

**SECURIAN LIFE INSURANCE COMPANY**

**Statutory Financial Statements  
and Financial Statement Schedules**

**December 31, 2023**



KPMG LLP  
4200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402

## Independent Auditors' Report

The Board of Directors and Stockholder  
Securian Life Insurance Company:

### *Opinions*

We have audited the financial statements of Securian Life Insurance Company (the Company), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2023 and 2022, and the related statutory statements of operations and capital and surplus, and cash flow for each of the years in the three-year period ended December 31, 2023, and the related notes to the statutory financial statements.

### *Unmodified Opinion on Statutory Basis of Accounting*

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flow for each of the years in the three-year period ended December 31, 2023 in accordance with accounting practices prescribed or permitted by the Minnesota Department of Commerce described in Note 2.

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations or its cash flows for each of the years in the three-year period ended December 31, 2023.

### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 to the financial statements, the financial statements are prepared by the Company using accounting practices prescribed or permitted by the Minnesota Department of Commerce, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles. The effects on the financial statements of the variances between the statutory accounting practices described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material and pervasive.



### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the schedule of selected financial data, the schedule of supplemental



investment risks interrogatories, the summary investment schedule and the schedule of supplemental reinsurance risks interrogatories is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Minnesota Department of Commerce. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

Minneapolis, Minnesota  
March 29, 2024

**SECURIAN LIFE INSURANCE COMPANY**  
**Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus**  
**December 31, 2023 and 2022**  
*(in thousands)*

<b><u>Admitted Assets</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Bonds	\$ 2,095,911	\$ 1,743,265
Common stocks	8,932	10,196
Mortgage loans	404,041	339,276
Derivative instruments	35,434	11,716
Other invested assets	16,385	16,426
Policy loans	13,011	9,916
Cash, cash equivalents and short-term investments	137,495	17,528
Total invested assets	<u>2,711,209</u>	<u>2,148,323</u>
Premiums deferred and uncollected	49,759	33,174
Investment income due and accrued	20,312	15,148
Amounts recoverable on reinsurance	131,341	126,133
Current income tax recoverable	1,754	—
Deferred income taxes	14,029	15,953
Other assets	3,403	113
Total assets, excluding separate accounts	<u>2,931,807</u>	<u>2,338,844</u>
Separate account assets	3,552	3,106
Total assets	<u><u>\$ 2,935,359</u></u>	<u><u>\$ 2,341,950</u></u>
 <b><u>Liabilities and Capital and Surplus</u></b>		
Liabilities:		
Policy reserves:		
Life insurance	\$ 615,504	\$ 552,927
Annuities and other fund deposits	1,375,535	971,842
Accident and health	33,587	28,808
Policy claims in process of settlement	99,975	90,109
Dividends payable to policyholders	50	43
Other policy liabilities	411	650
Asset valuation reserve	12,481	3,779
Amounts payable on reinsurance	161,175	137,460
Accrued commissions and expenses	25,228	27,072
Payable to affiliates	29,869	13,150
Other liabilities	64,536	32,310
Total liabilities, excluding separate accounts	<u>2,418,351</u>	<u>1,858,150</u>
Separate account liabilities	3,552	3,106
Total liabilities	<u>2,421,903</u>	<u>1,861,256</u>
Capital and surplus:		
Common stock, \$1 par value, 5,000,000 shares authorized, 2,500,000 issued and outstanding	2,500	2,500
Additional paid in capital	407,301	357,301
Unassigned surplus	103,655	120,893
Total capital and surplus	<u>513,456</u>	<u>480,694</u>
Total liabilities and capital and surplus	<u><u>\$ 2,935,359</u></u>	<u><u>\$ 2,341,950</u></u>

See accompanying notes to statutory financial statements.

**SECURIAN LIFE INSURANCE COMPANY**  
**Statutory Statements of Operations and Capital and Surplus**  
**Years ended December 31, 2023, 2022 and 2021**  
*(in thousands)*

<b><u>Statements of Operations</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Revenues:			
Premiums and annuity considerations	\$ 830,485	\$ 621,165	\$ 532,288
Net investment income	87,646	61,141	56,858
Commissions and expense allowance on reinsurance	98,397	75,641	86,340
Affiliated allowance	16,046	24,986	12,101
Other income	1,973	1,534	3,936
Total revenues	<u>1,034,547</u>	<u>784,467</u>	<u>691,523</u>
Benefits and expenses:			
Policyholder benefits	372,634	301,436	340,542
Increase in policy reserves	450,572	292,600	217,738
General insurance expenses and taxes	142,283	112,064	106,276
Commissions	76,509	70,939	64,471
Separate account transfers, net	(415)	(2,234)	(254)
Deferred gain on reinsurance	—	4,582	3,086
Total benefits and expenses	<u>1,041,583</u>	<u>779,387</u>	<u>731,859</u>
Gain (loss) from operations before dividends, federal income tax expense (benefit) and net realized capital gains (losses)	(7,036)	5,080	(40,336)
Dividends to policyholders	<u>50</u>	<u>(5)</u>	<u>75</u>
Gain (loss) from operations before federal income tax expense (benefit) net realized capital gains (losses)	(7,086)	5,085	(40,411)
Federal income tax expense (benefit)	<u>6,417</u>	<u>9,205</u>	<u>(3,983)</u>
Gain (loss) from operations before net realized capital gains (losses)	(13,503)	(4,120)	(36,428)
Net realized capital gains (losses), net of transfers to interest maintenance reserve and federal income tax expense (benefit)	<u>(1,041)</u>	<u>(1,435)</u>	<u>6,164</u>
Net loss	<u><u>(14,544)</u></u>	<u><u>\$ (5,555)</u></u>	<u><u>\$ (30,264)</u></u>
<b><u>Statements of Capital and Surplus</u></b>			
Capital and surplus, beginning of year	\$ 480,694	\$ 476,106	\$ 446,791
Net loss	(14,544)	(5,555)	(30,264)
Net change in unrealized capital gains and losses	5,367	(7,013)	868
Net change in deferred income tax	6,217	4,754	7,159
Change in asset valuation reserve	(8,702)	4,543	(1,582)
Change in unauthorized reinsurance	(75)	1,507	(2,556)
Change in non-admitted assets	(4,573)	1,886	(12,852)
Change in reserves due to change in valuation basis	7,150	—	(2,293)
Capital contribution	50,000	—	62,833
Other, net	<u>(8,078)</u>	<u>4,466</u>	<u>8,002</u>
Capital and surplus, end of year	<u><u>\$ 513,456</u></u>	<u><u>\$ 480,694</u></u>	<u><u>\$ 476,106</u></u>

See accompanying notes to statutory financial statements.

**SECURIAN LIFE INSURANCE COMPANY**  
**Statutory Statements of Cash Flow**  
**Years ended December 31, 2023, 2022 and 2021**  
*(in thousands)*

<b><u>Cash Flow from Operating Activities</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Revenues:			
Premiums and annuity considerations	\$ 835,305	\$ 621,469	\$ 513,746
Net investment income	80,482	57,636	57,298
Other cash provided	<u>102,907</u>	<u>104,116</u>	<u>88,745</u>
Total receipts	<u>1,018,694</u>	<u>783,221</u>	<u>659,789</u>
Benefits and expenses paid:			
Policyholder benefits	351,407	309,809	330,721
Dividends to policyholders	44	42	65
Commissions and expenses	212,713	182,220	163,481
Separate account transfer, net	(415)	(2,234)	(254)
Federal income taxes	<u>8,035</u>	<u>4,640</u>	<u>603</u>
Total payments	<u>571,784</u>	<u>494,477</u>	<u>494,616</u>
Cash provided from operations	<u>446,910</u>	<u>288,744</u>	<u>165,173</u>
<b><u>Cash Flow from Investing Activities</u></b>			
Proceeds from investments sold, matured or repaid:			
Bonds	409,063	352,747	379,369
Stocks	1,425		
Mortgage loans	10,386	16,197	11,780
Real estate	—	—	987
Derivative instruments	<u>10,415</u>	<u>5,933</u>	<u>16,131</u>
Total cash provided	<u>431,289</u>	<u>374,877</u>	<u>408,267</u>
Cost of investments acquired:			
Bonds	763,564	640,633	505,519
Common stocks	329	3,358	285
Mortgage loans	76,150	77,300	81,400
Derivative instruments	11,144	9,043	8,982
Real estate	—	—	77
Net change in policy loans	3,094	1,350	2,566
Other, net	<u>(40)</u>	<u>808</u>	<u>1,474</u>
Total cash used	<u>854,241</u>	<u>732,492</u>	<u>600,303</u>
Cash applied to investing	<u>(422,952)</u>	<u>(357,615)</u>	<u>(192,036)</u>
<b><u>Cash Flow from Financing and Miscellaneous Activities</u></b>			
Net deposits on deposit-type contract funds	32,666	25,073	26,399
Capital contribution	50,000	—	—
Other cash provided (applied)	<u>13,343</u>	<u>163</u>	<u>(1,644)</u>
Cash provided from financing	<u>96,009</u>	<u>25,236</u>	<u>24,755</u>
<b><u>Reconciliation of Cash, Cash Equivalents and Short-term Investments</u></b>			
Net change in cash, cash equivalents and short-term investments	119,967	(43,635)	(2,108)
Beginning of the year	<u>17,528</u>	<u>61,163</u>	<u>61,163</u>
End of the year	<u>\$ 137,495</u>	<u>\$ 17,528</u>	<u>\$ 61,163</u>

See accompanying notes to statutory financial statements.

# SECURIAN LIFE INSURANCE COMPANY

## Notes to Statutory Financial Statements December 31, 2023, 2022 and 2021 (in thousands)

### (1) Nature of Operations

#### Organization and Description of Business

Securian Life Insurance Company (the Company), is a wholly-owned subsidiary of Minnesota Life Insurance Company (Minnesota Life) and provides a diversified array of insurance, retirement and investment products and services designed principally to protect and enhance the long-term financial security of individuals and families.

The Company, which operates in the United States, generally offers the following types of products:

- Fixed, indexed and universal life, term life and whole life insurance products to individuals through affiliated and independent channel partners.
- Deferred annuities, with fixed rate options through affiliated and independent channel partners.
- Group life insurance and voluntary products to private and public employers.
- Retirement options to employers and investment firms.
- Life insurance protection through banks, credit unions, and finance companies.

### (2) Summary of Significant Accounting Policies

The accompanying statutory financial statements of the Company have been prepared in accordance with accounting practices prescribed or permitted by the Minnesota Department of Commerce. The Minnesota Department of Commerce recognizes statutory accounting practices prescribed or permitted by the state of Minnesota for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Minnesota Insurance Law. Prescribed statutory accounting practices are those practices that are incorporated directly or by reference in state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in a particular state. Permitted statutory accounting practices include practices not prescribed by the domiciliary state, but allowed by the domiciliary state regulatory authority. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Minnesota. The state has adopted the prescribed accounting practices as stated in NAIC SAP, without modification. The Company has one material statutory accounting practice that differs from those of the state of Minnesota or the NAIC accounting practices. Certain prior year balances have been reclassified to conform to current year presentation. See note 11 Capital and Surplus and Dividends for discussion of statutory dividend limitations. These practices differ from U.S. generally accepted accounting principles (GAAP).

The more significant differences, of which the aggregate effects are material, are as follows:

- Acquisition costs, such as commissions and other costs incurred in connection with the successful acquisition of new and renewal business, are charged to current operations as incurred whereas premiums are recognized as earned over the premium paying periods of the policies and contracts. Under GAAP, acquisition costs are capitalized and charged to operations as the revenues or expected gross profits are recognized.
- Certain assets are designated as "non-admitted" and changes in such amounts are charged directly to unassigned surplus.
- Policy reserves are based on methods prescribed by the NAIC, which include mortality and interest assumptions without consideration for lapses or withdrawals. Under GAAP, policy reserves are based on current best estimates or locked in best estimate assumptions on the date of issuance with a provision for adverse deviation, which include considerations for lapses and withdrawals.

