0001837429-24-0000276-K Brookfield Wealth Solutions Ltd. 20241114202411141935491935491935490 0001837429-24-000027 6-K 4 20240930 20241115 20241114 Brookfield Wealth Solutions Ltd. 0001837429 6399 000000000 D0 1231 6-K 34 001-40509 241465257 IDEATION HOUSE, 1ST FLOOR 94 PITTS BAY ROAD PEMBROKE D0 HM08 441-405-7811 IDEATION HOUSE, 1ST FLOOR 94 PITTS BAY ROAD PEMBROKE D0 HM08 Brookfield Reinsurance Ltd. 20221213 Brookfield Asset Management Reinsurance Partners Ltd. 20201221 6-K 1 bws-q32024coverpagex6xk.htm 6-K DocumentÂ UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington, DC 20549Â Form 6-KÂ REPORT OF FOREIGN PRIVATE ISSUERPURSUANT TO RULEÂ 13A-16 ORÂ 15D-16 OFTHE SECURITIES EXCHANGE ACT OF 1934For the month of: November 2024Commission File Number: 001-40509BROOKFIELD WEALTH SOLUTIONS LTD.(Translation of registrantâ€™s name into English)Â Ideation House, First Floor94 Pitts Bay RoadPembroke, HM08Bermuda(Address of principal executive office)Â Indicate by check mark whether the registrant files or will file annual reports under cover of FormÂ 20-F or FormÂ 40-F:FormÂ 20-FÂ Â FormÂ 40-FÂ The information contained in Exhibit 99.1 of this Form 6-K is incorporated by reference into the registrantâ€™s registration statement on Form F-3 (File No. 333-276533).INFORMATION CONTAINED IN THIS FORM 6-K REPORT Exhibit Index ExhibitÂ Description of Exhibit99.1Brookfield Wealth Solutions Ltd.â€™s interim report for the quarter ended September 30, 202499.2Certification of Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions Ltd., pursuant to Canadian law99.3Certification of Thomas Corbett, Chief Financial Officer, Brookfield Wealth Solutions Ltd., pursuant to Canadian lawSIGNATUREPursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.Â Â BROOKFIELD WEALTH SOLUTIONS LTD.Date: November 14, 2024Â By:Â Â /s/ Thomas CorbettÂ Â Â Â Name:Â Â Â Â Thomas CorbettTitle:Â Â Â Â Â Â Chief Financial Officer EX-99.1 2 bws-09302024x6kexhibit991.htm EX-99.1 DocumentUNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF BROOKFIELD WEALTH SOLUTIONS LTD. AS OF SEPTEMBERÂ 30, 2024 AND DECEMBER 31, 2023 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBERÂ 30, 2024 AND 2023INDEXPage1UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONAS OF US$ MILLIONS, EXCEPT SHARE DATANoteSeptember 30, 2024December 31, 2023AssetsAvailable-for-sale fixed maturity securities, at fair value (net of allowance for credit losses of $29 and $30, respectively; amortized cost of $50,411 and $19,341, respectively)3$52,133Â $18,777Â Equity securities, at fair value43,819Â 3,663Â Mortgage loans on real estate, at amortized cost (net of allowance for credit losses of $104 and $60, respectively)512,300Â 5,962Â Private loans, at amortized cost (net of allowance for credit losses of $70 and $44, respectively)63,901Â 1,198Â Investment real estate (net of accumulated depreciation of $239 and $325, respectively)72,136Â 861Â Real estate partnerships74,659Â 3,110Â Investment funds83,471Â 2,483Â Policy loans11277Â 390Â Short-term investments114,377Â 3,115Â Other invested assets111,174Â 279Â Total investments88,247Â 39,838Â Cash and cash equivalents1114,627Â 4,308Â Accrued investment income784Â 280Â Deferred policy acquisition costs, deferred sales inducements and value of business acquired1410,495Â 2,468Â Reinsurance funds withheld111,532Â 7,248Â Premiums due and other receivables735Â 711Â Ceded unearned premiums550Â 401Â Deferred tax asset22952Â 432Â Reinsurance recoverables and deposit assets17, 19, 2013,229Â 3,388Â Property and equipment (net of accumulated depreciation of $367 and $340, respectively)290Â 294Â Intangible assets (net of accumulated amortization of $73 and $9, respectively)151,754Â 235Â Goodwill16751Â 121Â Other assets11, 191,864Â 730Â Separate account assets131,302Â 1,189Â Total assets137,112Â 61,643Â LiabilitiesFuture policy benefits1711,057Â 9,813Â Policyholdersâ€™ account balances1882,413Â 24,939Â Policy and contract claims207,696Â 7,288Â Deposit liabilities1,525Â 1,577Â Market risk benefits193,725Â 89Â Unearned premium reserve2,003Â 2,056Â Due to related parties26593Â 564Â Other policyholder funds348Â 335Â Notes payable8, 11178Â 174Â Corporate borrowings211,847Â 1,706Â Subsidiary borrowings213,330Â 1,863Â Funds withheld for reinsurance liabilities3,534Â 83Â Other liabilities164,608Â 1,118Â Separate account liabilities131,302Â 1,189Â Total liabilities124,159Â 52,794Â Mezzanine equityClass A redeemable junior preferred shares ($25 par value)232,779Â 2,694Â EquityClass A exchangeable and Class B ($33.18 and $33.42 par value, respectively; 43,440,700 and 43,409,526 issued and outstanding, respectively)1231,568Â 1,577Â Class C ($1 par value; 128,643,406 and 102,056,784 issued and outstanding, respectively)234,726Â 3,607Â Retained earnings 1,512Â 945Â Accumulated other comprehensive income (loss)241,519Â (120)Non-controlling interests849Â 146Â Total equity10,174Â 6,155Â Total liabilities, mezzanine equity and equity$137,112Â $61,643Â Â Â Â Â 1.On August 29, 2024, the Company re-designated all of its Class A-1 exchangeable shares into its Class A exchangeable shares. Share capital as of DecemberÂ 31, 2023 includes amounts attributable to Class A-1 exchangeable shareholders prior to the re-designation. For further details, refer to Note 23.The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.2UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONSFOR THE PERIODS ENDED SEP. 30US$ MILLIONS, EXCEPT PER SHARE AMOUNTSThree Months EndedNine Months EndedNote2024202320242023Net premiums12$1,165Â $913Â $4,212Â $2,812Â Other policy revenue12217Â 106Â 529Â 306Â Net investment income 101,264Â 442Â 2,956Â 1,282Â Investment related gains (losses)10331Â 2Â 261Â 94Â Net investment results from reinsurance funds withheld(8)71Â 398Â 189Â Total revenues2,969Â 1,534Â 8,356Â 4,683Â Policyholder benefits and claims incurred12, 17, 20(1,230)(870)(4,159)(2,745)Interest sensitive contract benefits12, 18(557)(89)(1,164)(332)Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired14(366)(120)(867)(452)Change in fair value of insurance-related derivatives and embedded derivatives9(219)(130)(162)(169)Change in fair value of market risk benefits12, 19(207)73Â (406)81Â Other reinsurance expenses(6)(52)(20)(16)Operating expenses(330)(218)(1,024)(533)Interest expense(99)(61)(266)(181)Total benefits and expenses(3,014)(1,467)(8,068)(4,347)Net income (loss) before income taxes(45)67Â 288Â 336Â Income tax recovery22110Â 10Â 383Â 8Â Net income for the period$65Â $77Â $671Â $344Â Attributable to:Class A exchangeable and Class B shareholders1$4Â $1Â $10Â $3Â Class C shareholders48Â 75Â 641Â 338Â Non-controlling interests13Â 1Â 20Â 3Â $65Â $77Â $671Â $344Â Net income per Class C shareBasic25$0.16Â $0.65Â $4.77Â $4.92Â 1.On August 29, 2024, the Company re-designated all of its Class A-1 exchangeable shares into its Class A exchangeable shares. Amounts attributable to Class A exchangeable and Class B shareholders include amounts attributable to Class A-1 exchangeable shareholders prior to the re-designation. For further details, refer to Note 23.The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.3UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOMEFOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months EndedNote2024202320242023Net income$65Â $77Â $671Â $344Â Other comprehensive income (loss), net of tax:Change in net unrealized investment gains (losses)1,512Â (251)1,751Â (123)Foreign currency translation28Â (3)1Â (4)Change in discount rate for future policy benefits17(335)323Â (86)225Â Change in instrument-specific credit risk for market risk benefits19(71)(14)(49)(24)Defined benefit pension plan adjustment3Â 1Â 22Â 4Â Total other comprehensive income (loss)241,137Â 56Â 1,639Â 78Â Comprehensive income$1,202Â $133Â $2,310Â $422Â Attributable to:Class A exchangeable and Class B shareholders1$4Â $1Â $10Â $3Â Class C shareholders1,185Â 131Â 2,280Â 416Â Non-controlling interests13Â 1Â 20Â 3Â $1,202Â $133Â $2,310Â $422Â 1.On August 29, 2024, the Company re-designated all of its Class A-1 exchangeable shares into its Class A exchangeable shares. Amounts attributable to Class A exchangeable and Class B shareholders include amounts attributable to Class A-1 exchangeable shareholders prior to the re-designation. For further details, refer to Note 23.The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.4UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITYClass A exchangeable and Class B shareholders2Class C shareholdersFOR THE PERIODS ENDED SEP. 30, 2024US$ MILLIONSSharecapitalRetained earningsTotalSharecapitalRetained earningsAccumulated other comprehensive income (loss)TotalNon-controlling interestsTotalequityBalance as of January 1, 2024$1,577Â $14Â $1,591Â $3,607Â $931Â (120)4,418Â $146Â $6,155Â Net incomeâ€"Â 3Â 3Â â€"Â 332Â â€"Â 332Â 2Â 337Â Other comprehensive incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 4Â 4Â â€"Â 4Â Comprehensive incomeâ€"Â 3Â 3Â â€"Â 332Â 4Â 336Â 2Â 341Â Other items:Distributions and redeemable preferred share dividends1(3)â€"Â (3)â€"Â (28)â€"Â (28)(3)(34)Total change in the period(3)3Â â€"Â 304Â 4Â 308Â (1)307Â Balance as of March 31, 2024$1,574Â $17Â $1,591Â $3,607Â $1,235Â (116)4,726Â $145Â $6,462Â Net incomeâ€"Â 3Â 3Â â€"Â 261Â â€"Â 261Â 5Â 269Â Other comprehensive incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 498Â 498Â â€"Â 498Â Comprehensive incomeâ€"Â 3Â 3Â â€"Â 261Â 498Â 759Â 5Â 767Â Other items:Equity issuancesâ€"Â â€"Â â€"Â 1,119Â â€"Â â€"Â 1,119Â â€"Â 1,119Â Non-controlling interest assumed on acquisitionâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â 713Â 713Â Distributions and redeemable preferred share dividends1(3)â€"Â (3)â€"Â (28)â€"Â (28)(15)(46)Total change in the period(3)3Â â€"Â 1,119Â 233Â 498Â 1,850Â 703Â 2,553Â Balance as of June 30, 2024$1,571Â $20Â $1,591Â $4,726Â $1,468Â $382Â $6,576Â $848Â $9,015Â Net income â€"Â 4Â 4Â â€"Â 48Â â€"Â 48Â 13Â 65Â Other comprehensive incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 1,137Â 1,137Â â€"Â 1,137Â Comprehensive incomeâ€"Â 4Â 4Â â€"Â 48Â 1,137Â 1,185Â 13Â 1,202Â Other items:Equity issuances1Â â€"Â 1Â â€"Â â€"Â â€"Â â€"Â 1Â 2Â Distributions and redeemable preferred share dividends1(4)â€"Â (4)â€"Â (28)â€"Â (28)(13)(45)Total change in the period(3)4Â 1Â â€"Â 20Â 1,137Â 1,157Â 1Â 1,159Â Balance as of September 30, 2024$1,568Â $24Â $1,592Â $4,726Â $1,488Â $1,519Â $7,733Â $849Â $10,174Â 1.The Company distributed $0.08 in the form of a return of capital per each Class A exchangeable, Class A-1 exchangeable and Class B share in each of the quarters of 2024.2.On August 29, 2024, the Company re-designated all of its Class A-1 exchangeable shares into its Class A exchangeable shares. Amounts attributable to Class A exchangeable and Class B shareholders include amounts attributable to Class A-1 exchangeable shareholders prior to the re-designation. For further details, refer to Note 23.The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.5UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)Class A exchangeable and Class B shareholdersClass C shareholdersFOR THE PERIODS ENDED SEP. 30, 2023US$ MILLIONSSharecapitalRetainedearningsTotalSharecapitalRetainedearningsAccumulated other comprehensive income (loss)TotalNon-controlling interestsTotal equityBalance as of January 1, 2023$423Â $9Â $432Â $1,467Â $301Â (523)1,245Â $8Â $1,685Â Net income (loss)â€"Â 1Â 1Â â€"Â (99)â€"Â (99)5Â (93)Other comprehensive incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 240Â 240Â â€"Â 240Â Comprehensive income (loss)â€"Â 1Â 1Â â€"Â (99)240Â 141Â 5Â 147Â Other items:Equity issuances38Â â€"Â 38Â â€"Â â€"Â â€"Â â€"Â â€"Â 38Â Distributions and redeemable preferred share dividends1(1)â€"Â (1)â€"Â (67)â€"Â (67)(4)(72)Other(10)â€"Â (10)10Â â€"Â â€"Â 10Â â€"Â â€"Â Total change in the period27Â 1Â 28Â 10Â (166)240Â 84Â 1Â 113Â Balance as of March 31, 2023$450Â $10Â $460Â $1,477Â $135Â (283)1,329Â $9Â $1,798Â Net income (loss)â€"Â 1Â 1Â â€"Â 362Â â€"Â 362Â (3)360Â Other comprehensive lossâ€"Â â€"Â â€"Â â€"Â â€"Â (218)(218)â€"Â (218)Comprehensive income (loss)â€"Â 1Â 1Â â€"Â 362Â (218)144Â (3)142Â Other items:Equity issuancesâ€"Â â€"Â â€"Â â€"Â â€"Â â€"Â â€"Â 1Â 1Â Distributions and redeemable preferred share dividends1(1)â€"Â (1)â€"Â (28)â€"Â (28)2Â (27)Otherâ€"Â â€"Â â€"Â â€"Â (3)â€"Â (3)â€"Â (3)Total change in the period(1)1Â â€"Â â€"Â 331Â (218)113Â â€"Â 113Â Balance as of June 30, 2023$449Â $11Â $460Â $1,477Â $466Â (501)1,442Â $9Â $1,911Â Net incomeâ€"Â 1Â 1Â â€"Â 75Â â€"Â 75Â 1Â 77Â Other comprehensive incomeâ€"Â â€"Â â€"Â â€"Â â€"Â 56Â 56Â â€"Â 56Â Comprehensive incomeâ€"Â 1Â 1Â â€"Â 75Â 56Â 131Â 1Â 133Â Other items:Equity issuancesâ€"Â â€"Â â€"Â 2,130Â â€"Â â€"Â 2,130Â â€"Â 2,130Â Distributions and redeemable preferred share dividends1(1)â€"Â (1)â€"Â (28)â€"Â (28)(2)(31)Total change in the period(1)1Â â€"Â 2,130Â 47Â 56Â 2,233Â (1)2,232Â Balance as of September 30, 2023$448Â $12Â $460Â $3,607Â $513Â (445)3,675Â $8Â $4,143Â 1.The Company distributed $0.07 in the form of a return of capital per each Class A exchangeable and Class B share in each of the quarters of 2023.The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.6UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWSFOR THE NINE MONTHS ENDED SEP. 30US$ MILLIONS20242023Operating activitiesNet income$671Â $344Â Adjustments to reconcile net income to net cash from operating activities:Other policy revenue(441)(306)Accretion on investments(372)(146)Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired867Â 452Â Deferral of policy acquisition costs(962)(1,118)Losses (gains) on investments and derivatives(1,132)(155)Provisions for credit losses57Â (9)Income from real estate partnerships, investment funds and corporations(234)(121)Distributions from real estate partnerships, investment funds and corporations335Â 63Â Interest credited to policyholdersâ€™ account balances1,261Â 361Â Change in fair value of embedded derivatives982Â 179Â Depreciation and amortization156Â 28Â Deferred income taxes(680)(33)Changes in operating assets and liabilities:Insurance-related liabilities1,292Â 2,682Â Deposit liabilities(79)(151)Funds withheld under reinsurance(391)(1,406)Reinsurance recoverables and deposit assets741Â (59)Accrued investment income(91)(22)Working capital and other338Â 371Â Cash flows from operating activities2,318Â 954Â Investing activitiesAcquisition of subsidiary, net of cash acquired10,843Â â€"Â Purchase of investments:Fixed maturity, available-for-sale(8,652)(4,337)Equity securities(553)(408)Mortgage loans on real estate(1,012)(402)Private loans(2,577)(24)Investment real estate and real estate partnerships(1,625)(1,301)Investment funds(302)(620)Short-term investments(9,495)(9,778)Other invested assets(292)(440)Proceeds from sales and maturities of investments:Fixed maturity, available-for-sale6,944Â 4,743Â Equity securities80Â 110Â Mortgage loans on real estate1,248Â 418Â Private loans681Â 449Â Investment real estate and real estate partnerships225Â 74Â Investment funds436Â 161Â Short-term investments8,988Â 9,453Â Other invested assets83Â 95Â Purchase of derivatives(416)(83)Proceeds from sales and maturities of derivatives678Â 47Â Purchase of intangibles and property and equipment(61)â€"Â Proceeds from sales of intangibles and property and equipment27Â â€"Â Change in collateral held for derivatives417Â 55Â Other11Â 12Â Cash flows from investing activities5,676Â (1,776)7UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)FOR THE NINE MONTHS ENDED SEP. 30US$ MILLIONS20242023Financing activitiesReturn of capital to common stockholders(10)(3)Proceeds from non-controlling interestâ€"Â 1Â Borrowings from related parties1,988Â 368Â Repayment of borrowings to related parties(1,988)â€"Â Borrowings from external parties3,520Â 1,134Â Repayment of borrowings to external parties(2,767)(2,054)Borrowings issued to reinsurance entities4Â â€"Â Repayment of borrowings issued to reinsurance entities(29)â€"Â Policyholdersâ€™ account deposits7,785Â 4,480Â Policyholdersâ€™ account withdrawals(6,117)(1,844)Debt issuance costs(4)â€"Â Proceeds from repurchase agreement153Â 221Â Repayments of repurchase agreement(152)(178)Issuance of common stock to non-controlling interest1Â â€"Â Distributions to non-controlling interest(31)â€"Â Cash flows from financing activities2,353Â 2,125Â Cash and cash equivalentsCash and cash equivalents, beginning of period4,308Â 2,145Â Net change during the period10,347Â 1,303Â Foreign exchange on cash balances held in foreign currencies(28)â€"Â Cash and cash equivalents, end of period$14,627Â $3,448Â Supplementary cash flow disclosuresCash taxes paid (net of refunds received)$2Â $(11)Cash interest paid201Â 94Â Non-cash transactions:Investments received in connection with pension risk transfer transactions462Â â€"Â Issuance of common stock in exchange for equity securities purchased (See Note 23)1,119Â â€"Â Equity securities transferred as consideration paid for acquisition of a subsidiary (See Note 16)(1,111)â€"Â The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.8NOTE 1. NATURE OF OPERATIONSBrookfield Wealth Solutions Ltd. (â€œBrookfield Wealth Solutionsâ€ or the â€œCompanyâ€) is a Bermuda corporation incorporated on December 10, 2020 and governed by the laws of Bermuda. The Companyâ€™s class A exchangeable shares are listed on the New York Stock Exchange (â€œNYSEâ€) and the Toronto Stock Exchange (â€œTSXâ€) under the symbol â€œBNTâ€. On September 4, 2024, the Company changed its name from Brookfield Reinsurance Ltd. to Brookfield Wealth Solutions Ltd. and, on September 6, 2024, changed its trading symbol from â€œBNREâ€ to â€œBNTâ€. The Companyâ€™s operations are located primarily in Bermuda, the United States (â€œU.S.â€), Canada and the Cayman Islands. The Companyâ€™s registered head office address is Ideation House, 1st Floor, 94 Pitts Bay Road, Pembroke, HM08, Bermuda.The Company is a leading wealth solutions provider, focused on securing the financial futures of individuals and institutions through a range of wealth protection and retirement services, and tailored capital solutions. The Company holds a direct 100% ownership interest in BAM Re Holdings Ltd. (â€œBAM Re Holdingsâ€), which holds the Companyâ€™s interest in its operating subsidiaries, North End Re Ltd. (â€œNER Ltd.â€), North End Re (Cayman) SPC (â€œNER SPCâ€), Brookfield Annuity Company (â€œBACâ€), American National Group, Inc. (â€œANGIâ€) and Argo Group International Holdings, Inc. (â€œArgoâ€).In May 2024, American Equity Investment Life Holdings Company (â€œAELâ€) became a wholly-owned subsidiary of BAM Re Holdings. Following the acquisition of AEL, American National Group, LLC (â€œAmerican Nationalâ€) merged down into AEL. Subsequently, AEL changed its name to American National Group Inc. (â€œANGIâ€). For further details about the Companyâ€™s acquisition of AEL and post-merger reorganization, refer to Note 16.The business continues to be conducted through the Companyâ€™s operating subsidiaries. As a result of the Companyâ€™s acquisition of AEL, diversification in insurance offerings and overall strategic shift, the Company has decided to reorganize and change its internal segments in a manner that caused the composition of its reporting segments to change in the second quarter of 2024. The Companyâ€™s reporting segments were realigned to Annuity, Life, Property and Casualty (â€œP&Câ€) and Corporate and Other. Previously, the Company reported its operations under three segments: Direct Insurance, Reinsurance, and Pension Risk Transfer (â€œPRTâ€). For segment information, refer to Note 27. The Company has restated all applicable comparative information.NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The unaudited condensed consolidated financial statements (â€œfinancial statementsâ€) and notes thereto, including all prior periods presented, have been prepared under accounting principles generally accepted in the United States of America (â€œGAAPâ€). The financial statements are prepared on a going concern basis and have been presented in U.S. dollars (â€œUSDâ€) rounded to the nearest million unless otherwise indicated. The financial statements should be read in conjunction with the December 31, 2023 audited consolidated financial statements of the Company and accompanying notes included on the Form 20-F, filed with the SEC on March 28, 2024. The results of operations for the three and nine months ended SeptemberÂ 30, 2024 are not necessarily indicative of the results for any subsequent period or the entire fiscal year ending DecemberÂ 31, 2024. These financial statements reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods presented in accordance with GAAP. The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Included among the material (or potentially material) reported amounts and disclosures that require use of estimates are fair value of certain financial assets, derivatives, allowances for credit losses, deferred policy acquisition costs (â€œDACâ€), deferred sales inducements (â€œDSIâ€), value of business acquired (â€œVOBAâ€), goodwill and other intangibles, market risk benefits (â€œMRBâ€), future policy benefits (â€œFPBâ€), policyholdersâ€™ account balances (â€œPABâ€) including the fair value of embedded derivatives, funds withheld for reinsurance liabilities, income taxes including the recoverability of deferred tax assets, and the potential effects of resolving litigated matters. Such estimates and assumptions are subject to inherent uncertainties, which may result in actual amounts differing from reported amounts.9Basis of ConsolidationThese financial statements include the accounts of the Company and its consolidated subsidiaries, which are legal entities where the Company has a controlling financial interest by either holding a majority voting interest or as the primary beneficiary of the variable interest entity (â€œVIEâ€). All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. The consolidation assessment depends on the specific facts and circumstances for each entity and requires judgment.The following is a subset of the Companyâ€™s significant accounting policies and should be read in conjunction with the Companyâ€™s significant accounting policies described in Note 2 of the Companyâ€™s December 31, 2023 audited consolidated financial statements.Investment real estate is stated at cost less accumulated depreciation and includes certain residential investment real estate through consolidation of investment company VIEs in accordance with ASC 946, Financial Services â€“ Investment Companies, which are reported at fair value with the change in fair value on these investments reported in â€œNet investment incomeâ€ within the statement of operations. Fair values of residential investment real estate are initially based on the cost to purchase the properties and subsequently determined using broker price opinions.Real estate partnerships are comprised of real estate joint ventures and other limited partnerships and include VIEs that are accounted for using the equity method of accounting. For certain real estate joint ventures and other limited partnerships, the Company elected the fair value option in accordance with ASC 825, Financial Instruments. These investments are fair valued on a recurring basis with the change in fair value reported in â€œNet investment incomeâ€ in the statements of operations. In addition, certain other real estate joint ventures and limited partnership interest are consolidated investment company VIEs. These investments are fair valued on a recurring basis with the change in fair value reported in â€œNet investment incomeâ€.Investment funds are comprised of certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures for which the Company is not the primary beneficiary and therefore is not required to consolidate. The Company typically accounts for investment funds using the equity method of accounting. In addition, the Company has concluded that it is the primary beneficiary for certain investments funds, which are investment company funds and consolidate the underlying funds. Valuation methods include NAV as a practical expedient and fair value based on discounted cash flow models. Income is reported on a quarter lag due to the availability of the related financial statements of these investment funds.Derivative instruments include call options used to fund fixed indexed annuity contracts and equity-indexed universal life contracts (â€œinsurance-related derivativesâ€) as well as other derivative instruments purchased to manage foreign currency exposure and other market risks associated with certain assets and liabilities. If a derivative is not designated for hedge accounting, changes in the fair value of derivatives are recorded in â€œInvestment related gains (losses)â€ in the statements of operations, except for insurance-related derivatives, whose fair value changes are recorded in â€œChange in fair value of insurance-related derivatives and embedded derivativesâ€, along with fair value changes from embedded derivatives on related fixed indexed annuity and equity-indexed universal life contracts. Reinsurance recoverables and deposit assets include the reinsurance receivables from cedants or reinsurers, reinsurance recoverables from reinsurers, and deposit assets associated with reinsurance agreements.For long term duration contracts, each reinsurance agreement is assessed to determine whether the agreement transfers significant insurance risk to the reinsurer. If insurance risk is transferred, the Company utilizes the reinsurance method of accounting. If the agreement does not transfer significant insurance risk, the Company utilizes the deposit method of accounting. The reinsurance recoverables and deposit assets include deposit assets, ceded MRB assets, amounts due from reinsurers for paid or unpaid claims, claims incurred but not reported (â€œIBNRâ€), PAB or FPB. The reinsurance recoverable is presented net of a reserve for collectability. The Company cedes disability, medical and long-term care insurance, annuity contracts including lifetime income benefit riders, as well as PRT contracts with significant insurance risk to other insurance companies through reinsurance. The Company also cedes annuity contracts without significant insurance risk to other insurance companies.10For short term duration contracts, reinsurance recoverables are the estimated amount due to the Company from reinsurers related to paid and unpaid ceded claims and claim adjustment expenses (â€œCAEâ€) and are presented net of a reserve for collectability. Recoveries of gross ultimate losses under the non-catastrophe reinsurance are estimated by a review of individual large claims and the ceded portion of IBNR claims using assumed distribution of loss by percentage retained. Recoveries of gross ultimate losses under the Companyâ€™s catastrophe reinsurance are estimated by applying reinsurance treaty terms to estimates of gross ultimate losses. The most significant assumption is the average size of the individual losses for those claims that have occurred but have not yet been reported and the estimate of gross ultimate losses. The ultimate amount of the reinsurance ceded recoverable is unknown until all losses settle.Reinsurance receivables include amounts receivable from third party reinsurers and cedants. The reinsurance receivables which will be settled within a year are short-term in nature, and their fair values approximate carrying value. Reinsurance receivables include future installment payments for ceding commissions on reinsured annuity contracts. The receivable is recorded at the net present value of the installment payments.Intangible assets are primarily from the acquisition of American National, Argo and AEL. Definite-lived intangible assets include distribution relationships, trade names and an unpaid claims reserve intangible asset, as well as other intangible assets such as capitalized software and leases. Indefinite-lived intangible assets represent insurance licenses. The useful life of AELâ€™s distributor relationships ranges approximately from 20 to 30 years, and the useful life of the trade name is 10 years for AEL.Deferred policy acquisition costs (â€œDACâ€) and deferred sales inducements (â€œDSIâ€) are capitalized costs related directly to the successful acquisition of new or renewal insurance contracts. Significant costs are incurred to successfully acquire insurance, reinsurance, and annuity contracts, including commissions and certain underwriting, premium bonus, policy issuance and processing expenses. DSI is amortized on a constant level basis over the amortization bases selected by product, consistent with the amortization of DAC for a related product. The assumptions used in the amortization calculation for DAC and DSI include full surrenders, partial withdrawals, mortality, utilization, premium persistency, reset assumptions associated with lifetime income benefit riders and the option budget assumption. Along with amortization of VOBA intangible asset resulting from a business combination, amortization of DAC and DSI is included in the â€œAmortization of deferred policy acquisition costs, deferred sales inducements and value of business acquiredâ€ on the statements of operations. Amortization of VOBA intangible liability is included in â€œPolicyholder benefits and claims incurredâ€ on the statements of operations. VOBA is amortized on a basis consistent with the related policyholder liabilities over the remaining life of the acquired underlying policies