Twelve Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(in thousands)					
Fixed maturities, available-for-sale:						
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 32,152	$ 663	$ 0	$ 0	$ 32,152	$ 663
Foreign government bonds	483,090	3,700	0	0	483,090	3,700
U.S. public corporate securities	60,480	533	0	0	60,480	533
Foreign public corporate securities	208,139	463	0	0	208,139	463
Total fixed maturities, available-for-sale	$ 783,861	$ 5,359	$ 0	$ 0	$ 783,861	$ 5,359

As of December 31, 2020, the gross unrealized losses on fixed maturity available-for-sale securities without an allowance were composed of $70.2 million related to “1” highest quality or “2” high quality securities based on the National Association of Insurance Commissioners (“NAIC”) or equivalent rating and $0.6 million related to other than high or highest quality securities based on NAIC or equivalent rating. As of December 31, 2020, the $0.2 million of gross unrealized losses of twelve months or more were concentrated in the Company’s corporate securities within the finance and foreign agencies sectors and in foreign government bonds.

As of December 31, 2019, the gross unrealized losses on fixed maturity securities were composed of $5.3 million related to “1” highest quality or “2” high quality securities based on NAIC or equivalent rating and less than $1 million related to other than high or highest quality securities based on NAIC or equivalent rating. As of December 31, 2019, there were no gross unrealized losses of twelve months or more.

In accordance with its policy described in Note 2, the Company concluded that an adjustment to earnings for credit losses related to these fixed maturity securities was not warranted at December 31, 2020. These conclusions were based on a detailed analysis of the underlying credit and cash flows on each security. Gross unrealized losses are primarily attributable to general credit spread widening and increases in interest rates. As of December 31, 2020, the Company did not intend to sell these securities, and it was not more likely than not that the Company would be required to sell these securities before the anticipated recovery of the remaining amortized cost basis.

The following table sets forth the amortized cost and fair value of fixed maturities by contractual maturities, as of the date indicated:

	December 31, 2020	
	Amortized Cost	Fair Value
	(in thousands)	
Fixed maturities, available-for-sale:		
Due in one year or less	$ 68,411	$ 68,399
Due after one year through five years	902,596	904,381
Due after five years through ten years	1,189,539	1,209,388
Due after ten years	3,465,695	3,472,574
Residential mortgage-backed securities	11,442	11,691
Total	$ 5,637,683	$ 5,666,433

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage-backed securities are shown separately in the table above, as they do not have a single maturity date.

The following table sets forth the sources of fixed maturity proceeds and related investment gains (losses), as well as losses on write-downs and the allowance for credit losses of fixed maturities, as of the dates indicated:

	Twelve Month Period Ended December 31,	Fifteen Month Period Ended December 31,
	2020	2019
	(in thousands)	
Fixed maturities, available-for-sale:		
Proceeds from sales	$ 458,235	$ 34,254
Proceeds from maturities/prepayments	44,777	0
Gross investment gains from sales and maturities	2,912	0
Gross investment losses from sales and maturities	(1,648)	(27)
Write-downs recognized in earnings	0	N/A
(Addition to) release of allowance for credit losses(1)	0	N/A

(1) Effective January 1, 2020, credit losses on available-for-sale fixed maturity securities are recorded within the "allowance for credit losses."

For the twelve month period ended December 31, 2020, there was no activity in the allowance for credit losses for fixed maturity securities.

See Note 2 for additional information about the Company's methodology for developing our allowance and expected losses.

The Company did not have any fixed maturity securities purchased with credit deterioration as of December 31, 2020.

Other Invested Assets

The following table sets forth the composition of "Other invested assets," as of the date indicated:

	December 31, 2020	December 31, 2019
	(in thousands)	
Derivative instruments	$ 31,145	$ 19,337
Total other invested assets	$ 31,145	$ 19,337

Accrued Investment Income

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

	December 31, 2020
	(in thousands)
Fixed maturities	$ 18,053
Short-term investments and cash equivalents	15
Total accrued investment income	$ 18,068

There were no write-downs on accrued investment income for the twelve month period ended December 31, 2020.

Net Investment Income

The following table sets forth "Net investment income" by investment type, for the periods indicated:

	Twelve Month Period Ended December 31, 2020	Fifteen Month Period Ended December 31, 2019
	(in thousands)	
Fixed maturities, available-for-sale	$ 30,781	$ 12,497
Other invested assets	(103)	(8)
Short-term investments and cash equivalents	49	280
Gross investment income	30,727	12,769
Less: investment expenses	(2,541)	(743)
Net investment income	$ 28,186	$ 12,026

Realized Investment Gains (Losses), Net

The following table sets forth "Realized investment gains (losses), net" by investment type, for the periods indicated:

	Twelve Month Period Ended December 31, 2020	Fifteen Month Period Ended December 31, 2019
	(in thousands)	
Fixed maturities, available-for-sale	$ 1,264	$ (27)
Short-term investments and cash equivalents	0	(51)
Derivatives	(29,128)	20,311
Realized investment gains (losses), net	$ (27,864)	$ 20,233

Net Unrealized Gains (Losses) on Investments within AOCI

The following table sets forth net unrealized gains (losses) on investments, as of the dates indicated:

	December 31, 2020	December 31, 2019
	(in thousands)	
Fixed maturity securities, available-for-sale	$ 28,750	$ 83,248
Net unrealized gains (losses) on investments	$ 28,750	$ 83,248

4. DERIVATIVES AND HEDGING

Types of Derivative and Hedging Instruments

Interest Rate Contracts

Interest rate swaps 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.