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (2) Summary of Significant Accounting Policies (Continued)

The more significant differences, of which the aggregate effects are material, are as follows (Continued):

- The Company is required to establish an asset valuation reserve (AVR) and an interest maintenance reserve (IMR). The AVR provides for a standardized statutory investment valuation reserve for bonds, preferred stocks, short-term investments, mortgage loans, common stocks, real estate and other invested assets. Changes in this reserve are recorded as direct charges or credits to surplus. The IMR is designed to defer net realized capital gains and losses resulting from changes in the level of interest rates in the market and to amortize them over the remaining life of the bond or mortgage loan sold. The IMR represents the unamortized portion of the bond or mortgage loan not yet taken into income. If IMR is negative, it is designated as non-admitted and is directly charged to unassigned surplus unless the Company adopts a certain limited-time exception to admit net negative IMR. For securities the Company intends to sell in which a write-down is necessary, the Company reviews whether the realized loss affects the IMR or AVR. There are no such requirements on a GAAP basis.
- Investments, other than common stocks, preferred stocks and investments in subsidiaries, are carried at values prescribed by the NAIC. GAAP requires investments, other than common stocks, preferred stocks and investments in subsidiaries, to be classified as held-to-maturity securities, which are reported at amortized cost, trading securities, which are reported at fair value through earnings, or available-for-sale securities, which are reported at fair value through stockholder's equity.
- Investments in common stocks and preferred stocks are carried at values prescribed by the NAIC. GAAP requires common stocks and preferred stocks to be reported at fair value through earnings.
- Bonds that have been assigned the NAIC Category 6 designation are carried at the appropriate carrying value of fair value or cost. There are no such requirements on a GAAP basis.
- A valuation allowance is established for mortgage loans when it is probable that the Company will not be able to collect all amounts due under the contractual terms of the loan. Under GAAP, an allowance for credit losses for mortgage loans represents the Company's best estimate of expected credit losses over the remaining life of the loans.
- Deferred federal income taxes are provided for the tax effects of certain income and expense items recognized for income tax purposes in different years than for financial reporting purposes. The change in the net deferred tax asset or liability is reflected in surplus. Admittance testing may result in a charge to capital and surplus for non-admitted portions of the net deferred tax asset. GAAP requires the change to be reported in operations or other comprehensive income.
- In determining the need for tax contingency reserves, consideration is given to whether it is more-likely-than-not that specific uncertain tax benefits will be realized. GAAP subsequently subjects the tax benefits to an additional quantitative measurement step.
- Rental income on home office properties owned by the Company is recognized by the Company and a similar amount of rental expense is recognized as a charge for the related office space. Under GAAP, there is no recognition of either rental income or rental expense on home office properties owned by the Company.
- Certain assets and liabilities are recorded net of the effects of related reinsurance, which is not permitted by GAAP.
- Gain on retrospective reinsurance ceded is reported as a component of special surplus. The gain is amortized into unassigned surplus in proportion to earnings on the underlying business reinsured. Under GAAP, the deferred gain would be included as a liability and amortized into income using the recovery method.
- The statutory financial statements do not include accumulated other comprehensive income (loss) as required by GAAP.
- Nontraditional life insurance products include individual adjustable life, universal life and variable life insurance and group universal and variable universal life insurance. Revenues from nontraditional life products and deferred annuities consist of premiums received rather than policy and contract fees charged for the cost of insurance, policy administration and surrenders as required under GAAP.
- The statutory statements of cash flow do not classify cash flow consistent with GAAP and a reconciliation of net income to net cash provided from operating activities is not provided.

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## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### 2) Summary of Significant Accounting Policies (Continued)

The more significant differences, of which the aggregate effects are material, are as follows (Continued):

- A provision is established for unsecured reinsurance recoverable balances from unauthorized reinsurers. The change in this provision is credited or charged to unassigned surplus. Under GAAP, a provision is established for uncollectible reinsurance balances with any changes to this provision reflected in earnings for the period.
- Statutory policyholder dividend liabilities are required to be calculated including dividends anticipated to be paid in the next twelve months. GAAP requires a dividend accrual representing dividends due and unpaid through the current year-end.
- The calculation of reserves and transfers in the Separate Account Statement requires the use of a Commissioners' Annuity Reserve Valuation Method (CARVM) allowance on annuities and a Commissioners' Reserve Valuation Method (CRVM) allowance on certain life products for statutory reporting. There is no such requirement on a GAAP basis.
- Derivative instruments are recorded at fair value or amortized cost. Changes in derivative instruments recognized at fair value, other than hedges, are recorded as unrealized capital gains and losses on the statutory statements of capital and surplus. Hedges are held using the same accounting methodology as the hedged item. Under GAAP reporting, derivative instruments are held at fair value. Changes in fair value are recorded to realized capital gains and losses, policyholder benefits in the case of certain life insurance product hedging or unrealized capital gains and losses depending on the nature of the hedging relationship, if any, that are designated.
- The Company issues certain indexed universal life contracts that contain features which are considered to be embedded derivatives that are not separated between components and are accounted for consistent with the host contract. Under GAAP, the embedded derivative is bifurcated from the host contract and accounted for separately as a derivative carried at fair value with changes in fair value recorded in net income.
- A deferred premium asset is established to recognize receipt of premiums on a payment mode other than annual. This asset is considered an offset to statutory reserve calculations which use only annual modal premium assumptions. Deferred premiums are calculated from the current statement date to policy anniversary date. On a GAAP basis, deferred premiums are netted against policy reserves and are generally calculated as a constant of gross premiums.
- Policy and contract fees are recognized through the statements of operations as received. Under GAAP, these amounts are reported as unearned revenue and are recognized in operations over the period in which the services are provided.
- The Company periodically invests money in its separate accounts, which is reported as a component of separate account assets and unassigned surplus. On a GAAP basis, these investments are reported as investments in equity securities, based on the underlying characteristics of the investment.

The significant accounting policies that are reflected in the accompanying statutory financial statements are as follows:

#### New Accounting Pronouncements

In August 2023, the NAIC adopted Interpretation (INT) 23-01 to provide an optional limited-time exception to guidance in SSAP 7, Asset Valuation Reserve and Interest Maintenance Reserve, to allow for net negative IMR to be reported as an admitted asset, subject to certain qualifications and limitations, with an equal amount reported as special surplus funds. The provisions of this interpretation are permitted until December 31, 2025, but may be adjusted in response to NAIC actions to establish statutory accounting guidance specific to net negative IMR. The Company adopted INT 23-01 on December 31, 2023, resulting in an increase in admitted assets and special surplus of \$3,135. See note 5 Investments for additional disclosures.

In March 2023, the NAIC adopted revisions to Statements of Statutory Accounting Principles (SSAP) 34, Investment Income Due and Accrued, to provide new disclosures of due and accrued investment income. The disclosure requirements are effective for 2023 reporting and are included in note 5 Investments.

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### 2) Summary of Significant Accounting Policies (Continued)

##### Permitted Practice

The Company has been granted a permitted accounting practice, effective January 1, 2023, from the Minnesota Department of Commerce to reflect changes in discretionary liabilities held on certain indexed universal life policies through surplus in Other, net in statutory statements of operations and capital and surplus instead of through net income as would be required under NAIC SAP. This permitted practice resulted in a pre-tax increase to net income of \$6,000 for the period ended December 31, 2023 and had no impact on the Company's surplus or risk-based capital.

##### Revenues and Expenses

Premiums are credited to revenue over the premium paying period of the policies, with the exception of single and flexible premium contracts which are credited to revenue when received from the policyholder. Annuity considerations and investment management, administration and contract guarantee fees are recognized as revenue when received. Any premiums due that are not yet paid, and premiums paid on other than an annual basis, are included in premiums deferred and uncollected on the statutory statements of admitted assets, liabilities and capital and surplus. Benefits and expenses, including acquisition costs related to acquiring new and renewal business, are charged to operations as incurred. Acquisition expenses incurred are reduced for ceding allowances received or receivable.

##### Valuation of Investments and Net Investment Income

Bonds and stocks are valued as prescribed by the NAIC. Bonds not backed by other loans are generally carried at cost, adjusted for the amortization of premiums, accretion of discounts and any other-than-temporary impairment (OTTI). Premiums and discounts are amortized and accreted over the estimated or contractual lives of the related bonds based on the interest yield method. Prepayment penalties are recorded to net investment income when collected. Bonds that have been assigned the NAIC category 6 designation are carried at the lower of cost or fair value.

Hybrid securities are investments structured to have characteristics of both stocks and bonds. Hybrid securities totaled \$1,500 at December 31, 2023 and 2022, and were classified as bonds on the statutory statements of admitted assets, liabilities and capital and surplus.

Loan-backed securities are stated at either amortized cost or the lower of amortized cost or discounted cash flows. The Company's loan-backed securities are reviewed quarterly, and as a result, the carrying value of a loan-backed security may be reduced to reflect changes in valuation resulting from discounted cash flow information. Loan-backed securities that have been assigned the NAIC category 6 designation are written down to the appropriate fair value. The Company uses a third-party pricing service in assisting the Company's determination of the fair value of most loan-backed securities. An internally developed matrix pricing model, discounted cash flow or other model is used to price a small number of holdings. The retrospective adjustment method is used to record investment income on all non-impaired securities except for interest-only securities or other non-investment grade securities where the yield had become negative. Investment income is recorded using the prospective method on these securities.

For loan-backed securities, the Company recognizes income using a constant effective yield method based on prepayment assumptions obtained from an outside service provider or upon analyst review of the underlying collateral and the estimated economic life of the securities. When estimated prepayments differ from the anticipated prepayments, the effective yield is recalculated to reflect actual prepayments to date and anticipated future payments. Any resulting adjustment is included in net investment income. For loan-backed securities that have a recognized OTTI, the adjusted cost basis is prospectively amortized over the remaining life of the security based on the amount and timing of future estimated cash flows. All other investment income is recorded using the interest method without anticipating the impact of prepayments.

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## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### 2) Summary of Significant Accounting Policies (Continued)

##### Valuation of Investments and Net Investment Income (Continued)

Common stocks are carried at fair value.

The Company recognizes interest income as earned and recognizes dividend income on common stock upon declaration of the dividend. Investment income is reported net of related investment expenses. For the years ended December 31, 2023, 2022 and 2021 the Company sold, redeemed or otherwise disposed 2, 10, and 27 CUSIPs, respectively, as a result of callable features which generated investment income of \$15, \$300, and \$4,846 respectively, from prepayment penalties and acceleration fees.

Preferred stocks are carried at cost less any OTTI adjustments and are classified as other invested assets on the statutory statements of admitted assets, liabilities and capital and surplus.

Mortgage loans are carried at the outstanding principal balances, net of unamortized premiums and discounts. Premiums and discounts are amortized and accreted over the terms of the mortgage loans based on the effective interest yield method. Prepayment penalties are recorded to net investment income. The Company invests primarily in commercial mortgages with a range of interest rates from 5.08% to 6.55% during 2023. In 2023, the maximum percentage of any one loan to value of the collateral at the time of the investment of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 53%.

The Company continues to record interest on those impaired mortgage loans that it believes to be collectible as due and accrued investment income. Any loans that have income 180 days or more past due continue to accrue income, but report all due and accrued income as a non-admitted asset. Past due interest on loans that are uncollectible is written off and no further interest is accrued. Any cash received for interest on impaired loans is recorded as income when collected.

The Company's investments in surplus notes of unrelated entities are included in other invested assets on the statutory statements of admitted assets, liabilities and capital and surplus. Surplus note investments with a NAIC designation of NAIC 1 or NAIC 2 are reported at amortized cost. Surplus note investments with a NAIC designation equivalent of NAIC 3 through NAIC 6 are reported at the lesser of amortized cost or fair value. An OTTI is considered to have occurred if it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the surplus note. If it is determined that a decline in fair value is other than temporary, an impairment loss is recognized as a realized loss equal to the difference between the surplus note's carrying value and the fair value and is reported in earnings.

Policy loans are carried at the outstanding loan balance which includes any interest over 90 days past due. Loan balances unsecured by the cash surrender value of the policy and accelerated payment benefits are non-admitted assets which totaled \$0 as of both December 31, 2023 and 2022.

Commercial paper and bonds with original maturity dates of less than twelve months are considered to be short-term investments. Short-term investments are stated at fair value or amortized cost. Short-term investments at December 31, 2023 and 2022 totaled \$15,828 and \$7,856, respectively.

Cash and cash equivalents are carried at cost, which generally approximates fair value. Money market funds are included in cash equivalents and are generally valued at fair value. The Company considers short-term investments that are readily convertible to known amounts of cash and have an original maturity date of three months or less to be cash equivalents. The Company places its cash and cash equivalents with high quality financial institutions and, at times, these balances may be in excess of the Federal Deposit Insurance Corporation insurance limit.

(Continued)

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### 2) Summary of Significant Accounting Policies (Continued)

##### Derivative Instruments

The Company uses option contracts to manage the risks associated with cash flows or changes in estimated fair values related to the Company's financial instruments. The Company currently enters into derivative transactions that do not qualify for hedge accounting or in certain cases, elects not to utilize hedge accounting.

Derivative instruments are generally carried at fair value with changes in fair value recorded in net change in unrealized capital gains and losses on the statutory statements of capital and surplus. Interest income generated by derivative instruments is reported in net realized capital gains (losses) on the statutory statements of operations.

Some life insurance products in the Company's liability portfolio contain investment guarantees that create economic exposure to market risks. These guarantees take the form of equity linked interest credits on fixed indexed universal life products. The Company uses economic hedges in its efforts to minimize the financial risk associated with these product guarantees.