using the same methodology, factors, and assumptions used to amortize DAC and DSI.Policyholdersâ€™ account balances (â€œPABâ€) represent the contract value that has accrued to the benefit of the policyholders related to universal-life and investments-type contracts. For fixed products, these are generally equal to the accumulated deposits plus interest credited, reduced by withdrawals, payouts and accumulated policyholder assessments. Indexed product account balances with returns linked to the performance of a specified market index are equal to the sum of the fair value of the embedded derivatives and the host (or guaranteed) component of the contracts. The host value is established at inception of the contract and accreted over the policyâ€™s life at a constant level of interest. Interest credited or index credits to policyholdersâ€™ account balances pursuant to accounting by insurance companies for certain long-duration contracts are included in â€œInterest sensitive contract benefitsâ€ in the statements of operations. Changes in the fair value of the embedded derivatives are included in the â€œChange in fair value of insurance-related derivatives and embedded derivativesâ€ in the statements of operations.11Market risk benefits (â€œMRBâ€) are contracts or contract features that provide protection to the policyholder from other-than-nominal capital market risk and expose the Company to such risk. The Company issues certain fixed indexed annuity and fixed rate annuity contracts that provide minimum guarantees to policyholders including guaranteed minimum withdrawal benefits and guaranteed minimum death benefits that are MRBs. MRBs are measured at fair value, at the individual contract level, and can be either an asset or a liability. Contracts which contain more than one MRB feature are combined into one single MRB. The fair value is calculated using stochastic models. At contract inception, attributed fees are calculated based on the present value of the fees and assessments collectible from the policyholder relative to the present value of expected benefits paid attributable to the MRB. The attributed fees remain static over the life of the MRB and is used to calculate the fair value of the MRB using a risk neutral valuation method. The attributed fees cannot be negative and cannot exceed the total explicit fees collectible from the policyholder. The periodic change in fair value is recognized in earnings with the exception of the periodic change in fair value related to the instrument-specific credit risk, which is recognized in other comprehensive income (â€œOCIâ€). Market risk benefits with positive values are recorded as â€œOther assetsâ€ and negative fair values as â€œMarket risk benefitsâ€ liability in the statements of financial position. The ceded MRB assets are presented in â€œReinsurance recoverables and deposit assetsâ€ on the statements of financial position.Funds withheld for reinsurance liabilities represent the payable for amounts contractually withheld in accordance with reinsurance agreements where certain of the Companyâ€™s subsidiaries act as cedants. While the assets in the funds withheld are legally owned by the cedant, the reinsurer is subject to all investment performance and economic rights and obligations to the funds withheld assets similar to invested assets held directly by the reinsurer. The assets in the funds withheld account, including cash and cash equivalents, fixed income securities and derivatives carried at fair value, are recorded in respective investment line items in the statements of financial position. These funds withheld assets are offset by recognizing a corresponding funds withheld liability. The funds withheld liability includes an embedded derivative that is bifurcated from the host contract. The fair value of the embedded derivative is calculated based upon the change in the fair value of the underlying liabilities in the funds withheld agreement compared to the change in the fair value of the assets in the funds withheld account. These embedded derivatives are included within â€œFunds withheld for reinsurance liabilitiesâ€ along with the host contract on the statements of financial position. Changes in the fair value of these embedded derivatives are included in â€œChange in fair value of insurance-related derivatives and embedded derivativesâ€ in the statements of operations.Net investment results from reinsurance funds withheld represent investment income and changes in fair value of derivatives embedded in reinsurance funds withheld arrangements.Change in fair value of insurance-related derivatives and embedded derivatives include the change in fair value of embedded derivatives for fixed indexed annuities, equity-indexed universal life contracts and funds withheld for reinsurance liabilities, as well as the change in fair value of insurance-related derivatives, which are call options used to fund fixed indexed annuity contracts and equity-indexed universal life contracts. The change in fair value of embedded derivatives for fixed index annuities equals the change in the difference between policy benefit reserves for fixed index annuities computed under the derivative accounting standard and the long-duration contracts accounting standard as of each reporting date.Segments: in accordance with ASC 280, Operating Segments, the Company uses a management approach to determine operating segments. The management approach considers the internal organization and reporting used by the Companyâ€™s chief operating decision maker (â€œCODMâ€) for making decisions, allocation of resources and assessing performance. The Companyâ€™s CODM has been identified as the Chief Executive Officer and the Chief Financial Officer who review the results of operations when making decisions about allocating resources and assessing the performance of the Company. Following the acquisition of AEL, the Companyâ€™s operations are organized into four reportable segments: Annuity, Life, P&C and Corporate and Other (see Note 27).ReclassificationAs a result of the acquisition of AEL and the increase in significance of certain accounts resulting from the consolidation of AEL, certain previously reported amounts have been reclassified to conform to the current financial statement presentation. These reclassifications had no impact on net income (loss) as reported in the statements of operations, as well as total assets, liabilities or equity in the statements of financial position. New Accounting StandardsIn the current period, the Company did not adopt any Accounting Standard Updates (â€œASUsâ€) issued by the Financial Accounting Standards Board that were material in presentation or amount.12NOTE 3. AVAILABLE-FOR-SALE FIXED MATURITY SECURITIESThe amortized cost and fair value of available-for-sale fixed maturity securities are shown below:AS OF SEP. 30, 2024US$ MILLIONSAmortized CostGross Unrealized GainsGross Unrealized LossesAllowance for Credit LossesFair ValueU.S. treasury and government$440Â $6Â (36)â€”Â $410Â U.S. states and political subdivisions3,266Â 215Â (13)â€”Â 3,468Â Foreign governments763Â 44Â (15)â€”Â 792Â Corporate debt securities34,914Â 1,635Â (326)(21)36,202Â Residential mortgage-backed securities1,272Â 71Â (3)(1)1,339Â Commercial mortgage-backed securities3,453Â 118Â (37)(6)3,528Â Collateralized debt securities6,303Â 108Â (16)(1)6,394Â Total fixed maturity securities$50,411Â $2,197Â (446)(29)$52,133Â AS OF DEC. 31, 2023US$ MILLIONSAmortized CostGross Unrealized GainsGross Unrealized LossesAllowance for Credit LossesFair ValueU.S. treasury and government$529Â $4Â (36)â€”Â $497Â U.S. states and political subdivisions684Â 3Â (17)â€”Â 670Â Foreign governments603Â 27Â (16)â€”Â 614Â Corporate debt securities15,097Â 121Â (607)(19)14,592Â Residential mortgage-backed securities367Â 14Â (4)(1)376Â Commercial mortgage-backed securities750Â 13Â (31)(6)726Â Collateralized debt securities1,311Â 19Â (24)(4)1,302Â Total fixed maturity securities$19,341Â $201Â (735)(30)$18,777Â The amortized cost and fair value, by contractual maturity, of available-for-sale fixed maturity securities are shown below. Actual maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Residential and commercial mortgage-backed securities and collateralized debt securities, which are not due at a single maturity, have been separately presented below.AS OF SEP. 30, 2024US$ MILLIONSAmortized CostFair ValueDue in one year or less$1,947Â $1,956Â Due after one year through five years13,899Â 14,184Â Due after five years through ten years9,392Â 9,588Â Due after ten years14,145Â 15,144Â 39,383Â 40,872Â Residential mortgage-backed securities1,272Â 1,339Â Commercial mortgage-backed securities3,453Â 3,528Â Collateralized debt securities6,303Â 6,394Â Total$50,411Â $52,133Â 13Proceeds from sales of available-for-sale fixed maturity securities, with the related gross realized gains and losses, are shown below:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Proceeds from sales of available-for-sale fixed maturity securities$3,215Â $1,213Â $6,944Â $4,743Â Gross realized gains20Â 6Â 44Â 32Â Gross realized losses(109)(32)(146)(121)The Company has pledged bonds in connection with certain agreements and transactions, such as financing and reinsurance agreements. The carrying value of bonds pledged was $10.7Â billion and $168Â million as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively.In accordance with various regulations, the Company has securities on deposit with regulating authorities with a carrying value of $213 million and $153 million as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively. There are no restrictions on these assets.14The gross unrealized losses and fair value of available-for-sale fixed maturity securities, aggregated by investment category and the length of time individual securities have been in a continuous unrealized loss position due to market factors are shown below:Less than 12 months12 months or moreTotalAS OF SEP. 30, 2024US$ MILLIONS, EXCEPT NUMBER OF ISSUESNumber of IssuesGross Unrealized LossesFair ValueNumber of IssuesGross Unrealized LossesFair ValueNumber of IssuesGross Unrealized LossesFair ValueU.S. treasury and government20Â (3)21Â 27Â (33)98Â 47Â (36)119Â U.S. states and political subdivisions92Â (6)178Â 166Â (7)309Â 258Â (13)487Â Foreign governments14Â (2)59Â 26Â (13)60Â 40Â (15)119Â Corporate debt securities322Â (72)2,897Â 1,080Â (254)6,519Â 1,402Â (326)9,416Â Residential mortgage-backed securities15Â (1)30Â 33Â (2)73Â 48Â (3)103Â Commercial mortgage-backed securities119Â (12)611Â 33Â (25)203Â 152Â (37)814Â Collateralized debt securities267Â (12)1,521Â 38Â (4)201Â 305Â (16)1,722Â Total849Â (108)5,317Â 1,403Â (338)7,463Â 2,252Â (446)12,780Â Less than 12 months12 months or moreTotalAS OF DEC. 31, 2023US$ MILLIONS, EXCEPT NUMBER OF ISSUESNumber of IssuesGross Unrealized LossesFair ValueNumber of IssuesGross Unrealized LossesFair ValueNumber of IssuesGross Unrealized LossesFair ValueU.S. treasury and government10Â $â€”Â $29Â 29Â (36)92Â 39Â (36)121Â U.S. states and political subdivisions208Â (3)217Â 106Â (14)288Â 314Â (17)505Â Foreign governments24Â (3)129Â 25Â (13)56Â 49Â (16)185Â Corporate debt securities863Â (137)3,088Â 917Â (470)8,357Â 1,780Â (607)11,445Â Residential mortgage-backed securities16Â (1)42Â 18Â (3)64Â 34Â (4)106Â Commercial mortgage-backed securities32Â (8)104Â 55Â (23)262Â 87Â (31)366Â Collateralized debt securities69Â (1)147Â 41Â (23)324Â 110Â (24)471Â Total1,222Â (153)3,756Â 1,191Â (582)9,443Â 2,413Â (735)13,199Â The unrealized losses as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023 are principally related to the timing of the purchases of certain securities, which carry less yield than those available as of those dates. Approximately 81% and 89% of the fair value of fixed maturity securities shown above as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively, are rated investment grade.The Company expects to recover the amortized cost on all securities except for those securities on which it recognized an allowance for credit loss. In addition, as the Company did not have the intent to sell fixed maturity securities with unrealized losses and it was not more likely than not that the Company would be required to sell these securities prior to recovery of the amortized cost, which may be maturity, the Company did not write down these investments to fair value through the statements of operations.15Allowance for Credit LossesSeveral assumptions and underlying estimates are made in the evaluation of allowance for credit loss. Examples include financial condition, near term and long-term prospects of the issue or issuer, including relevant industry conditions and trends and implications of rating agency actions and offering prices. Based on this evaluation, unrealized losses on available-for-sale securities where an allowance for credit loss was not recorded were concentrated within the financials sector as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.The rollforward of the allowance for credit losses for available-for-sale fixed maturity securities is shown below for the three and nine months ended SeptemberÂ 30, 2024 and 2023.FOR THE PERIODS ENDED SEP. 30, 2024US$ MILLIONSCorporate Debt SecuritiesResidential Mortgage Backed SecuritiesCommercial Mortgage Backed SecuritiesCollateralized Debt SecuritiesTotalBalance as of January 1, 2024(19)(1)(6)(4)$(30)Credit losses recognized on securities for which credit losses were not previously recorded(26)â€”Â â€”Â â€”Â (26)Reductions for securities sold during the period1Â â€”Â â€”Â 1Â Changes in previously recorded allowance9Â 1Â â€”Â 2Â 12Â Balance as of June 30, 2024(35)â€”Â (6)(2)$(43)Credit losses recognized on securities for which credit losses were not previously recorded(3)â€”Â â€”Â (3)Reductions for securities sold during the period2Â â€”Â â€”Â 2Â Changes in previously recorded allowance15Â (1)â€”Â 1Â 15Â Balance as of September 30, 2024(21)(1)(6)(1)$(29)FOR THE PERIODS ENDED SEP. 30, 2023US$ MILLIONSCorporate Debt SecuritiesResidential Mortgage Backed SecuritiesCommercial Mortgage Backed SecuritiesCollateralized Debt SecuritiesTotalBalance as of January 1, 2023(24)â€”Â $â€”Â (6)(30)Credit losses recognized on securities for which credit losses were not previously recorded(18)â€”Â â€”Â (18)(36)Reductions for securities sold during the period14Â â€”Â 2Â 16Â Changes in previously recorded allowance5Â â€”Â â€”Â 6Â 11Â Balance as of June 30, 2023(23)â€”Â $â€”Â (16)(39)Credit losses recognized on securities for which credit losses were not previously recorded(1)â€”Â (7)â€”Â (8)Reductions for securities sold during the period1Â (1)â€”Â â€”Â â€”Â Changes in previously recorded allowance12Â â€”Â â€”Â 11Â 23Â Balance as of September 30, 2023(11)(1)(7)(5)$(24)No accrued interest receivables were written off as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.16NOTE 4. EQUITY SECURITIESThe net gains (losses) on equity securities recognized in â€œInvestment related gains (losses)â€ on the statements of operations are shown below:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Unrealized gains (losses) on equity securities$556Â $1Â $432Â $â€”Â Net gains (losses) on equity securities sold(20)(70)152Â 87Â Net gains (losses) on equity securities$536Â (69)584Â $87Â Equity securities by market sector distribution are shown below, based on carrying value:AS OFSeptember 30, 2024December 31, 2023Consumer goods7Â %6Â %Education7Â %â€”Â %Energy and utilities16Â %16Â %Finance53Â %44Â %Healthcare2Â %22Â %Industrials4Â %2Â %Information technology8Â %7Â %Other3Â %3Â %Total100Â %100Â %NOTE 5. MORTGAGE LOANS ON REAL ESTATEThe Company disaggregates its mortgage loan investments into two portfolio segments: commercial and residential. Commercial mortgage loans include agricultural mortgage loans. The breakdown of mortgage loans on real estate by portfolio segment is as follows:AS OFUS$ MILLIONSSeptember 30, 2024December 31, 2023Commercial mortgage loans$9,619Â $6,022Â Residential mortgage loans2,785Â â€”Â Total$12,404Â $6,022Â Allowance for credit losses(104)(60)Total, net of allowance$12,300Â $5,962Â 17The Companyâ€™s commercial mortgage loan portfolio consists of loans collateralized by the related properties and diversified as to property type, location and loan size. The geographic categories come from the U.S. Census Bureauâ€™s â€œCensus Regions and Divisions of the United Statesâ€. The commercial mortgage loan portfolio is summarized by geographic region and property type as follows:AS OFUS$ MILLIONS, EXCEPT FOR PERCENTAGESSeptember 30, 2024December 31, 2023AmountPercentageAmountPercentageGeographic distribution:Pacific$1,875Â 20Â %$983Â 16Â %Mountain1,791Â 19Â %1,336Â 22Â %West North Central294Â 3Â %178Â 3Â %West South Central1,536Â 16Â %1,122Â 19Â %East North Central1,139Â 12Â %861Â 14Â %East South Central151Â 2Â %49Â 1Â %Middle Atlantic518Â 5Â %203Â 3Â %South Atlantic1,960Â 20Â %1,097Â 18Â %New England142Â 1Â %36Â 1Â %Other (multi-region, non-US)213Â 2Â %157Â 3Â %Total$9,619Â 100Â %$6,022Â 100Â %Allowance for credit loss(96)(60)Total, net of allowance$9,523Â $5,962Â AS OFUS$ MILLIONS, EXCEPT FOR PERCENTAGESSeptember 30, 2024December 31, 2023AmountPercentageAmountPercentageProperty type distribution:Agricultural$469Â 5Â %$â€”Â â€”Â %Apartment2,330Â 24Â %1,266Â 21Â %Hotel1,257Â 13Â %1,012Â 17Â %Industrial2,039Â 21Â %1,083Â 18Â %Office1,201Â 13Â %990Â 16Â %Pa for credit loss(96)(60)Total, net of allowance$9,523Â $5,962Â There was $2Â million and no interest income recognized on loans in non-accrual status for the nine months ended SeptemberÂ 30, 2024 and 2023. Impaired loans were not significant for any of the periods presented.18Allowance for Credit LossesThe Company establishes a valuation allowance to provide for the risk of credit losses inherent in its mortgage loan portfolios. The valuation allowance is maintained at a level believed adequate by management to absorb estimated expected credit losses. The valuation allowance is based on amortized cost, which excludes accrued interest receivable. The Company does not measure a credit loss allowance on accrued interest receivable any uncollectible accrued interest receivable balances are written off to net investment income in a timely manner. The Company did not write off any uncollectible accrued interest receivable on its commercial or residential mortgage loan portfolios for the nine months ended SeptemberÂ 30, 2024 and 2023, respectively. The rollforward of the allowance for credit losses for mortgage loans is shown below:FOR THE PERIODS ENDED SEP. 30US$ MILLIONS20242023Commercial mortgage loansResidential mortgage loansCommercial mortgage loansResidential mortgage loansBalance as of January 1(60)â€”Â (41)â€”Â Provision(6)â€”Â (6)â€”Â Balance as of June 30(66)â€”Â (47)â€”Â Recovery (provision)(30)(8)14Â â€”Â Balance as of September 30(96)(8)(33)â€”Â Credit Quality IndicatorsMortgage loans are segregated by property-type and quantitative and qualitative allowance factors are applied. Qualitative factors are developed quarterly based on the pooling of assets with similar risk characteristics and historical loss experience adjusted for the expected trend in the current market environment. Credit losses are pooled by property type as it represents the most similar and reliable risk characteristics in our portfolio. The amortized cost of mortgage loans by year of origination by aging category are shown below:AS OF SEP. 30, 2024US$ MILLIONSAmortized Cost Basis by Origination Year20242023202220212020PriorTotalCommercial mortgage loans:Current$377Â $482Â $2,417Â $1,287Â $998Â $3,704Â $9,265Â 30-59 days past dueâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â 60-89 days past due4Â â€”Â 50Â â€”Â 4Â 105Â 163Â Non-accrualâ€”Â 11Â 42Â 47Â 6Â 85Â 191Â Residential mortgage loans:Current165Â 928Â 1,073Â 227Â 124Â 13Â 2,530Â 30-59 days past due6Â 21Â 48Â 4Â 4Â â€”Â 83Â 60-89 days past due1Â 6Â 21Â 6Â 4Â â€”Â 38Â Non-accrualâ€”Â 47Â 55Â 21Â 8Â 3Â 134Â Total mortgage loans on real estate$553Â $1,495Â $3,706Â $1,592Â $1,148Â $3,910Â $12,404Â Allowance for credit losses(104)Total, net of allowance$12,300Â 19AS OF DEC. 31, 2023US$ MILLIONSAmortized Cost Basis by Origination Year20232022202120202019PriorTotalCommercial mortgage loans:Current$305Â $1,750Â $731Â $490Â $493Â $2,115Â $5,884Â 30-59 days past dueâ€”Â 26Â â€”Â â€”Â â€”Â 26Â 52Â 60-89 days past dueâ€”Â 50Â 9Â â€”Â â€”Â 13Â 72Â Non-accrualâ€”Â â€”Â â€”Â â€”Â â€”Â 14Â 14Â Total mortgage loans on real estate$305Â $1,826Â $740Â $490Â $493Â $2,168Â $6,022Â Allowance for credit losses(60)Total, net of allowance$5,962Â Generally, mortgage loans are secured by first liens on income-producing real estate with a loan-to-value ratio of up to 75%. It is the Companyâ€™s policy to not accrue interest on loans that are 90 days delinquent and where amounts are determined to be uncollectible. As of SeptemberÂ 30, 2024, 232 mortgage loans were past due over 90 days or in non-accrual status (DecemberÂ 31, 2023 â€" three mortgage loans). The Companyâ€™s commercial and residential mortgage loans may be subject to loan modifications. Loan modifications may be granted to borrowers experiencing financial difficulty and could include principal forgiveness, interest rate reduction, an other-than-significant delay or a term extension. A loan modification typically does not result in a change in valuation allowance as it is already incorporated into the Companyâ€™s allowance methodology. However, if the Company grants a borrower experiencing financial difficulty principal forgiveness, the amount of principal forgiven would be written off, which would reduce the amortized cost of the loan and result in an adjustment to the valuation allowance. The carrying amount of mortgage loans experiencing financial difficulty, for which modifications have been granted, was $58Â million and $143Â million for three and nine months ended SeptemberÂ 30, 2024, respectively, and $170Â million and $256Â million for the three and nine months ended SeptemberÂ 30, 2023, respectively.20NOTE 6. PRIVATE LOANSThe following table summarizes the credit ratings for private loans:AS OFUS$ MILLIONSSeptember 30, 2024December 31, 2023A or higher $1,527Â $20Â BBB291Â 29Â BB and below951Â 272Â Unrated11,132Â 877Â Total$3,901Â $1,198Â 1.Due to the nature of private loans, external agency credit ratings may not be readily available. Where appropriate, the Company obtains non-published credit ratings from one or more third-party rating agencies, which are determined based on an independent evaluation of the transaction. For other loans without published or private credit ratings, the Company assigns internal risk ratings, based on its investment selection and monitoring process and policies. These internal risk ratings are categorized as â€œUnratedâ€ above.Allowance for Credit LossesThe rollforward of the allowance for credit losses for private loans is shown below:FOR THE PERIODS ENDED SEP. 30US$ MILLIONS20242023Balance as of January 1(44)(28)Provision(15)(3)Write-offs charged against the allowance1Â â€”Â Recoveries2Â 1Â Balance as of June 30(56)(30)Provision(14)(12)Balance as of September 30(70)(42)The Companyâ€™s private loans may be subject to loan modifications. Loan modifications may be granted to borrowers experiencing financial difficulties and could include term extensions.Â For the periods ended SeptemberÂ 30, 2024 and 2023, the Company did not have a significant amount of private loans that it modified to borrowers experiencing financial difficulty. 21NOTE 7. INVESTMENT REAL ESTATE AND REAL ESTATE PARTNERSHIPSThe carrying amounts of investment real estate, net of accumulated depreciation, and real estate partnerships by property-type are as follows:AS OF SEP. 30, 2024US$ MILLIONS, EXCEPT FOR PERCENTAGESInvestment real estate1Real estate partnershipsAmountPercentageAmountPercentageHotel$124Â 6Â %$393Â 8Â %Industrial20Â 1Â %445Â 10Â %Land127Â 6Â %24Â 1Â %Office306Â 14Â %2,198Â 46Â %Retail216Â 10Â %680Â 1 housingâ€”Â â€”Â %94Â 2Â %Single family residential1,281Â 60Â %â€”Â â€”Â %Other15Â 1Â %327Â 7Â %Total$2,136Â 100Â %$4,659Â 100Â %1.Investment real estate for single family residential property is fair valued as a result of consolidation of investment company VIE in accordance with ASC 946.AS OF DEC. 31, 2023US$ MILLIONS, EXCEPT FOR PERCENTAGESInvestment real estateReal estate partnershipsAmountPercentageAmountPercentageHotel$14Â 2Â %$462Â 15Â %Industrial65Â 8Â %369Â 12Â %Land37Â 4Â %15Â 1Â %Office464Â 53Â %1,402Â 45Â %Retail218Â 25Â %17Â 1Â housingâ€”Â â€”Â %85Â 2Â %Other3Â 1Â %335Â 11Â %Total$861Â 100Â %$3,110Â 100Â %As of SeptemberÂ 30, 2024, $12Â million of real estate investments met the criteria as held-for-sale. As of DecemberÂ 31, 2023, no real estate investments met the criteria as held-for-sale. 22NOTE 8. VARIABLE INTEREST ENTITIES AND EQUITY METHOD INVESTMENTSThrough its investment activities, the Company regularly invests in various entities including limited partnerships (â€œLPsâ€) and limited liability companies (â€œLLCsâ€) and frequently participates in the design with their sponsors, but in most cases, its involvement is limited to financing. Some of these entities have been determined to be variable interest entities (â€œVIEsâ€). In certain instances, in addition to an economic interest in the entity, the Company holds the power to direct the most significant activities of the entity and is deemed the primary beneficiary. The Company consolidates all VIEs in which it is the primary beneficiary. The assets of consolidated VIEs are restricted and must first be used to settle their liabilities. Creditors or beneficial interest holders of these VIEs have no recourse to the general credit of the Company, as its obligation is limited to the amount of its committed investment. The Company has not provided financial or other support to these consolidated VIEs in the form of liquidity arrangements, guarantees or other commitments to third parties that may affect the fair value or risk of its variable interest in these VIEs as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.In addition to investment activities, certain of the Companyâ€™s subsidiaries are deemed VIEs. The Company is the primary beneficiary and consolidates these entities in the same manner as other entities in which the Company has a controlling financial interest by holding a majority voting interest.(a)Consolidated Variable Interest EntitiesThe assets and liabilities relating to the consolidated VIEs from the Companyâ€™s investment activities included in the financial statements are as follows:AS OFUS$ MILLIONSSeptember 30, 2024December 31, 2023Available-for-sale fixed maturity securities, at fair value$111Â $153Â Equity securities, at fair value568Â 54Â Mortgage loans on real estate, at amortized cost79Â 82Â Private loans, at amortized cost1,218Â 727Â Investment real estate1,791Â 172Â Real estate partnerships4,052Â 2,477Â Investment funds2,229Â 375Â Other invested assets399Â 30Â Cash and cash equivalents209Â 85Â Other assets103Â 83Â Total assets of consolidated VIEs$10,759Â $4,238Â Notes payable178Â 174Â Other liabilities238Â 30Â Total liabilities of consolidated VIEs$416Â $204Â 23(b)Unconsolidated Variable Interest EntitiesFor certain of the Companyâ€™s investments in various entities that are determined to be VIEs, the Company is not the primary beneficiary as it does not take an active role in the management of these investments. Such investments are reported in certain investment line items on the statements of financial position, including â€œAvailable-for-sale fixed maturity securities, at fair valueâ€, â€œEquity securities, at fair valueâ€, â€œMortgage loans on real estate, at amortized costâ€, â€œInvestment fundsâ€, â€œShort-term investmentsâ€ and â€œOther invested assetsâ€. In some instances, a consolidated VIE involves one or more underlying entities for which the Company is not the primary beneficiary because it does not have the power to direct the most significant activities of these entities. These unconsolidated VIEs that are part of consolidated VIEs are reported primarily in â€œReal estate partnershipsâ€ on the statements of financial position. Creditors or beneficial interest holders of the unconsolidated VIEs have no recourse to the general credit of the Company, as its obligation is limited to the amount of its committed investment. The Company has not provided financial or other support to these unconsolidated VIEs in the form of liquidity arrangements, guarantees or other commitments to third-parties that may affect the fair value or risk of its variable interest in these VIEs as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.The carrying amount and maximum exposure to loss relating to these unconsolidated VIEs are as follows:AS OFUS$ MILLIONSSeptember 30, 2024December 31, 2023Carrying AmountMaximum Exposure to LossCarrying AmountMaximum Exposure to LossAvailable-for-sale fixed maturity securities, at fair value$2,117Â $2,117Â $â€”Â $â€”Â Equity securities, at fair value261Â 261Â 239Â 239Â Mortgage loans on real estate, at amortized cost669Â 742Â 630Â 630Â Real estate partnerships3,789Â 3,792Â 2,478Â 2,478Â Investment funds287Â 369Â â€”Â â€”Â Short-term investments82Â 82Â â€”Â â€”Â Other invested assets156Â 156Â â€”Â â€”Â Total$7,361Â $7,519Â $3,347Â $3,347Â (c)Equity Method InvestmentsThe Companyâ€™s investments in investment funds, real estate partnerships and other partnerships of which substantially all are LPs or LLCs are accounted for using the equity method of accounting, except for certain investments that are fair valued due to the application of fair value option under ASC 825 or the consolidation of investment company VIE under ASC 946. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Companyâ€™s equity method investments were $6.1Â billion and $7.2Â billion, respectively.As described in Note 2 of the Companyâ€™s December 31, 2023 audited consolidated financial statements, the Company generally recognizes its share of earnings in its equity method investments within â€œNet investment incomeâ€ using a three-month lag in instances where the investeeâ€™s financial information is not sufficiently timely or when the investeeâ€™s reporting period differs from the Companyâ€™s reporting period. 24NOTE 9. DERIVATIVE INSTRUMENTSThe Company manages risks associated with certain assets and liabilities by using derivative instruments. Derivative instruments are financial contracts whose value is derived from underlying interest rates, exchange rates or other financial instruments. The Company does not invest in derivatives for speculative purposes. Foreign exchange forwards, options and swaps are over-the-counter contractual agreements negotiated between counterparties. The Company purchases equity-indexed options as economic hedges against fluctuations in the equity markets to which equity-indexed products are exposed. Equity-indexed contracts include a fixed host universal-life insurance or annuity contract and an equity-indexed embedded derivative. Futures contracts are traded in an organized market and are contractual obligations to buy or sell a financial instrument at a predetermined future time at a given price.The notional principal represents the amount to which a rate or price is applied to determine the cash flows to be exchanged periodically and does not represent credit exposure. Maximum credit risk is the estimated cost of replacing derivative instruments which have a positive value, should the counterparty default.Derivatives, except for embedded derivatives, are included in â€œOther invested assetsâ€ or â€œOther liabilitiesâ€, at fair value in the statements of financial position. Embedded derivatives on Modco arrangements, embedded derivatives on indexed annuity and variable annuity products and embedded derivatives on funds withheld arrangements are included in the statements of financial position within the â€œReinsurance funds withheldâ€, â€œPolicyholdersâ€™ account balancesâ€ and â€œFunds withheld for reinsurance liabilitiesâ€ lines respectively, at fair value.The notional amounts and fair values of freestanding derivative instruments are shown below: AS OFUS$ MILLIONSPrimary underlying riskSeptember 30, 2024December 31, 2023Notional AmountFair Value1Notional AmountFair Value1AssetsLiabilitiesAssetsLiabilitiesDerivatives designated as hedging instruments:Foreign exchange forwardsForeign currency$1,295Â $7Â (18)1,532Â $11Â $â€"Â Cross currency swapsForeign currency1,004Â 2Â â€"Â â€"Â â€"Â â€"Â Derivatives not designated as hedging instruments:Equity-indexed optionsEquity$45,975Â $1,900Â (7)8,795Â $322Â $â€"Â Foreign exchange forwardsForeign currency3,592Â 6Â (36)1,362Â 5Â (8)Bond futuresInterest rate1Â â€"Â (1)1,652Â 65Â (73)Cross currency swapsForeign currency28Â 1Â (1)8Â 12Â (12)Interest rate swapsInterest rate1,047Â 11Â (1)87Â 29Â (21)Interest rate optionsInterest rate2,400Â â€"Â (19)â€"Â â€"Â â€"Â $55,342Â $1,927Â (83)13,436Â $444Â $(114)1.The asset and liability balances are presented on a gross basis. Amounts are reported in â€œOther invested assetsâ€ and â€œOther liabilitiesâ€ in the statements of financial position after the evaluation for rights of offset. See â€œDerivative Exposureâ€ section of this note for further details.25Derivatives Designated as Hedging InstrumentsThe Company has designated and accounted for certain foreign exchange forwards and cross currency swaps as fair value hedges to protect a portion of the available-for-sale fixed maturity securities against changes in fair value due to changes in exchange rates.For derivative instruments that were designated and qualified as fair value hedges, the gain or loss on the portion of the derivative instrument included in the assessment of hedge effectiveness and the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in the same line item in the statements of operations. The unrealized gain or loss attributable to changes in exchange rates on the available-for-sale fixed maturity securities that were designated as part of the hedge are reclassified out of OCI into â€œInvestment related gains (losses)â€ in the statements of operations. The remaining change in unrealized gain or loss on the hedged item not associated with the risk being hedged remains as a component of OCI. The following represents the financial statement location and amount of gains (losses) related to the derivatives and hedged items that qualify for fair value hedge accounting: Three Months EndedNine Months EndedFOR THE PERIODS ENDED SEP. 30US$ MILLIONS2024202320242023Hedged items3Â $39Â $59Â $39Â Derivatives designated as hedging instruments(3)(34)(58)(34)Investment related gains (losses)$â€"Â $5Â $1Â $5Â Derivatives Not Designated as Hedging InstrumentsThe following represents the amount of gains (losses) related to the derivatives not designated as hedging instruments, recognized in â€œInvestment related gains (losses)â€ on the statements of operations, except for equity-indexed options which are recognized in â€œChange in fair value of insurance-related derivatives and embedded derivativesâ€:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Equity-indexed options$434Â (85)819Â $8Â Foreign exchange forwards(50)2Â (52)39Â Bond futures2Â (5)7Â (14)Interest rate swaps4Â (1)1Â (1)Interest rate options(19)78Â (18)78Â $371Â (11)757Â $110Â 26Derivative ExposureThe Companyâ€™s use of derivative instruments exposes it to credit risk in the event of non-performance by counterparties. The Company has a policy of only dealing with counterparties it believes are creditworthy and obtaining sufficient collateral where appropriate, as a means to mitigating the financial loss from defaults. The minimum credit rating of our counterparties is A- as of SeptemberÂ 30, 2024 (DecemberÂ 31, 2023 â€" BBB), and all derivatives have been appropriately collateralized by the Company and the counterparties in accordance with the terms of the derivative agreements. The Company holds collateral in cash and notes secured by U.S. government-backed assets. The non-performance risk is the net counterparty exposure based on fair value of open contracts less fair value of collateral held. The Company maintains master netting agreements with its current active trading partners. A right of offset has been applied to cash collateral that supports credit risk and has been recorded in the statements of financial position as an offset to â€œOther invested assetsâ€ with an associated payable to â€œOther liabilitiesâ€ for non-cash and excess collateral. A right of offset has also been applied to derivative assets and liabilities with the same counterparty under the same master netting agreement, and such derivative instruments are presented on a net basis in the statements of financial position.Information regarding the Companyâ€™s exposure to credit loss on the derivatives it holds, including the effect of rights of offset, is presented below:AS OF SEP. 30, 2024US$ MILLIONSGross amount of derivative instruments1Gross amounts offset in the statements of financial position2Net amount presented on the statements of financial positionCollateral (received) pledged in cash3Collateral (received) pledged in invested assets3Exposure net of collateralDerivative assets:Equity-indexed options$1,900Â (14)1,886Â $(1,825)$(21)$40Â Foreign exchange forwards13Â (5)8Â â€"Â â€"Â 8Â Cross currency swaps3Â (1)2Â â€"Â â€"Â 2Â Interest rate swaps11Â (1)10Â â€"Â â€"Â 10Â Total derivative assets$1,927Â (21)1,906Â $(1,825)$(21)$60Â Derivative liabilities:Equity-indexed options(7)7Â $â€"Â $â€"Â $â€"Â $â€"Â Foreign exchange forwards(54)12Â (42)â€"Â â€"Â (42)Bond futures(1)â€"Â (1)â€"Â â€"Â (1)Cross currency swaps(1)1Â â€"Â â€"Â â€"Â â€"Â Interest rate swaps(1)1Â â€"Â â€"Â â€"Â â€"Â Interest rate options(19)â€"Â (19)â€"Â â€"Â (19)Total derivative liabilities(83)21Â (62)â€"Â $â€"Â $(62)1. Represents derivative assets and liabilities on a gross basis, which are not offset under enforceable master netting agreements that meet all offsetting criteria.2. Represents netting of derivative exposures covered by qualifying master netting agreements.3. Excludes a portion of collaterals held in cash and invested assets that are excess collateral. As of SeptemberÂ 30, 2024, the Company held excess collateral of $24Â million.27AS OF DEC. 31, 2023US$ MILLIONSGross amount of derivative instruments1Gross amounts offset in the statements of financial position2Net amount presented on the statements of financial positionCollateral (received) pledged in cash3Collateral (received) pledged in invested assets3Exposure net of collateralDerivative assets:Equity-indexed options$322Â $â€"Â $322Â (209)(17)$96Â Foreign exchange forwards16Â (4)12Â â€"Â â€"Â 12Â Bond futures65Â (65)â€"Â â€"Â â€"Â â€"Â Cross currency swaps12Â (12)â€"Â â€"Â â€"Â â€"Â Interest rate swaps29Â (21)8Â â€"Â â€"Â 8Â Total derivative assets$444Â (102)342Â (209)(17)$116Â Derivative liabilities:Foreign exchange forwards(8)4Â (4)â€"Â $â€"Â $(4)Bond futures(73)65Â (8)â€"Â â€"Â (8)Cross currency swaps(12)12Â â€"Â â€"Â â€"Â â€"Â Interest rate swaps(21)21Â â€"Â â€"Â â€"Â â€"Â Total derivative liabilities(114)102Â (12)â€"Â $â€"Â $(12)1. Represents derivative assets and liabilities on a gross basis, which are not offset under enforceable master netting agreements that meet all offsetting criteria.2. Represents netting of derivative exposures covered by qualifying master netting agreements.3. Excludes a portion of collaterals held in cash and invested assets that are excess collateral. As of DecemberÂ 31, 2023, the Company held excess collateral of $4Â million.28Embedded DerivativesThe fair values of embedded derivatives that have been separated from their host contracts, presented in the statements of financial position, are shown below: AS OFUS$ MILLIONSLocationÂ inÂ the statements ofÂ financialÂ positionSeptember 30, 2024December 31, 2023Carrying Amount / Fair ValueCarrying Amount / Fair ValueAssetsLiabilitiesAssetsLiabilitiesModco arrangementReinsurance funds withheld$10Â $â€"Â (46)â€"Â Indexed annuity and variable annuity productPolicyholdersâ€™ account balancesâ€"Â (1,771)â€"Â (1,104)Funds withheld arrangementFunds withheld for reinsurance liabilitiesâ€"Â (116)â€"Â 0â€"Â $10Â $(1,887)$(46)$(1,104)The following represents the amount of gains (losses) related to embedded derivatives recorded in the statements of operations:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSLocation in the statements of operationsThree Months EndedNine Months Ended2024202320242023Modco arrangementNet investment results from reinsurance funds withheld(24)(2)$252Â $(12)Indexed annuity and variable annuity productChange in fair value of insurance-related derivatives and embedded derivatives(572)(46)(866)(180)Funds withheld arrangementChange in fair value of insurance-related derivatives and embedded derivatives(82)1Â (116)1Â (678)(47)(730)(191)29NOTE 10. NET INVESTMENT INCOME AND INVESTMENT RELATED GAINS (LOSSES)Net investment income is shown below:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Available-for-sale fixed maturity securities$701Â $206Â $1,566Â $626Â Equity securities22Â 11Â 54Â 11Â Mortgage loans199Â 80Â 454Â 229Â Private loans52Â 11Â 116Â 46Â Investment real estate(7)25Â 36Â 52Â Real estate partnerships(17)7Â (29)14Â Investment funds82Â 58Â 269Â 122Â Policy loans6Â 11Â 18Â 11Â Short-term investments79Â 33Â 191Â 171Â Other invested assets147Â â€"Â 281Â â€"Â Total net investment income$1,264Â $442Â $2,956Â $1,282Â Net unrealized and realized investment gains (losses) are shown below:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Available-for-sale fixed maturity securities(94)(22)(112)(90)Equity securities536Â (69)584Â 87Â Mortgage loans(26)10Â (37)(2)Private loans(10)â€"Â (5)(3)Investment real estate(12)1Â (29)1Â Real estate partnershipsâ€"Â â€"Â â€"Â â€"Â Investment funds(2)(2)11Â (2)Short-term investments and other invested assets1(61)84Â (151)103Â Total investment related gains (losses)$331Â $2Â $261Â $94Â 1.Amounts for the three and nine months ended SeptemberÂ 30, 2024 include an accounting loss related to a deemed settlement of a previously held reinsurance agreement between NER SPC and AEL. See Note 16 for details.30NOTE 11. FAIR VALUE OF FINANCIAL INSTRUMENTSThe carrying amount and fair value of financial instruments are shown below:September 30, 2024December 31, 2023AS OFUS$ MILLIONSCarrying AmountFair ValueCarrying AmountFair ValueFinancial assetsAvailable-for-sale fixed maturity securities$52,133Â $52,133Â $18,777Â $18,777Â Equity securities13,819Â 3,819Â 3,663Â 3,663Â Mortgage loans on real estate, net of allowance12,300Â 12,337Â 5,962Â 5,683Â Private loans, net of allowance3,901Â 3,890Â 1,198Â 855Â Policy loans277Â 277Â 390Â 390Â Short-term investments4,377Â 4,377Â 3,115Â 3,115Â Other invested assets:Derivative assets1,906Â 1,906Â 342Â 342Â Separately managed accounts98Â 98Â 105Â 105Â Other2996Â 995Â 58Â 58Â Cash and cash equivalents14,627Â 14,627Â 4,308Â 4,308Â Reinsurance funds withheld31,532Â 1,532Â 7,248Â 7,248Â Other assets â€" market risk benefit assets758Â 758Â 34Â 34Â Separate account assets41,302Â 1,302Â 1,189Â 1,189Â Total financial assets$98,026Â $98,051Â $46,389Â $45,767Â Financial liabilitiesPolicyholdersâ€™ account balances â€" embedded derivative$1,771Â $1,771Â $1,104Â $1,104Â Market risk benefits3,725Â 3,725Â 89Â 89Â Other liabilities â€" derivative liabilities62Â 62Â 12Â 12Â Notes payable178Â 178Â 174Â 174Â Corporate and subsidiary borrowings5,177Â 5,226Â 3,569Â 3,567Â Separate account liabilities41,302Â 1,302Â 1,189Â 1,189Â Total financial liabilities$12,215Â $12,264Â $6,137Â $6,135Â 1.Balance as of DecemberÂ 31, 2023 includes $424Â million of private equity measured at cost less impairment, if any, as their fair values were not readily determinable and were therefore not subject to fair value hierarchy.2.Balances include $435Â million and $12Â million of other invested assets not subject to fair value hierarchy as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively. Balances exclude $1.8Â billion and $209Â million of derivative cash collaterals that are recorded as an offset to â€œOther invested assetsâ€ in the statements of financial position and are also not included in fair value hierarchy as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively (refer to â€œDerivative Exposureâ€ section of Note 9 for details).3.Balances include $1.5Â billion and $7.3Â billion of assets not subject to fair value hierarchy as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively.4.Balances include $22Â million and $26Â million of assets, and corresponding liabilities, that are not subject to fair value hierarchy as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively.31Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. A fair value hierarchy is used to determine fair value based on a hypothetical transaction as of the measurement date from the perspective of a market participant. The Company has evaluated the types of securities in its investment portfolio to determine an appropriate hierarchy level based upon trading activity and the observability of market inputs. The classification of assets or liabilities within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:Level 1Unadjusted quoted prices in active markets for identical assets or liabilitiesLevel 2Quoted prices in markets that are not active or inputs that are observable directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities other than quoted prices in Level 1; quoted prices in markets that are not active; or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilitiesLevel 3Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Unobservable inputs reflect the Companyâ€™s own assumptions about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models and third-party evaluation, as well as instruments for which the determination of fair value requires significant management judgment or estimationValuation Techniques for Assets and Liabilities Recorded at Fair ValueAvailable-for-sale fixed maturity securities â€" The Company utilizes pricing services to estimate fair value measurements. The fair value for available-for-sale fixed maturity securities that are disclosed as Level 1 measurements are based on unadjusted quoted market prices for identical assets that are readily available in an active market. The estimates of fair value for most available-for-sale fixed maturity securities, including municipal bonds, provided by the pricing service are disclosed as Level 2 measurements as the estimates are based on observable market information rather than market quotes. The pricing service utilizes market quotations for available-for-sale fixed maturity securities that have quoted prices in active markets. Since available-for-sale fixed maturity securities generally do not trade on a daily basis, the pricing service prepares estimates of fair value measurements for these securities using its proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities, sector groupings and matrix pricing. Additionally, an option adjusted spread model is used to develop prepayment and interest rate scenarios.The pricing service evaluates each asset class based on relevant market information, credit information, perceived market movements and sector news. The market inputs utilized in the pricing evaluation, listed in the approximate order of priority, include: benchmark yields, reported trades, pricing source quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and economic events. The extent of the use of each market input depends on asset class and the market conditions. Depending on the security, the priority of the use of inputs may change or some market inputs may not be relevant. For some securities, additional inputs may be necessary.The Company has reviewed the inputs and methodology used and the techniques applied by the pricing service to produce quotes that represent the fair value of a specific security. The review confirms that the pricing service is utilizing information from observable transactions or a technique that represents a market participantâ€™s assumptions. The Company does not adjust quotes received from the pricing service. The pricing service utilized by the Company has indicated that they will only produce an estimate of fair value if there is objectively verifiable information available.The Company holds a small amount of private placement debt and available-for-sale fixed maturity securities that have characteristics that make them unsuitable for matrix pricing. For these securities, a quote from an independent pricing source (typically a market maker) is obtained. Due to the disclaimers on the quotes that indicate the price is indicative only, the Company includes these fair value estimates in Level 3.For securities priced using a quote from an independent pricing source, such as certain available-for-sale fixed maturity securities, the Company uses a market-based fair value analysis to validate the reasonableness of prices received. Price variances above a certain threshold are analyzed further to determine if any pricing issue exists. This analysis is performed quarterly.32Equity securities â€" For publicly-traded equity securities, prices are received from a nationally recognized pricing service that are based on observable market transactions, and these securities are classified as Level 1 measurements. For certain preferred stock, current market quotes in active markets are unavailable. In these instances, an estimated fair value is received from the pricing service. The service utilizes similar methodologies to price preferred stocks as it does for available-for-sale fixed maturity securities. If applicable, these estimates are disclosed as Level 2 or Level 3 measurements, depending on the use of at least one significant unobservable input. The Company tests the accuracy of the information provided by reference to other services annually. Short-term investments â€" Short-term investments include fixed maturity securities with original maturities of over 90 days and less than one year at the date of acquisition, some of which are disclosed as Level 1 measurements as their fair values are based on unadjusted quoted market prices for identical assets that are readily available in an active market. Short-term investments also include commercial paper rated A2 or P2 or better by Standard & Poorâ€™s and Moodyâ€™s, respectively, as well as certain private loans with original maturities of less than one year at the date of acquisition and amounts loaned under reverse repurchase agreements. Commercial paper, short-term private loans and amounts loaned under reverse repurchase agreements are carried at amortized cost which approximates fair value. These investments are classified as Level 2 or Level 3 measurements, depending on the use of at least one significant unobservable input.Investment real estate and real estate partnerships â€" The fair values of residential real estate investments held through consolidation of investment company VIEs are initially recorded based on the cost to purchase the properties and subsequently recorded at fair value on a recurring basis and falls within Level 3 of the fair value hierarchy. The fair value of the residential real estate properties was determined using broker price opinions (â€œBPOâ€). A BPO is an appraisal methodology commonly used in the industry to estimate net proceeds from the sale of a home. The significant inputs into the valuation include market comparable home sales, age and size of the home, location and property conditions.For certain of the Companyâ€™s interest in unconsolidated variable interest entities, the Company elected the fair value option in accordance with ASC 825. The fair value of such interest is derived using discounted cash flow methodology and falls within Level 3 of the fair value hierarchy.Certain of the Companyâ€™s consolidated variable interest entities that are fair valued on a recurring basis invest in limited liability companies (â€œLLCâ€) that invest in operating entities which hold multi-family real estate properties. The fair value of the LLCs is obtained from a third party and is based on the fair value of the underlying real estate held by the various operating entities. The real estate is initially calculated based on the cost to purchase the properties and subsequently calculated based on a discounted cash flow methodology. Such investments are classified as Level 3 measurements.Investment funds â€" The Company owns certain investments in infrastructure LLCs through a consolidated VIE that is measured at fair value on a recurring basis. We initially recorded the investment at the cost to purchase the investment and subsequently recorded based on a discounted cash flow methodology. Investment funds that are fair valued are classified as Level 3 measurements. Certain LP funds are measured at estimated fair value using NAV as a practical expedient.Other invested assets â€" The Company holds interest in an investment company limited partnership, which invests in residual tranche investments, and is a consolidated VIE. The investment was initially recorded at cost and will subsequently be recorded at fair value using discounted cash flow methodology and falls within Level 3 of the fair value hierarchy.Separate account assets and liabilities â€” The separate account assets included on the quantitative disclosures fair value hierarchy table are comprised of short-term investments, equity securities, and available-for-sale fixed maturity. Equity securities are classified as Level 1 measurements. Short-term investments and available-for-sale fixed maturity securities are classified as Level 2 measurements. These classifications for separate account assets reflect the same fair value level methodologies as listed above as they are derived from the same vendors and follow the same process.The separate account assets also include cash and cash equivalents, investment funds, accrued investment income, and receivables for securities. These are not included in the quantitative disclosures of fair value hierarchy table.Reinsurance funds withheld â€“ embedded derivatives â€” Valuation model is based on quoted prices of similar, traded securities in active markets. For example, interest rates and yield curves observed at commonly quoted intervals, implied volatility, credit spread and market-corroborated inputs. 33Market risk benefits â€” MRBs are valued using stochastic models that incorporate a spread reflecting our non-performance risk. The key assumptions for calculating the fair value of the MRBs are market assumptions such as equity market returns, interest rate levels, market volatility and correlations and policyholder behavior assumptions such as lapse, mortality, utilization and withdrawal patterns. Risk margins are included in the policyholder behavior assumptions. The assumptions are based on a combination of historical data and actuarial judgment. MRBs are classified as Level 3 fair value measurements as the fair value is based on unobservable inputs. The following significant unobservable inputs are used for measuring the fair value:â€¢Utilization â€“ The utilization assumption represents the percentage of policyholders who will elect to receive lifetime income benefit payments in a given year. The range and weighted average of this assumption can vary from year to year depending on the characteristics of policies in a given cohort within the rate. â€¢Option budget â€“ The option budget assumption represents the expected cost of annual call options we will purchase in the future.â€¢Non-performance risk â€“ The non-performance risk assumption impacts the discount rate used in the discounted future cash flow valuation and includes the Companyâ€™s own credit risk based on the current market credit spreads for debt-like instruments the Company has issued and are available in the market. Additionally, the non-performance risk assumption includes the counterparty credit risk used in the fair value measurement of ceded market risk benefits which is determined using the current market credit spreads based on the counterparty credit rating. â€¢Mortality rates â€“ The mortality rate assumptions are set based on a combination of company and industry experience, adjusted for improvement factors. Mortality rates vary by age and by demographic characteristics such as gender. â€¢Lapse rates â€“ The lapse rate assumptions represent the expected rate of full surrenders which are set based on product type or feature and whether a policy is subject to surrender charges. Derivative assets and liabilities:â€¢Foreign currency forward contracts â€“ discounted cash flow model â€“ forward exchange rates (from observable forward exchange rates at the end of the reporting period); discounted at a credit adjusted rate.â€¢Interest rate contracts â€“ discounted cash flow model â€“ forward interest rates (from observable yield curves) and applicable credit spreads discounted at a credit adjusted rate.