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# Financial Results for the Nine Months Ended December 31, 2022

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The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the nine months ended December 31, 2022

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Please note that this is an unofficial translation of the original disclosure in Japanese.

## 1. Business Highlights

### (1) Annualized Net Premiums

#### Policies in Force

(millions of yen except percentages)

	As of March 31, 2022	As of December 31, 2022	
			% of March 31, 2022 total
Individual insurance	496,071	532,357	107.3
Individual annuities	402,319	394,279	98.0
Total	898,391	926,637	103.1
Medical and survival benefits	3,064	4,746	154.9

#### New Policies

(millions of yen except percentages)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	% of December 31, 2021 total
Individual annuities	39,910	94,262	236.2
Total	87,274	162,393	186.1
Medical and survival benefits	1,068	1,655	155.0

- Note: 1. Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. “Medical and survival benefits” include annualized net premiums related to medical benefits (e.g. hospitalization and surgery benefits), survival benefits (e.g. specified illness and nursing care benefits), and premiums related to premium waiver benefits (e.g. excluding disability-related causes but including causes related to specified illness and nursing care).

## (2) Policies in Force and New Policies

### Policies in Force

	As of March 31, 2022		As of December 31, 2022			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2022 total	(millions of yen)	% of March 31, 2022 total
Individual insurance	827	6,037,397	874	105.7	6,415,626	106.3
Individual annuities	731	3,797,030	734	100.3	3,720,918	98.0
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

Note: Policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

### New Policies

	Number of Policies		Amount			
	(thousands)	% of December 31, 2021 total	(millions of yen)	% of December 31, 2021 total	New Business	Net increase from conversions
<b>Nine months ended December 31, 2022</b>						
Individual insurance	134	221.1	870,180	185.6	870,180	-
Individual annuities	189	254.1	956,812	303.4	956,812	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
<b>Nine months ended December 31, 2021</b>						
Individual insurance	61	-	468,959	-	468,959	-
Individual annuities	74	-	315,319	-	315,319	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

Note: Amount of new policies (new business) for individual annuities is equal to the amount required to fund annuity payments when they commence.

## 2. Investment Results of General Account

### (1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2022		As of December 31, 2022	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	1,051,750	11.7	761,827	9.5
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	16,006	0.2	22,493	0.3
Trading account securities	-	-	-	-
Money held in trust	1,074,756	11.9	964,216	12.0
Securities	6,394,899	71.0	6,033,866	75.1
Domestic bonds	1,663,559	18.5	1,773,960	22.1
Domestic stocks	-	-	-	-
Foreign securities	4,559,118	50.6	4,156,535	51.7
Foreign bonds	4,559,118	50.6	4,156,535	51.7
Foreign stocks and other securities	-	-	-	-
Other securities	172,221	1.9	103,370	1.3
Loans	-	-	-	-
Real estate	795	0.0	751	0.0
Deferred tax assets	42,680	0.5	68,778	0.9
Others	430,490	4.8	184,173	2.3
Reserve for possible loan losses	(16)	(0.0)	(38)	(0.0)
Total	9,011,363	100.0	8,036,069	100.0
Foreign currency-denominated assets	5,300,105	58.8	4,424,969	55.1

Note: "Real estate" represents the value of buildings.