##### Realized and Unrealized Capital Gains and Losses

Realized capital gains and losses, less federal income taxes and amounts transferred to the IMR, if any, are recognized in net income. Unrealized capital gains and losses are accounted for as a direct increase or decrease to capital and surplus. Both realized and unrealized capital gains and losses are determined using the specific identification method.

The Company regularly reviews each investment in its various asset classes to evaluate the necessity of recording impairment losses for other-than-temporary declines in the fair value of the investments. When the Company determines that an invested asset is other-than-temporarily impaired, the invested asset is written down to a new cost basis and the amount of the impairment is included in realized gains and losses on the statutory statements of operations. Any subsequent recoveries are not recognized until disposition.

Under the Company's accounting policy for loan-backed and structured securities, if the Company has the intent to sell or does not have the intent and ability to retain a security for a period of time sufficient to recover the amortized cost basis, an OTTI is recognized in earnings equal to the difference between the security's amortized cost basis and the fair value. Otherwise, if the present value of cash flows expected to be collected is less than the amortized cost basis of the security, an OTTI is recognized in earnings equal to the difference between the investment's amortized cost basis and the present value of cash flows expected to be collected, discounted at the loan-backed or structured security's original effective interest rate.

For other bonds, when the Company has determined an OTTI has occurred, the security is written-down to fair value. If the impairment is deemed to be non-interest related, an OTTI is recorded in earnings. For interest related declines, an OTTI is recorded when the Company has the intent to sell or does not have the ability to hold the bond until the forecasted recovery occurs. Many criteria are considered during this process including but not limited to, the length of time and the extent to which the current fair value has been below the amortized cost of the security, specific credit issues such as collateral, financial prospects related to the issuer, the Company's intent to sell the security and current economic conditions.

For common stocks, an OTTI is recorded when the Company does not have the intent and ability to hold the investment for a sufficient period of time to allow for anticipated recovery of unrealized losses. When an OTTI has occurred, the entire difference between NAIC fair value and the common stock's cost is charged to earnings. Common stocks that have been in an unrealized loss position of greater than 20% for longer than six months are reviewed specifically using available third party information based on the investee's current financial condition, liquidity, near-term recovery prospects, and other factors. In addition, common stocks that have an unrealized loss position greater than \$100 are reviewed based on the individual characteristics of the stock. Preferred stocks with significant unrealized losses are also reviewed on the same basis for impairment.

All other material unrealized losses are reviewed for any unusual event that may trigger an OTTI. Determination of the status of each analyzed investment as OTTI or not is made based on these evaluations with documentation of the rationale for the decision.

(Continued)

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (2) Summary of Significant Accounting Policies (Continued)

##### Realized and Unrealized Capital Gains and Losses (Continued)

The Company may, from time to time, sell invested assets subsequent to the statutory statement of admitted assets, liabilities and capital and surplus date that were considered temporarily impaired at the statutory statement of admitted assets, liabilities and capital and surplus date for several reasons. The rationale for the change in the Company's intent to sell generally focuses on unforeseen changes in the economic facts and circumstances related to the invested asset subsequent to the statutory statement of admitted assets, liabilities and capital and surplus date, significant unforeseen changes in the Company's liquidity needs, changes in interest rates, or changes in tax laws or the regulatory environment. The Company had no material sales of invested assets, previously considered OTTI or in an unrealized loss position, subsequent to the statutory statement of admitted assets, liabilities and capital and surplus dates for either December 31, 2023 or 2022.

The Company recognizes valuation allowances for impairments of mortgage loans on a specific identification basis. Mortgage loans are considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. A non-performing loan is defined as a loan that is not performing to the contractual terms of the loan agreement. Examples of non-performing loans may include delinquent loans, requests for forbearance and loans in the process of foreclosure. The valuation allowance is equal to the difference between the carrying value and fair value of the collateral less estimated costs to sell. Changes in the valuation allowance are recorded in net change in unrealized capital gains and losses on the statutory statements of capital and surplus.

Impairment losses are recorded on investments in real estate and other long-lived assets used in operations when indicators of impairment are present, using undiscounted cash flows if available or independent market appraisals.

##### Separate Accounts

Separate account assets represent segregated funds administered by an unaffiliated asset management firm. These segregated funds are invested by both an unaffiliated asset management firm and an affiliate of the Company for the exclusive benefit of the Company's group variable life insurance policyholders. Assets consist principally of marketable securities and are reported at fair value of the investments held in the segregated funds. Investment income and gains and losses accrue directly to the policyholders. Premiums, benefits and expenses of the separate accounts are reported in the statutory statements of operations. The Company receives administrative and investment advisory fees for services rendered on behalf of these accounts, and such fees are recorded as earned.

##### Non-admitted Assets

Certain assets, designated as "non-admitted assets" (principally deferred taxes that do not meet admissibility testing, certain prepaid assets and certain receivables), amounting to \$36,989 and \$32,416 at December 31, 2023 and 2022, respectively, have been charged to capital and surplus.

##### Reinsurance

Insurance liabilities are reported after the effects of ceded reinsurance. Reinsurance recoverables represent amounts due from reinsurers for paid benefits, expense reimbursements and prepaid premiums. Reinsurance premiums ceded and recoveries on benefits and claims incurred are deducted from the respective income and expense accounts.

##### Policy Reserves

Policy reserves are determined using methods and assumptions consistent with the Standard Valuation Law and presently accepted actuarial standards and guidelines. Policy reserves generally represent the net present value of future benefits less the present value of future net premiums.

Life insurance policy reserves are calculated primarily using the CRVM. The Company uses the principles-based approach (PBR) prescribed by the NAIC Valuation Manual (VM-20) for new life insurance policies issued on or after January 1, 2020. The Company waives deduction of deferred fractional premiums upon death of the insured and returns any portion of the final premium beyond the date of death. At December 31, 2023 and 2022, the amounts of surrender values in excess of reserves were \$46,571 and \$48,196, respectively.

(Continued)

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (2) Summary of Significant Accounting Policies (Continued)

##### Policy Reserves (Continued)

For substandard policies in which reserves are determined using a tabular method, the reserve is calculated by an exact method using multiples of standard mortality as determined by the currently assigned mortality category. As of December 31, 2023 and 2022, the Company had \$2,443 and \$3,827, respectively, of insurance in force for which gross premiums are less than the net premiums according to standard valuation.

Fixed annuity policy reserves are primarily calculated using the CARVM.

Policy reserves on accident and health contracts are determined using tabular and lag factor methods reflecting Company experience. The Company's liability for unpaid accident and health claims and claim adjustment expenses are determined using appropriate interest rate tables, company experience and actuarial studies.

Other policy liabilities include primarily premium considerations for accident and health contracts received in advance for certain group insurance contracts and premium deposit funds. Policy reserves on group annuity contracts purchased under a qualified retirement plan are equal to the account value.

During 2023, the Company recorded changes in the valuation bases related to certain reserves on individual life insurance and annuity products. These changes in valuation bases resulted in a cumulative effect adjustment to increase capital and surplus by \$7,150 and is reported in change in reserve due to change in valuation basis on the statutory statements of operations and capital and surplus. The tax impact of these adjustments are \$7; of which \$5 is included in net change in deferred taxes and \$2 is included in federal income tax expense (benefit) on the statutory statements of operations and capital and surplus.

During 2023, the Company retrospectively adopted Actuarial Guideline XLIV (AG 44) related to valuation of certain group waiver reserves for disability claim onsets occurring on or after January 1, 2009.

During 2021, the Company recorded a change in valuation basis related to certain reserves on annuity products. The change in valuation basis resulted in a cumulative effect adjustment to decrease capital and surplus by \$2,293 and is reported in change in reserve due to change in valuation basis on the statutory statements of operations and capital and surplus. The tax impact of this adjustment is \$64 and is included in Federal income tax expense (benefit) on the statutory statements of operations and capital and surplus.

During 2021, the Company completed the required asset adequacy analysis related to its reserves. As a result of the analysis, the Company determined that the reserve of \$5,000 established as of December 31, 2020 was no longer necessary as of December 31, 2021. This amount is reported as a change in Other, net on the statutory statements of operations and capital and surplus.

##### Liability for Accident and Health Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses includes an amount for losses incurred but unreported, based on past experience, as well as an amount for reported but unpaid losses, which is calculated on a case-by-case basis. Such liabilities are necessarily based on assumptions and estimates. While management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amount estimated. The methods, including key assumptions, of making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period such change in estimate is made. The liability for unpaid accident and health claims and claim adjustment expenses, net of reinsurance, is included in accident and health policy reserves and policy claims in process of settlement on the statutory statements of admitted assets, liabilities and capital and surplus.

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## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (2) Summary of Significant Accounting Policies (Continued)

##### Participating Business

Dividends on participating policies and other discretionary payments are declared by the Board of Directors based upon actuarial determinations that take into consideration current mortality, interest earnings, expense factors and federal income taxes. Dividends are generally recognized as expenses when declared by the Board of Directors and up to one year in advance of the payout dates. At December 31, 2023 and 2022, the total participating business in force was \$34,744 and \$36,391, respectively. As a percentage of total life insurance in force, participating business in force represented less than 1% at both December 31, 2023 and 2022.

For 2023, 2022 and 2021, premiums under individual policies were \$601, \$671 and \$683, respectively. The Company accounts for its policyholder dividends based upon the contribution method. The Company paid dividends in 2023, 2022 and 2021 in the amount of \$44, \$42, and \$65, respectively, to policyholders and did not allocate any additional income to such policyholders.

##### Federal Income Taxes

The Company files a consolidated life/non-life federal income tax return with Minnesota Mutual Companies, Inc. (MMC), the Company's ultimate parent. Entities included in the consolidated return include: Securian Holding Company, Robert Street Property Management, Inc., Securian Financial Group, Inc. (SFG), Securian Casualty Company, Securian Ventures, Inc., Securian Financial Services, Inc. (SFS), Securian Trust Company, Securian Asset Management, Inc. (Securian AM), Ochs Inc., Lowertown Capital, LLC, Emphyrean Holding Company, Inc. and its subsidiaries and Minnesota Life Insurance Company and its subsidiaries. Emphyrean Holding Company's subsidiaries include Emphyrean Benefits Solutions, Inc., Emphyrean Insurance Services, Inc. and Spinnaker Holdings, LLC. Minnesota Life's subsidiaries include the Company, Allied Solutions LLC (Allied), Securian AAM Holdings, LLC, Marketview Properties, LLC, Marketview Properties II, LLC, Marketview Properties III, LLC, Marketview Properties IV, LLC and Oakleaf Service Corporation.

The method of allocation between companies is subject to written agreement, approved by an officer of the Company. Under the agreement, the Company computes federal income taxes on a separate return basis, and benefit is given for operating losses and credits as utilized to reduce consolidated federal income taxes. Intercompany tax balances are settled annually when the tax return is filed with the Internal Revenue Service (IRS).

The Company provides for federal income taxes based on amounts the Company believes it ultimately will owe. Inherent in the provision for federal income taxes are estimates regarding the deductibility of certain items and the realization of certain tax credits. In the event the ultimate deductibility of certain items or the realization of certain tax credits differs from estimates, the Company may be required to significantly change the provision for federal income taxes recorded in the statutory financial statements. Any such change could significantly affect the amounts reported in the statutory statements of operations. Management has used best estimates to establish reserves based on current facts and circumstances regarding tax exposure items where the ultimate deductibility is open to interpretation. Management evaluates the appropriateness of such reserves based on any new developments specific to their fact patterns. Information considered includes results of completed tax examinations, Technical Advice Memorandums and other rulings issued by the IRS or the tax courts.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Gross deferred tax assets and liabilities are measured using enacted tax rates, and a statutory valuation allowance must be established if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. The adjusted gross deferred tax assets are then considered for admitted asset status according to the admissibility tests as set forth by the NAIC. Changes in deferred tax assets and deferred tax liabilities, including changes attributable to changes in tax rates, are recognized as a component of unassigned surplus.

(Continued)

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (2) Summary of Significant Accounting Policies (Continued)

##### Use of Estimates

The preparation of financial statements in conformity with statutory accounting practices requires management to make certain estimates and assumptions that affect reported assets and liabilities, including reporting or disclosure of contingent assets and liabilities as of the dates of the statutory statements of admitted assets, liabilities and capital and surplus and the reported amounts of revenues and expenses during the reporting period. Future events, including but not limited to, changes in mortality, morbidity, interest rates and asset valuations, could cause actual results to differ from the estimates used in the financial statements and such changes in estimates are generally recorded on the statutory statements of operations in the period in which they are made.

The most significant estimates include those used in determining policy reserves, policy claims in process of settlement, valuation of and impairment losses on investments, and federal income taxes. Although some variability is inherent in these estimates, the recorded amounts reflect management's best estimates based on facts and circumstances as of the statutory statements of admitted assets, liabilities and capital and surplus date. Management believes the amounts provided are appropriate.