Swaps may be attributed to specific assets or liabilities or to a portfolio of assets or liabilities. Under interest rate swaps, 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.

Foreign Exchange Contracts

Currency derivatives, including currency forwards and 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 forwards, the Company agrees with counterparties to deliver a specified amount of an identified currency at a specified future date. Typically, the price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. The Company executes forward sales of hedged foreign currencies in exchange for JPY at a specified exchange rate. The maturities of these forwards correspond with the future period in which the foreign-denominated earnings are expected to be generated.

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 by Derivatives

The table below provides a summary of the gross notional amount and fair value of derivatives 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.

	December 31, 2020			December 31, 2019		
	Gross	Fair Value		Gross	Fair Value	
Primary Underlying Risk/Instrument Type	Notional	Assets	Liabilities	Notional	Assets	Liabilities
			(in thousands)			
Derivative Instruments Not Qualifying as Hedge Accounting Instruments:						
Interest Rate						
Interest Rate Swaps	$1,101,748	$ 52,028	$ (12,971)	$ 663,188	$ 49,680	$ (14,857)
Foreign Currency						
Foreign Currency Forwards	396,080	0	(7,123)	189,686	0	(8,925)
Currency/Interest Rate						
Foreign Currency Swaps	1,893	701	(1,490)	0	0	0
Total Derivative Instruments(1)	$1,499,721	$ 52,729	$ (21,584)	$ 852,874	$ 49,680	$ (23,782)

(1) Recorded in "Other invested assets" and "Other liabilities" on the Statements of Financial Position.

Offsetting Assets and Liabilities

The following tables present recognized derivative instruments that are offset in the 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 Statements of Financial Position.

	December 31, 2020				
	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
			(in thousands)		
Offsetting of Financial Assets:					
Derivative instruments(1)	$ 52,729	$ (21,584)	$ 31,145	$ (31,145)	$ 0
Total assets	$ 52,729	$ (21,584)	$ 31,145	$ (31,145)	$ 0
Offsetting of Financial Liabilities:					
Derivative instruments(1)	$ 21,584	$ (21,584)	$ 0	$ 0	$ 0
Total liabilities	$ 21,584	$ (21,584)	$ 0	$ 0	$ 0

	December 31, 2019				
	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
			(in thousands)		
Offsetting of Financial Assets:					
Derivative instruments(1)	$ 49,680	$ (30,343)	$ 19,337	$ (19,337)	$ 0
Total assets	$ 49,680	$ (30,343)	$ 19,337	$ (19,337)	$ 0
Offsetting of Financial Liabilities:					
Derivative instruments(1)	$ 23,782	$ (23,782)	$ 0	$ 0	$ 0
Total liabilities	$ 23,782	$ (23,782)	$ 0	$ 0	$ 0

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

For information regarding the rights of offset associated with the derivative assets and liabilities in the table above, see "Counterparty Credit Risk" below.

Net Gains (Losses) for Non-qualifying Derivatives

The following table provides the financial statement classification and impact of derivatives used in non-qualifying hedge relationships.

	Twelve Month Period Ended December 31, 2020	Fifteen Month Period Ended December 31, 2019
	Realized Investment Gains (Losses)	
	(in thousands)	
Derivative Instruments Not Qualifying as Hedge Accounting Instruments:		
Interest Rate	$ (30,440)	$ 28,858
Currency	2,174	(8,547)
Currency/Interest Rate	(862)	0
Total non-qualifying hedges	(29,128)	20,311
Total	$ (29,128)	$ 20,311

Credit Derivatives

The Company has no exposure from credit derivative positions where it has written or purchased credit protection as of December 31, 2020 and 2019.

Counterparty Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by a counterparty to financial derivative transactions with a positive fair value. The Company manages credit risk by entering into derivative transactions with its affiliate, Prudential Global Funding, LLC ("PGF"), related to its OTC derivatives. PGF, in turn, manages its 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.

5. 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. The Company's Level 1 assets and liabilities primarily include certain cash equivalents.

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. The Company’s Level 2 assets and liabilities include: fixed maturities (corporate public and private bonds, government securities and residential mortgage-backed securities) and OTC derivatives.

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. The Company’s Level 3 assets and liabilities primarily include certain U.S. corporate private securities and future policy benefits.

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.