## (2) Fair Value Information on Securities (Other than trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of December 31, 2022					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	4,117,718	3,798,121	(319,597)	13,835	333,432
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,044,006	1,938,641	(105,364)	4,346	109,711
Domestic bonds	489,179	480,352	(8,826)	2,384	11,211
Domestic stocks	-	-	-	-	-
Foreign securities	1,426,213	1,332,424	(93,789)	1,961	95,750
Foreign bonds	1,426,213	1,332,424	(93,789)	1,961	95,750
Foreign stocks and other securities	-	-	-	-	-
Other securities	105,336	103,370	(1,966)	-	1,966
Monetary claims bought	23,276	22,493	(782)	-	782
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>6,161,725</b>	<b>5,736,763</b>	<b>(424,962)</b>	<b>18,181</b>	<b>443,143</b>
Domestic bonds	1,782,786	1,739,534	(43,251)	14,070	57,322
Domestic stocks	-	-	-	-	-
Foreign securities	4,250,324	3,871,363	(378,961)	4,110	383,072
Foreign bonds	4,250,324	3,871,363	(378,961)	4,110	383,072
Foreign stocks and other securities	-	-	-	-	-
Other securities	105,336	103,370	(1,966)	-	1,966
Monetary claims bought	23,276	22,493	(782)	-	782
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2022					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,593,287	3,610,856	17,568	88,436	70,867
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	2,829,756	2,817,617	(12,139)	35,550	47,689
Domestic bonds	472,367	475,886	3,518	7,213	3,694
Domestic stocks	-	-	-	-	-
Foreign securities	2,171,136	2,153,503	(17,632)	26,261	43,893
Foreign bonds	2,171,136	2,153,503	(17,632)	26,261	43,893
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,145	172,221	2,076	2,076	-
Monetary claims bought	16,107	16,006	(101)	-	101
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>6,423,044</b>	<b>6,428,474</b>	<b>5,429</b>	<b>123,987</b>	<b>118,557</b>
Domestic bonds	1,660,040	1,702,940	42,900	54,715	11,815
Domestic stocks	-	-	-	-	-
Foreign securities	4,576,750	4,537,305	(39,444)	67,195	106,639
Foreign bonds	4,576,750	4,537,305	(39,444)	67,195	106,639
Foreign stocks and other securities	-	-	-	-	-
Other securities	170,145	172,221	2,076	2,076	-
Monetary claims bought	16,107	16,006	(101)	-	101
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

Note: The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Law.

\*The book value of stocks and other securities without market value and of investment partnerships etc. are as follows:

Not applicable.

(3) Fair Value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
			Gains	Losses	
As of December 31, 2022	964,216	964,216	(12,930)	233	13,164
As of March 31, 2022	1,074,756	1,074,756	(2,365)	2,421	4,786

Note: 1. Fair value equivalents appearing in this table are based on prices calculated using a reasonable method by trustees of money held in trust.

2. Gains (losses) are valuation gains (losses) that were included in the statement of earnings.

\*Information on money held in trust for investment purposes is as follows:

(millions of yen)

	As of March 31, 2022		As of December 31, 2022	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	1,074,756	(2,365)	964,216	(12,930)

\*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, or other money held in trust are as follows:

Not applicable.

### 3. Unaudited Quarterly Balance Sheet

(millions of yen)

	As of March 31, 2022	As of December 31, 2022
	Summarized	
	Amount	Amount
<b>(ASSETS)</b>		
Cash and deposits	1,052,181	766,001
Monetary claims bought	16,006	22,493
Money held in trust	1,074,756	964,216
Securities	7,311,446	6,750,195
[Government bonds]	[ 518,921 ]	[ 530,613 ]
[Local government bonds]	[ 46,372 ]	[ 45,416 ]
[Corporate bonds]	[ 1,098,265 ]	[ 1,197,930 ]
[Foreign securities]	[ 4,570,290 ]	[ 4,166,929 ]
Tangible fixed assets	1,361	1,202
Intangible fixed assets	15,416	16,532
Reinsurance receivables	104,651	35,544
Other assets	318,601	132,833
Deferred tax assets	42,680	68,778
Reserve for possible loan losses	(16)	(38)
<b>Total assets</b>	<b>9,937,086</b>	<b>8,757,760</b>

(millions of yen)