#### (3) Risks

The Company's financial statements are based on estimates and assumptions that are subject to significant business, economic and competitive risks and uncertainties, many of which are beyond the Company's control or are subject to change. As such, actual results could differ from the estimates used in the financial statements and the value of the Company's investments, its financial condition and its liquidity could be adversely affected. The following risks and uncertainties, among others, may have such an effect:

- Economic environment and capital markets-related risks such as those related to interest rates, equity markets, credit spreads, real estate, and derivatives.
- Investment-related risks such as those related to valuation, impairment, and concentration.
- Business and operational-related risks such as those related to mortality/longevity, morbidity and claims experience, reinsurers and counterparties, liquidity, ratings, competition, cyber or other information security, fraud, and overall risk management.
- Catastrophic and pandemic event-related risks that may impact policyholder behavior and claims experience, volatility in financial markets and economic activity, and operations.
- Acquisition, disposition, or other structural change related risks.
- Regulatory and legal risks such as those related to changes in fiscal, tax and other legislation, insurance regulation, and accounting standards.

The Company actively monitors and manages risks and uncertainties through a variety of policies and procedures in an effort to mitigate or minimize the adverse impact of any exposures impacting the financial statements.

#### (4) Fair Value of Financial Instruments

##### Financial Assets and Financial Liabilities Reported at Fair Value

The fair value of the Company's financial assets and financial liabilities has been determined using available market information as of December 31, 2023 and 2022.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which utilizes prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. To a lesser extent, the Company also uses the income approach which uses discounted cash flows to determine fair value. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect the assumptions market participants would use in valuing a financial instrument based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's estimates about the assumptions market participants would use in valuing financial assets and financial liabilities based on the best information available in the circumstances. Considerable judgement is required to interpret market data to develop the estimates of fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(4) Fair Value of Financial Instruments (Continued)**

Financial Assets and Financial Liabilities Reported at Fair Value (Continued)

The Company is required to categorize its financial assets and financial liabilities carried at fair value on the statutory statements of admitted assets, liabilities and capital and surplus according to a three-level hierarchy. A level is assigned to each financial asset and financial liability based on the lowest level input that is significant to the fair value measurement in its entirety. The levels of fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable in active markets for identical or similar assets and liabilities.

Level 3 – Fair value is based on at least one or more significant unobservable inputs. These inputs reflect the Company's assumptions about the inputs market participants would use in pricing the assets or liabilities.

The Company uses prices and inputs that are current as of the measurement date. In periods of market disruption, the ability to observe prices and inputs may be reduced, which could cause an asset or liability to be reclassified to a lower level.

The following table summarizes the Company's financial assets and financial liabilities carried at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 6,921	\$ —	\$ 586	\$ 7,507
Derivative instruments	—	35,434	—	35,434
Cash equivalents	17,389	—	—	17,389
Separate account assets	—	3,552	—	3,552
Total financial assets	<u>\$ 24,310</u>	<u>\$ 38,986</u>	<u>\$ 586</u>	<u>\$ 63,882</u>
Derivative instruments <sup>(1)</sup>	\$ —	\$ 20,947	\$ —	\$ 20,947
Total financial liabilities	<u>\$ —</u>	<u>\$ 20,947</u>	<u>\$ —</u>	<u>\$ 20,947</u>

<sup>(1)</sup> Included in other liabilities on the statutory statements of admitted assets, liabilities and capital and surplus.

The following table summarizes the Company's financial assets and financial liabilities carried at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 7,065	\$ —	\$ 610	\$ 7,675
Derivative instruments	—	11,716	—	11,716
Cash equivalents	6,005	—	—	6,005
Separate account assets	—	3,106	—	3,106
Total financial assets	<u>\$ 13,070</u>	<u>\$ 14,822</u>	<u>\$ 610</u>	<u>\$ 28,502</u>
Derivative instruments <sup>(1)</sup>	\$ —	\$ 6,624	\$ —	\$ 6,624
Total financial liabilities	<u>\$ —</u>	<u>\$ 6,624</u>	<u>\$ —</u>	<u>\$ 6,624</u>

<sup>(1)</sup> Included in other liabilities on the statutory statements of admitted assets, liabilities and capital and surplus.

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (4) Fair Value of Financial Instruments (Continued)

##### Financial Assets and Financial Liabilities Reported at Fair Value (Continued)

The methods and assumptions used to estimate the fair value of financial assets and liabilities are summarized as follows:

##### *Common stocks*

The Company's common stocks consist primarily of investments in common stock of publicly traded companies. The fair values of common stocks are based on quoted market prices in active markets for identical assets and are classified within Level 1. The Company carried a small amount of non-exchange traded common stock classified within Level 3.

##### *Derivative instruments*

Derivative instrument fair values are based on quoted market prices when available. If a quoted market price is not available, fair value is estimated using current market assumptions and modeling techniques, which are then compared with quotes from counterparties.

The majority of the Company's derivative positions are traded in the Over-the-Counter (OTC) derivative market and are classified as Level 2. The fair values of most OTC derivatives are determined using discounted cash flow pricing models. The significant inputs to the pricing models are observable in the market or can be derived principally from or corroborated by observable market data. Significant inputs that are observable generally include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility. However, certain OTC derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from or corroborated by observable market data. Significant inputs that are unobservable generally include: independent broker quotes and inputs that are outside the observable portion of the interest rate curve, credit curve, volatility or other relevant market measure. These unobservable inputs may involve significant management judgment or estimation. In general, OTC derivatives are compared to an outside broker quote when available and are reviewed in detail through the Company's valuation oversight group. OTC derivatives valued using significant unobservable inputs would be classified as Level 3.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC derivatives after taking into account the effects of netting agreements and collateral arrangements.

##### *Cash equivalents*

Money market funds are reported as cash equivalents. All money market funds are generally valued using unadjusted prices in active markets and are reflected in Level 1.

##### *Separate account assets*

Separate account assets are reported as a summarized total and are carried at estimated fair value based on the underlying assets in which the separate accounts are invested. Valuations for common stock and short-term investments are determined consistent with similar instruments as previously described. When available, fair values of bonds are based on quoted market prices of identical assets in active markets and are reflected in Level 1. When quoted prices are not available, the Company's process is to obtain prices from third party pricing services, when available, and generally classify the security as Level 2. Valuations for certain mutual funds and pooled separate accounts are classified as Level 2 as the values are based upon quoted prices or reported net asset values provided by the fund managers with little readily determinable public pricing information. Other valuations using internally developed pricing models or broker quotes are generally classified as Level 3.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(4) Fair Value of Financial Instruments (Continued)**

Financial Assets and Financial Liabilities Reported at Fair Value (Continued)

The following table provides a summary of changes in fair value of Level 3 financial assets and financial liabilities measured at fair value during the year ended December 31, 2023:

	Balance at beginning of year	Total realized and unrealized gains (losses) included in:		Purchases, sales and settlements, net	Transfers in to Level 3	Transfers out of Level 3	Balance at end of year
		Net income (loss)	Surplus				
Common stocks	\$ 610	\$ —	\$ (24)	\$ —	\$ —	\$ —	\$ 586
Total financial assets	\$ 610	\$ —	\$ (24)	\$ —	\$ —	\$ —	\$ 586

The following table provides a summary of changes in fair value of Level 3 financial assets and financial liabilities measured at fair value during the year ended December 31, 2022:

	Balance at beginning of year	Total realized and unrealized gains (losses) included in:		Purchases, sales, and settlements, net	Transfers in to Level 3	Transfers out of Level 3	Balance at end of year
		Net income (loss)	Surplus				
Common stocks	\$ 12	\$ (5)	\$ 65	\$ 538	\$ —	\$ —	\$ 610
Total financial assets	\$ 12	\$ (5)	\$ 65	\$ 538	\$ —	\$ —	\$ 610

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(4) Fair Value of Financial Instruments (Continued)**

Financial Assets and Financial Liabilities

The following table summarizes by level of fair value hierarchy the aggregate fair value of financial assets and liabilities held by the Company as of December 31, 2023:

	Aggregate fair value	Carrying value	Level 1	Level 2	Level 3	Not practicable carrying value
Bonds:						
U.S. government securities	\$ 7,302	\$ 7,663	\$ 7,302	\$ —	\$ —	\$ —
Agencies not backed by the full faith and credit of the						
U.S. government	51,333	52,367	—	51,333	—	—
Corporate securities	1,404,489	1,506,088	—	1,123,624	280,865	—
Asset-backed securities	203,014	206,014	—	198,955	4,059	—
Commercial mortgage-backed securities (CMBS)	177,127	190,268	—	177,127	—	—
Residential mortgage-backed securities (RMBS)	119,183	133,511	—	119,183	—	—
Total bonds	<u>1,962,448</u>	<u>2,095,911</u>	<u>7,302</u>	<u>1,670,222</u>	<u>284,924</u>	<u>—</u>
Common stocks	7,507	8,932	6,921	—	586	1,425
Preferred stocks	4,294	5,000	—	—	4,294	—
Mortgage loans	356,258	404,041	—	—	356,258	—
Surplus notes	7,905	11,305	—	7,905	—	—
Derivative assets	35,434	35,434	—	35,434	—	—
Policy loans	15,658	13,011	—	—	15,658	—
Cash equivalents	101,202	101,191	101,202	—	—	—
Short-term investments	15,831	15,828	15,831	—	—	—
Separate account assets	3,552	3,552	—	3,552	—	—
Total financial assets	<u>\$ 2,510,089</u>	<u>\$ 2,694,205</u>	<u>\$ 131,256</u>	<u>\$ 1,717,113</u>	<u>\$ 661,720</u>	<u>\$ 1,425</u>
Deferred annuities	26,876	27,491	—	—	26,876	—
Annuity certain contracts	4,066	4,310	—	—	4,066	—
Supplementary contracts without life contingencies	157,305	157,305	—	—	157,305	—
Derivative liabilities <sup>(1)</sup>	20,947	20,947	—	20,947	—	—
Separate account liabilities	3,552	3,552	—	3,552	—	—
Total financial liabilities	<u>\$ 212,746</u>	<u>\$ 213,605</u>	<u>\$ —</u>	<u>\$ 24,499</u>	<u>\$ 188,247</u>	<u>\$ —</u>

<sup>(1)</sup> Included in other liabilities on the statutory statements of admitted assets, liabilities and capital and surplus.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(4) Fair Value of Financial Instruments (Continued)**

Financial Assets and Financial Liabilities (Continued)

The following table provides a summary of financial assets with a not practicable carrying value as of December 31, 2023:

	<u>Carrying value</u>	<u>Effective interest rate</u>	<u>Maturity date</u>	<u>Explanation for investments held at cost</u>
Common stock	\$ 1,425	N/A	N/A	Nonmarketable FHLB membership

The following table summarizes by level of fair value hierarchy the aggregate fair value of financial assets and liabilities held by the Company as of December 31, 2022:

	<u>Aggregate fair value</u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not practicable carrying value</u>
<b>Bonds:</b>						
U.S. government securities	\$ 53,426	\$ 55,687	\$ 53,426	\$ —	\$ —	\$ —
Agencies not backed by the full faith and credit of the						
U.S. government	60,296	62,084	—	60,296	—	—
Corporate securities	1,031,445	1,197,440	—	855,419	176,026	—
Asset-backed securities	117,679	124,113	—	112,280	5,399	—
CMBS	156,746	173,032	—	156,746	—	—
RMBS	113,878	130,909	—	113,878	—	—
Total bonds	<u>1,533,470</u>	<u>1,743,265</u>	<u>53,426</u>	<u>1,298,619</u>	<u>181,425</u>	<u>—</u>
Common stocks	7,675	10,196	7,065	—	610	2,520
Preferred stocks	4,275	5,000	—	—	4,275	—
Mortgage loans	288,397	339,276	—	—	288,397	—
Surplus notes	7,582	11,313	—	7,582	—	—
Derivative assets	11,716	11,716	—	11,716	—	—
Policy loans	10,412	9,916	—	—	10,412	—
Cash equivalents	13,144	13,143	13,144	—	—	—
Short-term investments	7,855	7,856	7,855	—	—	—
Separate account assets	3,106	3,106	—	3,106	—	—
Total financial assets	<u>\$ 1,887,632</u>	<u>\$ 2,154,787</u>	<u>\$ 81,490</u>	<u>\$ 1,321,023</u>	<u>\$ 485,119</u>	<u>\$ 2,520</u>
Deferred annuities	22,588	22,667	—	—	22,588	—
Annuity certain contracts	1,733	1,882	—	—	1,733	—
Supplementary contracts without						
life contingencies	124,965	124,965	—	—	124,965	—
Derivative liabilities <sup>(1)</sup>	6,624	6,624	—	6,624	—	—
Separate account liabilities	3,106	3,106	—	3,106	—	—
Total financial liabilities	<u>\$ 159,016</u>	<u>\$ 159,244</u>	<u>\$ —</u>	<u>\$ 9,730</u>	<u>\$ 149,286</u>	<u>\$ —</u>

<sup>(1)</sup> Included in other liabilities on the statutory statements of admitted assets, liabilities and capital and surplus.