	December 31, 2020				
	Level 1	Level 2	Level 3	Netting(1)	Total
			(in thousands)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 0	$ 138,616	$ 0	$ 0	$ 138,616
Obligations of U.S. states and their political subdivisions	0	23,511	0	0	23,511
Foreign government bonds	0	4,041,584	0	0	4,041,584
U.S. corporate public securities	0	467,636	0	0	467,636
U.S. corporate private securities	0	320,198	994	0	321,192
Foreign corporate public securities	0	651,214	0	0	651,214
Foreign corporate private securities	0	10,989	0	0	10,989
Residential mortgage-backed securities	0	11,691	0	0	11,691
Subtotal	0	5,665,439	994	0	5,666,433
Cash equivalents	9,691	0	0	0	9,691
Other invested assets	0	52,729	0	(21,584)	31,145
Total assets	$ 9,691	$ 5,718,168	$ 994	$ (21,584)	$ 5,707,269
Future policy benefits	$ 0	$ 0	$ 5,338,399	$ 0	$ 5,338,399
Other liabilities	0	21,584	0	(21,584)	0
Total liabilities	$ 0	$ 21,584	$ 5,338,399	$ (21,584)	$ 5,338,399

	December 31, 2019				
	Level 1	Level 2	Level 3	Netting(1)	Total
			(in thousands)		
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	$ 0	$ 123,330	$ 0	$ 0	$ 123,330
Obligations of U.S. states and their political subdivisions	0	0	0	0	0
Foreign government bonds	0	1,903,319	0	0	1,903,319
U.S. corporate public securities	0	191,225	0	0	191,225
U.S. corporate private securities	0	0	0	0	0
Foreign corporate public securities	0	326,920	0	0	326,920
Foreign corporate private securities	0	0	0	0	0
Residential mortgage-backed securities	0	0	0	0	0
Subtotal	0	2,544,794	0	0	2,544,794
Cash equivalents	5,172	0	0	0	5,172
Other invested assets	0	49,680	0	(30,343)	19,337
Total assets	$ 5,172	$ 2,594,474	$ 0	$ (30,343)	$ 2,569,303
Future policy benefits(2)	$ 0	$ 0	$ 2,409,969	$ 0	$ 2,409,969
Other liabilities	0	23,782	0	(23,782)	0
Total liabilities	$ 0	$ 23,782	$ 2,409,969	$ (23,782)	$ 2,409,969

(1) "Netting" amounts represent cash collateral of $0 million and $7 million as of December 31, 2020 and 2019, respectively.

(2) Prior period amounts have been revised to correct previously reported numbers. This prior period revision has also been reflected in the Company's Financial Statements. See Note 10 for more details.

The methods and assumptions the Company uses to estimate the fair value of assets and liabilities measured at fair value on a recurring basis are summarized below.

Fixed Maturity Securities - The fair values of the Company's public fixed maturity securities are generally based on prices obtained from independent pricing services. Prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type. The pricing hierarchy is updated for new financial products and recent pricing experience with various vendors. Consistent with the fair value hierarchy described above, securities with validated quotes from pricing services are generally reflected within Level 2, as they are primarily based on observable pricing for similar assets and/or other market observable inputs. Typical inputs used by these pricing services include but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, and/or estimated cash flow, prepayment speeds, and default rates. If the pricing service updates the price to be more consistent with the presented market observations, the security remains within Level 2.

The Company conducts several specific price monitoring activities. Daily analysis identifies price changes over predetermined thresholds defined at the financial instrument level. Various pricing integrity reports are reviewed on a daily and monthly basis to determine if pricing is reflective of market activity or if it would warrant any adjustments. Other procedures performed include, but are not limited to, reviews of third-party pricing services methodologies, reviews of pricing trends and back testing.

Derivative Instruments - Derivatives are recorded at fair value either as assets, within "Other invested assets," or as liabilities, within "Other liabilities." The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, credit spreads, market volatility, expected returns, NPR, liquidity and other factors.

The majority of the Company's derivative positions are traded in the OTC derivative market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market input values from external market data providers, third-party pricing vendors and/or recent trading activity. The Company's policy is to use mid-market pricing in determining its best estimate of fair value. The fair values of most OTC derivatives, including interest rate and cross-currency swaps are determined using discounted cash flow models.

The Company's cleared interest rate swaps linked to an index are valued using models that utilize actively quoted or observable market inputs, including the secured overnight financing rate, obtained from external market data providers, third-party pricing vendors and/or recent trading activity. These derivatives are classified as Level 2 in the fair value hierarchy.

Cash Equivalents - Cash equivalents include money market instruments and other highly liquid debt instruments. The Company believes that due to the short-term nature of these instruments, the carrying value approximates fair value.

Future Policy Benefits - The FVO is elected by the Company for future policy benefits. As a result, the liabilities are measured at fair value at each financial reporting date reported in Future policy benefits.

The Company calculates the fair value of future policy benefits using discounted cashflow models. The fair values of these liabilities are calculated as the present value of future expected benefit payments to customers and the future expected expense allowances, minus the present value of projected future premiums. The fair value is based on the in-force business and calculated using actuarial and capital market assumptions.

Actuarial assumptions, including contractholder behavior and mortality, are reviewed at least annually, and updated based upon emerging experience, future expectations and other data, including any observable market data. These assumptions are generally updated annually unless a material change that the Company feels is indicative of a long-term trend is observed in an interim period. As these significant inputs are not observable, the valuation is accordingly considered as Level 3 in the fair value hierarchy.