â€¢Equity-index options â€“ valued using industry accepted valuation models and are adjusted for the non-performance risk of each counterparty net of any collateral held. Inputs include market volatility and risk free interest rates and are used in income valuation techniques in arriving at a fair value for each option contract. The non-performance risk for each counterparty is based upon its credit default swap rate. The Company has no performance obligations related to the equity-index options purchased to fund its fixed index annuity and equity-indexed universal life policy liabilities. Certain equity-index options are valued based on vendor sourced prices and are classified as Level 3 measurements due to the use of significant unobservable inputs used by the vendor.Policyholdersâ€™ account balances â€“ embedded derivatives â€” The fair value of the embedded derivative component of the Companyâ€™fixed index annuity and equity-indexed universal life policyholderâ€™s account balances is estimated at each valuation date by (i) projecting policy contract values and minimum guaranteed contract values over the expected lives of the contracts and (ii) discounting the excess of the projected contract value amounts at the applicable risk free interest rates adjusted for the Companyâ€™s non-performance risk related to those liabilities. The following significant unobservable inputs are used for measuring the fair value: (i) Option budget; (ii) Lapse rates; and (iii) Non-performance risk. For the details of these significant unobservable inputs, refer to significant unobservable inputs for â€œMarket risk benefitsâ€.Funds withheld for reinsurance liabilities â€“ embedded derivatives â€” The fair value of the embedded derivative is estimated based on the fair value of the assets supporting the funds withheld payable under modified coinsurance and funds withheld coinsurance reinsurance agreements. The fair value of the embedded derivative is classified as Level 3 based on valuation methods used for the assets held supporting the reinsurance agreements.Separately managed accounts â€” The separately managed account manager uses the mid-point of a range from a third-party to price these securities. Discounted cash flows (yield analysis) and market transactions approach are used in the valuation. They use discount rates which is considered an unobservable input.The fair value hierarchy measurements of the assets and liabilities recorded at fair value are shown below:34Assets and Liabilities Recorded at Fair Value by Hierarchy LevelAS OF SEP. 30, 2024US$ MILLIONSTotal Fair ValueLevel 1Level 2Level 3Financial assetsAvailable-for-sale fixed maturity securities:U.S. treasury and government$410Â $354Â $56Â $â€”Â U.S. states and political subdivisions3,468Â â€”Â 3,408Â 60Â Foreign governments792Â â€”Â 792Â â€”Â Corporate debt securities36,202Â â€”Â 32,997Â 3,205Â Residential mortgage-backed securities1,339Â â€”Â 1,315Â 24Â Commercial mortgage-backed securities3,528Â â€”Â 3,483Â 45Â Collateralized debt securities6,394Â â€”Â 3,783Â 2,611Â Total fixed maturity, available-for-sale52,133Â 354Â 45,834Â 5,945Â Equity securities:Common stock3,440Â 2,872Â 2Â 566Â Preferred stock375Â 39Â 252Â 84Â Private equity and other4Â â€”Â â€”Â 4Â Total equity securities3,819Â 2,911Â 254Â 654Â Investment real estate11,282Â â€”Â â€”Â 1,282Â Real estate partnerships1, 21,447Â â€”Â â€”Â 1,447Â Investment funds1, 3115Â â€”Â â€”Â 115Â Short-term investments4,377Â 2,955Â 619Â 803Â Other invested assets:Derivative assets1,906Â â€”Â 1,641Â 265Â Separately managed accounts98Â â€”Â â€”Â 98Â Other560Â â€”Â â€”Â 560Â Cash and cash equivalents14,627Â 14,627Â â€”Â â€”Â Reinsurance funds withheld â€“ embedded derivative10Â â€”Â â€”Â 10Â Premiums due and other receivables â€“ derivative asset22Â â€”Â 22Â â€”Â Other assets â€“ market risk benefit assets758Â â€”Â â€”Â 758Â Separate account assets1,280Â 201Â 1,079Â â€”Â Total financial assets$82,434Â $21,048Â $49,449Â $11,937Â Financial liabilitiesPolicyholdersâ€™ account balances â€“ embedded derivative$1,771Â $â€”Â $â€”Â $1,771Â Market risk benefits3,725Â â€”Â â€”Â 3,725Â Funds withheld for reinsurance liabilities â€“ embedded derivative116Â â€”Â â€”Â 116Â Other liabilities â€“ derivative liabilities62Â 1Â 61Â â€”Â Separate account liabilities1,280Â 201Â 1,079Â â€”Â Total financial liabilities $6,954Â $202Â $1,140Â $5,612Â 1.Balances represent financial assets that are fair valued as a result of consolidation of investment company VIE in accordance with ASC 946.2.Balances represent financial assets that are fair valued in accordance with ASC 825.3.Balance for investment funds excludes those measured at estimated fair value using net asset value (â€œNAVâ€) per share as a practical expedient. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the estimated fair values of investment funds measured at NAV as a practical expedient were $426Â million and nil, respectively.35Assets and Liabilities Recorded at Fair Value by Hierarchy LevelAS OF DEC. 31, 2023US$ MILLIONSTotal Fair ValueLevel 1Level 2Level 3Financial assetsAvailable-for-sale fixed maturity securities:U.S. treasury and government$497Â $442Â $55Â $â€”Â U.S. states and political subdivisions670Â â€”Â 670Â â€”Â Foreign governments614Â â€”Â 614Â â€”Â Corporate debt securities14,592Â â€”Â 12,314Â 2,278Â Residential mortgage-backed securities376Â â€”Â 376Â â€”Â Commercial mortgage-backed securities726Â â€”Â 696Â 30Â Collateralized debt securities1,302Â â€”Â 961Â 341Â Total fixed maturity, available-for-sale18,777Â 442Â 15,686Â 2,649Â Equity securities:Common stock3,073Â 2,682Â â€”Â 391Â Preferred stock121Â 37Â â€”Â 84Â Private equity and other45Â â€”Â â€”Â 45Â Total equity securities3,239Â 2,719Â â€”Â 520Â Short-term investments3,115Â 1,948Â 40Â 1,127Â Other invested assets:Derivative assets342Â â€”Â 115Â 227Â Separately managed accounts105Â â€”Â â€”Â 105Â Other46Â â€”Â â€”Â 46Â Cash and cash equivalents4,308Â 4,264Â 44Â â€”Â Reinsurance funds withheld â€“ embedded derivative(46)â€”Â â€”Â (46)Other assets â€“ market risk benefit assets34Â â€”Â â€”Â 34Â Separate account assets1,163Â 405Â 758Â â€”Â Total financial assets$31,083Â $9,778Â $16,643Â $4,662Â Financial liabilitiesPolicyholdersâ€™ account balances â€“ embedded derivative$1,104Â $â€”Â $232Â $872Â Market risk benefits89Â â€”Â â€”Â 89Â Other liabilities â€“ derivative liabilities12Â 8Â 4Â â€”Â Separate account liabilities1,163Â 405Â 758Â â€”Â Total financial liabilities$2,368Â $413Â $994Â $961Â 36Fair Value Information About Financial Instruments Not Recorded at Fair ValueInformation about fair value estimates for financial instruments not recorded at fair value is discussed below:Mortgage loans â€” The fair value of mortgage loans is estimated using discounted cash flow analyses on a loan-by-loan basis by applying a discount rate to expected cash flows from future installment and balloon payments. The discount rate takes into account general market trends and specific credit risk trends for the individual loan. Factors used to arrive at the discount rate include inputs from spreads based on U.S. Treasury notes and the loanâ€™s credit quality, region, property-type, lien priority, payment type and current status.Private loans â€” The fair value of private loans is estimated using discounted cash flow analyses on a loan-by-loan basis by applying a discount rate to expected cash flows from future installment and balloon payments. The discount rate takes into account general market trends and specific credit risk trends for the individual loan.Policy loans â€” The carrying value of policy loans is the outstanding balance plus any accrued interest. Due to the collateralized nature of policy loans such that they cannot be separated from the policy contracts, the unpredictable timing of repayments and the fact that settlement is at outstanding value, the carrying value of policy loans approximates fair value.Other invested assets â€” The common stock of Federal Home Loan Banks (â€œFHLBâ€) is carried at cost which approximates fair value. The fair value of the company-owned life insurance (â€œCOLIâ€) is equal to the cash surrender value of the policies.Corporate and subsidiary borrowings â€” Corporate and subsidiary borrowings are carried at outstanding principal balance. Fair values for subordinated debentures are estimated using discounted cash flow calculations principally based on observable inputs including the Companyâ€™s incremental borrowing rates, which reflect its credit rating, for similar types of borrowings with maturities consistent with those remaining for the debt being valued.Notes payable â€” Notes payable are carried at outstanding principal balance. For a majority of the notes, the carrying value of the notes payable approximates fair value because the underlying interest rates approximate market rates at the reporting date.Policyholderâ€™s account balances & deposit assets excluding embedded derivative â€” The fair values of the policyholderâ€™s account balances not involving significant mortality or morbidity risks are stated at the cost we would incur to extinguish the liability (i.e., the cash surrender value) as these contracts are generally issued without an annuitization date. The coinsurance deposits related to the annuity benefit reserves have fair values determined in a similar fashion. For period-certain annuity benefit contracts, the fair value is determined by discounting the benefits at the interest rates currently in effect for newly issued immediate annuity contracts. All of the fair values presented within these categories fall within Level 3 of the fair value hierarchy as most of the inputs are unobservable market data.Policy and contract claims â€“ FHLB â€” The fair values of the Company's funding agreements with the FHLB are estimated using discounted cash flow calculations based on interest rates currently being offered for similar agreements with similar maturities.37The carrying amount and estimated fair value of financial instruments not recorded at fair value are shown below. The table below excludes cash and cash equivalents and accrued investment income, which are recorded at amortized cost in the statements of financial position, as their carrying amounts approximate the fair values due to their short-term nature.AS OF SEP. 30, 2024US$ MILLIONSCarrying AmountFair ValueFV Hierarchy LevelLevel 1Level 2Level 3Financial assetsMortgage loans on real estate, net of allowance$12,300Â $12,337Â â€”Â â€”Â 12,337Â Private loans, net of allowance3,901Â 3,890Â â€”Â 144Â 3,746Â Policy loans277Â 277Â â€”Â â€”Â 277Â Deposit assets14,527Â 13,463Â â€”Â â€”Â 13,463Â Other invested assets, excluding derivatives and separately managed accounts435Â 435Â â€”Â 403Â 32Â Total financial assets$31,440Â $30,402Â Financial liabilitiesPolicyholdersâ€™ account balances â€“ investment contracts, excluding embedded derivative$78,107Â $78,107Â â€”Â â€”Â 78,107Â Corporate and subsidiary borrowings 5,177Â 5,226Â 130Â 258Â 4,838Â Notes payable178Â 178Â â€”Â â€”Â 178Â Total financial liabilities$83,462Â $83,511Â AS OF DEC. 31, 2023US$ MILLIONSCarrying AmountFair ValueFV Hierarchy LevelLevel 1Level 2Level 3Financial assetsMortgage loans on real estate, net of allowance$5,962Â $5,683Â â€”Â â€”Â 5,683Â Private loans, net of allowance1,198Â 855Â â€”Â â€”Â 855Â Policy loans390Â 390Â â€”Â â€”Â 390Â Other invested assets, excluding derivatives and separately managed accounts12Â 12Â â€”Â â€”Â 12Â Total financial assets$7,562Â $6,940Â Financial liabilitiesPolicyholdersâ€™ account balances â€“ investment contracts, excluding embedded derivative$21,627Â $20,098Â â€”Â 6,001Â 14,097Â Corporate and subsidiary borrowings3,569Â 3,567Â 133Â 249Â 3,185Â Notes payable174Â 174Â â€”Â â€”Â 174Â Total financial liabilities$25,370Â $23,839Â 38For financial assets and financial liabilities measured at fair value on a recurring basis using Level 3 inputs during the periods, reconciliations of the beginning and ending balances are shown below:AssetsLiabilitiesFOR THE PERIODS ENDED SEP. 30, 2024US$ MILLIONSInvested assets1Derivative assetsReinsurance funds withheld â€“ embedded derivativePolicyholdersâ€™ account balances â€“ embedded derivativeFunds withheld for reinsurance liabilities â€“ embedded derivativeBalance as of January 1, 2024$4,447Â $227Â (46)(872)$â€”Â Acquisition from business combination4,288Â â€”Â â€”Â â€”Â â€”Â Derecognition2â€”Â â€”Â (196)â€”Â Fair value changes in net income157Â 81Â 276Â (325)(34)Fair value changes in other comprehensive income27Â â€”Â â€”Â â€”Â â€”Â Purchases3,421Â 74Â â€”Â â€”Â â€”Â Sales(3,316)â€”Â â€”Â â€”Â â€”Â Settlements or maturities(9)(128)â€”Â 30Â â€”Â Premiums less benefitsâ€”Â â€”Â â€”Â (29)â€”Â Transfers into Level 364Â â€”Â â€”Â â€”Â â€”Â Transfers out of Level 3(58)â€”Â â€”Â â€”Â â€”Â Balance as of June 30, 2024$9,021Â $254Â $34Â $(1,196)$(34)Fair value changes in net income6Â 41Â (24)(533)(82)Fair value changes in other comprehensive income108Â â€”Â â€”Â â€”Â â€”Â Purchases2,072Â 37Â â€”Â â€”Â â€”Â Sales(177)â€”Â â€”Â â€”Â â€”Â Settlements or maturitiesâ€”Â (67)â€”Â â€”Â â€”Â Premiums less benefitsâ€”Â â€”Â â€”Â (42)â€”Â Transfers into Level 369Â â€”Â â€”Â â€”Â â€”Â Transfers out of Level 3(195)â€”Â â€”Â â€”Â â€”Â Balance as of September 30, 2024$10,904Â $265Â $10Â $(1,771)$(116)1.Balance includes separately managed accounts.2.See Note 16 for the details of effective settlement of a reinsurance arrangement, resulting in the derecognition of reinsurance funds withheld.39AssetsLiabilitiesFOR THE PERIODS ENDED SEP. 30, 2023US$ MILLIONSInvested assets1Derivative assetsReinsurance funds withheld â€“ embedded derivativePolicyholdersâ€™ account balances â€“ embedded derivativeBalance as of January 1, 2023$2,489Â $121Â $154Â $(726)Fair value changes in net income(292)72Â (28)(101)Fair value changes in other comprehensive income77Â â€”Â â€”Â â€”Â Purchases2,188Â 60Â â€”Â â€”Â Sales(353)â€”Â â€”Â â€”Â Settlements or maturitiesâ€”Â (38)â€”Â â€”Â Premiums less benefitsâ€”Â â€”Â â€”Â 18Â Balance as of June 30, 2023$4,109Â $215Â $126Â $(809)Fair value changes in net income(2)(32)(2)23Â Fair value changes in other comprehensive income315Â â€”Â â€”Â â€”Â Purchases775Â 38Â â€”Â â€”Â Sales(1,772)â€”Â â€”Â â€”Â Settlements or maturitiesâ€”Â (46)â€”Â â€”Â Premiums less benefitsâ€”Â â€”Â â€”Â (39)Balance as of September 30, 2023$3,425Â $175Â $124Â $(825)1.Balance includes separately managed accounts.There were no transfers between Level 1 or Level 2 during the periods presented. Transfers into and out of Level 3 for the periods ended SeptemberÂ 30, 2024 were primarily the result of changes in observable pricing. The Companyâ€™s valuation of financial instruments categorized as Level 3 in the fair value hierarchy are based on valuation techniques that use significant inputs that are unobservable or had a decline in market activity that obscured observability. The indicators considered in determining whether a significant decrease in the volume and level of activity for a specific asset has occurred include the level of new issuances in the primary market, trading volume in the secondary market, the level of credit spreads over historical levels, applicable bid-ask spreads, and price consensus among market participants and other pricing sources. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models and discounted cash flow methodology based on spread/yield assumptions. 40The following summarizes the valuation techniques and unobservable inputs of the Level 3 fair value measurements:Type of AssetValuation Techniques Significant Unobservable InputsAvailable-for-sale fixed maturity securitiesCorporate debt securitiesâ€¢Discounted cash flows (yield analysis)â€¢Income approachâ€¢Price at costCorporate debt securitiesâ€¢Contractual cash flowsâ€¢Durationâ€¢Call provisionsâ€¢Weighted-average lifeâ€¢Risk premiumâ€¢Coupon rateOther asset-backed securitiesâ€¢Discounted cash flowsOther asset-backed securitiesâ€¢Discount rateâ€¢Weighted average lifeCollateralized debt securitiesâ€¢Broker quotesâ€¢Income approachCollateralized debt securitiesâ€¢Contractual cash flowsâ€¢Weighted-average coupon and maturityâ€¢Collateral typeâ€¢Loss severityâ€¢GeographyCommon stock, preferred stock and private equityâ€¢Broker quotesâ€¢Income approach â€¢Current Value Method (â€œCVMâ€)â€¢Guideline public company method1â€¢Security structureâ€¢Last Twelve Months (â€œLTMâ€) Revenue Multiple2â€¢Next Calendar Year (â€œNCYâ€) Revenue Multiple3â€¢LTM EBITDA Multiple4â€¢NCY +1 EBITDA Multiple5Investment real estate, real estate partnershipsFair value option under ASC 825â€¢Discounted cash flowsFair value option under ASC 825â€¢Discount rateâ€¢Terminal capitalization rateâ€¢Investment horizon (years)Investment company VIE under ASC 946â€¢Broker price opinions (â€œBPOsâ€)Investment company VIE under ASC 946â€¢Market comparable home salesâ€¢Age and size of the homeâ€¢Location and property conditionsSeparately managed accountsCommon stock and warrantsâ€¢Guideline public company method1 â€¢Option pricing methodâ€¢CVMCommon stock and warrantsâ€¢LTM Revenue Multiple2â€¢NCY Revenue Multiple3â€¢LTM EBITDA Multiple4â€¢NCY +1 EBITDA Multiple5â€¢Termâ€¢Volatility â€¢Discount for lack of marketability (â€œDLOMâ€)Preferred stockâ€¢Guideline public company method1â€¢CVMPreferred stockâ€¢LTM Revenue Multiple2â€¢NCY Revenue Multiple3â€¢LTM EBITDA Multiple4â€¢NCY +1 EBITDA Multiple5Fixed incomeâ€¢Discounted cash flows (yield analysis) â€¢Market transactions approach â€¢CVMâ€¢CostFixed incomeâ€¢Discount rate â€¢NCY EBITDA1.Guideline public company method uses price multiples from data on comparable public companies. Multiples are then adjusted to account for differences between what is being valued and comparable firms.2.LTM Revenue Multiple valuation metric shows revenue for the past 12-month period.3.NCY Revenue Multiple shows forecast revenue over the next calendar year.4.LTM EBITDA Multiple shows earnings before interest, taxes, depreciation and amortization (â€œEBITDAâ€) for the past 12-month period.5.NCY +1 EBITDA Multiple shows forecasted EBITDA expected to be achieved over the next calendar year.41 NOTE 12. REINSURANCEÂ Â Â Â Following the effective settlement of a reinsurance arrangement between NER SPC and AEL (see Note 16 for details), the Companyâ€™s reinsurance assumed exposure is principally limited to the amounts of reinsurance funds withheld and associated deposit liability based on deposit accounting, as presented in the statements of financial position.The Company also reinsures its business through a diversified group of reinsurers. The Company remains liable to the extent its reinsurers do not meet their obligations under the reinsurance agreements. The Company monitors trends in arbitration and any litigation outcomes with its reinsurers. Collectability of reinsurance balances is evaluated by monitoring ratings and the financial strength of its reinsurers. The effect of reinsurance on the applicable line items on Companyâ€™s statements of operations are as follows:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Premiums earned:Gross amounts, including reinsurance assumed$1,746Â $1,220Â $5,896Â $3,748Â Reinsurance ceded(581)(307)(1,684)(936)Net amount$1,165Â $913Â $4,212Â $2,812Â Other policy revenue:Gross amounts, including reinsurance assumed$188Â $106Â $503Â $306Â Reinsurance ceded29Â â€”Â 26Â â€”Â Net amount$217Â $106Â $529Â $306Â Policyholder benefits and claims incurred:Gross amounts, including reinsurance assumed$(1,879)$(1,085)$(5,621)$(3,302)Reinsurance ceded649Â 215Â 1,462Â 557Â Net amount$(1,230)$(870)$(4,159)$(2,745)Interest sensitive contract benefits:Gross amounts, including reinsurance assumed(632)(195)$(1,442)$(598)Reinsurance ceded75Â 106Â 278Â 266Â Net amount(557)(89)$(1,164)$(332)Change in fair value of market risk benefits:Gross amounts, including reinsurance assumed(257)73Â (449)81Â Reinsurance ceded50Â â€”Â 43Â â€”Â Net amount(207)73Â (406)81Â Effective July 1, 2024, several ANGI subsidiaries entered into a coinsurance reinsurance agreement with a strong rated counterparty, whereby these subsidiaries ceded a diversified block of life business representing $3.4Â billion of insurance liabilities, which is recorded within â€œReinsurance recoverables and deposit assetsâ€ on the statements of financial position. Furthermore, certain of the Companyâ€™s subsidiaries have intercompany reinsurance agreements with its wholly owned reinsurance companies, some of which are captive reinsurance companies. All intercompany balances arising from such intercompany reinsurance agreements are eliminated in full on consolidation.42NOTE 13. SEPARATE ACCOUNT ASSETS AND LIABILITIESThe following table presents the change of the Companyâ€™s separate account assets and liabilities:AS OF AND FOR THE NINE MONTHS ENDED SEP. 30 US$ MILLIONS20242023Balance, beginning of period$1,189Â $1,045Â Additions (deductions):Â Â Â Â Policyholder deposits55Â 59Â Â Â Â Â Net investment income19Â 18Â Â Â Â Â Net realized capital gains on investments 156Â 78Â Â Â Â Â Policyholder benefits and withdrawals(103)(96)Â Â Â Â Net transfer from (to) general account(4)(6)Â Â Â Â Policy charges(10)(8)Total changes113Â 45Â Balance, end of period$1,302Â $1,090Â 43NOTE 14. DEFERRED POLICY ACQUISITION COSTS, DEFERRED SALES INDUCEMENTS AND VALUE OF BUSINESS ACQUIREDThe following tables present a rollforward of deferred policy acquisition costs (â€œDACâ€), deferred sales inducements (â€œDSIâ€) and value of business acquired (â€œVOBA assetâ€) for the periods indicated:AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2024US$ MILLIONSAnnuityLifeP&CTotalDAC:Balance, beginning of period$1,314Â $217Â $171Â $1,702Â Additions504Â 82Â 376Â 962Â Derecognition1(1,129)â€”Â â€”Â (1,129)Amortization(47)(13)(349)(409)Net change(672)69Â 27Â (576)Balance, end of period$642Â $286Â $198Â $1,126Â DSI:Balance, beginning of period$257Â $â€”Â $â€”Â $257Â Additions236Â â€”Â â€”Â 236Â Derecognition1(246)â€”Â â€”Â (246)Amortization(7)â€”Â â€”Â (7)Net change(17)â€”Â â€”Â (17)Balance, end of period$240Â $â€”Â $â€”Â $240Â VOBA asset:Balance, beginning of period$40Â $301Â $168Â $509Â Acquisition from business combination29,321Â â€”Â â€”Â 9,321Â Derecognition3â€”Â (250)â€”Â (250)Amortization(331)(17)(103)(451)Net change8,990Â (267)(103)8,620Â Balance, end of period$9,030Â $34Â $65Â $9,129Â Total DAC, DSI and VOBA asset$9,912Â $320Â $263Â $10,495Â 1.See Note 16 for the details of effective settlement of a reinsurance arrangement, resulting in the derecognition of DAC and DSI.2.See Note 16 for the details of the measurement period adjustment to VOBA asset included within this amount, which was recognized upon the Companyâ€™s acquisition of AEL in May 2024.3.See Note 12 for details of a reinsurance transaction in relation to the Companyâ€™s Life business at ANGI, resulting in the derecognition of a portion of VOBA asset recognized upon the Companyâ€™s acquisition of American National in May 2022.44AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2023US$ MILLIONSAnnuityLifeP&CTotalDAC:Balance, beginning of period$886Â $86Â $124Â $1,096Â Additions483Â 116Â 355Â 954Â Amortization(56)(13)(314)(383)Net change427Â 103Â 41Â 571Â Balance, end of period$1,313Â $189Â $165Â $1,667Â DSI:Balance, beginning of period$85Â $â€”Â $â€”Â $85Â Additions179Â â€”Â â€”Â 179Â Amortization(6)â€”Â â€”Â (6)Net change173Â â€”Â â€”Â 173Â Balance, end of period$258Â $â€”Â $â€”Â $258Â VOBA asset:Balance, beginning of period$26Â $310Â $68Â $404Â Additions18Â 18Â â€”Â 36Â Amortization(1)(18)(44)(63)Net change17Â â€”Â (44)(27)Balance, end of period$43Â $310Â $24Â $377Â Total DAC, DSI and VOBA asset$1,614Â $499Â $189Â $2,302Â The following table provides the projected VOBA asset amortization expenses for a five-year period and thereafter as of SeptemberÂ 30, 2024:YearsUS$ MILLIONS20241$193Â 2025627Â 2026569Â 2027513Â 2028470Â Thereafter6,757Â Total amortization expense $9,129Â 1.Expected amortization for the remainder of 2024.45NOTE 15. INTANGIBLE ASSETSThe components of definite-lived and indefinite-lived intangible assets are as follows. Refer to Note 14 for VOBA asset, which is an actuarial intangible asset arising from a business combination.September 30, 2024December 31, 2023AS OF US$ MILLIONSGross Carrying AmountAccumulated AmortizationNet Carrying AmountGross Carrying AmountAccumulated AmortizationNet Carrying AmountDefinite-lived intangible assets:Distributor relationships$1,506Â (27)1,479Â $28Â $â€”Â $28Â Trade name71Â (6)65Â 24Â (2)22Â Unpaid claims reserve intangible asset103Â (30)73Â 104Â (5)99Â Software and other76Â (10)66Â 32Â (2)30Â Total definite-lived intangible assets1,756Â (73)1,683Â 188Â (9)179Â Indefinite-lived intangible assets:Insurance licenses71Â â€”Â 71Â 56Â â€”Â 56Â Total$1,827Â (73)1,754Â $244Â (9)235Â No impairment expenses of intangible assets were recognized for the nine months ended SeptemberÂ 30, 2024 and 2023. The Company estimates that its intangible assets do not have any significant residual value in determining their amortization. Amortization expenses were $31Â million and $66Â million for the three and nine months ended SeptemberÂ 30, 2024 respectively, and nil and $1Â million for the three and nine months ended SeptemberÂ 30, 2023 respectively.The following table outlines the estimated future amortization expense related to definite-lived intangible assets held as of SeptemberÂ 30, 2024. YearsUS$ MILLIONS20241$31Â 2025113Â 2026105Â 202790Â 202880Â Thereafter1,264Â Total amortization expense$1,683Â 1.Expected amortization for the remainder of 2024.46NOTE 16. ACQUISITIONAcquisition of American Equity Investment Life Holdings CompanyOn May 2, 2024, the Company, through its subsidiary American National, completed the acquisition of AEL, an Iowa corporation, by acquiring all of AELâ€™s issued and outstanding common stock not already owned for a total consideration of approximately $4.0Â billion comprised of $2.5Â billion in cash and $1.1Â billion of stock consideration in the form of class A limited voting shares of Brookfield Asset Management Ltd. (â€œBAM Sharesâ€). The remaining consideration primarily relates to the previously held equity interest in AEL prior to the acquisition as well as the effective settlement of previously held reinsurance agreement between AEL and NER SPC.Accounting for the acquisition of AEL is not finalized, and there remains some measurement uncertainty on the acquisition valuation, which is pending completion of a comprehensive evaluation of the net assets acquired, including but not limited to identifiable intangible assets, deferred income tax assets, and policyholdersâ€™ account balances. The financial statements as of SeptemberÂ 30, 2024 reflect managementâ€™s current best estimate of the purchase price allocation. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur by the second quarter of 2025. As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of $630Â million as of SeptemberÂ 30, 2024 may be adjusted in future periods. Goodwill recognized is not deductible for income tax purposes. Subsequent to the acquisition, on May 7, 2024, American National completed a downstream merger with AEL and changed its name to American National Group Inc. (â€œANGIâ€) and reincorporated as a Delaware corporation.The acquired business operations of AEL, which are now part of ANGI, contributed revenues of $1.3Â billion and a net loss of $204Â million to the Company for the period from May 2, 2024 to SeptemberÂ 30, 2024. Had the acquisition occurred on January 1, 2023, the consolidated unaudited pro forma revenue and net profit (loss) would be: (i) $3.0Â billion and $65Â million, respectively, for the three months ended SeptemberÂ 30, 2024; (ii) $9.2Â billion and $1.3Â billion, respectively, for the nine months ended SeptemberÂ 30, 2024; (iii) $2.2Â billion and $118Â million, respectively, for the three months ended SeptemberÂ 30, 2023; and (iv) $6.5Â billion and $319Â million, respectively, for the nine months ended SeptemberÂ 30, 2023. The pro forma amounts have been calculated using the subsidiaryâ€™s results and adjusting them for the revised depreciation and amortization that would have been charged assuming the fair value adjustments to investments, property and equipment and intangible assets had applied from January 1, 2023, together with the consequential tax effects. Managementâ€™s current best estimate of the purchase price allocation reflects the inclusion of updated mortality, base lapse and utilization assumptions related to AELâ€™s market risk benefits liability as part of its annual assumptions review which took place in the third quarter of 2024. This resulted in a $45 million increase in both the VOBA asset and market risk benefits liability.47The following summarizes the consideration transferred, fair value of assets acquired and liabilities assumed as of the acquisition date:US$ MILLIONSFair value of consideration transferred:Cash$2,525Â BAM Shares transferred by the Company1,111Â Fair value of the Companyâ€™s pre-existing reinsurance agreement effectively settled(541)Fair value of the Companyâ€™s pre-existing interest in AEL897Â Total$3,992Â Assets acquired:Investments$42,960Â Cash and cash equivalents13,367Â Accrued investment income414Â Value of business acquired9,321Â Reinsurance recoverables and deposit assets6,851Â Property and equipment42Â Intangible assets1,580Â Other assets668Â Total assets acquired75,203Â Liabilities assumed:Future policy benefits310Â Policyholdersâ€™ account balances61,473Â Market risk benefits3,023Â Notes payable768Â Subsidiary borrowings84Â Funds withheld for reinsurance liabilities3,371Â Other liabilities2,099Â Total liabilities assumed71,128Â Less: Non-controlling interest713Â Net assets acquired3,362Â Goodwill$630Â The Company identified that a reinsurance agreement between NER SPC and AEL constituted a pre-existing relationship in accordance with ASC 805 that would need to be effectively settled as part of the acquisition. The Company recognized an effective settlement loss of $48Â million, which is included in â€œInvestment related gains (losses)â€ in the statements of operations. Concurrently, the Company derecognized NER SPCâ€™s accumulated other comprehensive loss pertaining to market risk benefits, recognizing an additional loss of $66Â million in â€œInvestment related gains (losses)â€ in the statements of operations.The gain on disposal as a result of remeasuring to fair value the pre-existing equity interest in AEL immediately prior to the business combination was approximately $4Â million, recognized in â€œInvestment related gains (losses)â€ in the statements of operations.Acquisition-related costs of $127Â million incurred were recorded as â€œOperating expensesâ€ in the statements of operations.48Acquisition of Argo Group International Holdings, Inc.On November 16, 2023, the Company acquired Argo Group International Holdings, Ltd. On November 30, 2023, Argo Group International Holdings, Ltd. was re-domiciled to a U.S. corporation and changed its name to Argo Group International Holdings, Inc. (â€œArgoâ€). Argo is an underwriter of specialty insurance products in the property and casualty market. Upon closing of the acquisition, the Company acquired 100% of all Argoâ€™s issued and outstanding shares in exchange for $30 per share in an all-cash transaction for $1.1Â billion. The Company acquired all assets and assumed all liabilities of Argo as of the closing date, and consolidates the business for financial statement purposes.The initial acquisition accounting resulted in a bargain