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (4) Fair Value of Financial Instruments (Continued)

##### Financial Assets and Financial Liabilities Reported at Other Than Fair Value

The Company uses various methods and assumptions to estimate the fair value of financial assets and financial liabilities that are not carried at fair value on the statutory statements of admitted assets, liabilities and capital and surplus.

Refer to note 2 Summary of Significant Accounting Policies and note 6 Derivative Instruments for additional fair value disclosures concerning bonds, cash equivalents, short-term investments, other assets and derivatives.

When available, fair values of bonds and surplus notes of unrelated entities are based on quoted market prices of identical assets in active markets and are reflected in Level 1.

When quoted prices are not available, the Company's process is to obtain prices from third party pricing services, when available. The Company generally receives prices from pricing services and maintains a vendor hierarchy by asset type based on historical pricing experience and vendor expertise. The Company's primary pricing service has policies and processes to ensure that it is using objectively verifiable observable market data. The pricing service regularly reviews the valuation inputs for investments covered and publishes and updates a summary of inputs used in its valuations by major type. The market inputs utilized in the pricing valuation depend on asset class and market conditions but typically include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events. If the pricing service determines it does not have sufficient objectively verifiable information about an instrument's valuation, it discontinues providing a valuation. In this instance, the Company would be required to produce its own internally modeled estimate of fair value.

Prices are reviewed by affiliated asset managers and management to validate reasonability. Instruments with validated prices from pricing services are generally reflected in Level 2. If the pricing information received from third party pricing services is not reflective of market activity or other inputs observable in the market, the Company may challenge the price through a formal process with the pricing service. If the pricing service updates the price to be more consistent in comparison to the presented market observations, the instrument remains within Level 2.

For instruments where quoted market prices are not available or the Company concludes the pricing information received from third party pricing services is not reflective of market activity - generally private placement bonds or bonds that do not trade regularly - a matrix pricing, discounted cash flow or other model is used. The pricing models are developed by obtaining spreads versus the U.S. Treasury yield for corporate bonds with varying weighted average lives and ratings. The weighted average life and rating of a particular instrument to be priced are important inputs into the model and are used to determine a corresponding spread that is added to the U.S. Treasury yield to create an estimated market yield for that instrument. The estimated market yield, liquidity premium, any adjustments for known credit risk, and other relevant factors are then used to estimate the fair value. Certain other valuations are based on independent non-binding broker quotes. Instruments valued using pricing models or broker quotes are reflected in Level 3.

Fair values of mortgage loans are based upon matrix pricing and discounted cash flows. Fair values of policy loans are estimated by discounting expected cash flows. The expected cash flows reflect an estimate for the timing of repayment of the loans and weighted average loan interest rates.

The fair value of deferred annuities, which have guaranteed interest rates and surrender charges, were calculated using CARVM calculation procedures and current market interest rates. The Company believes this a reasonable approximation of fair value. Contracts without guaranteed interest rates and surrender charges have fair values equal to their accumulation values plus applicable market value adjustments.

The fair value of annuity certain contracts and supplementary contracts without life contingencies are calculated using discounted cash flows, based on interest rates currently offered for similar products with maturities consistent with those remaining for the contracts being valued.

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(5) Investments**

Bonds and Stocks

The Company's bond portfolio consists of public and private corporate bonds, mortgage and other asset-backed bonds and U.S. government and agency obligations.

The Company invests in private placement bonds to enhance the overall value of its portfolio, increase diversification and obtain higher yields than are possible with comparable publicly traded bonds. Generally, private placement bonds provide broader access to management information, strengthened negotiated protective covenants, call protection features and, frequently, improved seniority of collateral protection. Private placement bonds generally are only tradable subject to restrictions by federal and state securities laws and are, therefore, less liquid than publicly traded bonds.

The Company holds CMBS that may be originated by single or multiple issuers, which are collateralized by mortgage loans secured by income producing commercial properties such as office buildings, multi-family dwellings, industrial, retail, hotels and other property types.

The Company's RMBS portfolio consists of pass-through securities, which are pools of mortgage loans collateralized by single-family residences and primarily issued by government sponsored entities (e.g., GNMA, FNMA and FHLMC), and structured pass-through securities, such as collateralized mortgage obligations, that may have specific prepayment and maturity profiles and may be issued by either government sponsored entities or "private label" issuers. The Company's RMBS portfolio primarily contains loans made to borrowers with strong credit histories. The Company's portfolio consisted of \$133,511 and \$130,909 agency backed RMBS and no non-agency backed RMBS as of December 31, 2023 and 2022, respectively. The Company's RMBS portfolio also includes Alt-A mortgage loans to customers who have good credit ratings but have limited documentation for their source of income or some other standards used to underwrite the mortgage loan, and subprime residential loans to customers with weak credit profiles, including mortgages originated using relaxed mortgage-underwriting standards.

The Company's asset-backed securities portfolio consists of securities collateralized by the cash flows of receivables relating to airlines and transportation equipment loans.

The admitted asset value, gross unrealized gains and losses and estimated fair value of investments in bonds were as follows:

December 31, 2023	Admitted asset value	Gross unrealized		Fair value
		Gains	Losses	
U.S. government securities	\$ 7,663	\$ —	\$ 361	\$ 7,302
Agencies not backed by the full faith and credit of the U.S. government	52,367	238	1,272	51,333
Corporate securities	1,506,088	25,626	127,225	1,404,489
Asset-backed securities	206,014	1,253	4,253	203,014
CMBS	190,268	517	13,658	177,127
RMBS	133,511	254	14,582	119,183
Total	<u>\$ 2,095,911</u>	<u>\$ 27,888</u>	<u>\$ 161,351</u>	<u>\$ 1,962,448</u>

December 31, 2022	Admitted asset value	Gross unrealized		Fair value
		Gains	Losses	
U.S. government securities	\$ 55,687	\$ 5	\$ 2,266	\$ 53,426
Agencies not backed by the full faith and credit of the U.S. government	62,084	213	2,001	60,296
Corporate securities	1,197,440	2,410	168,405	1,031,445
Asset-backed securities	124,113	64	6,498	117,679
CMBS	173,032	176	16,462	156,746
RMBS	130,909	39	17,070	113,878
Total	<u>\$ 1,743,265</u>	<u>\$ 2,907</u>	<u>\$ 212,702</u>	<u>\$ 1,533,470</u>

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(5) Investments (Continued)**

Bonds and Stocks (Continued)

The admitted asset value and estimated fair value of bonds at December 31, 2023, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Admitted asset value	Fair value
Due in one year or less	\$ 44,666	\$ 44,139
Due after one year through five years	275,777	267,851
Due after five years through ten years	510,610	474,462
Due after ten years	735,065	676,672
	<u>1,566,118</u>	<u>1,463,124</u>
Asset-backed and mortgage-backed securities	529,793	499,324
Total	<u>\$ 2,095,911</u>	<u>\$ 1,962,448</u>

The Company had certain bonds with a reported fair value lower than the amortized cost of the investment as follows:

	December 31, 2023			
	Less than 12 months			
	Fair value	Amortized cost	Unrealized losses	Security count
U.S. government securities	\$ 1,106	\$ 1,120	\$ 14	3
Agencies not backed by the full faith and credit of the U.S. government	8,944	9,251	307	6
Corporate securities	68,492	69,682	1,190	36
Asset-backed securities	43,704	44,200	496	28
CMBS	21,946	22,266	320	8
RMBS	10,296	10,756	460	12

	December 31, 2023			
	12 months or greater			
	Fair value	Amortized cost	Unrealized losses	Security count
U.S. government securities	\$ 6,196	\$ 6,543	\$ 347	5
Agencies not backed by the full faith and credit of the U.S. government	22,227	23,191	964	15
Corporate securities	834,480	960,515	126,035	497
Asset-backed securities	64,487	68,244	3,757	62
CMBS	121,663	135,001	13,338	59
RMBS	92,513	106,635	14,122	96

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(5) Investments (Continued)**

Bonds and Stocks (Continued)

	December 31, 2022			
	Less than 12 months			
	Fair value	Amortized cost	Unrealized losses	Security count
U.S. government securities	\$ 36,467	\$ 38,313	\$ 1,846	13
Agencies not backed by the full faith and credit of the U.S. Government	45,273	47,275	2,002	34
Corporate securities	768,862	869,410	100,548	480
Asset-backed securities	75,533	79,760	4,227	71
CMBS	122,241	132,992	10,751	57
RMBS	57,552	62,762	5,210	76

	December 31, 2022			
	12 months or greater			
	Fair value	Amortized cost	Unrealized losses	Security count
U.S. government securities	\$ 2,994	\$ 3,414	\$ 420	1
Corporate securities	196,776	264,633	67,857	109
Asset-backed securities	28,345	30,615	2,270	29
CMBS	22,129	27,840	5,711	15
RMBS	53,083	64,941	11,858	33

For bonds where the carrying value exceeds fair value, the Company expects to collect all principal and interest payments, excluding previously recorded OTTI. In determining whether an impairment is other than temporary, the Company evaluates its intent and need to sell a security prior to its anticipated recovery in fair value. The Company performs ongoing analysis of liquidity needs, which includes cash flow testing. Cash flow testing includes duration matching of the investment portfolio and policyholder liabilities. As of December 31, 2023, the Company does not intend to sell and does not believe that it will be required to sell investments with an unrealized loss prior to recovery.

The following paragraphs summarize the Company's evaluation of investment categories where carrying value exceeds fair value as of December 31, 2023.

U.S. government securities are temporarily impaired due to current interest rates and not credit-related reasons. The Company expects to collect all principal and interest on these securities.

Unrealized losses related to corporate securities are due to interest rates that are higher, and current market spreads that are wider than at the securities' respective purchase dates. The Company performed an analysis of the financial performance of the underlying issuers and determined that the entire amortized cost for each temporarily impaired security is expected to be recovered.

Asset-backed securities, CMBS and RMBS are impacted by both interest rates and the value of the underlying collateral. The Company utilizes discounted cash flow models using outside assumptions to determine if an OTTI is warranted.

The Company's CMBS portfolio had initial ratings of AA or higher and are diversified by property type and geographic location. The Company's CMBS portfolio is primarily super senior and senior securities as opposed to mezzanine or below. Commercial real estate fundamentals have impacted most of the asset class and the Company has recognized OTTI when warranted.

The Company's RMBS portfolio primarily consists of residential mortgages to prime borrowers. Fluctuations in the housing market continue to impact the valuations across the entire asset class. As of December 31, 2023, 100% of the RMBS portfolio was invested in agency pass-through securities.

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(5) Investments (Continued)**

Bonds and Stocks (Continued)

At December 31, 2023 and 2022, bonds with a carrying value of \$6,448 and \$7,556, respectively, were on deposit with state regulatory authorities as required by law.

The common stock portfolio is managed with the objective of capturing long-term capital gains with a moderate level of current income. The carrying value of the Company's common stock portfolio totaled \$8,932 and \$10,196 as of December 31, 2023 and 2022, respectively.

The Company did not hold any common stock with a reported fair value lower than the carrying value of the investment at December 31, 2023 or 2022.

The preferred stock portfolio is primarily made up of mandatory redeemable preferred stocks. The carrying value of the Company's preferred stock portfolio totaled \$5,000 as of December 31, 2023 and 2022.

The Company had certain preferred stocks with a reported fair value lower than the cost of the investment as follows

	Less than 12 months			
	Fair value	Cost	Unrealized losses	Security count
December 31, 2023	\$ —	\$ —	\$ —	—
December 31, 2022	4,275	5,000	725	2
	12 months or greater			
	Fair value	Cost	Unrealized losses	Security count
December 31, 2023	\$ 4,294	\$ 5,000	\$ 706	2
December 31, 2022	—	—	—	—

Mortgage Loans

The Company underwrites and purchases commercial mortgages on general purpose income producing properties. The Company has defined its portfolio segment as the commercial mortgage loan portfolio in total with the class segments defined as office buildings, retail facilities, apartment, industrial and other properties. Geographic and property type diversification is also considered in analyzing investment opportunities, as well as property valuation and cash flow. The mortgage loan portfolio totaled \$404,041 and \$339,276 at December 31, 2023 and 2022, respectively.

All of the Company's commercial mortgage loan investments are managed and serviced directly by an affiliate, Securian AM. The Company currently does not hold any condominium commercial mortgage loan, construction, mezzanine or land loan investments.