Observable capital market inputs are used for the risk-free rates used in the discounting of future cashflows. The discounting for the liabilities also includes an adjustment for NPR. The NPR adjustment is calculated using publicly available information related to credit spreads on JPY-denominated corporate bonds.

The valuation of the liabilities also includes risk margins that are established to represent the additional compensation a market participant would require to assume the liabilities. The risk margins are calculated using a discounted cost of capital approach. The establishment of the risk margins requires the use of management judgement, including assumptions of the target capital ratios and cost of capital for a market participant.

Quantitative Information Regarding Internally-Priced Level 3 Assets and Liabilities - The tables below present quantitative information on significant internally-priced Level 3 assets and liabilities.

	December 31, 2020					
	Fair Value	Valuation Techniques	Unobservable Inputs	Minimum	Maximum	Impact of Increase in Input on Fair Value(1)
			(in thousands)			
Liabilities:						
Future policy benefits(2)	$ 5,338,399	Discounted cash flow	Lapse rate(3)	0 %	50 %	Decrease
			Morbidity rate(4)	0 %	100 %	Increase
			Mortality rate(5)	0 %	100 %	Decrease
			Target capital level(6)	200 %	200 %	Increase
			Cost of capital(7)	7 %	8.5 %	Increase

	December 31, 2019					
	Fair Value	Valuation Techniques	Unobservable Inputs	Minimum	Maximum	Impact of Increase in Input on Fair Value(1)
			(in thousands)			
Liabilities:						
Future policy benefits(2)(8)	$ 2,409,969	Discounted cash flow	Lapse rate(3)	0 %	50 %	Decrease
			Morbidity rate(4)	0 %	100 %	Increase
			Mortality rate(5)	0 %	100 %	Decrease
			Target capital level(6)	200 %	200 %	Increase
			Cost of capital(7)	7 %	8.5 %	Increase

(1) Conversely, the impact of a decrease in input would have the opposite impact on fair value as that presented in the table.
(2) Since the valuation methodology for the Future policy benefits uses a range of inputs that vary at the product level over the cash flow projection period, presenting a range, rather than weighted average, is a more meaningful representation of the unobservable inputs used in the valuation.
(3) For any given contract, lapse rates vary throughout the period over which cash flows are projected for the purposes of valuing the liability. Lapse rates are also generally assumed to be lower for the period where surrender charges apply.
(4) Morbidity rates may vary by product, age and duration.
(5) Mortality rates may vary by product, age and duration. A mortality improvement assumption is also incorporated into the overall mortality table.
(6) Target capital level is set at the Company level.
(7) Cost of capital rates vary by division.
(8) Prior period amounts have been revised to correct previously reported numbers. This prior period revision has also been reflected in the Company's Financial Statements. See Note 10 for more details.

Changes in Level 3 Assets and Liabilities – The following tables describe changes in fair values of Level 3 assets and liabilities as of the dates indicated, as well as 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.

	Twelve Month Period Ended December 31, 2020										
	Fair Value, beginning of period	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other(1)	Transfers into Level 3	Transfers out of Level 3	Fair Value, end of period	Unrealized gains (losses) for assets still held(2)
	(in thousands)										
Fixed maturities, available-for-sale:											
Corporate securities	$ 0	$ 13	$ 1,000	$ 0	$ 0	$ (19)	$ 0	$ 0	$ 0	$ 994	$ 13
Liabilities:											
Future policy benefits	(2,409,969)	(132,808)	0	0	(3,082,345)	323,358	(36,635)	0	0	(5,338,399)	(173,585)

	Twelve Month Period Ended December 31, 2020						
	Total realized and unrealized gains (losses)				Unrealized gains (losses) for liabilities still held(2)		
	Realized investment gains (losses), net	Other income (loss)	Included in other comprehensive income (losses)	Net investment income	Realized investment gains (losses), net	Other income (loss)	Included in other comprehensive income (losses)(3)
	(in thousands)						
Fixed maturities, available-for-sale	$ 0	$ 0	$ 13	$ 0	$ 0	$ 0	$ 13
Liabilities:							
Future policy benefits	(137,404)	0	4,596	0	(178,104)	0	4,519

	Fifteen Month Period Ended December 31, 2019										
	Fair Value, beginning of period	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other(1)	Transfers into Level 3	Transfers out of Level 3	Fair Value, end of period	Unrealized gains (losses) for assets still held(2)
	(in thousands)										
Fixed maturities, available-for-sale:											
Corporate securities	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Liabilities:											
Future policy benefits(4)	0	(161,165)	0	0	(2,386,314)	161,783	(24,273)	0	0	(2,409,969)	(150,338)

	Fifteen Month Period Ended December 31, 2019					
	Total realized and unrealized gains (losses)				Unrealized gains (losses) for liabilities still held(2)	
	Realized investment gains (losses), net	Other income (loss)	Included in other comprehensive income (losses)	Net investment income	Realized investment gains (losses), net	Other income (loss)
	(in thousands)					
Fixed maturities, available-for-sale	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Liabilities:						
Future policy benefits(4)	(154,917)	0	(6,248)	0	(150,338)	0

(1) “Other” consists of in course of settlement and incurred but not reported reserves.
(2) 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.
(3) Effective January 1, 2020, the changes in unrealized gains and losses for the period included in OCI for recurring Level 3 fair value measurements held at the end of the reporting period were added prospectively due to adoption of ASU 2018-13. Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement.
(4) Prior period amounts have been revised to correct previously reported numbers. This prior period revision has also been reflected in the Company's Financial Statements. See Note 10 for more details.