purchase gain, which represents the excess of the fair value of net assets acquired over the purchase price, which was deferred by recognizing a provisional deferred credit of $51 million within â€œOther liabilitiesâ€ on the statements of financial position.Managementâ€™s updated current best estimate of the purchase price allocation reflects the elimination of the deferred bargain purchase gain of $51 million by increasing the deferred tax asset and liabilities for unpaid claims and claim adjustment expenses by $14 million and $65 million, respectively. Completion of the purchase price allocation will occur in the fourth quarter of 2024.The following summarizes the consideration transferred, as well as the updated fair value of assets acquired and liabilities assumed as of the acquisition date:US$ MILLIONSCash consideration transferred$1,059Â Assets acquired:Investments$3,460Â Cash and cash equivalents713Â Accrued investment income17Â Value of business acquired176Â Reinsurance funds withheld20Â Premiums due and other receivables332Â Ceded unearned premiums388Â Deferred tax asset68Â Reinsurance recoverables2,982Â Property and equipment85Â Intangible assets186Â Other assets166Â Total assets acquired8,593Â Liabilities assumed:Policy and contract claims5,591Â Unearned premium reserve986Â Subsidiary borrowings369Â Other liabilities451Â Total liabilities assumed7,397Â Less: Non-controlling interest137Â Net assets acquired$1,059Â 49NOTE 17. FUTURE POLICY BENEFITS The reconciliation of the balances described in the table below to the â€œFuture policy benefitsâ€ in the statements of financial position is as follows.AS OF US$ MILLIONSSeptember 30, 2024December 31, 2023Future policy benefits:Annuity$7,528Â $5,731Â Life1,561Â 1,895Â Deferred profit liability:Annuity272Â 259Â Life73Â 66Â Other contracts and VOBA liability1,623Â 1,862Â Total future policy benefits$11,057Â $9,813Â 50The balances and changes in the liability for future policy benefits are as follows:AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2024US$ MILLIONS, EXCEPT FOR YEARS AND PERCENTAGESAnnuityLifeTotalPresent value of expected net premiums:Balance, beginning of period$â€”Â $3,145Â $3,145Â Beginning balance at original discount rateâ€”Â 3,253Â 3,253Â Effect of changes in cash flow assumptionsâ€”Â 196Â 196Â Effect of actual variances from expected experience11Â (325)(314)Adjusted beginning of period balance11Â 3,124Â 3,135Â Issuances1,621Â 44Â 1,665Â Interest accrual13Â 87Â 100Â Net premiums collected(1,643)(244)(1,887)Derecognitions (lapses and withdrawals)â€”Â 1Â 1Â Ending balance at original discount rate2Â 3,012Â 3,014Â Effect of changes in discount rate assumptionsâ€”Â (39)(39)Balance, end of period$2Â $2,973Â $2,975Â Present value of expected future policy benefits:Balance, beginning of period$5,731Â $5,040Â $10,771Â Beginning balance at original discount rate5,909Â 5,277Â 11,186Â Effect of changes in cash flow assumptions15Â (185)(170)Effect of actual variances from expected experience7Â (357)(350)Adjusted beginning of period balance5,931Â 4,735Â 10,666Â Acquisition from business combination311Â â€”Â 311Â Issuances1,628Â 44Â 1,672Â Interest accrual215Â 145Â 360Â Benefit payments(451)(223)(674)Derecognitions (lapses and withdrawals)3Â 1Â 4Â Foreign currency translation(69)â€”Â (69)Ending balance at original discount rate7,568Â 4,702Â 12,270Â Effect of changes in discount rate assumptions(38)(168)(206)Balance, end of period$7,530Â $4,534Â $12,064Â Net liability for future policy benefits7,528Â 1,561Â 9,089Â Less: Reinsurance recoverables(29)(1,288)(1,317)Net liability for future policy benefits, after reinsurance recoverable$7,499Â $273Â $7,772Â Weighted-average liability duration of future policy benefits (years)815Weighted average interest accretion rate5Â %5Â %Weighted average current discount rate5Â %5Â %51AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2023US$ MILLIONS, EXCEPT FOR YEARS AND PERCENTAGESAnnuityLifeTotalPresent value of expected net premiums:Balance, beginning of period$â€”Â $3,520Â $3,520Â Beginning balance at original discount rateâ€”Â 3,825Â 3,825Â Effect of changes in cash flow assumptionsâ€”Â (1)(1)Effect of actual variances from expected experience1Â (37)(36)Adjusted beginning of period balance1Â 3,787Â 3,788Â Issuances937Â 74Â 1,011Â Interest accrual7Â 88Â 95Â Net premiums collected(947)(291)(1,238)Derecognitions (lapses and withdrawals)1Â 2Â 3Â Ending balance at original discount rate(1)3,660Â 3,659Â Effect of changes in discount rate assumptionsâ€”Â (444)(444)Balance, end of period(1)3,216Â $3,215Â Present value of expected future policy benefits:Balance, beginning of period$4,252Â $5,330Â $9,582Â Beginning balance at original discount rate4,673Â 5,875Â 10,548Â Effect of changes in cash flow assumptions(9)(2)(11)Effect of actual variances from expected experience(13)(37)(50)Adjusted beginning of period balance4,651Â 5,836Â 10,487Â Issuances941Â 73Â 1,014Â Interest accrual144Â 135Â 279Â Benefit payments(329)(385)(714)Derecognitions (lapses and withdrawals)2Â 2Â 4Â Foreign currency translation(10)â€”Â (10)Ending balance at original discount rate5,399Â 5,661Â 11,060Â Effect of changes in discount rate assumptions(604)(789)(1,393)Effect of foreign currency translation on the effect of changes in discount rate assumptions3Â â€”Â 3Â Balance, end of period$4,798Â $4,872Â $9,670Â Net liability for future policy benefits4,799Â 1,656Â 6,455Â Less: Reinsurance recoverables(53)(47)(100)Net liability for future policy benefits, after reinsurance recoverable$4,746Â $1,609Â $6,355Â Weighted-average liability duration of future policy benefits (years)816Weighted average interest accretion rate4Â %5Â %Weighted average current discount rate6Â %6Â %For the three and nine months ended SeptemberÂ 30, 2024, the Company recognized liability remeasurement losses of nil and $60Â million, respectively, which were included in â€œPolicyholder benefits and claims incurredâ€ in the statements of operations. The amounts include the effect of the Companyâ€™s annual assumptions review which was conducted during the third quarter of 2024, whereby the Company updated mortality and policyholder lapse behavior assumptions, resulting in a $14Â million net decrease in future policy benefits liabilities.52For the three and nine months ended SeptemberÂ 30, 2023, the Company recognized liability remeasurement losses of $4Â million and $3Â million, respectively, from the net effect of the changes in cash flow assumptions, which were included in â€œPolicyholder benefits and claims incurredâ€ in the statements of operations. Annual assumption review was performed in the fourth quarter of 2023.The amounts of undiscounted and discounted expected gross premiums and future benefit payments follow:AS OF SEP. 30US$ MILLIONS20242023UndiscountedDiscountedUndiscountedDiscountedAnnuity:Expected future benefit payments$11,948Â $7,531Â $7,144Â $4,223Â Expected future gross premiumsâ€”Â â€”Â â€”Â â€”Â Life:Expected future benefit payments$9,051Â $4,535Â $12,053Â $5,437Â Expected future gross premiums5,858Â 3,681Â 8,864Â 4,219Â Total:Expected future benefit payments$20,999Â $12,066Â $19,197Â $9,660Â Expected future gross premiums5,858Â 3,681Â 8,864Â 4,219Â The amount of revenue and interest recognized in the statements of operations follows:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months EndedGross Premiums or AssessmentsInterest ExpenseGross Premiums or AssessmentsInterest Expense20242023202420232024202320242023Annuity$1,393Â $286Â $137Â $64Â $3,398Â $980Â $303Â $115Â Life330Â 111Â 58Â 31Â 665Â 341Â 117Â 74Â NOTE 18. POLICYHOLDERSâ€™ ACCOUNT BALANCESPolicyholdersâ€™ account balances relate to investment-type contracts and universal life-type policies. Investment-type contracts principally include traditional individual fixed annuities and fixed index annuities in the accumulation phase and non-variable group annuity contracts.The reconciliation of the balances described in the table below to the â€œPolicyholdersâ€™ account balancesâ€ in the statements of financial position is as follows.AS OF US$ MILLIONSSeptember 30, 2024December 31, 2023Policyholdersâ€™ account balances:Annuity$78,737Â $22,456Â Life2,068Â 1,975Â Embedded derivative adjustments and other11,608Â 508Â Total policyholdersâ€™ account balances$82,413Â $24,939Â 1.â€œEmbedded derivative adjustments and otherâ€ line reconciles the account balances as presented in the rollforward within this note to the gross liability as presented in the statements of financial position and includes the fair value of the embedded derivatives.53The balances and changes in policyholdersâ€™ account balances follow.AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2024US$ MILLIONSAnnuityLifeTotalBalance, beginning of period$22,456Â $1,975Â $24,431Â Acquisition from business combination61,296Â â€"Â 61,296Â Issuances8,192Â 51Â 8,243Â Derecognition1(7,402)â€"Â (7,402)Premiums received92Â 314Â 406Â Policy charges(319)(284)(603)Surrenders and withdrawals(6,541)(62)(6,603)Interest credited1,568Â 74Â 1,642Â Benefit payments(411)â€"Â (411)Other(194)â€"Â (194)Balance, end of period$78,737Â $2,068Â $80,805Â Weighted average crediting rate4Â %5Â %Net amount at risk2$12,495Â $38,548Â Cash surrender value$72,719Â $1,826Â AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2023US$ MILLIONSAnnuityLifeTotalBalance, beginning of period$17,845Â $1,899Â $19,744Â Issuances4,189Â 63Â 4,252Â Premiums received1,993Â 295Â 2,288Â Policy charges(53)(269)(322)Surrenders and withdrawals(1,860)(90)(1,950)Interest credited323Â 43Â 366Â Benefit payments(28)â€"Â (28)Other29Â â€"Â 29Â Balance, end of period$22,438Â $1,941Â $24,379Â Weighted average crediting rate2Â %3Â %Net amount at risk2$1,242Â $37,443Â Cash surrender value$20,526Â $1,739Â 1.See Note 16 for the details of effective settlement of a reinsurance arrangement, resulting in the derecognition of certain policyholderâ€™s account balances.2.Net amount at risk is defined as the current guarantee amount in excess of the current account balance.54The balance of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums follow.AS OF SEP. 30, 2024US$ MILLIONSRange of Guaranteed Minimum Crediting RateAt Guaranteed MinimumÂ 1 - 50 Basis Points Above51 - 150 Basis Points Above> 150 Basis Points AboveOther1TotalAnnuity0% - 1%$4,176Â $2,882Â $3,676Â $4,763Â $â€"Â $15,497Â 1% - 2%1,504Â 366Â 1,411Â 1,765Â â€"Â 5,046Â 2% - 3%1,907Â 412Â 142Â 8,354Â â€"Â 10,815Â Greater than 3%289Â 6Â 1Â 9Â â€"Â 305Â Other1â€"Â â€"Â â€"Â â€"Â 47,074Â 47,074Â Total$7,876Â $3,666Â $5,230Â $14,891Â $47,074Â $78,737Â Life1% - 2%$30Â $2Â $57Â $699Â $â€"Â $788Â 2% to 3%422Â â€"Â 222Â â€"Â â€"Â 644Â Greater than 3%636Â â€"Â â€"Â â€"Â â€"Â 636Â Total$1,088Â $2Â $279Â $699Â $â€"Â $2,068Â AS OF SEP. 30, 2023US$ MILLIONSRange of Guaranteed Minimum Crediting RateAt Guaranteed Minimum1 - 50 Basis Points Above51 - 150 Basis Points Above> 150 Basis Points AboveOther1TotalAnnuity0% - 1%$2,649Â $699Â $675Â $736Â $â€"Â $4,759Â 1% - 2%737Â 429Â 2,041Â 2,129Â â€"Â 5,336Â 2% - 3%874Â 423Â 51Â 3,862Â â€"Â 5,210Â Greater than 3%268Â 6Â 1Â â€"Â â€"Â 275Â Other1â€"Â â€"Â â€"Â â€"Â 6,858Â 6,858Â Total$4,528Â $1,557Â $2,768Â $6,727Â $6,858Â $22,438Â Life1% - 2%$305Â $2Â $137Â $201Â $â€"Â $645Â 2% to 3%411Â â€"Â 217Â â€"Â â€"Â 628Â Greater than 3%662Â â€"Â â€"Â â€"Â â€"Â 662Â Other1â€"Â â€"Â â€"Â â€"Â 6Â 6Â Total$1,378Â $2Â $354Â $201Â $6Â $1,941Â 1.Other includes products with either a fixed rate or no guaranteed minimum crediting rate or allocated to index strategies.In the third quarter of 2024, the Company performed its annual assumptions review relating to its policyholdersâ€™ account balances. The Company updated assumptions relating to option budget, utilization and policyholder lapse rates which resulted in a $60Â million increase in the policyholdersâ€™ account balances. In 2023, the Company performed its annual assumptions review in the fourth quarter, resulting in no material changes to the value of policyholdersâ€™ account balances.55NOTE 19. MARKET RISK BENEFITS The net balance of market risk benefit assets and liabilities of, and changes in guaranteed minimum withdrawal benefits associated with, annuity contracts follows.AS OF AND FOR THE NINE MONTHS ENDED SEP. 30US$ MILLIONS20242023Balance, beginning of period$55Â $114Â Balance, beginning of period, before effect of changes in the instrument-specific credit risk39Â 112Â Acquisition from business combination12,421Â â€"Â Derecognition2(129)â€"Â Issuance3Â 100Â Interest accrual64Â 4Â Attributed fees collected104Â 32Â Benefits paymentsâ€"Â â€"Â Effect of changes in interest rates412Â (43)Effect of changes in equity markets(48)66Â Effect of changes in equity index volatility(117)(23)Effect of changes in future expected policyholder behavior(13)(22)Effect of changes in other future expected assumptions84Â (86)Balance, end of period, before the effect of changes in the instrument-specific credit risk2,820Â 140Â Effect of changes in the ending instrument-specific credit risk147Â 30Â Balance, end of period2,967Â 170Â Less: Reinsured MRB, end of period(746)â€"Â Balance, end of period, net of reinsurance$2,221Â $170Â Net amount at risk3$12,078Â $868Â Weighted average attained age of contract holders (years)71661.See Note 16 for the details of the measurement period adjustment to market risk benefits liability included within this amount which was assumed upon the Companyâ€™s acquisition of AEL in May 2024.2.See Note 16 for the details of effective settlement of a reinsurance arrangement, resulting in the derecognition of certain market risk benefit balances.3.Net amount at risk is defined as the current guarantee amount in excess of the current account balance.The reconciliation of market risk benefits by amounts in an asset position and in a liability position to the â€œMarket risk benefitsâ€ amount in the statements of financial position follows.AS OF US$ MILLIONSSeptember 30, 2024December 31, 2023AssetLiabilityNetAssetLiabilityNetAnnuity$758Â $(3,725)$(2,967)$34Â (89)(55)In the third quarter of 2024, the Company performed its annual assumptions review relating to its market risk benefits liability. The Company updated assumptions related to option budget and policyholder lapse rates, resulting in $40Â million decrease in market risk benefits liabilities. In 2023, the Company performed its annual assumptions review in the fourth quarter, resulting in no material changes to the market risk benefits liability.56NOTE 20. LIABILITY FOR UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSESThe liability for unpaid claims and claim adjustment expenses (â€œunpaid claimsâ€) for property and casualty insurance is included in â€œPolicy and contract claimsâ€ in the statements of financial position and is the amount estimated for incurred but not reported (â€œIBNRâ€) claims and claims that have been reported but not settled (â€œcase reservesâ€), as well as associated claim adjustment expenses.Information regarding the liability for unpaid claims is shown below:AS OF AND FOR THE NINE MONTHS ENDED SEP. 30US$ MILLIONS20242023Policy and contract claims, beginning$7,288Â $1,786Â Less: Unpaid claims balance, beginning â€" long-duration198Â 217Â Gross unpaid claims balance, beginning â€" short-duration7,090Â 1,569Â Less: Reinsurance recoverables, beginning3,045Â 306Â Foreign currency translation4Â â€"Â Net unpaid claims balance, beginning â€" short-duration4,041Â 1,263Â Acquisition from business combination, net of reinsurance1Â â€"Â Add: incurred related toCurrent accident year1,734Â 1,227Â Prior accident years125Â (25)Total incurred claims1,859Â 1,202Â Less: paid claims related toCurrent accident year569Â 656Â Prior accident years1,030Â 432Â Total paid claims1,599Â 1,088Â Add: measurement period adjustment165Â â€"Â Net unpaid claims balance, ending â€" short-duration4,367Â 1,377Â Foreign currency translation2Â â€"Â Add: Reinsurance recoverables, ending3,140Â 316Â Gross unpaid claims balance, ending â€" short-duration7,509Â 1,693Â Add: Unpaid claims balance, ending â€" long duration187Â 11Â Policy and contract claims, ending$7,696Â $1,704Â 1.The measurement period adjustment of $65 million relates to the Companyâ€™s acquisition of Argo. Refer to Note 16 for details.The estimates for ultimate incurred claims attributable to insured events of prior years increased by approximately $125Â million and decreased by approximately $25Â million, respectively, for the nine months ended SeptemberÂ 30, 2024 and 2023. The unfavorable development in the first nine months of 2024 was primarily related to higher-than-anticipated losses within various specialty, property and professional lines of business, along with movements on large individual surety claims within the specialty line, which were partially offset by lower-than-anticipated losses arising from certain liability line. The favorable development in the first nine months of 2023 was a reflection of lower-than-anticipated losses arising from the liability line of business, including agribusiness, business owners, commercial automotive and other commercial businesses.For short-duration health insurance claims, the total of IBNR plus expected development on reported claims included in the liability for unpaid claims as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023 were $8Â million and $4Â million, respectively.57NOTE 21. CORPORATE AND SUBSIDIARY BORROWINGSCorporate BorrowingsThe Company has bilateral revolving credit facilities backed by third-party financial institutions, which bear interest at the specified SOFR, Prime, or bankersâ€™ acceptance rate plus a spread. As of SeptemberÂ 30, 2024, the total available amount on the credit facilities is $1.2Â billion (DecemberÂ 31, 2023 â€" $750Â million). These credit facilities mature in June 2029. As of SeptemberÂ 30, 2024, $655 million was drawn on the bilateral credit facilities (DecemberÂ 31, 2023 â€" $430Â million). The Company has a $1.0Â billion 364-day revolving credit facility, for the purpose of temporarily warehousing investments that will ultimately be transferred into its insurance investment portfolios in the near term. The facility borrowings are generally secured by the underlying investments related to the credit facility drawings. As of SeptemberÂ 30, 2024, the facility had $942 million of borrowings outstanding, maturing in October 2024 (DecemberÂ 31, 2023 â€" $776Â million). The Company pledged investments totaling $847 million as collateral as of SeptemberÂ 30, 2024, consisting of $250 million of equity securities, $133 million of private loans, $175 million of investment funds, $41 million of cash and cash equivalents, as well as $248 million of real estate partnerships. As of DecemberÂ 31, 2023, investments totaling $710 million were pledged as collateral consisting of $172 million of equity securities, $13 million of mortgage loans on real estate, $52 million of private loans, $183 million of investment funds, $242 million of real estate partnerships and $48 million of investment funds.In April 2022, the Company entered into a $1.0Â billion 364-day secured facility. The Company repaid $500Â million in April 2023 and $250Â million in May 2024. The maturity date on the remaining $250Â million is April 2025.The weighted average interest rates on outstanding corporate borrowings that mature within one year are 6.82% and 7.14% as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, respectively.Subsidiary BorrowingsSubsidiary borrowings of $3.3Â billion relate to debt issued at ANGI and Argo. $2.3Â billion matures in 2027 and the remaining $1.0Â billion matures between 2032 and 2047. Subsidiary borrowings consist of the following:â€¢$500 million aggregate principal amount of senior unsecured notes due June 2027 (issued in June 2017), which bear interest at a fixed rate of 5.0%, payable semi-annually;â€¢$500 million aggregate principal amount of senior unsecured notes due June 2032 (issued in June 2022), which bear interest at a fixed rate of 6.144%, payable semi-annually;â€¢$100 million aggregate principal amount of subordinated debentures due June 2047 (issued to its wholly-owned subsidiary trust that is not consolidated), which bear interest at a fixed rate of 5.0%, payable quarterly;â€¢$1.9 billion principal amount of a term loan maturing in May 2027 (entered into in May 2024), which bear interest tied to SOFR plus a spread, payable quarterly;â€¢$144 million aggregate principal amount of senior unsecured notes due September 2042 (issued in September 2012), which bear interest at a fixed rate of 6.5%, payable semi-annually; andâ€¢$264 million aggregate principal amount of series of junior subordinated debentures due between May 2033 and September 2037 (issued to its wholly-owned subsidiary trusts that are not consolidated), which bear interest tied to SOFR plus a spread, payable quarterly. The above noted facilities require the Company and its subsidiaries to maintain minimum net worth covenants. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the Company was in compliance with its financial covenants.The following is the maturity by year on corporate and subsidiary borrowings:Payments due by yearAS OF SEP. 30, 2024US$ MILLIONSTotalUnamortized discount and issuance costsLess than 1 year1 - 2 years2 -3 years3 - 4 years4 - 5 yearsMore than 5 yearsCorporate borrowings$1,847Â â€"Â 1,192Â â€"Â â€"Â â€"Â 655Â â€"Â Subsidiary borrowings$3,330Â (78)â€"Â â€"Â 2,400Â â€"Â â€"Â 1,008Â 58Payments due by yearAS OF DEC. 31, 2023US$ MILLIONSTotalUnamortized discount and issuance costsLess than 1 year1 - 2 years2 -3 years3 - 4 years4 - 5 yearsMore than 5 yearsCorporate borrowings$1,706Â â€"Â 1,276Â â€"Â â€"Â â€"Â 430Â â€"Â Subsidiary borrowings$1,863Â (46)â€"Â â€"Â â€"Â 1,000Â â€"Â 909Â Brookfield Credit AgreementThe Company also has a credit facility with Brookfield maturing in June 2025 that, as of SeptemberÂ 30, 2024, permitted borrowings of up to $400Â million under the Brookfield Credit Agreement. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, there were no amounts drawn on the facility. 59NOTE 22. INCOME TAXESFor the three months and nine months ended SeptemberÂ 30, 2024, the effective tax rates on pre-tax income were 33% and recoveries of 133% respectively. The Companyâ€™s effective tax rate differed from the statutory tax rate of 23% and 20% for the same respective periods primarily due to international operations subject to different tax rates and changes in tax rates and imposition of new tax legislation. The Company recorded material deferred tax assets related to the passage of the Bermuda Corporate Income Tax Act in the second quarter of 2024. As a result, compared to its consolidated statutory tax rate, the Company recognized a material decrease to its consolidated effective tax rate for the nine months ended SeptemberÂ 30, 2024.For the three months and nine months ended SeptemberÂ 30, 2023, the effective tax rate on pre-tax income were recoveries of 14% and 2% respectively. The Companyâ€™s effective tax rate differed from the statutory tax rate of 18% and 17% for the same respective periods primarily due to international operations subject to different tax rates. Pillar Two and Bermuda Corporate Income Tax RegimeThe Organization for Economic Cooperation and Development (â€œOECDâ€) and its member countries with support from the G20, have proposed the enactment of a global minimum tax of 15% for Multinational Enterprise (â€œMNEâ€) groups with global annual revenue of â‚¬750Â million or more (â€œPillar Twoâ€). The Company may become subject to additional income taxes as a result of these proposals, as enacted locally across jurisdictions. The Company is incorporated under the laws of Bermuda and is not required to pay any taxes in Bermuda based upon income or capital gains. However, in December 2023, the Government of Bermuda enacted a corporate income tax (â€œCITâ€) regime, designed to align with the OECDâ€™s global minimum tax rules. Effective January 1, 2025, the regime applies a 15% CIT to Bermuda businesses that are part of MNE groups with annual revenue of â‚¬750Â million or more. As a result of this new regime, the Company recognized a deferred tax asset of $35Â million as of DecemberÂ 31, 2023.The new Bermuda CIT introduced an economic transition adjustment (â€œETAâ€) which allows for an elective increase or decrease in the tax basis of assets and liabilities (excluding goodwill) held as of September 30, 2023 to fair value. It also allows for the recognition of a DTA related to the value of â€œidentifiable intangible assetsâ€ that may be amortized over 10 years, beginning January 1, 2025. Examples of identifiable intangible assets include brand and trade names, software, customer relationships and the value of in-force insurance business. On January 16, 2024, the Government of Bermuda clarified that the ETA can be applied to â€œcustomer or supplier relationships between separate legal entities, whether intragroup or with third partiesâ€. With the release of this additional guidance by the Government of Bermuda as well as the increase of forecasted taxable income in Bermuda, following the Companyâ€™s acquisition of AEL, the Company recognized additional deferred tax assets totaling $364Â million in the second quarter of 2024 ($314Â million of which was recognized through earnings and $50Â million of which was recognized through equity upon the acquisition of AEL). The Company will continue to monitor developments prior to the commencement of this regime.The Company has foreign operating subsidiaries principally located in Bermuda, the U.S., Canada and the Cayman Islands, as well as the United Kingdom (â€œU.K.â€). The U.K. enacted legislation in July 2023 implementing certain provisions of Pillar Two and has also stated its intention to implement the undertaxed payment rule (â€œUTPRâ€). The planned adoption of the UTPR in the U.K. would enable other jurisdictions to impose taxes on a portion of an MNEâ€™s global profits that are subject to an effective tax rate below the 15% minimum rate. On June 20, 2024, Canada enacted new legislation imposing a 15% global minimum tax on profits. The legislation applies retroactively and implements an income inclusion rule and a qualified domestic minimum top-up tax for fiscal years that begin on or after December 31, 2023. The UTPR rule is expected to come into effect on January 1, 2025. The U.S. and the Cayman Islands have not yet passed legislation with respect to Pillar Two.The Company continues to evaluate the impact of the global minimum tax requirements by monitoring the legislative changes and future developments in relation to Pillar Two across jurisdictions in which the Company operates and assessing their impact on our operations and financial statements.60NOTE 23. SHARE CAPITALAs of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, the share capital of the Company comprises the following:AS OFUS$ MILLIONS, EXCEPT SHARE AMOUNTSSeptember 30, 2024December 31, 2023Par ValueAuthorized to IssueIssued and OutstandingCarrying AmountPar ValueAuthorized to IssueIssued and OutstandingCarrying AmountClass A Senior Preferred Shares$25.00Â 100,000,000â€"Â $â€"Â $25.00Â 100,000,000â€"Â $â€"Â Class B Senior Preferred SharesC$25.00Â 100,000,000â€"Â â€"Â C$25.00Â 100,000,000â€"Â â€"Â Class A Junior Preferred Shares25.00Â 1,000,000,000100,460,2802,779Â 25.00Â 1,000,000,000100,460,2802,694Â Class B Junior Preferred SharesC$25.00Â 1,000,000,000â€"Â â€"Â C$25.00Â 1,000,000,000â€"Â â€"Â Class A Exchangeable Shares33.18Â 1,000,000,00043,416,7001,567Â 33.42Â 1,000,000,00015,311,749615Â Class A-1 Exchangeable Shares33.18Â 500,000,000â€"Â â€"Â 33.42Â 500,000,00028,073,777961Â Class B Shares33.18Â 500,00024,0001Â 33.42Â 500,00024,0001Â Class C Shares1.00Â 1,000,000,000128,643,4064,726Â 1.00Â 1,000,000,000102,056,7843,607Â For the nine months ended SeptemberÂ 30, 2024, the following events impacted the Companyâ€™s share capital position:â€¢On May 3, 2024, the Company issued 26,586,622 Class C shares to Brookfield, valued at $1.1Â billion, in exchange for BAM Shares purchased from Brookfield which

were used as consideration for the acquisition of AEL.â€¢On August 29, 2024, the Company re-designated its Class A-1 exchangeable shares into its Class A exchangeable shares. As a result, there are no Class A-1 exchangeable shares issued and outstanding as of SeptemberÂ 30, 2024.For the nine months ended SeptemberÂ 30, 2023, the following events impacted the Companyâ€™s share capital position:â€¢Through the month of March 2023, the Company issued 1,165,000 Class A exchangeable shares in exchange for 1,165,000 Class A shares of Brookfield, valued at $38Â million.â€¢On March 3, 2023, the Company converted 309,037 Class A exchangeable shares for $10Â million into 380,268 Class C shares.â€¢On August 15, 2023, the Company issued 60,741,893 Class C shares to Brookfield, valued at $2.1Â billion, in exchange for certain investments contributed by Brookfield.As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, there were $266Â million and $182Â million of accrued dividends on Class A junior preferred shares, respectively. The redemption value is equal to the carrying value as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.61The movement of shares issued and outstanding is as follows:20242023FOR THE PERIODS ENDED SEP. 30Class A Redeemable Junior Preferred SharesClass A Exchangeable SharesClass A-1 Exchangeable SharesClass B SharesClass C SharesClass A Redeemable Junior Preferred SharesClass A Exchangeable SharesClass B SharesClass C SharesBeginning, Jan.