The following table shows the composition of the Company's commercial mortgage loan portfolio, net of valuation allowances, by class as of December 31:

	2023	2022
Industrial	\$ 105,839	\$ 82,350
Office buildings	58,164	50,888
Retail facilities	106,298	73,237
Apartment	121,554	120,226
Other	12,186	12,575
Total	<u>\$ 404,041</u>	<u>\$ 339,276</u>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(5) Investments (Continued)**

Mortgage Loans (Continued)

If information is obtained on commercial mortgage loans that indicates a potential problem (likelihood of the borrower not being able to comply with the present loan repayment terms), the loan is placed on an internal surveillance list, which is routinely monitored by the Company. Among the criteria that would indicate a potential problem are: borrower bankruptcies, major tenant bankruptcies, loan relief/restructuring requests, delinquent tax payments, late payments, and vacancy rates.

A valuation allowance is established when it is probable that the Company will not be able to collect all amounts due under the contractual terms of the loan.

The following table provides a summary of the valuation allowance for the mortgage loan portfolio for the years ended December 31:

	2023	2022	2021
Balance at beginning of year	\$ —	\$ —	\$ —
Increase in allowance	1,000	—	—
Balance at end of year	<u>\$ 1,000</u>	<u>\$ —</u>	<u>\$ —</u>

As of December 31, 2023 and 2022, the Company had no delinquent mortgage loans.

The Company assesses the credit quality of its mortgage loan portfolio by reviewing the performance of its portfolio which includes evaluating its performing and nonperforming mortgage loans. Nonperforming mortgage loans include loans that are not performing to the contractual terms of the loan agreement. Nonperforming mortgage loans do not include restructured loans that are current with payments and thus are considered performing.

For the year ended December 31, 2023 and 2022, the Company did not have any material troubled debt restructurings.

As of December 31, 2023 and 2022, there were no nonperforming loans.

Net Investment Income

Net investment income for the years ended December 31 was as follows:

	2023	2022	2021
Bonds	\$ 72,663	\$ 50,048	\$ 47,118
Common stocks – unaffiliated	293	288	213
Preferred stocks – unaffiliated	186	147	76
Mortgage loans	13,804	11,532	10,082
Policy loans	296	384	288
Short-term investments	1,233	30	5
Other	<u>1,803</u>	<u>511</u>	<u>422</u>
Gross investment income	90,278	62,940	58,204
Amortization of IMR	(365)	102	556
Investment expenses	<u>(2,267)</u>	<u>(1,901)</u>	<u>(1,902)</u>
Total	<u>\$ 87,646</u>	<u>\$ 61,141</u>	<u>\$ 56,858</u>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(5) Investments (Continued)**

Net Investment Income (Continued)

Gross due and accrued interest was \$20,313 as of December 31, 2023, and non-admitted due and accrued interest from bonds in default or 90 days past due was \$1 are included in other assets on the statutory statements of admitted assets, liabilities and capital and surplus.

There were no paid-in-kind interest or deferred interest as of December 31, 2023.

Net Realized Capital Gains (Losses)

Net realized capital gains (losses) for the years ended December 31 were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Bonds	\$ (4,366)	\$ (1,298)	\$ (1,658)
Common stocks – unaffiliated	—	(5)	—
Derivative instruments	711	(3,049)	8,107
Other invested assets	1	—	(24)
	<u>(3,654)</u>	<u>(4,352)</u>	<u>6,425</u>
Amount transferred to the IMR, net of taxes	2,477	1,039	1,091
Income tax expense (benefit)	136	1,878	(1,352)
Total	<u>\$ (1,041)</u>	<u>\$ (1,435)</u>	<u>\$ 6,164</u>

Gross realized gains (losses) on sales of bonds for the years ended December 31 were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Bonds:			
Gross realized gains	\$ 542	\$ 1,511	\$ 1,626
Gross realized losses	(3,594)	(2,809)	(2,977)

Proceeds from the sales of bonds amounted to \$308,897, \$286,147, and \$260,567 for the years ended December 31, 2023, 2022 and 2021, respectively.

OTTI by asset type recognized in net realized capital gains (losses) for the years ended December 31 were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Bonds:			
Corporate securities	\$ (1,314)	\$ —	\$ 307
Total OTTI	<u>\$ (1,314)</u>	<u>\$ —</u>	<u>\$ 307</u>

In relation to loan-backed and structured securities, the Company did not recognize OTTI on the basis of the intent to sell during 2023, 2022 or 2021. The Company also did not recognize any OTTI on the basis of the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis during 2023, 2022 or 2021.

Gross and admitted net aggregate net negative IMR was \$3,135 as of December 31, 2023 and the full amount was related to the general account. Admitted net negative IMR represented 0.7% of general account adjusted surplus of \$456,472 as of the prior quarter end. Fixed income investments generating IMR losses comply with the Company's documented investment or liability management policies and asset sales that generated admitted negative IMR were not compelled by liquidity pressures.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(5) Investments (Continued)**

Net Unrealized Capital Gains (Losses) (Continued)

Changes in net unrealized capital gains (losses) for the years ended December 31 were as follows:

	2023	2022	2021
Common stocks – unaffiliated	(168)	(118)	1,157
Derivative instruments	7,953	(8,673)	(140)
Mortgage loans	(1,000)	—	—
Other	9	(86)	82
Deferred tax asset (liability)	(1,427)	1,864	(231)
Total	<u>\$ 5,367</u>	<u>\$ (7,013)</u>	<u>\$ 868</u>

Cost and gross unrealized gains (losses) on unaffiliated common stocks at December 31 were as follows:

	2023	2022
Cost	\$ 6,575	\$ 7,671
Gross unrealized gains	2,357	2,525
Admitted asset value	<u>\$ 8,932</u>	<u>\$ 10,196</u>

**(6) Derivative Instruments**

Derivatives are financial instruments whose values are derived from interest rates, foreign currency exchange rates, or other financial indices. Derivatives may be exchange-traded or contracted in the OTC market. The Company currently enters into derivative transactions that do not qualify for hedge accounting, or in certain cases, elects not to utilize hedge accounting. The Company does not enter into speculative positions. Although certain transactions do not qualify for hedge accounting or the Company chooses not to utilize hedge accounting, they provide the Company with an assumed economic hedge, which is used as part of its strategy for certain identifiable and anticipated transactions. The Company uses option contracts to manage the risk associated with changes in estimated fair values related to the Company's financial assets and liabilities, to generate income and manage other risks due to the variable nature of the Company's cash flows.

Freestanding derivatives are carried on the Company's statutory statements of admitted assets, liabilities and capital and surplus either as assets within derivative instruments or as liabilities within other liabilities at estimated fair value as determined through the use of quoted market prices for exchange-traded derivatives or through the use of pricing models for OTC derivatives. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk (including the counterparties to the contract), volatility, liquidity and changes in estimates and assumptions used in the pricing models.

The Company is exposed to various risks relating to its ongoing business operations, including interest rate risk, foreign currency risk and equity market risk. The Company uses a variety of strategies to attempt to manage these risks. The following table presents the notional amount, estimated fair value, and primary underlying risk exposure of the Company's derivative financial instruments held:

Primary underlying risk exposure	Instrument type	December 31, 2023			December 31, 2022		
		Fair value			Fair value		
		Notional amount	Assets	Liabilities <sup>(1)</sup>	Notional amount	Assets	Liabilities <sup>(1)</sup>
Equity market	Equity options	\$ 504,424	\$ 35,434	\$ 20,947	\$ 466,199	\$ 11,716	\$ 6,624
Total derivatives		<u>\$ 504,424</u>	<u>\$ 35,434</u>	<u>\$ 20,947</u>	<u>\$ 466,199</u>	<u>\$ 11,716</u>	<u>\$ 6,624</u>

<sup>(1)</sup> The estimated fair value of all derivatives in a liability position is reported within other liabilities on the statutory statements of admitted assets, liabilities and capital and surplus.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(6) Derivative Instruments (Continued)**

The freestanding derivatives utilized by the Company are for specific economic hedging programs related to various life insurance product liabilities that have market risk. Management considers the sales growth of products and the volatility in the markets in assessing the trading activity for these programs.

Equity options are used by the Company to economically hedge certain risks associated with fixed indexed universal life products that allow the holder to elect an interest rate return or a market component, where interest credited to the contracts is linked to the performance of an index. Certain contract holders may elect to rebalance index options at renewal dates. As of each renewal date, the Company has the opportunity to re-price the indexed component by establishing participation rates, caps, spreads and specified rates, subject to contractual guarantees. The Company purchases equity options that are intended to be highly correlated to the portfolio allocation decisions of the contract holders with respect to returns for the current reset period.

The following tables present the amount and location of gains (losses) recognized on the statutory statements of operations and capital and surplus from derivatives:

	2023		
	Net realized capital gains (losses)	Net investment income	Net change in unrealized capital gains and losses
Equity options	\$ 711	\$ —	\$ 7,953
Total gains recognized from derivatives	<u>\$ 711</u>	<u>\$ —</u>	<u>\$ 7,953</u>
	2022		
	Net realized capital gains (losses)	Net investment income	Net change in unrealized capital gains and losses
Equity options	\$ (3,049)	\$ —	\$ (8,673)
Total gains (losses) recognized from derivatives	<u>\$ (3,049)</u>	<u>\$ —</u>	<u>\$ (8,673)</u>
	2021		
	Net realized capital gains (losses)	Net investment income	Net change in unrealized capital gains and losses
Equity options	\$ 8,107	\$ —	\$ (140)
Total gains (losses) recognized from derivatives	<u>\$ 8,107</u>	<u>\$ —</u>	<u>\$ (140)</u>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**  
*(in thousands)*

**(6) Derivative Instruments (Continued)**

The Company may be exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments. Generally, the current credit exposure of the Company's derivative contracts is limited to the positive estimated fair value of derivative contracts at the reporting date after taking into consideration the existence of netting agreements and any collateral received pursuant to credit support annexes.

The Company manages its credit risk related to OTC derivatives by entering into transactions with highly rated counterparties, maintaining collateral arrangements and through the use of master agreements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. Because exchange traded futures are purchased through regulated exchanges, and positions are settled on a daily basis, the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivative instruments.

The Company enters into various collateral arrangements, which require both the pledging and accepting of collateral in connection with its derivative instruments. The Company's collateral arrangements for its OTC derivatives generally require the counterparty in a net liability position, after considering the effect of netting arrangements, to pledge collateral when the fair value of that counterparty's derivatives reaches a pre-determined threshold. The Company received collateral from OTC counterparties in the amount of \$14,500 and \$5,450 at December 31, 2023 and 2022, respectively. Securities collateral received by the Company is held in separate custodial accounts and is not recorded on the statutory statements of admitted assets, liabilities and capital and surplus. Credit agreements with counterparties permit the Company to sell or re-pledge this collateral; at December 31, 2023 and 2022, none of the collateral had been sold or re-pledged. The Company delivered collateral in the amount of \$0 at December 31, 2023 and 2022. The Company maintained ownership of any collateral delivered. Securities collateral pledged by the Company is reported in bonds on the statutory statements of admitted assets, liabilities and capital and surplus.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(7) Separate Accounts**

Separate account assets represent segregated funds administered by an unaffiliated asset management firm. These segregated funds are invested by both an unaffiliated asset management firm and an affiliate of the Company for the exclusive benefit of the Company's variable annuity life insurance policyholders.

The Company has no indexed separate accounts or guaranteed benefit accounts.

Information regarding the separate accounts of the Company was as follows:

	Non-indexed guarantee less than / equal to 4%	Non-indexed guarantee more than 4%	Non- guaranteed	Total
Premiums, considerations or deposits for year ended December 31, 2023	\$ —	\$ —	\$ 470	\$ 470
Reserves at December 31, 2023 For accounts with assets at: Fair value	\$ —	\$ —	\$ 3,552	\$ 3,552
Reserves at December 31, 2023 By withdrawal characteristics: At fair value	\$ —	\$ —	\$ 3,552	\$ 3,552

The Company also has no separate accounts, which would be disclosed by withdrawal characteristics, at book value without market value adjustments and with surrender charges.