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 Statements of Financial Position. In some cases, as described below, the carrying amount equals or approximates fair value.

	December 31, 2020				
	Fair Value				Carrying Amount
	Level 1	Level 2	Level 3	Total	Total
			(in thousands)		
Assets:					
Cash and cash equivalents	$ 17,685	$ 0	$ 0	$ 17,685	$ 17,685
Accrued investment income	0	18,068	0	18,068	18,068
Reinsurance recoverables	0	60,869	0	60,869	60,869
Other assets	0	86	0	86	86
Total assets	$ 17,685	$ 79,023	$ 0	$ 96,708	$ 96,708
Liabilities:					
Other liabilities	$ 0	$ 2,345	$ 0	$ 2,345	$ 2,345
Total liabilities	$ 0	$ 2,345	$ 0	$ 2,345	$ 2,345

	December 31, 2019				
	Fair Value				Carrying Amount
	Level 1	Level 2	Level 3	Total	Total
			(in thousands)		
Assets:					
Cash and cash equivalents	$ 23,478	$ 0	$ 0	$ 23,478	$ 23,478
Accrued investment income	0	8,097	0	8,097	8,097
Reinsurance recoverables(1)	0	39,808	0	39,808	39,808
Other assets	0	0	0	0	0
Total assets	$ 23,478	$ 47,905	$ 0	$ 71,383	$ 71,383
Liabilities:					
Other liabilities	$ 0	$ 6,438	$ 0	$ 6,438	$ 6,438
Total liabilities	$ 0	$ 6,438	$ 0	$ 6,438	$ 6,438

(1) Prior period amounts have been revised to correct previously reported numbers. This prior period revision has also been reflected in the Company's Financial Statements. See Note 10 for more details.

The fair values presented above have been determined by using available market information and by applying market valuation methodologies, as described in more detail below.

Cash and Cash Equivalents, Accrued Investment Income and Other Assets

The Company believes that due to the short-term nature of certain assets, the carrying value approximates fair value. These assets include cash and cash equivalent instruments, accrued investment income and other assets that meet the definition of financial instruments.

Reinsurance Recoverables

Reinsurance recoverables include corresponding receivables associated with reinsurance arrangements. See Note 6 for additional information about the Company's reinsurance arrangements.

Other Liabilities

Other liabilities are primarily payables, such as unsettled trades and accrued expense payables. Due to the short term until settlement of most of these liabilities, the Company believes that carrying value approximates fair value.

6. REINSURANCE

The Company participates in reinsurance with its affiliates POJ, Gibraltar Life, and PGFL as well as third parties.

Information regarding significant reinsurance agreements is described below.

POJ

In January 2019, the Company entered into an agreement with POJ to assume a 35% quota share of certain in force JPY-denominated accident and health policies and annuities issued by POJ. In January 2020, the Company entered into an agreement with POJ to assume an additional 30% quota share of the previously assumed block.

In September 2019, the Company entered into a reinsurance agreement with POJ to assume a 100% quota share of certain new USD-denominated life policies issued by POJ.

Gibraltar Life

In January 2019, the Company entered into an agreement with Gibraltar Life to assume a 35% quota share of certain in force JPY-denominated accident and health policies, life policies, and annuities issued by Gibraltar Life. In January 2020, the Company entered into an agreement with Gibraltar Life to assume an additional 30% quota share of the previously assumed block.

In January 2020, the Company entered into reinsurance agreements with Gibraltar Life to assume a 100% quota share of certain USD-denominated single-premium fixed annuities products.

PGFL

In August 2019, the Company entered into a reinsurance agreement with PGFL to assume a 100% quota share of certain new USD-denominated life policies issued by PGFL.

In January 2020, the Company entered into reinsurance agreements with PGFL to assume a 100% quota share of certain USD-denominated single-premium fixed annuities products.

Third Parties

The Company entered into facultative yearly renewable term reinsurance agreements with third parties to retrocede a portion of mortality risks on certain assumed USD-denominated life policies issued by POJ and PGFL.

Significant effects of reinsurance amounts included in the Company's Statements of Financial Position as of December 31, were as follows:

	2020	2019(1)
	(in thousands)	
Reinsurance recoverables	$ 60,869	$ 39,808
Future policy benefits, at fair value	$ 5,338,399	$ 2,409,969
Other liabilities	$ 0	$ 1

(1) Prior period amounts have been revised to correct previously reported numbers. This prior period revision has also been reflected in the Company's Financial Statements. See Note 10 for more details.