	As of March 31, 2022	As of December 31, 2022
	Summarized	
	Amount	Amount
<b>(LIABILITIES)</b>		
Policy reserves and others	8,523,795	7,800,571
Reserves for outstanding claims	24,668	27,790
Policy reserves	8,499,126	7,772,781
Reinsurance payable	636,869	486,926
Other liabilities	473,476	292,518
Corporate income tax payable	3,247	-
Lease liabilities	172	128
Other liabilities	470,057	292,390
Reserve for price fluctuations	36,894	40,894
<b>Total liabilities</b>	<b>9,671,036</b>	<b>8,620,910</b>
<b>(NET ASSETS)</b>		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	90,084	30,252
Retained Earnings Reserves	-	8,000
Other retained earnings	90,084	22,252
Retained earnings brought forward	90,084	22,252
Total shareholders' equity	275,084	215,252
Net unrealized gains (losses) on securities, net of tax	(9,033)	(78,402)
Total of valuation and translation adjustments	(9,033)	(78,402)
<b>Total net assets</b>	<b>266,050</b>	<b>136,850</b>
<b>Total liabilities and net assets</b>	<b>9,937,086</b>	<b>8,757,760</b>

#### 4. Unaudited Quarterly Statement of Earnings

(millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
	Amount	Amount
<b>ORDINARY REVENUES</b>	1,387,250	3,127,032
Premium and other income	1,011,026	1,966,308
[Premium income]	[ 762,874 ]	[ 1,580,753 ]
Investment income	294,814	433,695
[Interest and dividends]	[ 125,274 ]	[ 132,365 ]
[Gains on money held in trust]	[ 1,746 ]	[ - ]
[Gains on sale of securities]	[ 30,482 ]	[ 17,515 ]
[Foreign exchange gains]	[ 112,031 ]	[ 283,394 ]
[Gains on investment in separate accounts]	[ 24,246 ]	[ - ]
Other ordinary revenues	81,408	727,028
[Reversal of policy reserves]	[ 81,376 ]	[ 726,345 ]
<b>ORDINARY EXPENSES</b>	1,275,417	3,149,655
Benefits and claims	1,211,871	2,874,400
[Claims]	[ 99,060 ]	[ 128,033 ]
[Annuities]	[ 137,837 ]	[ 126,884 ]
[Benefits]	[ 100,547 ]	[ 119,358 ]
[Surrender values]	[ 607,788 ]	[ 1,271,705 ]
[Other refunds]	[ 3,249 ]	[ 7,636 ]
Provision for policy reserves and others	903	3,121
Provision for reserves for outstanding claims	903	3,121
Investment expenses	17,148	195,868
[Interest expenses]	[ 10 ]	[ 4 ]
[Losses on money held in trust]	[ - ]	[ 12,930 ]
[Losses on sale of securities]	[ 1,754 ]	[ 103,618 ]
[Derivative transaction losses]	[ 14,894 ]	[ 29,848 ]
[Losses on investment in separate accounts]	[ - ]	[ 47,505 ]
Operating expenses	37,836	63,873
Other ordinary expenses	7,658	12,391
<b>ORDINARY PROFIT (LOSS)</b>	111,832	(22,622)
<b>EXTRAORDINARY LOSSES</b>	4,367	4,000
Income (loss) before income taxes	107,464	(26,622)
Corporate income taxes-current	15,789	(4,550)
Corporate income taxes-deferred	-	(2,240)
Total of corporate income taxes	15,789	(6,790)
Net income (loss) for the period	91,675	(19,832)



Notes to the Unaudited Quarterly Balance Sheet and Shareholders' Equity, etc

- Effective the beginning of the first quarter ended June 30, 2022, the Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Revised ASBJ Implementation Guidance No. 31 issued on June 17, 2021, hereinafter referred to as "Implementation Guidance on Accounting Standard for Fair Value Measurement"). In accordance with the transitional treatment set forth in Item 27-2 of the Implementation Guidance on Accounting Standards for Fair Value Measurement, the new accounting policies set forth by the said Implementation Guidance shall be applied prospectively.
- Effective the first quarter ended June 30, 2022, the Company has adopted the group tax sharing system, in which Dai-ichi Life Holdings, Inc. is the tax sharing parent company. The Company has applied the accounting and disclosure treatment of corporate tax, local corporate tax and deferred tax accounting in accordance with Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42 August 12, 2021)
- Securities lent under lending agreements are included in the balance sheets. Total balance of securities lent as of December 31, 2022 was 480,801 million yen.
- Amounts of financial instruments recorded on the balance sheet, their fair values, and differences between the two are as follows:

(millions of yen)

	Carrying amount on balance sheet	Fair value	Difference
(1) Monetary claims bought	22,493	22,493	-
(2) Money held in trust	964,216	964,216	-
(3) Securities	6,750,195	6,430,598	(319,597)
(a) Trading securities	716,328	716,328	-
(b) Policy-reserve-matching bonds	4,117,718	3,798,121	(319,597)
(c) Other securities	1,916,147	1,916,147	-
Assets total	7,736,905	7,417,308	(319,597)
Derivative transactions *2			
(a) Derivative transactions to which hedge accounting is not applied	47,038	47,038	-
Derivative transactions total	47,038	47,038	-

(\*1) Since cash and deposits are cash or are settled in a short period of time, their book values approximate their fair values, and notes are accordingly omitted.

(\*2) Derivative transactions include those related to the money held in trust.

Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

Fair values of financial instruments are calculated as follows:

(a) Monetary claims bought

The fair value of monetary claims bought are determined using the prices obtained from financial institutions.

(b) Money held in trust

Information on securities and derivative transactions appear below in "(c) Securities" and "(d) Derivative transactions", respectively.

(c) Securities

Fair value of bonds is based on quoted market price. Fair value of mutual funds is based on unit price.

(d) Derivative transactions

For exchange-traded transactions, fair value is determined by quoted market prices.

For OTC (over-the-counter) transactions, fair value is determined using amounts discounted to present value obtained from external brokers and financial institutions as well as prices calculated using evaluation techniques such as the discounted cash flow method in accordance with the type of transaction and the maturity period.

- The amount of cash dividends paid is as follows:

Date of resolution	Type of shares	Total dividends	Dividends per share	Record date	Effective date	Dividend resource
June 16, 2022 (at the Annual General Meeting of Shareholders)	Common stock	¥40,000 million	¥21,621,622	March 31, 2022	June 17, 2022	Retained earnings

Notes to the Unaudited Quarterly Statement of Earnings

- Net loss per share for the Nine months ended December 31, 2022 was 10,720,041.91 yen. Fully diluted net loss per share is not reported because the Company has no residual shares.

## 5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Fundamental revenues	1,356,353	3,115,353
Premium and other income	1,011,026	1,966,308
Investment income	150,547	132,785
[Interest and dividends]	125,274	132,365
Other ordinary revenues	80,911	729,768
Other fundamental revenues (a)	113,867	286,491
Fundamental expenses	1,326,071	3,130,582
Benefits and claims	1,211,871	2,874,400
Provision for policy reserves and others	-	-
Investment expenses	499	49,468
Operating expenses	37,836	63,873
Other ordinary expenses	7,658	12,391
Other fundamental expenses (b)	68,205	130,449
Fundamental profit (loss) A	30,282	(15,229)
Capital gains	212,466	403,025
Gains on money held in trust	1,746	-
Gains on investments in trading securities	-	-
Gains on sale of securities	30,482	17,515
Derivative transaction gains	-	-
Foreign exchange gains	112,031	283,394
Others (c)	68,205	102,115
Capital losses	130,516	430,933
Losses on money held in trust	-	12,930
Losses on investments in trading securities	-	-
Losses on sale of securities	1,754	103,618
Losses on valuation of securities	-	-
Derivative transaction losses	14,894	29,848
Foreign exchange losses	-	-
Others (d)	113,867	284,535
Net capital gains (losses) B	81,950	(27,908)
Fundamental profit plus net capital gains (losses) A + B	112,232	(43,137)
Other one-time gains	6	28,333
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	6	-
Others (e)	-	28,333
Other one-time losses	406	7,818
Ceding reinsurance commissions	-	-
Provision for contingency reserve	406	5,861
Provision for specific reserve for possible loan losses	-	2
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	-	-
Others (f)	-	1,955
Other one-time profits (losses) C	(400)	20,515
Ordinary profit (loss) A + B + C	111,832	(22,622)

Note: Effective from FY2022 ending March 31, 2023, the disclosure method for the Breakdown of Ordinary Profit

(Fundamental Profit) has been changed as it relates to forex hedge cost and gains and losses from cancellation of mutual trusts. Therefore, the corresponding figures for the third quarter of the FY2021 ended March 31, 2022, have been recalculated and restated in accordance with the new method.