1100,460,280Â 15,311,749Â 28,073,777Â 24,000Â 102,056,784Â 100,460,280Â 9,594,989Â 24,000Â 40,934,623Â Issuancesâ€”Â â€”Â â€”Â â€”Â 26,586,622Â â€”Â 1,165,000Â â€”Â â€”Â Conver
Jun.
30100,460,280Â 16,879,755Â 26,505,771Â 24,000Â 128,643,406Â 100,460,280Â 10,450,952Â 24,000Â 41,314,891Â Issuancesâ€”Â 31,174Â â€”Â â€”Â â€”Â â€”Â â€”Â 60,741,893Â Convers
designationâ€”Â 26,043,436Â (26,043,436)â€”Â â€”Â â€”Â â€”Â â€”Â â€”Â Ending, Sep.
30100,460,280Â 43,416,700Â â€”Â 24,000Â 128,643,406Â 100,460,280Â 10,450,952Â 24,000Â 102,056,784Â \NOTE 24. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)The components of and changes in the accumulated other comprehensive income (â€œAOCIâ€), and the related tax effects, are shown below:AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2024US$ MILLIONSChange in Net Unrealized Investment Gains (Losses)Change in Discount Rate for Future Policy BenefitsChange in Instrument-Specific Credit Risk for Market Risk BenefitsDefined Benefit Pension Plan AdjustmentForeign Currency TranslationTotalBalance as of January 1, 2024(438)239Â (15)85Â $9Â $(120)Other comprehensive income (loss) before reclassifications316Â 320Â (43)24Â (25)592Â Amounts reclassified to (from) net income(14)â€”Â 67Â â€”Â â€”Â 53Â Deferred income tax benefit (expense)(63)(71)(2)(5)(2)(143)Balance as of June 30, 2024(199)488Â $7Â $104Â (18)382Â Other comprehensive income (loss) before reclassifications1,908Â (432)(90)4Â 25Â 1,415Â Amounts reclassified to (from) net income4Â â€”Â â€”Â â€”Â â€”Â 4Â Deferred income tax benefit (expense)(400)97Â 19Â (1)3Â (282)Balance as of September 30, 2024$1,313Â $153Â (64)107Â $10Â $1,519Â 62AS OF AND FOR THE NINE MONTHS ENDED SEP. 30, 2023US$ MILLIONSChange in Net Unrealized Investment Gains (Losses)Change in Discount Rate for Future Policy BenefitsChange in Instrument-Specific Credit Risk for Market Risk BenefitsDefined Benefit Pension Plan AdjustmentForeign Currency TranslationTotalBalance as of January 1, 2023$(1,017)$507Â (7)â€”Â (6)(523)Other comprehensive income (loss) before reclassifications105Â (118)(10)2Â (1)(22)Amounts reclassified to (from) net income30Â â€”Â â€”Â 1Â â€”Â 31Â Deferred income tax benefit (expense)(7)20Â â€”Â â€”Â â€”Â 13Â Balance as of June 30, 2023(889)409Â (17)3Â (7)(501)Other comprehensive income (loss) before reclassifications(361)438Â (18)1Â (1)59Â Amounts reclassified to (from) net income22Â â€”Â â€”Â â€”Â â€”Â 22Â Deferred income tax benefit (expense)87Â (116)4Â â€”Â â€”Â (25)Balance as of September 30, 2023$(1,141)$731Â (31)4Â (8)(445)63NOTE 25. EARNINGS PER SHAREThe components of basic earnings per share are summarized in the following table:FOR THE PERIODS ENDED SEP. 30 US$ MILLIONS, EXCEPT PER SHARE AMOUNTS AND SHARESThree Months EndedNine Months Ended2024202320242023Net income for the period$65Â $77Â $671Â $344Â Dividends on Class A redeemable junior preferred shares(28)(28)(84)(85)$37Â $49Â $587Â $259Â Attributable to:Class A exchangeable and Class B shareholders$4Â $1Â $10Â $3Â Class C shareholders20Â 47Â 557Â 253Â Non-controlling interests13Â 1Â 20Â 3Â $37Â $49Â $587Â $259Â Earnings per class C share â€“ basic$0.16Â $0.65Â $4.77Â $4.92Â Weighted average shares â€“ Class C shares128,643,406Â 71,685,838Â 116,708,536Â 51,463,427Â NOTE 26. RELATED PARTY TRANSACTIONSIn the normal course of operations, the Company entered into the transactions below with related parties.(a)Related party transactions under Brookfield agreementsThe Company has an outstanding equity commitment in the amount of $2.0 billion from Brookfield to fund future growth, which the Company may draw on from time to time. As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, there were no amounts drawn under the equity commitment.The Company has a revolving credit facility with Brookfield under the Brookfield Credit Agreement. Refer to Note 21 for more details. The following table reflects the related party agreements and transactions involving Brookfield, which includes Brookfield Corporationâ€™s subsidiaries, included in the statements of operations:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Credit agreement fees to Brookfield$â€”Â $â€”Â $â€”Â $â€”Â Support agreement fees to Brookfieldâ€”Â â€”Â â€”Â â€”Â Rights agreement fees to Brookfieldâ€”Â â€”Â â€”Â â€”Â Administration fees to Brookfield1.0Â 2.1Â 5.8Â 5.5Â Investment management fees to Brookfield51.0Â 16.4Â 112.8Â 46.4Â Licensing agreement fees to Brookfieldâ€”Â â€”Â â€”Â â€”Â Outsourcing fees to Brookfieldâ€”Â 0.9Â 0.1Â 1.8Â (b)Other related party transactionsFor the nine months ended September 30, 2024, the Company and its subsidiaries, in aggregate, purchased related party investments of $5.6Â billion (2023 â€“ $4.6Â billion). Investment transactions with related parties are accounted for in the same manner as those with unrelated parties in the financial statements.The Company had $254Â million of cash on deposit with a wholly-owned subsidiary of Brookfield as of SeptemberÂ 30, 2024 (DecemberÂ 31, 2023 â€“ $266Â million).64NOTE 27. SEGMENT REPORTINGAs a result of the AEL acquisition, diversification in insurance offerings and overall strategic shift, the Company has decided to reorganize and change its internal segments in a manner that caused the composition of its reporting segments to change. The Companyâ€™s reporting segments were realigned in the second quarter of 2024 to: Annuity, Life, Property and Casualty (â€œP&Câ€) and Corporate and Other. Previously, the Company reported its operations under the following segments: Direct Insurance, Reinsurance, and Pension Risk Transfer. The Company has restated all applicable comparative information.These segments are regularly reviewed by the Companyâ€™s chief operating decision maker (â€œCODMâ€) for the purpose of allocating resources to the segment and to assess its performance. The key measure used by the CODM in assessing performance and in making resource allocation decisions is Distributable Operating Earnings (â€œDOEâ€).DOE is calculated as net income after applicable taxes excluding the impact of depreciation and amortization, deferred income taxes related to basis and other changes, and breakage and transaction costs, as well as certain investment and insurance reserve gains and losses, including gains and losses related to asset and liability matching strategies, non-operating adjustments related to changes in cash flow assumptions for future policy benefits and change in market risk benefits, and is inclusive of returns on equity invested in certain variable interest entities and the Companyâ€™s share of adjusted earnings from investments in certain associates. DOE allows the CODM to evaluate the Companyâ€™s segments on the basis of return on invested capital generated by its operations and allows the Company to evaluate the performance of its segments.The tables below provide each segmentâ€™s results in the format that the CODM reviews its reporting segments to make decisions and assess performance.FOR THE THREE MONTHS ENDED SEP. 30, 2024US$ MILLIONSAnnuityLifeP&CCorporate & OtherTotalNet premiums and other policy related revenues$522Â $155Â $705Â $â€”Â $1,382Â Other net investment income, including reinsurance funds withheld1,190Â 89Â 107Â 65Â 1,451Â Segment revenues1,712Â 244Â 812Â 65Â 2,833Â Policyholder benefits, net(478)(123)(553)â€”Â (1,154)Other insurance and reinsurance expenses(676)(17)(147)â€”Â (840)Operating expenses excluding transactions costs(179)(62)(87)(25)(353)Interest expenseâ€”Â â€”Â â€”Â (99)(99)Current income tax expenseâ€”Â â€”Â â€”Â (17)(17)Segment DOE$379Â $42Â $25Â (76)370Â Depreciation expense(38)Deferred income tax recovery127Â Transaction costs(32)Net investments gains, including reinsurance funds withheld233Â Unrealized mark to market losses within insurance contracts(595)Net income$65Â 65FOR THE THREE MONTHS ENDED SEP. 30, 2023US$ MILLIONSAnnuityLifeP&CCorporate & OtherTotalNet premiums and other policy related revenues$295Â $201Â $523Â $â€”Â $1,019Â Other net investment income, including reinsurance funds withheld407Â 107Â 34Â 46Â 594Â Segment revenues702Â 308Â 557Â 46Â 1,613Â Policyholder benefit, net(295)(152)(406)â€”Â (853)Other insurance and reinsurance expenses(194)(34)(106)â€”Â (334)Operating expenses excluding transactions costs(51)(53)(53)(4)(161)Interest expenseâ€”Â â€”Â â€”Â (61)(61)Current income tax expense(8)(5)â€”Â (9)(22)Segment DOE$154Â $64Â (8)(28)$182Â Depreciation expense(23)Deferred income tax recovery31Â Transaction cost(7)Net investments losses, including reinsurance funds withheld(106)Unrealized mark to market losses within insurance contractsâ€”Â Net income$77Â FOR THE NINE MONTHS ENDED SEP. 30, 2024US$ MILLIONSAnnuityLifeP&CCorporate & OtherTotalNet premiums and other policy related revenues$1,947Â $548Â $2,246Â $â€”Â $4,741Â Other net investment income, including reinsurance funds withheld2,577Â 310Â 338Â 148Â 3,373Â Segment revenues4,524Â 858Â 2,584Â 148Â 8,114Â Policyholder benefit, net(1,957)(415)(1,692)â€”Â (4,064)Other insurance and reinsurance expenses(1,418)(88)(390)â€”Â (1,896)Operating expenses excluding transactions costs(299)(181)(343)(46)(869)Interest expenseâ€”Â â€”Â â€”Â (266)(266)Current income tax (expense) recovery(46)(12)2Â (16)(72)Segment DOE$804Â $162Â $161Â (180)947Â Depreciation expense(94)Deferred income tax recovery455Â Transaction costs(181)Net investments gains, including reinsurance funds withheld411Â Unrealized mark to market losses within insurance contracts(867)Net income$671Â 66FOR THE NINE MONTHS ENDED SEP. 30 2023US$ MILLIONSAnnuityLifeP&CCorporate & OtherTotalNet premiums and other policy related revenues$981Â $597Â $1,540Â $â€”Â $3,118Â Other net investment income, including reinsurance funds withheld1,103Â 287Â 164Â 121Â 1,675Â Segment revenues2,084Â 884Â 1,704Â 121Â 4,793Â Policyholder benefits, net(1,020)(457)(1,196)â€”Â (2,673)Other insurance and reinsurance expenses(503)(111)(314)â€”Â (928)Operating expenses excluding transactions costs(124)(164)(192)(18)(498)Interest expenseâ€”Â â€”Â â€”Â (181)(181)Current income tax expense(8)(5)â€”Â (13)(26)Segment DOE$429Â $147Â $2Â (91)487Â Depreciation expense(33)Deferred income tax recovery33Â Transaction costs(16)Net investments gains, including reinsurance funds withheld20Â Unrealized mark to market losses within insurance contracts(147)Net income$344Â The Companyâ€™s Annuity business offers annuity-based products to individuals and institutions. Total premium revenues recorded within Annuity segment for the three and nine months ended SeptemberÂ 30, 2024 and 2023 were primarily from pension risk transfer transactions with U.S. and Canadian institutions. Premiums received from retail annuities are generally recorded as deposits and are not included in net premiums.The Companyâ€™s Life business is principally provided by American National. Total premium revenues recorded within this segment for the three and nine months ended SeptemberÂ 30, 2024 and 2023 were primarily from transactions with U.S. retail customers.Property and Casualty segment provides a broad range of property and casualty products through American National and Argo, which include coverage for personal, agribusiness and certain commercial and specialty exposures. Total earned premiums within this segment for the three and nine months ended SeptemberÂ 30, 2024 and 2023 were primarily from transactions with U.S.-based individuals and institutions.Lastly, Corporate and Other segmentâ€™s revenue is mainly from investment income earned on investments warehoused by the Company prior to their transfer into its insurance investment portfolios, net of associated borrowing costs.For the purpose of monitoring segment performance and allocating resources between segments, the CODM also monitors the assets, including investments accounted for using the equity method, liabilities and mezzanine and common equity attributable to each segment.AS OF SEP. 30, 2024US$ MILLIONSAnnuityLifeP&CCorporate & OtherTotalAssets$107,496Â $11,114Â $13,267Â $5,235Â $137,112Â Liabilities100,990Â 6,066Â 10,271Â 6,832Â 124,159Â Equity and other6,506Â 5,048Â 2,996Â (1,597)12,953Â AS OF DEC. 31, 2023US$ MILLIONSAnnuityLifeP&CCorporate & OtherTotalAssets$34,784Â $9,101Â $13,431Â $4,327Â $61,643Â Liabilities32,188Â 6,078Â 10,443Â 4,085Â 52,794Â Equity and other2,596Â 3,023Â 2,988Â 242Â 8,849Â 67NOTE 28. FINANCIAL COMMITMENTS AND CONTINGENCIESCommitmentsAs of SeptemberÂ 30, 2024, subsidiaries of the Company had outstanding commitments to purchase, expand or improve real estate and to fund mortgage loans, private loans and investment funds of $7.3 billion (December 31, 2023 â€“ $5.4 billion).In addition, the subsidiaries of the Company had outstanding letters of credit in the amount of $1.2 billion as of SeptemberÂ 30, 2024 (DecemberÂ 31, 2023 â€“ $941Â million).Certain of the Companyâ€™s subsidiaries lease insurance sales office space, technological equipment and automobiles. The remaining long-term lease commitments as of SeptemberÂ 30, 2024 were approximately $10Â million (DecemberÂ 31, 2023 â€“ $14Â million) and are included in the statements of financial position within â€œOther liabilitiesâ€.Federal Home Loan Bank (â€œFHLBâ€) AgreementsCertain of the Companyâ€™s subsidiaries have access to the FHLBâ€™s financial services including advances that provide an attractive funding source for short-term borrowing and for access to other funding agreements. As of SeptemberÂ 30, 2024, certain municipal bonds and collateralized mortgage obligations with a fair value of approximately $836Â million (DecemberÂ 31, 2023 â€“ $8Â million) and commercial mortgage loans of approximately $1.2 billion (DecemberÂ 31, 2023 â€“ $977Â million) were on deposit with the FHLB as collateral for borrowing. As of SeptemberÂ 30, 2024, the collateral provided borrowing capacity of approximately $1.6 billion (DecemberÂ 31, 2023 â€“ $646Â million). The deposited securities and commercial mortgage loans are included in the statements of financial position within â€œAvailable-for-sale fixed maturity securitiesâ€ and â€œMortgage loans on real estateâ€, respectively.LitigationCertain of the Companyâ€™s subsidiaries are defendants in various lawsuits concerning alleged breaches of contracts, various employment matters, allegedly deceptive insurance sales and marketing practices, and miscellaneous other causes of action arising in the ordinary course of operations. Certain lawsuits include claims for compensatory and punitive damages. The Company provides accruals for these items to the extent it deems the losses probable and reasonably estimable. After reviewing these matters with legal counsel, based upon information presently available, management is of the opinion that the ultimate resultant liability, if any, would not have a material adverse effect on the statements of financial position, liquidity or results of operations; however, assessing the eventual outcome of litigation necessarily involves forward-looking speculation as to judgments to be made by judges, juries and appellate courts in the future.Such speculation warrants caution, as the frequency of large damage awards, which bear little or no relation to the economic damages incurred by plaintiffs in some jurisdictions, continues to create the potential for an unpredictable judgment in any given lawsuit. These lawsuits are in various stages of development, and future facts and circumstances could result in management changing its conclusions. It is possible that, if the defenses in these lawsuits are not successful, and the judgments are greater than management can anticipate, the resulting liability could have a material impact on the Companyâ€™s financial position, liquidity, or results of operations. With respect to the existing litigation, management currently believes that the possibility of a material judgment adverse to the Company is remote. Accruals for losses are established whenever they are probable and reasonably estimable. If no one estimate within the range of possible losses is more probable than any other, an accrual is recorded based on the lowest amount of the range.68NOTE 29. STATUTORY FINANCIAL INFORMATION AND DIVIDEND RESTRICTIONSThe Companyâ€™s insurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate, including the U.S., Bermuda, Canada and the Cayman Islands. Certain regulations include restrictions that limit the dividends or other distributions, such as loans or cash advances, available to stockholders without prior approval of the insurance regulatory authorities. The differences between financial statements prepared for insurance regulatory authorities and GAAP financial statements vary by jurisdiction.U.S. Statutory RequirementsThe Companyâ€™s U.S. insurance subsidiaries prepare financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of each subsidiaryâ€™s state of domicile, which include certain components of the National Association of Insurance Commissioners (â€œNAICâ€) Statutory Accounting Principles (â€œSAPâ€). NAIC SAP is intended to standardize regulatory accounting and reporting to state insurance departments. However, statutory accounting practices continue to be established by individual state laws and permitted practices. Modifications by the various state insurance departments may impact the statutory capital and surplus of these insurance subsidiaries.Statutory accounting differs from GAAP primarily by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions and valuing securities on a different basis. In addition, certain assets are not admitted under statutory accounting principles and are charged directly to surplus.The Companyâ€™s U.S. insurance subsidiaries are subject to certain Risk Based Capital (â€œRBCâ€) requirements as defined by the NAIC. RBC requirements require a certain amount of capital and surplus to be maintained based upon various risk factors of each insurance company. The Companyâ€™s insurance subsidiaries in the U.S. met the minimum regulatory requirements.Bermuda Statutory RequirementsThe Companyâ€™s Bermuda-domiciled insurance subsidiaries are licensed by the Bermuda Monetary Authority (â€œBMAâ€). These subsidiaries prepare statutory financial statements that are generally equivalent to GAAP financial statements, with the exception of prudential filters, which include adjustments to eliminate non-admitted assets non-admissible for solvency purposes, and permitted practices granted by the BMA.The Companyâ€™s Bermuda-domiciled insurance subsidiaries are subject to the Insurance Act 1978, as amended (the â€œBermuda Insurance Actâ€). Under the Bermuda Insurance Act, these subsidiaries are required to maintain minimum statutory capital and surplus equal to the greater of a minimum solvency margin and the enhanced capital requirement as determined by the BMA. These insurance subsidiaries in Bermuda met the minimum solvency and minimum liquidity regulatory requirements, which include the Enhanced Capital Requirement (â€œECRâ€), calculated based on the Bermuda Solvency Capital Requirement (â€œBSCRâ€) model, which is a risk-based model

that takes into account the risk characteristics of different aspects of the insurance companyâ€™s business.Other Statutory RequirementsThe Companyâ€™s Canadian insurance subsidiary, BAC, prepares statutory financial statements under IFRS Accounting Standards, which also comply with specifications provided by the Office of the Superintendent of Financial Institutions (â€œOSFIâ€). BAC is subject to the Life Insurance Capital Adequacy Test (â€œLICATâ€), as determined by OSFI, which requires a life insurance company to maintain a certain amount of capital and surplus to meet the minimum LICAT ratio. BAC met the minimum regulatory requirements.The Companyâ€™s Cayman-domiciled insurance subsidiary, NER SPC, is licensed by the Cayman Islands Monetary Authority (â€œCIMAâ€) and is subject to a regulatory minimum capital requirement as well as RBC requirements as defined by NAIC. NER SPC met the minimum regulatory requirements.69Statutory Financial InformationThe following tables provide the statutory capital and surplus, as well as statutory net income (loss), of the Companyâ€™s primary insurance entities.Note that for certain of these insurance entities, the statutory financial statements and returns as of and for the periods ended SeptemberÂ 30, 2024 are due to be submitted to the relevant regulatory authorities after the date of this 6-K filing. Accordingly, the figures in tables below as of and for the periods ended SeptemberÂ 30, 2024 do not represent final figures.AS OFUS$ MILLIONSSeptember 30, 2024December 31, 2023Statutory capital and surplus:American Equity Investment Life Insurance Company1$3,281Â N/AAmerican Nationalâ€™s U.S. life insurance entities3,130Â $2,776Â American Nationalâ€™s U.S. property and casualty insurance entities1,694Â 1,702Â BAC440Â 419Â NER Ltd.107Â 91Â NER SPC1,185Â 965Â FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Statutory net income (loss):American Equity Investment Life Insurance Company1$(128)N/A$57Â N/AAmerican Nationalâ€™s U.S. life insurance entities(170)$(58)(183)$(166)American Nationalâ€™s U.S. property and casualty insurance entities15Â (18)23Â (66)BAC24Â 12Â 57Â 12Â NER Ltd.(22)1Â 14Â 5Â NER SPC(208)93Â 271Â 226Â 1.For American Equity Investment Life Insurance Company (â€œAEILICâ€), statutory capital and surplus as of DecemberÂ 31, 2023 and statutory net income (loss) for the periods ended SeptemberÂ 30, 2023 are not provided as the Company acquired AEL on May 2, 2024. Statutory net income (loss) for the nine months ended SeptemberÂ 30, 2024 presented above represents amounts to be reported to its regulator and are inclusive of income and expenses prior to the Companyâ€™s acquisition of AEL.In addition to these insurance subsidiaries, the Companyâ€™s primary insurance subsidiaries include Argo Re Ltd. (â€œArgo Reâ€), which is a direct subsidiary of Argo that is domiciled in Bermuda, as well as Argoâ€™s U.S. property and casualty insurance entities.Argo Re last filed their statutory financial information with BMA as of and for the year ended DecemberÂ 31, 2023, and their statutory financial information for the third quarter of 2024 is not yet available as of the date of this 6-K filing. As of and for the year ended DecemberÂ 31, 2023, Argo Re reported statutory capital and surplus of $1.2 billion and statutory net loss of $3 million.For Argoâ€™s U.S. property and casualty insurance entities, their statutory financial information for the third quarter of 2024 is not yet available as of the date of this 6-K filing. They reported statutory capital and surplus of $1.5 billion as of June 30, 2024 and $1.4 billion as of DecemberÂ 31, 2023 and statutory net income of $4 million and $8 million for the three and six months ended JuneÂ 30, 2024, respectively, and statutory net income of $1 million and net loss of $29 million for the three and nine months ended SeptemberÂ 30, 2023, respectively. These 2023 comparative figures represent amounts as reported to their regulators and are inclusive of income and expenses prior to the Companyâ€™s acquisition of Argo on November 16, 2023.70Prescribed and Permitted Statutory Accounting PracticesCertain insurance subsidiaries of ANGI use prescribed and permitted statutory accounting practices that differ from the statutory accounting practices found in NAIC SAP. These prescribed and permitted practices are described as follows:â€¢American National Property and Casualty Company (â€œANPACâ€) has been granted a permitted practice from the Missouri Department of Insurance to record as the valuation of its investment in a wholly-owned subsidiary that is the attorney-in-fact for a Texas domiciled insurer, the statutory capital and surplus of the Texas domiciled insurer. This permitted practice increases the statutory capital and surplus of ANPAC by $63 million and $71 million as of SeptemberÂ 30, 2024 and December 31, 2023, respectively. The statutory capital and surplus of ANPAC would have remained above the authorized control level RBC had it not used the permitted practice.â€¢AEILIC has been granted a permitted practice by the Iowa Insurance Division which allows for call option derivative instruments hedging the interest credited on fixed indexed annuities to be recorded at amortized cost and the related fixed index annuity to account for the next index crediting term to be valued at zero. The permitted practice lowered statutory capital and surplus by $350 million as of SeptemberÂ 30, 2024. The statutory capital and surplus of AEILIC would have remained above the authorized control level RBC had it not used the permitted practice.â€¢AEILIC cedes certain lifetime income benefit rider payments in excess of PAB to two subsidiaries in Vermont, AEL Re Vermont and AEL Re Vermont II. The Vermont subsidiaries have been granted permitted practices from the Vermont Department to recognize as an admitted asset an excess of loss reinsurance agreement with a third party which reinsures the lifetime income benefit rider payments in excess of policyholder funds upon exhaustion of a funds withheld account balance. The permitted practice increased the statutory capital of AEL by $3.6 billion as of SeptemberÂ 30, 2024. Without such permitted practices, the RBC at the Vermont entities would fall below the minimum regulatory requirements.Statutory Dividend RestrictionsThe ability of the Companyâ€™s insurance subsidiaries to pay dividends, or other distributions, to their parent companies (and ultimately the Company) is subject to certain restrictions imposed by the jurisdictions of domicile that regulate these insurance subsidiaries, and each jurisdiction typically has calculations for the amount of dividends that an insurance company can pay without the prior approval of the insurance regulatory authorities.The following provides a summary of statutory restrictions on the payment of dividends for the Companyâ€™s insurance subsidiaries in various jurisdictions:â€¢U.S. insurance entities â€“ Various state insurance laws restrict the amount that may be transferred to the parent company by its insurance subsidiaries in the form of dividends without prior approval of the insurance regulatory authorities. These restrictions are based, in part, on the prior yearâ€™s statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior regulatory approval. Dividends in larger amounts, or extraordinary dividends, are subject to the approval by the insurance commissioner of the applicable state of domicile.The following are dividend restrictions applicable to ANGIâ€™s U.S. insurance subsidiaries:â—¦AEILIC and Eagle Life Insurance Company are permitted without prior approval of the Iowa Insurance Division to pay total dividends of up to $373Â million and $30Â million during 2024, respectively. â—¦American National Insurance Company is permitted without prior approval of the Texas Department of Insurance to pay total dividends of up to $236 million during 2024.â—¦ANPAC is permitted without prior approval of the Missouri Department of Insurance to pay total dividends of up to $74 million during 2024.â—¦American National Life Insurance Company of New York and Farm Family Casualty Insurance Company are permitted without prior approval of the New York State Department of Financial Services to pay total dividends of up to $33 million and $62 million during 2024, respectively.71The following are dividend restrictions applicable to Argoâ€™s U.S. insurance subsidiaries:â—¦Argonaut Insurance Company is permitted without prior approval of the Illinois Division of Insurance to pay total dividends of up to $121 million during 2024.â—¦Rockwood Casualty Insurance Company is permitted without prior approval of the Pennsylvania Department of Insurance to pay total dividends of up to $25 million during 2024.â€¢Bermuda insurance entities â€“ Under the Bermuda Insurance Act, Bermuda insurance entities such as Argo Re and NER Ltd. are generally prohibited from declaring or paying, in any financial year, dividends of more than 25% of its prior yearâ€™s total statutory capital and surplus unless it files with the BMA an affidavit signed by at least two directors and the principal representative in Bermuda stating that it will continue to meet its relevant margins. The maximum amount available for payment of dividends without prior regulatory approval during 2024 is $288 million for Argo Re and $23 million for NER Ltd.â€¢Other insurance entities â€“ As a Canadian insurance subsidiary, BAC may declare dividends subject to it continuing to meet its capital requirements and maintaining adequate and appropriate forms of liquidity in addition to complying with related regulations under the Insurance Companies Act (Canada) and requirements of OSFI. As an insurance subsidiary domiciled in the Cayman Islands, NER SPC is required to notify and/or seek approval from CIMA prior to the payment of dividends or distributions to its parent company.NOTE 30. SUBSEQUENT EVENTSOn October 2, 2024, ANGI closed its previously announced public offering of $600 million aggregate principal amount of 5.750% Senior Notes due 2029 (the â€œNotesâ€). The Notes bear interest at the rate of 5.750% per annum, payable semi-annually on April 1 and October 1, and will mature on October 1, 2029. ANGI will use the net proceeds from this offering to repay a portion of the outstanding indebtedness under its Term Loan Credit Facility.On October 18, 2024, the Company issued 21,953,603 Class C shares to Brookfield, valued at $1.0Â billion, in exchange for certain investments contributed by Brookfield.On October 28, 2024, the Company extended the maturity on its $1.0 billion 364-day revolving credit facility to October 2025.72MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSIntroductionThis managementâ€™s discussion and analysis (â€œMD&Aâ€) covers the financial position as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023 and the results of operations for the three and nine months ended SeptemberÂ 30, 2024 and 2023. Unless the context requires otherwise, when used in this MD&A, the terms â€œweâ€, â€œusâ€, â€œourâ€, or the â€œCompanyâ€ mean Brookfield Wealth Solutions Ltd., together with all of its subsidiaries and the term â€œBrookfieldâ€ means Brookfield Corporation, its subsidiaries and controlled companies and any investment fund sponsored, managed or controlled by Brookfield Corporation or its subsidiaries, and does not, for greater certainty, include us or Oaktree Capital Group, LLC and Atlas OCM Holdings, LLC and its subsidiaries.On September 4, 2024, the Company changed its name from Brookfield Reinsurance Ltd. to Brookfield Wealth Solutions Ltd. and, on September 6, 2024, changed its trading symbol from â€œBNREâ€ to â€œBNTâ€.In addition to historical information, this MD&A contains forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. See â€œForward-Looking Informationâ€ within this MD&A. The information in this MD&A should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements (â€œthe financial statementsâ€) prepared in conformity with accounting principles generally accepted in the United States of America (â€œGAAPâ€) as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023 and for the three and nine months ended SeptemberÂ 30, 2024 and 2023, as well as the DecemberÂ 31, 2023 audited consolidated financial statements included within the Form 20-F, filed with the SEC on MarchÂ 28, 2024. Interim operating results for the three and nine months ended SeptemberÂ 30, 2024 are not necessarily indicative of the results expected for the entire year.Overview of Our BusinessOur Company is an exempted company limited by shares incorporated under the laws of Bermuda on December 10, 2020. The Company holds a direct 100% ownership interest in BAM Re Holdings Ltd. (â€œBAM Re Holdingsâ€), which holds the Companyâ€™s interest in its operating subsidiaries, North End Re Ltd. (â€œNER Ltd.