Significant effects of reinsurance amounts included in the Company's Statements of Operations and Comprehensive Income were as follows:

	Twelve Month Period Ended December 31, 2020	Fifteen Month Period Ended December 31, 2019(2)
	(in thousands)	
Changes in fair value of reinsurance balance		
Reinsurance assumed(1)	$ (278,280)	$ 65,384
Reinsurance ceded	11	1
Net changes in fair value of reinsurance balance	$ (278,269)	$ 65,385

(1) Includes gains (losses) the Company recognized as a result of reinsurance agreements entered into during the twelve month period ended December 31, 2020 and the fifteen month period ended December 31, 2019.

(2) Prior period amounts have been revised to correct previously reported numbers. This prior period revision has also been reflected in the Company's Financial Statements. See Note 10 for more details.

The gross and net amounts of life insurance face amount in force as of December 31, were as follows:

	2020	2019
	(in thousands)	
Assumed gross life insurance face amount in force	$ 2,667,585	$ 1,024,841
Reinsurance ceded	(5,805)	(747)
Net life insurance face amount in force	$ 2,661,780	$ 1,024,094

7. EQUITY

The Bermuda capital and solvency return is an annual return relating to an insurer's risk management practices and information used by an insurer to calculate its Enhanced Capital Requirement ("ECR") and Target Capital Level ("TCL") as prescribed by Prudential Standard Rules made under section 6A of the Act. Every Class E insurer shall submit to the BMA a completed capital and solvency return on or before its filing date of April 30th. The most recent version of the capital and solvency return is available on the BMA website.

The capital and solvency model is used to calculate an insurer's ECR, a capital and surplus requirement imposed by Rules made under section 6A of the Act. The ECR of an insurer shall be calculated at the end of its relevant year by the higher of the Bermuda Solvency Capital Requirement ("BSCR") model and an approved internal model, if applicable, provided that the ECR amount is equal to or exceeds the Minimum Margin of Solvency. The TCL of an insurer is calculated as 120% of the ECR and although not a capital requirement per se, insurers are expected to hold eligible capital resources to cover it; failure to do so will result in additional reporting requirements and enhanced monitoring, and in the submission of a remediation plan to restore capital above the TCL.

The BSCR model calculates a risk-based capital measure by applying capital factors to capital and solvency return elements, including investments and other assets, operational risk, and Long-Term insurance risks, in order to establish an overall measure of capital and surplus for statutory solvency purposes. The capital factor established for each risk element, when applied to that element, produces a required capital and surplus amount. The individual capital amounts generated for each risk element (excluding operational risk) are then summed. Covariance adjustments are made to arrive at the BSCR (after covariance adjustment), which may be further adjusted to include insurer-specific operational risk and capital add-ons, as assessed by the BMA, to finally produce the BSCR of an insurer.

An insurer's available statutory capital and surplus divided by the BSCR gives the BSCR ratio. An insurer's available statutory capital and surplus divided by the ECR gives the ECR ratio. The BSCR and ECR ratios will assist the BMA to evaluate the financial strength of an insurer.

The BSCR, ECR and TCL establish solvency capital levels that are used by the BMA to monitor the capital adequacy the Company as a Class E insurer.

Return of Capital

Through 2020 and 2019, the Company had no returns of capital.

Return of Capital Restrictions

Any return of contributed capital that would reduce the Company's total statutory capital (share capital and contributed surplus) by 15% or more must be approved by the BMA.

Dividends

Through 2020 and 2019, the Company did not pay any dividends.

Dividend Restrictions

The Company may not pay dividends during any financial period if such payment would cause the Company to fail to meet its minimum solvency margin as defined in the Act. Further, the Company may not distribute a dividend to any person other than a policy-holder unless the value of the assets of its long-term business fund, as certified by the Company's approved actuary, exceeds its insurance and other liabilities.

The Company may not pay a dividend or a distribution out of contributed surplus unless there are reasonable grounds for believing the Company will be remain able, and after the payment of the dividend or distribution, to meet its liabilities when they become due and that the realizable value of the Company's assets will, after the payment of the dividend or distribution, be greater than value of its liabilities.

Furthermore, dividends up to 25% of total statutory capital and surplus require Board approval. Dividends above 25% of total statutory Capital and Surplus require Board approval and an affidavit, signed by at least two Directors and the Company's Principal Representative, filed with the BMA at least seven days prior to payment of the dividend.

Common Stock

As of December 31, 2020 and 2019, Gibraltar Re had 250,000 shares of common stock authorized, issued and outstanding. The total shares of common stock outstanding are 100% owned by PIIH, the parent holding company of Gibraltar Re.

Accumulated Other Comprehensive Income (Loss)

AOCI represents the cumulative OCI items that are reported separate from net income and detailed on the Statements of Operations and Comprehensive Income. The balance of and changes in each component of AOCI as of and for the twelve month period ended December 31, 2020 and the fifteen month period ended December 31, 2019, are as follows:

	Accumulated Other Comprehensive Income (Loss)			
	Foreign Currency Translation Adjustment	NPR adjustment to Future Policy Benefits	Net Unrealized Investment Gains (Losses)	Total Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Change in OCI before reclassifications(1)	$ (4,090)	$ (6,247)	$ 83,275	$ 72,938
Amounts reclassified from AOCI	0	0	(27)	(27)
Balance, December 31, 2019(1)	(4,090)	(6,247)	83,248	72,911
Change in OCI before reclassifications	19,817	(154)	(53,234)	(33,571)
Amounts reclassified from AOCI	0	0	(1,264)	(1,264)
Balance, December 31, 2020	$ 15,727	$ (6,401)	$ 28,750	$ 38,076

(1) Prior period amounts have been revised to correct previously reported numbers. This prior period revision has also been reflected in the Company's Financial Statements. See Note 10 for more details.