Reconciliation of net transfer to (from) separate accounts:

	2023
Transfers as reported in the summary of operations of the Annual Statement of the Separate Accounts:	
Transfers to separate accounts	\$ 470
Transfers from separate accounts	(884)
Net transfers to (from) separate accounts	(414)
Reconciling adjustments:	
Other activity not included in transfers out in Annual Statement of the Separate Accounts fees and a receivable was recorded at the general account	(1)
Transfers as recorded in the Summary of Operations of the Life and Accident and Health Annual Statement	\$ (415)

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(8) Federal Income Taxes**

Federal income tax expense (benefit) varies from amounts computed by applying the federal income tax rate of 21% to the gain (loss) from operations before federal income tax expense (benefit). The reasons for this difference and the tax effects thereof for the years ended December 31 were as follows:

	2023	2022	2021
Provision computed at statutory rate	\$ (2,255)	\$ 154	\$ (7,137)
Dividends received deduction	(276)	(308)	(258)
IMR amortization	77	(25)	531
Retroactive reinsurance gain	(16)	(13)	(17)
Net gain on reinsurance	(421)	956	—
Non-admitted assets	235	1,893	(1,784)
Asset transfer	—	—	(1,365)
Other	(41)	(84)	(328)
Total tax (benefit)	<u>\$ (2,697)</u>	<u>\$ 2,573</u>	<u>\$ (10,358)</u>
Federal income tax expense (benefit)	\$ 6,417	\$ 9,205	\$ (3,983)
Tax on capital losses/gains	(136)	(1,878)	1,352
Change in net deferred income taxes	(8,978)	(4,754)	(7,727)
Total statutory income taxes	<u>\$ (2,697)</u>	<u>\$ 2,573</u>	<u>\$ (10,358)</u>

The components of incurred income tax expense (benefit) for the years ended December 31 were as follows:

	2023	2022	2021
Tax on income	\$ 6,217	\$ 8,865	\$ (2,800)
Tax on capital gains/losses	(136)	(1,878)	1,352
Other taxes	200	340	(1,183)
Total income tax expense	<u>\$ 6,281</u>	<u>\$ 7,327</u>	<u>\$ (2,631)</u>

The components of the net deferred tax asset as of December 31 were as follows:

December 31, 2023	Ordinary	Capital	Total
Gross deferred tax assets	\$ 51,719	\$ 3,641	\$ 55,360
Deferred tax assets non-admitted	<u>(33,289)</u>	<u>—</u>	<u>(33,289)</u>
	18,430	3,641	22,071
Deferred tax liabilities	<u>(6,087)</u>	<u>(1,955)</u>	<u>(8,042)</u>
Net admitted deferred tax asset	<u>\$ 12,343</u>	<u>\$ 1,686</u>	<u>\$ 14,029</u>
December 31, 2022	Ordinary	Capital	Total
Gross deferred tax assets	\$ 46,587	\$ 1,973	\$ 48,560
Deferred tax assets non-admitted	<u>(26,575)</u>	<u>—</u>	<u>(26,575)</u>
	20,012	1,973	21,985
Deferred tax liabilities	<u>(5,502)</u>	<u>(530)</u>	<u>(6,032)</u>
Net admitted deferred tax asset	<u>\$ 14,510</u>	<u>\$ 1,443</u>	<u>\$ 15,953</u>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(8) Federal Income Taxes (Continued)**

	Change ordinary	Change capital	Change total
Gross deferred tax assets	\$ 5,132	\$ 1,668	\$ 6,800
Deferred tax assets non-admitted	<u>(6,714)</u>	<u>—</u>	<u>(6,714)</u>
	(1,582)	1,668	86
Deferred tax liabilities	<u>(585)</u>	<u>(1,425)</u>	<u>(2,010)</u>
Net admitted deferred tax asset	<u><u>\$ (2,167)</u></u>	<u><u>\$ 243</u></u>	<u><u>\$ (1,924)</u></u>

The amounts of adjusted gross deferred tax assets admitted as of December 31 were as follows:

December 31, 2023	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks	\$ —	\$ —	\$ —
Adjusted gross deferred tax assets expected to be realized within three years	10,523	3,506	14,029
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	<u>7,907</u>	<u>135</u>	<u>8,042</u>
Deferred tax assets admitted	<u><u>\$ 18,430</u></u>	<u><u>\$ 3,641</u></u>	<u><u>\$ 22,071</u></u>

The adjusted gross deferred tax asset allowed per limitation threshold as of December 31, 2023 was \$12,189.

December 31, 2022	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks	\$ —	\$ (237)	\$ (237)
Adjusted gross deferred tax assets expected to be realized within three years	14,019	2,208	16,227
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	<u>5,993</u>	<u>2</u>	<u>5,995</u>
Deferred tax assets admitted	<u><u>\$ 20,012</u></u>	<u><u>\$ 1,973</u></u>	<u><u>\$ 21,985</u></u>

The adjusted gross deferred tax asset allowed per limitation threshold as of December 31, 2022 was \$69,711.

The ratio percentages used to determine the recovery period and threshold limitation amounts and the amount of adjusted capital and surplus used to determine recovery period and threshold limitation as of December 31 were as follows:

	2023	2022
Ratio percentage	<u>1,181 %</u>	<u>1,094 %</u>
Capital and surplus used	<u>\$ 513,971</u>	<u>\$ 464,741</u>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(8) Federal Income Taxes (Continued)**

As of December 31, 2023 and 2022, the availability of tax planning strategies resulted in an increase of the Company's adjusted gross deferred tax assets by approximately 0% and 4%, respectively, and net admitted deferred tax assets by approximately 0% and 8%, respectively, of which all was capital for tax purposes.

The Company did not use any reinsurance tax planning strategies.

The tax effects of temporary differences that give rise to the Company's net deferred federal tax asset as of December 31 were as follows:

	2023	2022
Deferred tax assets:		
Ordinary:		
Policyholder liabilities	\$ 17,215	\$ 17,179
Deferred acquisition costs	30,714	26,471
Other reserves	—	420
Deferred ceding commission	—	47
Non-admitted assets	777	1,011
Investments	1,670	830
Other	1,343	629
Gross ordinary deferred tax assets	51,719	46,587
Non-admitted ordinary deferred tax assets	(33,289)	(26,575)
Admitted ordinary deferred tax asset	18,430	20,012
Capital:		
Investments	1,971	1,973
Other	1,670	—
Gross capital deferred tax assets	3,641	1,973
Non-admitted capital deferred tax assets	—	—
Admitted capital deferred tax asset	3,641	1,973
Admitted deferred tax assets	22,071	21,985
Deferred tax liabilities:		
Ordinary:		
Investments	1,648	875
Prepaid expenses	426	426
Deferred and uncollected premium	3,459	3,470
Policyholder liabilities	370	618
Other	184	113
Gross ordinary deferred tax liabilities	6,087	5,502
Capital:		
Net unrealized capital gains	1,955	530
Gross capital deferred tax liabilities	1,955	530
Gross deferred tax liabilities	8,042	6,032
Net deferred tax asset	\$ 14,029	\$ 15,953

As of December 31, 2023 and 2022, management determined that a valuation allowance was not required for these gross deferred tax items based on management's assessment that it is more likely than not that these deferred tax items will be realized through future reversals of existing taxable temporary differences and future taxable income. There are no differences for which deferred tax liabilities are not recognized.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(8) Federal Income Taxes (Continued)**

The change in net deferred income taxes is comprised of the following:

	2023	2022	Change
Total deferred tax assets	\$ 55,360	\$ 48,560	\$ 6,800
Total deferred tax liabilities	(8,042)	(6,032)	(2,010)
Change in net deferred income tax	\$ 47,318	\$ 42,528	4,790
Tax effect of deferred tax asset on unrealized capital losses			1,427
Change in net deferred tax as reported in surplus			6,217
Tax effect of statutory reserve surplus adjustment on deferred tax asset			2,761
Change in net deferred income tax asset			\$ 8,978

As of December 31, 2023, the Company had no net operating loss carryforwards, capital loss carryforwards or tax credit carryforwards. Total capital income taxes incurred in the current and prior years of \$0 are available for recovery in the event of future net losses.

There were no deposits reported as admitted assets under Section 6603 of the (IRS) Code in 2023.

There were no accrued interest or penalties recorded as of December 31, 2023.

There was no unrecognized tax benefit for the years ending December 31, 2023 and 2022.

The Company does not expect a significant increase in tax contingencies within the next 12 months following the statutory statements of admitted assets, liabilities and capital and surplus date.

The Company is a nonapplicable reporting entity for the purposes of the Corporate Alternative Minimum Tax for the reporting period ending December 31, 2023.

All tax years through 2019 are closed. A limited scope audit of the Company's 2018 tax year commenced in 2021. In connection with the audit, the Statute of Limitations for 2018 was extended to September 30, 2023. The Company settled the audit without a material impact to its financial position. The IRS has not stated its intention to audit the MMC 2020, 2021 or 2022 consolidated tax return.

**(9) Related Party Transactions**

The Company has an agreement with Minnesota Life, where Minnesota Life processes premiums and claims on behalf of the Company. These amounts are settled quarterly on a net basis. The Company also has agreements with Minnesota Life and other affiliates for expenses including charges for occupancy costs, data processing, compensation and benefits, advertising and promotion, and other administrative expenses which they incurred on behalf of the Company. At December 31, 2023 and 2022, the Company reported \$31,682 and \$20,784, respectively, as net amounts due to Minnesota Life and \$575 and \$529, respectively, as net amounts due to other affiliates. These amounts were subsequently settled. The amount of expenses incurred by the Company related to these agreements for the years ended December 31, 2023, 2022 and 2021 were \$96,026, \$66,042, and \$59,840, respectively.

The Company has investment advisory agreements with an affiliate, Securian AM. Under these agreements, the Company incurs quarterly investment management fees based on total assets managed. Investment management fees incurred by the Company were \$2,215, \$1,878, and \$1,781 in 2023, 2022 and 2021, respectively. As of December 31, 2023 and 2022, there were no amounts due to Securian AM under these agreements. These amounts are settled quarterly.

The Company also has agreements with SFS, an affiliated broker dealer, to distribute certain of the Company's individual life and annuity products. As of December 31, 2023 and 2022, the amount receivable (payable) to SFS was \$130 and \$103, respectively. These amounts are settled quarterly. Commissions and fees incurred under these agreements totaled \$728, \$984, and \$1,184 for the years ended December 31, 2023, 2022 and 2021, respectively.

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(9) Related Party Transactions (Continued)**

The Company also has an agreement with an affiliate, Allied, to provide Allied customers with certain insurance coverage that is underwritten by the Company. The Company incurred commissions related to these policies in the amount of \$288, \$229, and \$362 in 2023, 2022 and 2021, respectively.

The Company has a reinsurance agreement with Minnesota Life, whereby the Company cedes certain group business to Minnesota Life. Activity is settled monthly. For the year ending December 31, the Company recognized activity related to this agreement within the following amounts on the statutory statements of admitted assets, liabilities and capital and surplus related to this agreement with Minnesota Life:

	<u>2023</u>	<u>2022</u>
Admitted assets:		
Premiums deferred and uncollected	\$ (35,848)	\$ (32,952)
Amounts recoverable on reinsurance	70,315	71,290
Total assets	<u>\$ 34,467</u>	<u>\$ 38,338</u>
Liabilities		
Policy reserves:		
Life insurance	\$ (111,590)	\$ (113,372)
Accident and health	(2,736)	(1,871)
Policy claims in process of settlement	(217,901)	(197,186)
Other policy liabilities	96,223	78,673
Total liabilities	<u>\$ (236,004)</u>	<u>\$ (233,756)</u>

For the year ending December 31, the Company recognized activity related to this agreement within the following line items of the statutory statements of operations:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Premiums	\$ (880,554)	\$ (799,186)	\$ (777,500)
Commissions and expense allowances on reinsurance	75,470	68,882	64,144
Total revenues	<u>(805,084)</u>	<u>(730,304)</u>	<u>(713,356)</u>
Benefits and expenses:			
Policyholder benefits	(797,041)	(751,726)	(893,232)
Increase (decrease) in policy reserves	917	(2,145)	(3,835)
Total benefits and expenses	<u>(796,124)</u>	<u>(753,871)</u>	<u>(897,067)</u>
Net income	<u>\$ (8,960)</u>	<u>\$ 23,567</u>	<u>\$ 183,711</u>

The Company has entered into agreements with Minnesota Life, whereby the Company may issue an individual life policy to certain individuals converting from a group life insurance policy issued by Minnesota Life or Minnesota Life may issue an individual life policy to certain individuals converting from a group life insurance policy issued by the Company. Upon issuance of the individual life policy, the Company either receives from or pays to Minnesota Life a conversion charge. For the years ended December 31, 2023, 2022 and 2021, the Company recognized \$1,191, \$133, and \$850 respectively, of expense charges from conversions, net of conversion income, which is recorded in general operating expenses and other income, respectively, on the statements of operations. As of December 31, 2023 and 2022, the amount payable to Minnesota Life was \$203 and \$299, respectively. These amounts are settled quarterly.

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(9) Related Party Transactions (Continued)**

The Company has entered into an agreement with Minnesota Life, whereby the Company assigns the rights to its profit commission from unrelated third party reinsurers based on its underlying mortality experience to Minnesota Life in exchange for a fixed percentage allowance based on the premium reinsured. For the years ended December 31, 2023, 2022 and 2021 under this agreement, the Company recognized income of \$13,628, \$24,986, and \$12,101 respectively, which is recorded in affiliated allowances on the statement of operations. As of December 31, 2023 and 2022, the amount due from Minnesota Life was \$2,128 and \$8,016, respectively. These amounts are settled quarterly. Depending on the Company's mortality experience in any given year, the fixed percentage allowance received from Minnesota Life can be favorable or unfavorable in relation to the profit commission the Company has forgone from the unrelated third party reinsurer and assigned to Minnesota Life.