â€), North End Re (Cayman) SPC (â€œNER SPCâ€), Brookfield Annuity Company (â€œBACâ€), American National Group, Inc. (â€œANGIâ€) and Argo Group International Holdings, Inc. (â€œArgoâ€).In May 2024, American Equity Investment Life Holdings Company (â€œAELâ€) became a wholly-owned subsidiary of BAM Re Holdings. Following the acquisition of AEL, American National Group, LLC (â€œAmerican Nationalâ€) completed a downstream merger with AEL. Subsequently, AEL changed its name to American National Group Inc. Following this merger, American National and AEL generally maintain independent insurance operations while sharing certain corporate and management activities. As such, we continue to make references, where applicable, to the operating results of American National and AEL separately in this MD&A. For further details of the Companyâ€™s acquisition of AEL and post-merger reorganization, see Note 16, â€œAcquisitionâ€ of the financial statements.Â Â Â Â Our Company is a leading wealth solutions provider, focused on securing the financial futures of individuals and institutions through a range of wealth protection and retirement services, and tailored capital solutions. Our business is presently conducted through our subsidiaries. The principal operating entities of the Company generally maintain their own independent management and infrastructure. Refer to the â€œLines of Businessâ€ section of the MD&A for further details on our operating segmentsâ€™ businesses.As a result of the AEL acquisition, diversification in insurance offerings and overall strategic shift, the Company has decided to reorganize and change its internal segments in a manner that caused the composition of its reporting segments to change in the second quarter of 2024. Our reporting segments have been realigned to: Annuity, Life, Property and Casualty and Corporate and Other. Previously, we reported our operations under the following segments: Direct Insurance, Reinsurance, and Pension Risk Transfer. The Company has restated all applicable comparative information.73Controls and ProceduresThe Chief Executive Officer (â€œCEOâ€) and the Chief Financial Officer (â€œCFOâ€) have evaluated the effectiveness of the design and operation of the Companyâ€™s disclosure controls and procedures as of SeptemberÂ 30, 2024. Based on the evaluation conducted, it was concluded that our disclosure controls and procedures were effective. There were no changes in the Companyâ€™s internal control over financial reporting during the quarter ended SeptemberÂ 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Companyâ€™s internal control over financial reporting.Key Financial DataThe following table presents key financial data of the Company:AS OF AND FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Total assets$137,112$51,177$137,112Â $51,177Â Net income6577671Â 344Â Adjusted Equity111,4347,25111,434Â 7,251Â Distributable Operating Earnings1370182947Â 487Â 1.Adjusted Equity and Distributable Operating Earnings are Non-GAAP measures. See â€œReconciliation of Non-GAAP Measuresâ€.74Operating Results and Financial ReviewCONSOLIDATED RESULTS OF OPERATIONSThe following table summarizes the financial results of our business for the three and nine months ended SeptemberÂ 30, 2024 and 2023:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Net premiums$1,165Â $913Â $4,212Â $2,812Â Other policy revenue217Â 106Â 529Â 306Â Net investment income 1,264Â 442Â 2,956Â 1,282Â Investment related gains (losses)331Â 2Â 261Â 94Â Net investment results from reinsurance funds withheld(8)71Â 398Â 189Â Total revenues2,969Â 1,534Â 8,356Â 4,683Â Policyholder benefits and claims incurred(1,230)(870)(4,159)(2,745)Interest sensitive contract benefits(557)(89)(1,164)(332)Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired(366)(120)(867)(452)Change in fair value of insurance-related derivatives and embedded derivatives(219)(130)(162)(169)Change in fair value of market risk benefits(207)73Â (406)81Â Other reinsurance expenses(6)(52)(20)(16)Operating expenses(330)(218)(1,024)(533)Interest expense(99)(61)(266)(181)Total benefits and expenses(3,014)(1,467)(8,068)(4,347)Net income (loss) before income taxes(45)67Â 288Â 336Â Income tax recovery110Â 10Â 383Â 8Â Net income for the period65Â 77Â 671Â 344Â Less: non-controlling interests(13)(1)(20)(3)Net income attributable to shareholders$52Â $76Â $651Â $341Â As a result of the acquisition of AEL and the increase in significance of certain accounts resulting from the consolidation of AEL, certain previously reported amounts have been reclassified to conform to the current financial statement presentation. These reclassifications had no impact on net income (loss) as reported in the statements of operations, as well as total assets, liabilities or equity in the statements of financial position. Comparison of three months ended September 30, 2024 and 2023 For the three months ended SeptemberÂ 30, 2024, we reported net income of $65Â million, compared to a net income of $77 million in the prior year quarter. The decrease of $12 million is primarily driven by unfavorable fair value movements on our annuity reserves coupled with realized losses on investments transferred as part of the ANGI reinsurance agreement. Please refer to Note 12, â€œReinsuranceâ€ of the financial statements for additional information on the agreement.Net premiums and other policy revenue were $1.4Â billion for the three months ended SeptemberÂ 30, 2024, compared to $1.0Â billion in the prior year quarter. The increase of $363 million is primarily attributable to the contribution of policy revenue from AEL, which includes annuity surrender charges and fees associated with lifetime income benefit riders, coupled with the amortization of a deferred gain arising from the ANGI reinsurance agreement. The deferred gain will be amortized into earnings over the life of the underlying reinsured policies.75Net investment income increased by $822Â million for the three months ended SeptemberÂ 30, 2024, relative to the prior year quarter. Net investment income is comprised of interest and dividends earned on fixed income investments and equity investments, as well as other miscellaneous income from equity accounted investments primarily consisting of real estate partnerships and investment funds. The increase from the prior year quarter was driven by the growth in our investment portfolio due to the contribution from Argo and AEL and continued rotation into higher yielding investment strategies.Investment related gains (losses) increased by $329Â million relative to the prior year quarter. The increase is primarily driven by appreciation in our equity securities portfolio partially offset by realized losses on investments transferred as part of the ANGI reinsurance agreement.Net investment results from reinsurance funds withheld decreased by $79Â million for the three months ended SeptemberÂ 30, 2024 compared to the prior year quarter. The decrease is primarily driven by mark-to-market losses on embedded derivatives arising from our modified coinsurance reinsurance treaty at NER Ltd., coupled with reduced investment income from NER SPC, following the deemed settlement of a previously held reinsurance agreement between NER SPC and AEL as part of the AEL acquisition (See Note 16, â€œAcquisitionâ€ of the financial statements). Interest sensitive contract benefits represent interest credited to policyholdersâ€™ account balances (â€œPABâ€) from our investment contracts with customers, as well as amortization of deferred revenue. For the three months ended SeptemberÂ 30, 2024, the amount increased by $468Â million due to the assumption of AELâ€™s PAB liabilities.Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired (â€œVOBAâ€) were $366 million for the three months ended SeptemberÂ 30, 2024, compared to $120 million in the prior year quarter. The increase of $246 million was primarily driven by the amortization of VOBA arising from the acquisition of AEL. Change in fair value of insurance-related derivatives and embedded derivatives represents the fair value change of call options used to fund the equity-indexed annuity and universal life contracts as well as the fair value change of embedded derivatives of these contracts. Fair value changes are impacted by the expected and actual performance of the indices the call options relate to as well as interest rates used to estimate our embedded derivatives. The increase of $89 million is attributable to movements in equity markets and interest rates.Change in fair value of market risk benefits represents the mark-to-market movements of our liability based on the protection to the policyholder from capital market risks. The loss of $207 million for the three months ended SeptemberÂ 30, 2024 is primarily due to movements in interest rates used in the valuation of these liabilities coupled with the assumption of AELâ€™s market risk benefit liabilities upon the closing of our acquisition in May 2024.Other reinsurance expenses decreased by $46Â million. Other reinsurance expenses for the prior year period primarily relate to commissions and expenses assumed under a previously held reinsurance agreement between NER SPC and AEL, which was effectively settled upon our acquisition of AEL in the second quarter of 2024. As a result, there were no inflows of commissions and expenses assumed for the three months ended SeptemberÂ 30, 2024.Operating expenses were $330 million for the three months ended SeptemberÂ 30, 2024, compared to $218 million in the prior year quarter, which represents an increase of $112 million. The increase was primarily driven by the contribution of expenses from Argo and AEL, as well as additional costs incurred to support the continued growth of our business.Interest expense increased by $38 million for the three months ended SeptemberÂ 30, 2024 compared to the prior year quarter. The increase is primarily driven by debt assumed and raised through our acquisition of AEL.Distributable operating earnings (â€œDOEâ€) increased by $188Â million to $370 million for the three months ended SeptemberÂ 30, 2024. The increase was primarily driven by earnings contributions from Argo and AEL, coupled with new business wins and higher spread earnings.Comparison of nine months ended September 30, 2024 and 2023For the nine months ended SeptemberÂ 30, 2024, we reported net income of $671 million, compared to a net income of $344Â million in the prior year period. The increase of $327Â million is primarily due to growth in our business, redeployment of capital into higher yielding investments and the contributions of Argo and AEL, as well as a deferred income tax recovery recognized in the second quarter of 2024 in relation to corporate income tax regime in Bermuda (see Note 22, â€œIncome Taxesâ€ of the financial statements).76Net premiums and other policy revenue were $4.7 billion for the nine months ended SeptemberÂ 30, 2024, compared to $3.1 billion in the prior year period. The increase of $1.6Â billion is primarily due to the contributions of Argo and new business wins in our institutional annuity business, coupled with the amortization of a deferred gain arising from the ANGI reinsurance agreement. The deferred gain will be amortized into earnings over the life of the underlying reinsured policies.Net investment income increased by $1.7Â billion for the nine months ended SeptemberÂ 30, 2024, relative to the prior year period. The increase from the prior year period was driven by the the growth in our investment portfolio due to the contribution from Argo and AEL, coupled with the rotation of the portfolio into higher yielding investment strategies.We recorded $261Â million of investment related gains for the nine months ended SeptemberÂ 30, 2024, which represents an increase of $167Â million over the prior year period. The increase is primarily driven by appreciation in our equity securities portfolio partially offset by realized losses on investments transferred as part of the ANGI reinsurance agreement, as well as unfavorable mark-to-market movements on derivative instruments.Net investment results from reinsurance funds withheld increased by $209Â million for the nine months ended SeptemberÂ 30, 2024 compared to the prior year period. The increase is primarily driven by mark-to-market gains on embedded derivatives arising from our modified coinsurance reinsurance treaty, partially offset by the reduction in investment income, following the deemed settlement of a previously held reinsurance agreement between NER SPC and AEL as part of the AEL purchase accounting (See Note 16, â€œAcquisitionâ€ of the financial statements).Interest sensitive contract benefits represent interest credited to PAB from our investment contracts with customers, as well as amortization of deferred revenue. For the nine months ended SeptemberÂ 30, 2024, the amounts increased by $832Â million primarily driven by the assumption of AELâ€™s PAB liabilities. Amortization of deferred policy acquisition costs, deferred sales inducements and value of business acquired were $867 million for the nine months ended SeptemberÂ 30, 2024, compared to $452 million in the prior year period. The increase of $415 million was primarily driven by the amortization of VOBA arising from the acquisition of AEL. Change in fair value of insurance-related derivatives and embedded derivatives represents the fair value change of call options used to fund the equity-indexed annuity and universal life contracts as well as embedded derivatives of these contracts.Fair value changes are impacted by the expected and actual performance of the indices the call options relate to as well as interest rates used to estimate our embedded derivatives. The increase of $7Â million for the nine months ended SeptemberÂ 30, 2024 is attributable to movements in equity markets and interest rates.Change in fair value of market risk benefits represents the mark-to-market movements of our liability based on the protection to the policyholder from capital market risk. The loss of $406Â million for the nine months ended SeptemberÂ 30, 2024 is primarily due to the assumption of AELâ€™s market risk benefit liabilities upon our acquisition in May 2024, coupled with movements in interest rates used in the valuation of these liabilities.Other reinsurance expenses increased by $4Â million. Other reinsurance expenses for the prior year period primarily relate to commissions and expenses assumed under a previously held reinsurance agreement between NER SPC and AEL, which was effectively settled upon our acquisition of AEL. As a result, there were no inflows of commissions and expenses assumed since the closing of our acquisition.Operating expenses were $1.0 billion for the nine months ended SeptemberÂ 30, 2024, compared to $533 million in the prior year period, which represents an increase of $491 million. The increase was primarily driven by the contribution of expenses from Argo and AEL, one-time transaction costs associated with the acquisition of AEL as well as additional costs incurred to support the continued growth of our business.Interest expense increased by $85Â million for the nine months ended SeptemberÂ 30, 2024 compared to the prior year period. The increase is primarily driven by debt assumed and raised through our acquisition of AEL, coupled with higher interest rates.DOE increased by $460Â million to $947 million for the nine months ended SeptemberÂ 30, 2024. The increase was primarily driven by new business wins, higher spread earnings and earnings contributions from Argo and AEL.77CONSOLIDATED FINANCIAL POSITIONThe following table summarizes the financial position as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023:AS OF US$ MILLIONSSep 30, 2024Dec 31, 2023AssetsInvestments$88,247Â $39,838Â Cash and cash equivalents14,627Â 4,308Â Reinsurance funds withheld1,532Â 7,248Â Accrued investment income784Â 280Â Deferred policy acquisition costs, deferred sales inducements and value of business acquired10,495Â 2,468Â Premiums due and other receivables735Â 711Â Ceded unearned premiums550Â 401Â Deferred tax asset952Â 432Â Reinsurance recoverables and deposit assets13,229Â 3,388Â Property and equipment290Â 294Â Goodwill751Â 121Â Intangible assets1,754Â 235Â Other assets1,864Â 730Â Separate account assets1,302Â 1,189Â Total assets137,112Â 61,643Â LiabilitiesFuture policy benefits11,057Â 9,813Â Policyholdersâ€™ account balances82,413Â 24,939Â Policy and contract claims7,696Â 7,288Â Deposit liabilities1,525Â 1,577Â Market risk benefits3,725Â 89Â Unearned premium reserve2,003Â 2,056Â Due to related parties593Â 564Â Other policyholder funds348Â 335Â Notes payable178Â 174Â Corporate borrowings1,847Â 1,706Â Subsidiary borrowings3,330Â 1,863Â Funds withheld for reinsurance liabilities3,534Â 83Â Other liabilities4,608Â 1,118Â Separate account liabilities1,302Â 1,189Â Total liabilities124,159Â 52,794Â Mezzanine equityRedeemable junior preferred shares2,779Â 2,694Â EquityClass A exchangeable, Class B and Class C16,294Â 5,184Â Retained earnings 1,512Â 945Â Accumulated other comprehensive income (loss)1,519Â (120)Non-controlling interests849Â 146Â Total equity10,174Â 6,155Â Total liabilities, mezzanine equity and equity$137,112Â $61,643Â 1.On August 29, 2024, the Company re-designated all of its Class A-1 exchangeable shares into its Class A exchangeable shares. Share capital as of DecemberÂ 31, 2023 include amounts attributable to Class A-1 exchangeable shareholders prior to the re-designation. For further details, refer to Note 23, â€œShare Capitalâ€ of the financial statements.Comparison as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023Total assets increased by $75.5 billion during the period to $137.1 billion, primarily driven by the acquisition of AEL and capital deployment from annuity sales. 78Cash and cash equivalents increased by $10.3Â billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024 primarily driven by the acquisition of AEL as well as annuity sales during the quarter not yet deployed into our investments. We continue to maintain a strong liquidity position across our segments. For further information, refer to â€œLiquidity and Capital Resourcesâ€ section of the MD&A.Total investments increased by $48.4Â billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024, primarily driven by the incorporation of AELâ€™s investments.The decrease in reinsurance funds withheld of $5.7 billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024 was primarily driven by the deemed settlement of a previously held reinsurance agreement between NERC SPC and AEL, due to the companies being under common control subsequent to the acquisition of AEL.DAC are capitalized costs directly related to writing new policyholder contracts. The VOBA intangible asset arising from a business combination is also included as part of this line item. The increase from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024 was driven by VOBA resulting from the acquisition of AEL.Ceded unearned premiums represent a portion of unearned premiums ceded to reinsurers. The increase of $149Â million from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024 is primarily driven by additional reinsurance agreements intended to reduce our exposure to products deemed non-core.Reinsurance recoverables and deposit assets are estimated amounts due to the Company from reinsurers or cedants, related to paid and unpaid ceded benefits, claims and expenses and are presented net of reserves for collectability. The increase of $9.8Â billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024 was primarily driven by the acquisition of AEL, coupled with the ANGI reinsurance agreement concluded in the quarter.Other assets were $1.9Â billion as of SeptemberÂ 30, 2024, increasing by $1.1Â billion from DecemberÂ 31, 2023. The balance includes current tax assets, market risk benefit asset, prepaid pension assets, as well as other miscellaneous receivables. The increase is primarily driven by market risk benefit assets arising from the acquisition of AEL, which accounted for $737 million of the balance as of SeptemberÂ 30, 2024. Intangible assets increased by $1.5Â billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024, principally due to the approximately $1.6 billion of intangible assets that arose from the acquisition of AEL.Goodwill consists of $630 million arising from the acquisition of AEL in May 2024 as well as $121 million arising from the acquisition of American National in May 2022.Separate account assets and liabilities both increased by $113 million from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024, principally due to net realized capital gains on underlying assets. Future policy benefits and policyholdersâ€™ account balances increased by $58.7 billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024, primarily driven by the assumption of AELâ€™s PAB liabilities.Policy and contract claims increased by $408Â million from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024 driven by the loss experience of our P&C segment during the period. Corporate and subsidiary borrowings increased by $1.6 billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024 due to the debt assumed and raised through our acquisition of AEL. Redeemable junior preferred shares, issued to Brookfield in 2022, increased by $85Â million due to accrued dividends during the period. Total equity increased by $4.0Â billion from DecemberÂ 31, 2023 to SeptemberÂ 30, 2024. The increase was primarily driven by approximately $1.1Â billion of Class C shares issued in exchange for class A limited voting shares of Brookfield Asset Management Ltd. stock which were used as purchase consideration in the AEL acquisition, $713 million in non-controlling interest assumed from AEL and $567 million in retained earnings due to the growth of the business.79SEGMENT REVIEWAs a result of the AEL acquisition, diversification in insurance offerings and overall strategic shift, the Company has decided to reorganize and change its internal segments in a manner that caused the composition of its reporting segments to change in the second quarter of 2024. The Companyâ€™s reporting segments have been realigned to: Annuity, Life, Property and Casualty (â€œP&Câ€) and Corporate and Other. Previously, the Company reported its operations under the following segments: Direct Insurance, Reinsurance, and Pension Risk Transfer (â€œPRTâ€).We measure operating performance primarily using DOE which measures our ability to acquire net insurance assets at a positive margin, and invest these assets at a return that is greater than the cost of policyholder liabilities. The following table presents DOE of each of our reporting segments for the three and nine months ended SeptemberÂ 30, 2024 and 2023:FOR PERIODS ENDEDÂ SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Annuity$379Â $154Â $804Â $429Â Life42Â 64Â 162Â 147Â P&C25Â (8)161Â 2Â Corporate and Other(76)(28)(180)(91)Total DOE$370Â $182Â $947Â $487Â Comparison of three months ended September 30, 2024 and 2023 Annuity â€“ DOE within our annuity business represents contribution from both our retail and institutional platforms. DOE increased by $225 million for the three months ended SeptemberÂ 30, 2024 compared to the prior year quarter. The increase is primarily attributable to earnings contributed from AEL as well as increased investment income from our continued deployment into higher yielding investment strategies.Life â€“ DOE decreased by $22Â million for the three months ended SeptemberÂ 30, 2024 compared to the prior year quarter. The decrease is primarily driven by the ANGI reinsurance agreement concluded during the quarter.P&C â€“ DOE increased by $33Â million for the three months ended SeptemberÂ 30, 2024 compared to the prior year quarter. The increase was primarily driven by improvements in our loss experience arising from underwriting actions implemented over the past twelve months.Corporate and Other â€“ DOE decreased by $48Â million for the three months ended SeptemberÂ 30, 2024 compared to the prior year quarter. The decrease was primarily driven by increased interest expenses due to debt assumed and raised through our acquisition of AEL. Comparison of nine months ended September 30, 2024 and 2023Annuity â€“ DOE increased by $375Â million for the nine months ended SeptemberÂ 30, 2024 compared to the prior year period. The increase is primarily attributable to earnings contributed from AEL, the scale-up of our U.S. PRT business as well as increased investment income from our continued deployment into higher yielding investment strategies.Life â€“ DOE increased by $15Â million for the nine months ended SeptemberÂ 30, 2024 compared to the prior year period. The increase was driven by improved investment income from our continued deployment into higher yielding investment strategies, partially offset by by the ANGI reinsurance agreement concluded during the quarter.P&C â€“ DOE increased by $159Â million for the nine months ended SeptemberÂ 30, 2024 compared to the prior year period. The increase was driven by earnings contributed from Argo coupled with improvements in loss experience arising from underwriting actions implemented since the prior year period.Corporate and Other â€“ DOE decreased by $89Â million for the nine months ended SeptemberÂ 30, 2024 compared to the prior year period. The decrease was primarily driven by increased interest expenses and reduced investment income.80Lines of BusinessThrough our operating subsidiaries, our company offers a range of retirement services, wealth protection products and tailored capital solutions focused on securing the financial futures of individuals and institutions.AnnuityFixed Index Annuities â€“ Fixed index annuities allow policyholders to earn index credits based on the performance of a particular index without the risk of loss of their account value. Certain products offer a premium bonus in which the initial annuity deposit on these policies is increased at issuance by a specified premium bonus rate. Generally, the surrender charge and bonus vesting provisions of our policies are structured such that we have comparable protection from early termination between bonus and non-bonus products. The annuity contract value is equal to the sum of premiums paid, premium bonuses and interest credited (â€œindex creditsâ€ for funds allocated to an index based strategy), which is based upon an overall limit (or â€œcapâ€) or a percentage (the â€œparticipation rateâ€) of the appreciation (based in certain situations on monthly averages or monthly point-to-point calculations) in a recognized index or benchmark. Caps and participation rates limit the amount of interest the policyholder may earn in any one contract year and may be adjusted by us annually subject to stated minimums.Fixed Rate Annuities â€“ Fixed rate deferred annuities include annual, multi-year rate guaranteed products (â€œMYGAsâ€) and single premium deferred annuities (â€œSPDAsâ€). Our annual reset fixed rate annuities have an annual interest rate (the â€œcrediting rateâ€) that is guaranteed for the first policy year. After the first policy year, we have the discretionary ability to change the crediting rate once annually to any rate at or above a guaranteed minimum rate. Our MYGAs and SPDAs are similar to our annual reset products except that the initial crediting rate on MYGAs is guaranteed for up to five years before it may be changed at our discretion while the initial crediting rate on SPDAs is guaranteed for either three or five years.Single Premium Immediate Annuities â€“ A single premium immediate annuity is purchased with one premium payment, providing periodic (usually monthly or annual) payments to the annuitant for a specified period, such as for the remainder of the annuitantâ€™s life. Return of the original deposit may or may not be guaranteed, depending on the terms of the annuity contract.Variable Annuities â€“ With a variable annuity, the policyholder bears the investment risk because the value of the policyholderâ€™s account balance varies with the investment experience of the separate account investment options selected by the policyholder. Our variable annuity products have no guaranteed minimum withdrawal benefits. This product accounts for less than 1% of our annuity business.Pension Risk Transfer â€“ Pension Risk Transfer is the transfer by a corporate sponsor of the risks, or some of the risks, associated with the sponsorship and administration of a pension plan, in particular, investment risk and longevity risk. Longevity risk represents the risk of an increase in life expectancy of plan beneficiaries. These risks can be transferred either to an insurer like us through a group annuity transaction commonly referred to as PRT, or to an individual through a lump-sum settlement payment. PRT using insurance typically involves a single premium group annuity contract that is issued to a pension plan by an insurer, permitting the corporate pension plan sponsor to discharge certain pension plan liabilities from its balance sheet.Life InsuranceWhole Life â€“ Whole life products provide a guaranteed benefit upon the death of the insured in return for the periodic payment of a fixed premium over a predetermined period. Premium payments may be required for the entire life of the contract, to a specified age or a fixed number of years, and may be level or change in accordance with a predetermined schedule. Whole life insurance includes some policies that provide a participation feature in the form of dividends. Policyholders may receive dividends in cash or apply them to increase death benefits or cash values available upon surrender, or reduce the premiums required to maintain the contract in-force.Universal Life â€“ Universal life insurance products provide coverage through a contract that gives the policyholder flexibility in premium payments and coverage amounts. Universal life products may allow the policyholder, within certain limits, to increase or decrease the amount of death benefit coverage over the term of the contract and to adjust the frequency and amount of premium payments. Universal life products are interest rate sensitive, and we determine the interest crediting rates during the contract period, subject to policy specific minimums. An equity-indexed universal life product is credited with interest using a return that is based, in part, on changes in an index, such as the Standard & Poorâ€™s 500 Index (â€œS&P 500â€), subject to a specified minimum.81Variable Universal Life â€“ Variable universal life products provide insurance coverage on a similar basis as universal life, except that the policyholder bears the investment risk because the value of the policyholderâ€™s account balance varies with the investment experience of the securities selected by the policyholder held in the separate account.Credit Life Insurance â€“ Credit life insurance products are sold in connection with a loan or other credit account. Credit life insurance products are designed to pay the lender the borrowerâ€™s remaining debt on a loan or credit account if the borrower dies during the coverage period.Property and CasualtyLiability â€“ Liability lines include a broad range of primary and excess casualty products, such as specialty casualty, construction defect, general liability, commercial multi-peril, workers compensation, product liability, environmental liability and auto liability. Liability lines are generally considered