Reclassification out of Accumulated Other Comprehensive Income (Loss)

	Twelve Month Period Ended December 31, 2020	Fifteen Month Period Ended December 31, 2019
	(in thousands)	
Amounts reclassified from AOCI(1):		
Net unrealized investment gains (losses):		
Net unrealized investment gains (losses) on available-for-sale securities	$ 1,264	$ 27
Total net unrealized investment gains (losses)(2)	1,264	27
Total reclassification for the period	$ 1,264	$ 27

(1) Positive amounts indicate gains/benefits reclassified out of AOCI. Negative amounts indicate losses/costs reclassified out of AOCI.
(2) See table below for additional information on unrealized investment gains (losses).

Net Unrealized Investment Gains (Losses)

Net unrealized investment gains (losses) on available-for-sale fixed maturity securities and certain other invested assets and other assets are included in the Company's Statements of Financial Position as a component of AOCI. Changes in these amounts include reclassification adjustments to exclude from OCI those items that are included as part of "Net income (loss)" for a period that had been part of OCI in earlier periods. There are no amounts related to available-for-sale fixed maturity securities on which an allowance for credit losses has been recognized as of December 31, 2020. The amounts for the periods indicated below, specific to all other net unrealized investment gains (losses), are as follows:

	Net Unrealized Investment Gains (Losses) on Investments	Accumulated Other Comprehensive Income (Loss) Related to Net Unrealized Investment Gains (Losses)
	(in thousands)	
Balance, October 12, 2018	$ 0	$ 0
Net unrealized investment gains (losses) on investments arising during the period	83,221	83,221
Reclassification adjustment for (gains) losses included in net income	27	27
Balance, December 31, 2019	83,248	83,248
Net unrealized investment gains (losses) on investments arising during the period	(53,234)	(53,234)
Reclassification adjustment for (gains) losses included in net income	(1,264)	(1,264)
Balance, December 31, 2020	$ 28,750	$ 28,750

8. RELATED PARTY TRANSACTIONS

The Company has extensive transactions and relationships with Prudential International Insurance Service Company, LLC ("PIISC") and other affiliates.

Service agreements

PIISC and the Company operate under service agreements whereby certain general and administrative support services are provided to the Company by PIISC. PIISC periodically reviews its methods for determining the level of administrative expenses charged to the Company. These agreements obligate the Company to compensate PIISC for the appropriate cost of providing such services. General and administrative support expenses related to these agreements were $3 million for both the twelve month period ended December 31, 2020 and the fifteen month period ended December 31, 2019. These expenses are recorded as "General, administrative and other expenses" in the Statements of Operations and Comprehensive Income.

Affiliated Investment Management Expenses

The Company entered into an investment advisory agreement with Broad Street Global Advisors, LLC ("BSGA"), a PFI affiliated company, whereby BSGA provides discretionary investment advisory services to the Company, as directed by the Company's Investment Committee. Investment expenses paid to BSGA related to this agreement were $2.5 million and $0.7 million for the twelve month period ended December 31, 2020 and the fifteen month period ended December 31, 2019, respectively. These expenses are recorded as "Net investment income" in the Statements of Operations and Comprehensive Income.

Derivative Trades

In its ordinary course of business, the Company enters into OTC derivative contracts with an affiliate, PGF. For these OTC derivative contracts, PGF has a substantially equal and offsetting position with an external counterparty. See Note 4 for additional information.

Affiliated Asset Transfers

The Company participates in affiliated asset trades with sister companies. The table below shows affiliated asset trades for the twelve month period ended December 31, 2020 and the fifteen month period ended December 31, 2019:

Affiliate	Date	Transaction	Security Type	Fair Value	Book Value
				(in thousands)	
Gibraltar Life	January 2019	Transfer In	Fixed Maturities	$ 1,237,650	$ 1,237,650
POJ	January 2019	Transfer In	Fixed Maturities	$ 530,422	$ 530,422
Gibraltar Life	January 2019	Transfer In	Short-term Investments	$ 59,166	$ 59,166
POJ	January 2019	Transfer In	Short-term Investments	$ 25,357	$ 25,357
PIISC	January 2019	Transfer In	Derivative Instruments	$ 9,427	$ 9,427
Gibraltar Life	January 2020	Transfer In	Fixed Maturities	$ 1,490,512	$ 1,490,512
POJ	January 2020	Transfer In	Fixed Maturities	$ 572,195	$ 572,195
Gibraltar Life	March 2020	Purchase	Fixed Maturities	$ 45,504	$ 45,504
PIISC	March 2020	Purchase	Fixed Maturities	$ 56,110	$ 56,110

Capital Contributions from Parent and Dividends

The Company did not receive any capital contributions through the twelve month period ended December 31, 2020. The Company received capital contributions of $190 million from PIIH for the fifteen month period ended December 31, 2019.