Consequently, Fundamental profit for the third quarter ended March 31, 2022 was reduced by 28 million yen, while Net capital gains (losses) increased by 28 million yen.

(Reference)

Breakdown of other fundamental revenues, etc.

(millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Other fundamental revenues (a)	113,867	286,491
Gains and losses from cancellation of mutual funds	-	1,068
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	103,113	270,270
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	10,754	13,197
Amount of Reinsurance Premium for Cancellation of Existing Reinsurance	-	1,955
Other fundamental expenses (b)	68,205	130,449
Forex hedge cost	-	962
Gains and losses from cancellation of mutual funds	28	3
Profit and loss associated with ceding reinsurance of the outstanding contracts	-	28,333
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	66,568	96,965
Impact from assets held in money trusts and others related to reinsurance dealings	1,608	4,183
The impact on fundamental profit (a) - (b)	45,661	156,041
Other capital gains (c)	68,205	102,115
Forex hedge cost	-	962
Gains and losses from cancellation of mutual funds	28	3
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	66,568	96,965
Impact from assets held in money trusts and others related to reinsurance dealings	1,608	4,183
Other capital losses (d)	113,867	284,535
Gains and losses from cancellation of mutual funds	-	1,068
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	103,113	270,270
Interest received and/or paid related to currency swap and interest rate swap contracts covering foreign-currency denominated insurance policies	10,754	13,197
The impact on net capital gains (losses) (c) - (d)	(45,661)	(182,420)
Other one-time gains (e)	-	28,333
Profit and loss associated with ceding reinsurance of the outstanding contracts	-	28,333
Other one-time losses (f)	-	1,955
Amount of Reinsurance Premium for Cancellation of Existing Reinsurance	-	1,955
The impact other one-time profits (losses) (e) - (f)	-	26,378

## 6. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2022	As of December 31, 2022
Total solvency margin (A)	508,974	395,180
Common stock, etc	235,084	215,252
Reserve for price fluctuations	36,894	40,894
Contingency reserve	114,151	120,012
General reserve for possible loan losses	15	35
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *	(12,139)	(105,364)
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	118,601	115,697
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Others	16,366	8,653
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	196,970	203,323
Insurance risk $R_1$	220	217
3rd sector insurance risk $R_8$	-	4
Assumed investment yield risk $R_2$	44,180	47,411
Guaranteed minimum benefit risk $R_7$	2,812	2,705
Investment risk $R_3$	146,111	149,215
Business risk $R_4$	3,866	3,991
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	516.8%	388.7%

\* Multiplied by 100% if losses.

Notes: 1. The figures as of March 31, 2022 are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.

The figures as of December 31, 2022 are calculated by using the method which is deemed appropriate taking the regulations and announcement above into account.

2. Common stock, etc. excludes the expected disbursements from capital outside the Company and valuation and translation adjustments.
3. Guaranteed minimum benefit risk is calculated by the standard method.

## **7. Separate Account Status**

### (1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2022	As of December 31, 2022
Individual variable insurance	29,920	13,695
Individual variable annuities	895,819	707,996
Group annuities	-	-
Separate account total	925,740	721,692

### (2) Policies in Force

#### A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2022		As of December 31, 2022	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	37	339,673	32	291,186
Total	37	339,673	32	291,186

Notes: The outstanding policies in force for individual variable insurance include those managed in general account.

#### B. Individual Variable Annuities

(millions of yen except number of policies)

	As of March 31, 2022		As of December 31, 2022	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Individual variable annuities	418	2,349,412	316	1,677,463

Notes: 1. Total policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

2. The outstanding policies in force for individual variable annuities include those managed in general account.

## **8. Consolidated Financial Summary**

Not applicable.