long-tailed as it takes a relatively long period of time to finalize and resolve all claims from a given accident year. Some products have long claims reporting lags and/or longer time lags for payment of claims.Professional â€“ Professional lines provide both admitted and non-admitted policies for professional liability such as management liability (including directors and officers), transaction liability and errors and omissions liability. Professional lines are generally considered long-tailed as it takes a relatively long period of time to finalize and resolve all claims from a given year.Property â€“ Property lines offer policies protecting various types of personal and commercial properties from man-made and natural disasters, including property insurance for homeowners and renters, inland marine and auto physical damages. Property lines are considered short-tailed as claims are generally known quickly and resolved in a short period of time.Specialty â€“ Specialty lines include niche insurance coverages such as surety, animal mortality and ocean marine. Specialty lines are considered generally short-tailed as claims are typically known relatively quickly, although it may take a longer period of time to finalize and resolve all claims from a given year.Corporate and OtherOur Corporate and Other segment performs various corporate and other activities that support our core insurance operations. Such activities include our investment warehousing activities where we temporarily warehouse investments that will ultimately be transferred into our insurance investment portfolios in the near term. We generate investment income from warehoused investments as well as interest expenses on revolving credit facilities utilized to fund these investments. Also included in our Corporate and Other segment activities are certain hedging activities, certain charges and activities that are not attributable to our insurance operating segments and interest expense related to the Companyâ€™s corporate and subsidiary borrowings.82Net PremiumsThe breakdown of premiums by product, net of ceded premiums, is as follows:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023AnnuitiesRetail1Fixed Index$2Â $â€"Â $3Â $â€"Â Fixed Rate1Â 1Â 1Â 2Â Variableâ€"Â â€"Â â€"Â â€"Â Total Retail Annuities3Â 1Â 4Â 2Â InstitutionalPension Risk Transfer2328Â 278Â 1,565Â 945Â Total Institutional Annuities328Â 278Â 1,565Â 945Â Total Annuities331Â 279Â 1,569Â 947Â Whole Life and Others135Â 130Â 412Â 393Â Property and CasualtyProperty360Â 298Â 1,064Â 859Â Liability301Â 133Â 919Â 383Â Professional57Â â€"Â 181Â 1Â Specialty(19)73Â 67Â 229Â Total Property and Casualty699Â 504Â 2,231Â 1,472Â Total$1,165Â $913Â $4,212Â $2,812Â 1.Premiums received from retail annuities are generally recorded as deposits and are not included in net premiums.2.Premiums differ from gross annuity sales in Pension Risk Transfer, since premiums are recognized as revenue when due while they are included in sales upon deal close, which is confirmed by the counterparty. Comparison of three and nine months ended September 30, 2024 and 2023For the three months ended September 30, 2024, we reported total net premiums of $1.2 billion, compared to $913 million in the prior year period. The increase of $252 million is primarily driven by contributions from Argo within our P&C segment.For the nine months ended September 30, 2024, we reported total net premiums of $4.2 billion, compared to $2.8 billion in the prior year period. The increase of $1.4 billion is primarily due to the growth in our Annuity and P&C segments. Net premiums for our Annuity segment increased by $622 million as we continue to scale our PRT business. Our P&C segment increased by $759 million due to contributions from Argo.83Gross Annuity SalesGross annuity sales are comprised of all productsâ€™ deposits, which generally are not included in revenues on the consolidated statement of operations. Gross annuity sales include directly written business, flow reinsurance assumed as well as premiums and deposits generated from assumed block reinsurance transactions. The breakdown of gross annuity sales follows:FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Gross Annuity SalesRetailFixed Index$2,030Â $948Â $3,721Â $2,384Â Fixed Rate1,803Â 1,248Â 4,042Â 3,626Â Variable20Â 17Â 54Â 48Â Total Retail Annuities3,853Â 2,213Â 7,817Â 6,058Â InstitutionalPension Risk Transfer1327Â 264Â 1,575Â 998Â Total Institutional Annuities327Â 264Â 1,575Â 998Â Total Gross Annuity Sales$4,180Â $2,477Â $9,392Â $7,056Â 1.Premiums differ from gross annuity sales in Pension Risk Transfer, since premiums are recognized as revenue when due while they are included in sales upon deal close, which is confirmed by the counterparty. Comparison of the three and nine months ended September 30, 2024 and 2023For the three months ended September 30, 2024, we reported total gross annuity sales of $4.2 billion, compared to $2.5 billion in the prior year period. The increase of $1.7 billion is primarily due to the contribution from AEL.For the nine months ended September 30, 2024, we reported total gross annuity sales of $9.4 billion, compared to $7.1 billion in the prior year period. The increase of $2.3 billion is primarily due to the contribution from AEL coupled with the growth in our U.S. PRT business. 84Liquidity and Capital ResourcesCAPITAL RESOURCESWe strive to maintain sufficient financial liquidity at all times so that we are able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances within our operating subsidiaries and maintain payments to policyholders, as well as maintain distributions to our shareholders. Our principal sources of liquidity are cash flows from our operations, access to the Companyâ€™s third-party credit facilities, and our credit facility and equity commitment with Brookfield. We proactively manage our liquidity position to meet liquidity needs and continue to develop relationships with lenders who provide borrowing capacity at competitive rates, while looking to minimize adverse impacts on investment returns. We look to structure the ownership of our assets to enhance our ability to monetize them to provide additional liquidity, if needed. Our corporate liquidity for the periods noted below consisted of the following:AS OFUS$ MILLIONSSeptember 30, 2024December 31, 2023Cash and cash equivalents$146Â $78Â Liquid financial assets251Â 212Â Undrawn credit facilities970Â 720Â Total Corporate Liquidity1$1,367Â $1,010Â 1.Total Corporate Liquidity is a non-GAAP measure. See â€œPerformance Measures used by Managementâ€.As of the date of this MD&A, our liquidity is sufficient to meet our present requirements for the foreseeable future. In June 2021, Brookfield provided to the Company an equity commitment in the amount of $2.0Â billion to fund future growth, which the Company may draw on from time to time. The equity commitment may be called by the Company in exchange for the issuance of Class C shares or junior preferred shares. As of SeptemberÂ 30, 2024, there was $2.0 billion of undrawn equity commitment available. In addition, in connection with the Companyâ€™s spin-off from Brookfield Corporation on June 28, 2021, we entered into a credit agreement with Brookfield as the lender, providing a revolving $400Â million credit facility. We have $1.2Â billion of revolving bilateral credit facilities with external banks. We use the liquidity provided by our credit facilities for working capital purposes, and we may use the proceeds from the capital commitment to fund growth capital investments and acquisitions. The determination of which of these sources of funding the Company will access in any particular situation is a matter of optimizing needs and opportunities at that time. As of SeptemberÂ 30, 2024, there was $655 million drawn on the external bilateral facilities and no amount drawn on the Brookfield facility. Today, we have significant liquidity within our insurance portfolios, giving us flexibility to secure attractive investment opportunities. In addition to a portfolio of highly liquid financial assets, our operating companies have additional access to liquidity from sources such as the Federal Home Loan Bank (â€œFHLBâ€) programs. As of SeptemberÂ 30, 2024, the Company had no drawings and a total of $1.6 billion undrawn commitment available related to these programs.Liquidity within our operating subsidiaries may be restricted from time to time due to regulatory constraints. As of SeptemberÂ 30, 2024, the Companyâ€™s total liquidity was $52.5 billion, which included $146 million of unrestricted cash and cash equivalents and $251 million of unrestricted liquid financial assets held by non-regulated corporate entities.AS OFUS$ MILLIONSSeptember 30, 2024December 31, 2023Cash and cash equivalents$14,627Â $4,308Â Liquid financial assets36,928Â 21,927Â Undrawn credit facilities970Â 720Â Total Liquidity1$52,525Â $26,955Â 1.Total Liquidity is a non-GAAP measure. See â€œPerformance Measures used by Managementâ€.As of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023, 82% and 63% of the Companyâ€™s Total Liquidity was held by our U.S. insurance subsidiaries, respectively. 85Comparison of nine months ended September 30, 2024 and 2023The following table presents a summary of our cash flows and ending cash balances for the nine months ended September 30, 2024 and 2023:FOR THE NINE MONTHS ENDED SEP. 30US$ MILLIONS20242023Operating activities$2,318Â $954Â Investing activities5,676Â (1,776)Financing activities2,353Â 2,125Â Cash and cash equivalents:Cash and cash equivalents, beginning of period4,308Â 2,145Â Net change during the period10,347Â 1,303Â Foreign exchange on cash balances held in foreign currencies(28)â€"Â Cash and cash equivalents, end of period$14,627Â $3,448Â Operating ActivitiesFor the nine months ended SeptemberÂ 30, 2024, we generated $2.3 billion of cash from operating activities compared to $954 million generated during the prior year quarter. The increase is primarily due to higher investment income from the growth in the investment portfolio to as well as the contributions from AEL and Argo which were acquired since the prior year quarter.Investing ActivitiesDuring the current period, $5.7Â billion of cash inflows from investing activities arose primarily from $10.8 billion of cash acquired as part of our acquisition of AEL, net of cash proceeds paid, partially offset by net deployment into investments during the period, compared to a net deployment of $1.8 billion in the prior year period.Financing ActivitiesFor the nine months ended SeptemberÂ 30, 2024, we had a net cash inflow of $2.4Â billion, which increased from a net cash inflow of $2.1Â billion in the prior year period. The increase was primarily driven by deposits received on policyholdersâ€™ accounts, partially offset by withdrawals on such accounts coupled with debt assumed and raised through our acquisition of AEL.Financial InstrumentsTo the extent that we believe it is economic to do so, our strategy is to hedge a portion of our equity investments and/or cash flows exposed to foreign currencies by the Company. The following key principles form the basis of our foreign currency hedging strategy:â€¢We leverage any natural hedges that may exist within our operations;â€¢We utilize local currency debt financing to the extent possible; andâ€¢We may utilize derivative contracts to the extent that natural hedges are insufficient.As of SeptemberÂ 30, 2024, our total equity was $10.2 billion and our Adjusted Equity was $11.4 billion. Adjusted Equity represents the total economic equity of our Company through its Class A, B and C shares and the redeemable junior preferred shares issued by our Company, excluding our accumulated other comprehensive income. Refer to the discussion on Non-GAAP Measures.Included in equity and Adjusted Equity was approximately $190Â million invested in Canadian dollars. As of SeptemberÂ 30, 2024, we had a notional $4.9Â billion (DecemberÂ 31, 2023 â€“ $2.9Â billion) of foreign exchange forward contracts in place to hedge against foreign currency risk. For additional information, see Note 9, â€œDerivative Instrumentsâ€ of the financial statements.86Future Capital Obligations and RequirementsAs of SeptemberÂ 30, 2024, subsidiaries of the Company had total unfunded investment commitments of $7.3Â billion (DecemberÂ 31, 2023 â€“ $5.4Â billion). These commitments, when funded, are primarily recognized as mortgage loans, private loans, investment funds, real estate and other invested assets. For additional information, see Note 28, â€œFinancial Commitments and Contingenciesâ€ of the financial statements.The following is the maturity by year on corporate and subsidiary borrowings:Payments due by yearAS OF SEP. 30, 2024US$ MILLIONSTotalUnamortized discount and issuance costsLess than 1 year1 - 2 years2 -3 years3 - 4 years4 - 5 yearsMore than 5 yearsCorporate borrowings$1,847Â â€"Â 1,192Â â€"Â â€"Â â€"Â 655Â â€"Â Subsidiary borrowings$3,330Â (78)â€"Â â€"Â 2,400Â â€"Â â€"Â 1,008Â Payments due by yearAS OF DEC. 31, 2023US$ MILLIONSTotalUnamortized discount and issuance costsLess than 1 year1 - 2 years2 -3 years3 - 4 years4 - 5 yearsMore than 5 yearsCorporate borrowings$1,706Â â€"Â 1,276Â â€"Â â€"Â 430Â â€"Â Subsidiary borrowings$1,863Â (46)â€"Â â€"Â â€"Â 1,000Â â€"Â 909Â For additional information, see Note 21, â€œCorporate and Subsidiary Borrowingsâ€ of the financial statements.Capital ManagementCapital management is the ongoing process of determining and maintaining the quantity and quality of capital appropriate to take advantage of the Companyâ€™s growth opportunities, to support the risks associated with the business and to optimize shareholder returns while fully complying with the regulatory capital requirements.The Company and its subsidiaries take an integrated approach to risk management that involves the Companyâ€™s risk appetite and capital requirements. The enterprise risk management framework includes a capital management policy that describes the key processes related to capital management, which is reviewed at least annually and approved by the Board of Directors. The operating capital levels are determined by the Companyâ€™s risk appetite and Own Risk and Solvency Assessment (â€œORSAâ€). Furthermore, additional stress techniques are used to evaluate the Companyâ€™s capital adequacy under sustained adverse scenarios.American National, AEL, Argo, and NER SPC are required to follow Risk Based Capital (â€œRBCâ€) requirements based on guidelines of the National Association of Insurance Commissioners (â€œNAICâ€). RBC is a method of measuring the level of capital appropriate for an insurance company to support its overall business operations, in light of its size and risk profile. It provides a means of assessing capital adequacy, where the degree of risk taken by the insurer is the primary determinant. NER Ltd. is required to maintain minimum statutory capital and surplus equal to the greater of a minimum solvency margin and the enhanced capital requirement as determined by the Bermuda Monetary Authority (â€œBMAâ€). The Enhanced Capital Requirement (â€œECRâ€) is calculated based on the Bermuda Solvency Capital Requirement model, a risk-based model that takes into account the risk characteristics of different aspects of a companyâ€™s business. BAC is subject to Life Insurance Capital Adequacy Test (â€œLICATâ€) as determined by Office of the Superintendent of Financial Institutions (â€œOSFIâ€). The LICAT ratio compares the regulatory capital resources of an insurance company to its Base Solvency Buffer or required capital. The Company has determined that it is in compliance with all capital requirements as of SeptemberÂ 30, 2024 and DecemberÂ 31, 2023.87Brookfield Operating ResultsAn investment in the Class A exchangeable shares of the Company is intended to be, as nearly as practicable, functionally and economically, equivalent to an investment in Brookfield. A summary of Brookfieldâ€™s operating results for the three and nine months ended SeptemberÂ 30, 2024 and 2023 is provided below:FOR THE PERIODS ENDED SEP. 30US$ MILLIONS, EXCEPT PER SHARE AMOUNTSThree Months EndedNine Months Ended2024202320242023Revenues$20,623Â $24,441Â $66,580Â $71,406Â Net income attributable to Brookfield shareholders64Â 230Â 209Â 431Â Net income (loss) of consolidated business1,518Â 35Â 1,752Â 1,971Â Net income per share:Basic0.01Â 0.12Â 0.05Â 0.20Â Diluted0.01Â 0.12Â 0.05Â 0.20Â Distributable earnings before realizations1,259Â 1,056Â 3,373Â 3,014Â For the three and nine months ended September 30, 2024, Brookfieldâ€™s pro rata share of our DOE represented approximately 29% and 27% of their total distributable earnings before realizations, respectively. For the three and nine months ended September 30, 2023, Brookfieldâ€™s pro rata share of our DOE represented approximately 17% and 16% of their total distributable earnings before realizations, respectively.Each exchangeable share has been structured with the intention of providing an economic return equivalent to one Brookfield Class A Share due to each exchangeable share (i) being exchangeable at the option of the holder for one Brookfield Class A Share or its cash equivalent (the form of payment to be determined at the election of Brookfield), subject to certain limitations, and (ii) receiving distributions at the same time and in the same amounts as dividends on the Brookfield Class A Shares. We therefore expect that the market price of the exchangeable shares should be impacted by the market price of Brookfield Class A Shares and the business performance of Brookfield as a whole. In addition to carefully considering the disclosure made in this MD&A, carefully consideration should be made to the disclosure made by Brookfield in its continuous disclosure filings. Copies of the Brookfieldâ€™s continuous disclosure filings are available electronically on EDGAR on the SECâ€™s website at www.sec.gov or on SEDAR+ at www.sedarplus.com. Industry Trends and Factors Affecting Our PerformanceAs a financial services business providing capital based solutions to the insurance industry, we are affected by numerous factors, including global economic and financial market conditions. Price fluctuations within equity, credit, commodity and foreign exchange markets, as well as interest rates, which may be volatile and mixed across geographies, can significantly impact the performance of our business. We also monitor factors such as consumer spending, business investment, the volatility of capital markets, interest rates, unemployment and the risk of inflation or deflation, which affect the business and economic environment and, in turn, impact the demand for the type of financial and insurance products offered by our business. Refer to â€œIndustry Trends and Factors Affecting Our Performanceâ€ included in the MD&A of our most recent annual report of Form 20-F.Critical Accounting EstimatesThe preparation of the financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years. Refer to â€œCritical Accounting Policy and Estimatesâ€ included in the MD&A of our most recent annual report of Form 20-F, as well as significant accounting policies included in Note 2, â€œSummary of Significant Accounting Policiesâ€ of the financial statements. 88Performance Measures Used by ManagementTo measure performance, we focus on net income and total assets, as well as certain non-GAAP measures, including DOE, Adjusted Equity, Total Corporate Liquidity and Total Liquidity which we believe are useful to investors to provide additional insights into assets within the business available for redeployment. Refer to the â€œSegment Reviewâ€ and â€œLiquidity and Capital Resourcesâ€ sections of this MD&A for further discussion on our performance and Non-GAAP measures for the three and nine months ended SeptemberÂ 30, 2024 and 2023.Non-GAAP MeasuresWe regularly monitor certain Non-GAAP measures that are used to evaluate our performance and analyze underlying business performance and trends. We use these measures to establish budgets and operational goals, manage our business and evaluate our performance. We also believe that these measures help investors compare our operating performance with our results in prior years. These Non-GAAP financial measures are provided as supplemental information to the financial measures presented in this MD&A that are calculated and presented in accordance with GAAP. These Non-GAAP measures are not comparable to GAAP and may not be comparable to similarly described Non-GAAP measures reported by other companies, including those within our industry. Consequently, our Non-GAAP measures should not be evaluated in isolation, but rather, should be considered together with the most directly comparable GAAP measure in our consolidated financial statements for the years presented. The Non-GAAP financial measures we present in this MD&A should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. Distributable Operating EarningsWe use Distributable Operating Earnings (â€œDOEâ€) to assess operating results and the performance of our businesses. We define DOE as net income after applicable taxes excluding the impact of depreciation and amortization, deferred income taxes related to basis and other changes, and breakage and transaction costs, as well as certain investment and insurance reserve gains and losses, including gains and losses related to asset and liability matching strategies, non-operating adjustments related to changes in cash flow assumptions for future policy benefits and change in market risk benefits, and is inclusive of returns on equity invested in certain variable interest entities and our share of adjusted earnings from our investments in certain associates. DOE is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by GAAP. DOE is therefore unlikely to be comparable to similar measures presented by other issuers. We believe our presentation of DOE is useful to investors because it supplements investorsâ€™ understanding of our operating performance by providing information regarding our ongoing performance that excludes items we believe do not directly affect our core operations. Our presentation of DOE also provide investors enhanced comparability of our ongoing performance across years.Adjusted EquityAdjusted Equity represents the total economic equity of our Company through its Class A, A-1, B, and C shares and the redeemable junior preferred shares issued by our Company, excluding accumulated other comprehensive income. We use Adjusted Equity to assess our return on our equity.Total Corporate Liquidity and Total LiquidityCorporate Liquidity is a measure of our liquidity position and includes cash and cash equivalents, undrawn revolving credit facilities and liquid financial assets held by non-regulated corporate entities. Total Liquidity includes liquidity within our regulated insurance entities.The followings contain further details regarding our use of our Non-GAAP measures, as well as a reconciliation of net income and total equity to these measures:89Reconciliation of Non-GAAP MeasuresThe following table reconciles our net income to DOE:AS OF AND FOR THE PERIODS ENDED SEP. 30US$ MILLIONSThree Months EndedNine Months Ended2024202320242023Net income (loss)$65Â $77Â $671Â $344Â Net investment gains and losses, including reinsurance funds withheld1(304)10Â (500)(65)Mark-to-market on insurance contracts and other net assets2, 3666Â 96Â 956Â 192Â Deferred income tax expense (recovery)(127)(31)(455)(33)Transaction costs32Â 7Â 181Â 16Â Depreciation38Â 23Â 94Â 33Â DOE$370Â $182Â $947Â $487Â 1.â€œNet investment gains and losses, including reinsurance funds withheldâ€ represents mark-to-market gains (losses) on our invested assets and reinsurance funds withheld. Mark-to-market gains (losses) on our invested assets are presented as â€œInvestment related gains (losses)â€ on the statements of operations. See Note 10, â€œNet Investment Income and Investment Related Gains (Losses)â€ of the financial statements for additional details. Mark-to-market gains (losses) on reinsurance funds withheld are included in â€œNet investment results from reinsurance funds withheldâ€ and represent the change in fair value of the embedded derivative during the period. See Note 9, â€œDerivative Instrumentsâ€ of the financial statements for additional details.2.â€œMark-to-market on insurance contracts and other net assetsâ€ principally represents the mark-to-market effect on insurance-related liabilities, net of reinsurance, due to changes in market risks (e.g., interest rates, equity markets and equity index volatility) and includes depreciation expenses on investment real estate. These mark-to-market effects are primarily included in â€œNet investment incomeâ€, â€œInterest sensitive contract benefitsâ€, â€œChange in fair value of insurance-related derivatives and embedded derivativesâ€ and â€œChange in fair value of market risk benefitsâ€ on the statements of operations. See the following notes to the financial statements for additional information: (i) Note 9, â€œDerivative Instrumentsâ€; (ii) Note 10, â€œNet Investment Income and Investment Related Gains (Losses)â€; (iii) Note 18, â€œPolicyholdersâ€™ Account Balancesâ€; and (iv) Note 19, â€œMarket Risk Benefitsâ€.3.Included in â€œMark-to-market on insurance contracts and other net assetsâ€ are â€œreturns on equity invested in certain variable interest entitiesâ€ and â€œour share of adjusted earnings from our investments in certain associatesâ€ as stated in the definition of DOE. â€œReturns on equity invested in certain variable interest entitiesâ€ primarily represent equity-accounted income from our investments in real estate partnerships and investment funds and are included in â€œNet investment incomeâ€ on the statements of operations. Additionally, â€œour share of adjusted earnings from our investments in certain associatesâ€ represent our share of DOE from AEL following the announcement of our acquisition in the third quarter of 2023.The following table reconciles our equity to Adjusted Equity:AS OF SEP. 30US$ MILLIONS20242023Total equity$10,174Â $4,143Â Add:Accumulated other comprehensive loss (income)(1,519)445Â Redeemable junior preferred shares2,779Â 2,663Â Adjusted Equity$11,434Â $7,251Â 90Forward-Looking InformationIn addition to historical information, this MD&A contains â€œforward-looking informationâ€ within the meaning of applicable securities laws. Forward-looking information may relate to the Company and Brookfieldâ€™s outlook and anticipated events or results and may include information regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, distributions, plans and objectives of the Company. Particularly, information regarding future results, performance, achievements, prospects or opportunities of the Company, Brookfieldâ€™s or the Canadian, U.S. or international markets is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as â€œplansâ€, â€œtargetsâ€, â€œexpectsâ€ or â€œdoes not expectâ€, â€œis expectedâ€, â€œan opportunity existsâ€, â€œbudgetâ€, â€œscheduledâ€, â€œestimatesâ€, â€œforecastsâ€, â€œintendsâ€, â€œanticipatesâ€ or â€œdoes not anticipateâ€ or â€œbelievesâ€, or variations of such words and phrases or state that certain actions, events or results â€œmayâ€, â€œcouldâ€, â€œwouldâ€, â€œmightâ€, â€œwillâ€ or â€œwill be takenâ€, â€œoccurâ€ or â€œbe achievedâ€.The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. We caution that the factors that could cause our actual results to vary from our forward-looking statements described in this MD&A are not exhaustive. The forward-looking statements represent our views as of the date of this MD&A and should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. While we anticipate that subsequent events and developments may cause our views to change, we disclaim any obligation to update the forward-looking statements, other than as required by applicable law. For further information on these known and unknown risks, please see â€œRisk Factorsâ€ included in our most recent annual report of Form 20-F and other risks and factors that are described therein.91 EX-99.2 3 exhibit992bwsq32024-certif.htm EX-99.2 DocumentFORM 52-109F2CERTIFICATION OF INTERIM FILINGSFULL CERTIFICATEI, Sachin Shah, Chief Executive Officer, Brookfield Wealth Solutions Ltd., certify the following:1,Review: I have reviewed the interim financial report and interim MD&A (together, the â€œinterim filingsâ€) of Brookfield Wealth Solutions Ltd. (the â€œissuerâ€) for the interim period ended September 30, 2024.2,No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.3,Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.4,Responsibility: The issuerâ€™s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuersâ€™ Annual and Interim Filings, for the issuer.5,Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuerâ€™s other certifying officer(s) and I have, as at the end of the period covered by the interim filings(a)designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance thati.material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; andii.information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and(b)designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuerâ€™s GAAP.5.1Control framework: The control framework the issuerâ€™s other certifying officer and I used to design the issuerâ€™s ICFR is the Internal Control â€“ Integrated Framework (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).5.2ICFR â€“ material weakness relating to design: N/A5.3Limitation on Scope of Design: N/A6,Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuerâ€™s ICFR that occurred during the period beginning July 1, 2024 and ended on September 30, 2024 that has materially affected, or is reasonably likely to materially affect, the issuerâ€™s ICFR.Date: November 14, 2024/s/ Sachin ShahSachin Shah Chief Executive Officer EX-99.3 4 exhibit993bwsq32024-certif.htm EX-99.3 DocumentFORM 52-109F2CERTIFICATION OF INTERIM FILINGSFULL CERTIFICATEI, Thomas Corbett, Chief Financial Officer, Brookfield Wealth Solutions Ltd., certify the following:1,Review: I have reviewed the interim financial report and interim MD&A (together, the â€œinterim filingsâ€) of Brookfield Wealth Solutions Ltd. (the â€œissuerâ€) for the interim period ended September 30, 2024.2,No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.3,Fair presentation: Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.4,Responsibility: The issuerâ€™s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuersâ€™ Annual and Interim Filings, for the issuer.5,Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuerâ€™s other certifying officer(s) and I have, as at the end of the period covered by the interim filings(a)designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance thati.material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; andii.information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and(b)designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuerâ€™s GAAP.5.1Control framework: The control framework the issuerâ€™s other certifying officer(s) and I used to design the issuerâ€™s ICFR is the Internal Control â€“ Integrated Framework (2013) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).5.2ICFR â€“ material weakness relating to design: N/A5.3Limitation on Scope of Design: N/A6,Reporting changes in ICFR: The issuer has disclosed in its interim MD&A any change in the issuerâ€™s ICFR that occurred during the period beginning July 1, 2024 and ended on September 30, 2024 that has materially affected, or is reasonably likely to materially affect, the issuerâ€™s ICFR.Date: November 14, 2024/s/ Thomas CorbettThomas CorbettChief Financial Officer