Through December 2020 and 2019, the Company did not pay any dividends.

Reinsurance with Affiliates

As discussed in Note 6, the Company participates in reinsurance transactions with certain affiliates.

9. LITIGATION

The Company is subject to legal and regulatory actions in the ordinary course of its business. The Company may also be subject to litigation that could arise out of its general business activities, such as its investments and third party contracts. Should such litigation arise, the plaintiffs may seek 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. It is possible that the results of operations or the cash flow of the Company in a particular quarterly or annual period could be materially affected by any ultimate unfavorable resolution of litigation and regulatory matters depending, in part, upon the results of operations or cash flow for such period.

There are no pending legal or regulatory actions that are specific to the Company.

10. REVISION TO PRIOR YEAR INFORMATION

Revision to 2019 Financial Statements

Subsequent to the issuance of its 2019 financial statements, the Company identified errors in the calculation of reserves that impacted several line items within previously issued financial statements. The errors principally related to incorrect inputs used in the projected cash flows to measure the fair value of the future policy benefits and the inadvertent omission of unpaid claims assumed from the ceding company in the future policy benefits and other policy claims and benefits financial statement line item. Management assessed the materiality of the misstatement described above on prior period financial statements in accordance with SEC Staff Accounting Bulletin No. 99, Materiality, codified in ASC 250-10, Accounting Changes and Error Corrections ("ASC 250"), and concluded that these misstatements were not material to the prior annual period. Although the misstatements were not considered material, Management made the decision, in accordance with ASC 250 to revise the financial statements for the fifteen month period ended December 31, 2019, which are presented herein.

The following are selected line items from the financial statements illustrating the effect of these revisions:

Statement of Financial Position

	As of December 31, 2019		
	As Previously Reported	Revision	As Revised
		(in thousands)	
ASSETS			
Reinsurance recoverables	$ 36,356	$ 3,452	$ 39,808
TOTAL ASSETS	$ 2,637,234	$ 3,452	$ 2,640,686
LIABILITIES AND EQUITY			
LIABILITIES			
Future policy benefits, at fair value	$ 2,393,640	$ 16,329	$ 2,409,969
Total liabilities	2,400,078	16,329	2,416,407
EQUITY			
Accumulated other comprehensive income (loss)	72,968	(57)	72,911
Retained earnings	(26,362)	(12,820)	(39,182)
Total equity	237,156	(12,877)	224,279
TOTAL LIABILITIES AND EQUITY	$ 2,637,234	$ 3,452	$ 2,640,686

Statement of Operations and Comprehensive Income

	Fifteen Month Period Ended December 31, 2019		
	As Previously Reported	Revision	As Revised
		(in thousands)	
BENEFITS AND EXPENSES			
Changes in fair value of reinsurance balance	$ 52,565	$ 12,820	$ 65,385
Total benefits and expenses	59,012	12,820	71,832
NET INCOME (LOSS)	$ (26,362)	$ (12,820)	$ (39,182)
Other comprehensive income (loss):			
Foreign currency translation adjustments for the period	(4,031)	(59)	(4,090)
Non-performance risk reserve	(6,249)	2	(6,247)
COMPREHENSIVE INCOME (LOSS)	$ 46,606	$ (12,877)	$ 33,729

Statement of Equity

	Retained Earnings			Accumulated Other Comprehensive Income (Loss)		
	As Previously Reported	Revision	As Revised	As Previously Reported	Revision	As Revised
			(in thousands)			
BALANCE, OCTOBER 12, 2018	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net income (loss)	(26,362)	(12,820)	(39,182)			
Other comprehensive income (loss)				72,968	(57)	72,911
BALANCE, DECEMBER 31, 2019	$ (26,362)	$ (12,820)	$ (39,182)	$ 72,968	$ (57)	$ 72,911

	Total Equity		
	As Previously Reported	Revision	As Revised
		(in thousands)	
BALANCE, OCTOBER 12, 2018	$ 0	$ 0	$ 0
Net income (loss)	(26,362)	(12,820)	(39,182)
Other comprehensive income (loss)	72,968	(57)	72,911
Total comprehensive income (loss)	46,606	(12,877)	33,729
BALANCE, DECEMBER 31, 2019	$ 237,156	$ (12,877)	$ 224,279

Statement of Cash Flows

	Fifteen Month Period Ended December 31, 2019		
	As Previously Reported	Revision	As Revised
		(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (26,362)	$ (12,820)	$ (39,182)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Change in:			
Future policy benefits	471,171	12,786	483,957
Other, net	18,708	87	18,795
Cash flows from (used in) operating activities	443,154	53	443,207
Effect of foreign exchange rate changes on cash balances	537	(53)	484

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 29, 2021, the date these audited financial statements were issued.

During January 2021, the Company entered into agreements with affiliated companies to assume a 30% quota share of certain in force JPY-denominated accident and health, life and annuity policies.