The Company purchases a percentage of ownership of newly originated mortgage loans from Minnesota Life. For the years ending December 31, 2023, 2022 and 2021 the Company purchased \$51,850, \$59,700, and \$60,400 respectively, of mortgage loans.

**(10) Liability for Unpaid Accident and Health Claims, and Claim and Loss Adjustment Expenses**

Activity in the liability for unpaid accident and health claims and claim adjustment expenses, which is included within accident and health policy reserves and policy claims in process of settlement on the statutory statements of admitted assets, liabilities and capital and surplus, is summarized as follows:

	2023	2022	2021
Balance at January 1	\$ 75,719	\$ 70,654	\$ 55,332
Less: reinsurance recoverable	45,037	40,705	29,813
Net balance at January 1	30,682	29,949	25,519
Incurred related to:			
Current year	61,489	50,083	40,890
Prior years	(9,692)	(6,991)	(11,532)
Total incurred	51,797	43,092	29,358
Paid related to:			
Current year	38,456	28,161	17,574
Prior years	11,802	14,199	7,354
Total paid	50,258	42,360	24,928
Net balance at December 31	32,221	30,681	29,949
Plus: reinsurance recoverable	46,745	45,037	40,705
Balance at December 31	\$ 78,966	\$ 75,718	\$ 70,654

As a result of changes in estimates of claims incurred in prior years, the accident and health claims and claim and loss adjustment expenses incurred decreased by \$9,692, \$6,991 and \$11,532 in 2023, 2022 and 2021, respectively. The remaining changes in amounts are the result of normal reserve development inherent in the uncertainty of establishing the liability for unpaid accident and health claims and claim and loss adjustment expenses.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(11) Capital and Surplus and Dividends**

Dividend payments by the Company to its parent cannot exceed the greater of 10% of statutory capital and surplus or the statutory net gain from operations as of the preceding year-end, as well as the timing and amount of dividends paid in the preceding 12 months, without prior approval from the Minnesota Department of Commerce. Based on these limitations and 2023 statutory results, the maximum amount available for the payment of dividends during 2024 by the Company without prior regulatory approval is \$51,346.

Other than noted above, there are no restrictions placed on the Company's unassigned surplus, including for whom the surplus is being held.

The Company received a capital contribution of cash from Minnesota Life in the amount of \$50,000 for the year ended December 31, 2023. The Company did not receive a capital contribution for the year ended December 31, 2022. The Company received a capital contribution consisting of fixed maturity securities from Minnesota Life in the amount of \$62,833 for the year ended December 31, 2021.

The Company is required to meet certain minimum risk-based capital (RBC) requirements, which are imposed by the respective state of domicile. The formulas within the RBC calculation were developed by the NAIC. The RBC requirements were designed to monitor capital adequacy and to raise the level of protection for policyholders. Companies that have an RBC ratio below certain trigger points are required to take specified corrective action. The Company exceeded the minimum RBC requirements for the years ended December 31, 2023 and 2022.

**(12) Reinsurance**

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance companies. To the extent that a reinsurer is unable to meet its obligations under the reinsurance agreement, the Company remains liable. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk to minimize its exposure to significant losses from reinsurer insolvencies. Allowances are established for amounts deemed uncollectible. At December 31, 2023 and 2022, policy reserves are reflected net of reinsurance ceded of \$192,652 and \$193,841, respectively.

Reinsurance is accounted for over the lives of the underlying reinsured policies using assumptions consistent with those used to account for the underlying policies.

The effect of reinsurance on premiums and annuity considerations for the years ended December 31 was as follows:

	2023	2022	2021
Direct premiums and annuity considerations	\$ 2,116,628	\$ 1,784,922	\$ 1,663,450
Reinsurance assumed	6,209	5,910	6,069
Reinsurance ceded	<u>(1,292,352)</u>	<u>(1,169,667)</u>	<u>(1,137,231)</u>
Total premiums and annuity considerations	<u>\$ 830,485</u>	<u>\$ 621,165</u>	<u>\$ 532,288</u>

Reinsurance recoveries on ceded reinsurance contracts were \$1,084,682, \$1,114,876 and \$1,141,881 during 2023, 2022 and 2021, respectively.

The Company has entered into a reinsurance agreement with Minnesota Life as discussed in detail in note 9 which is included in the reinsurance ceded information above.

The Company has an Aggregate Stop Loss reinsurance program, in conjunction with Minnesota Life with a 125% Loss Ratio attachment point and \$110 million of available coverage capacity. No reinsurance credit has been recorded for this program for the years ended December 31, 2023, 2022 and 2021.

## SECURIAN LIFE INSURANCE COMPANY

### Notes to Statutory Financial Statements (Continued)

(in thousands)

#### (13) Commitments and Contingencies

The Company is involved in various pending or threatened legal proceedings arising out of the normal course of business. In the opinion of management, the ultimate resolution of such litigation will likely not have a material adverse effect on operations or the financial position of the Company.

As of December 31, 2023, the Company had committed to originate mortgage loans totaling \$27,700 but had not completed the originations.

As of December 31, 2023 the Company had committed to purchase corporate bonds totaling \$5,000, but had not completed the purchase transactions.

The Company is contingently liable under state regulatory requirements for possible assessments pertaining to future insolvencies and impairments of unaffiliated insurance companies. The Company records a liability for future guaranty fund assessments based upon known insolvencies, according to data received from the National Organization of Life and Health Insurance Guaranty Association. At December 31, 2023 and 2022, this liability was \$764 and \$590, respectively. An asset is recorded for the amount of guaranty fund assessments paid, which can be recovered through future premium tax credits. This asset was \$88 and \$103 as of December 31, 2023 and 2022, respectively. These assets are being amortized over a five-year period.

#### (14) Borrowed Money

The Company has entered into a membership agreement with the Federal Home Loan Bank of Des Moines (FHLB), providing an efficient way to set up a borrowing facility with access to low cost funding. The total borrowing capacity is dependent on the amount and type of Company assets. As of December 31, 2023 and 2022, the Company does not have any outstanding borrowings.

The Company pledged general account bonds with a carrying value and fair value of \$153,956 and \$136,350, respectively, as collateral for FHLB borrowings as of December 31, 2023. At that time, the Company had the capacity for either long-term or short-term borrowings of approximately \$116,914 without pledging additional collateral. If the fair value of the pledged collateral falls below the required collateral for the outstanding borrowed amount, the Company is required to pledge additional collateral. The carrying value and fair value of the maximum amount of general account collateral pledged to the FHLB during 2023 was \$156,075 and \$138,552, respectively.

As of December 31, 2023, the Company held FHLB Class A membership stock of \$1,425. FHLB stock is carried at cost and is recorded in common stocks on the statutory statements of admitted assets, liabilities and capital and surplus.

#### (15) Retrospectively Rated Contracts

The Company estimates accrued retrospective premium adjustments for its group and credit life and accident and health insurance business through a mathematical approach using an algorithm of the financial agreements in place with clients.

The amount of net premiums written by the Company at December 31, 2023 that are subject to retrospective rating features was \$8,225 which represented 2% of the total net premiums written for group and credit life and accident and health. No other net premiums written by the Company are subject to retrospective rating features.

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(16) Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics**

*Individual Annuities*

December 31, 2023	General account	Separate account with guarantees	Separate account non-guaranteed	Total	% of total
Subject to discretionary withdrawal:					
With market value adjustment	\$ —	\$ —	\$ —	\$ —	0.0 %
At book value less current surrender charges of 5% or more	7,259	—	—	7,259	15.7 %
At fair value	—	—	—	—	0.0 %
Total with market value adjustment or at fair value	7,259	—	—	7,259	15.7 %
At book value without adjustment	20,231	—	—	20,231	43.7 %
Not subject to discretionary withdrawal	18,821	—	—	18,821	40.6 %
Total	<u>\$ 46,311</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 46,311</u>	<u>100.0 %</u>
Amount included at book value less current surrender charges of 5% or more that will move to at book value without adjustment in the year after the report date	\$ —	\$ —	\$ —	\$ —	

*Group Annuities*

December 31, 2023	General account	Separate account with guarantees	Separate account non-guaranteed	Total	% of total
Subject to discretionary withdrawal:					
With market value adjustment	\$ —	\$ —	\$ —	\$ —	0.0 %
At book value less current surrender charges of 5% or more	—	—	—	—	0.0 %
At fair value	—	—	—	—	0.0 %
Total with market value adjustment or at fair value	—	—	—	—	0.0 %
At book value without adjustment	94,734	—	—	94,734	7.5 %
Not subject to discretionary withdrawal	1,164,095	—	—	1,164,093	92.5 %
Total	<u>\$ 1,258,829</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,258,829</u>	<u>100.0 %</u>
Amount included at book value less current surrender charges of 5% or more that will move to at book value without adjustment in the year after the report date	\$ —	\$ —	\$ —	\$ —	

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(16) Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics (Continued)**

*Deposit Type Contracts*

December 31, 2023	General account	Separate account with guarantees	Separate account non- guaranteed	Total	% of total
Subject to discretionary withdrawal:					
With market value adjustment	\$ —	\$ —	\$ —	\$ —	0.0 %
At book value less current surrender charges of 5% or more	—	—	—	—	0.0 %
At fair value	—	—	—	—	0.0 %
Total with market value adjustment or at fair value	—	—	—	—	0.0 %
At book value without adjustment	165,125	—	—	165,125	100.0 %
Not subject to discretionary withdrawal	—	—	—	—	0.0 %
Total	<u>\$ 165,125</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 165,125</u>	<u>100.0 %</u>
Amount included at book value less current surrender charges of 5% or more that will move to at book value without adjustment in the year after the report date	\$ —	\$ —	\$ —	\$ —	

As of December 31, 2023:

	Amount
Life and Accident and Health Annual Statement:	
Annuities	\$ 1,210,406
Supplementary contracts with life contingencies	94,734
Deposit-type contracts	165,125
Total reported on Life and Accident and Health Annual Statement	<u>\$ 1,470,265</u>
Annual Statement of the Separate Accounts:	
Exhibit 3 line 0299999, column 2	—
Total reported on the Annual Statement of the Separate Accounts	—
Combined total	<u>\$ 1,470,265</u>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(17) Analysis of Life Actuarial Reserves by Withdrawal Characteristics**

December 31, 2023	General account		
	Account value	Cash value	Reserve
Subject to discretionary withdrawal, surrender values or policy loans:			
Term policies with cash value	\$ —	\$ —	\$ —
Universal life	85,206	85,185	85,196
Universal life with secondary guarantees	5,446	4,434	28,309
Indexed universal life	172,099	166,266	179,250
Indexed universal life with secondary guarantees	84,374	67,442	106,139
Indexed life	—	—	—
Other permanent cash value life insurance	3,515	3,413	8,805
Variable life	—	—	—
Variable universal life	691	691	691
Miscellaneous reserves	47,020	46,571	47,020
Not subject to discretionary withdrawal or no cash values:			
Term policies without cash value	—	—	48,294
Accidental death benefits	—	—	3
Disability – active lives	—	—	164
Disability – disabled lives	—	—	181,997
Miscellaneous reserves	—	—	5,785
<b>Total</b>	<b>398,351</b>	<b>374,002</b>	<b>691,653</b>
Reinsurance ceded	—	—	170,878
<b>Net total</b>	<b>\$ 398,351</b>	<b>\$ 374,002</b>	<b>\$ 520,775</b>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(17) Analysis of Life Actuarial Reserves by Withdrawal Characteristics (Continued)**

December 31, 2023	Separate account - non-guaranteed		
	Account value	Cash value	Reserve
Subject to discretionary withdrawal, surrender values or policy loans:			
Term policies with cash value	\$ —	\$ —	\$ —
Universal life	—	—	—
Universal life with secondary guarantees	—	—	—
Indexed universal life	—	—	—
Indexed universal life with secondary guarantees	—	—	—
Indexed life	—	—	—
Other permanent cash value life insurance	—	—	—
Variable life	—	—	—
Variable universal life	3,552	3,552	3,552
Miscellaneous reserves	—	—	—
Not subject to discretionary withdrawal or no cash values:			
Term policies without cash value	—	—	—
Accidental death benefits	—	—	—
Disability – active lives	—	—	—
Disability – disabled lives	—	—	—
Miscellaneous reserves	—	—	—
Total	<u>3,552</u>	<u>3,552</u>	<u>3,552</u>
Reinsurance ceded	—	—	—
Net total	<u>\$ 3,552</u>	<u>\$ 3,552</u>	<u>\$ 3,552</u>

**SECURIAN LIFE INSURANCE COMPANY**

**Notes to Statutory Financial Statements (Continued)**

*(in thousands)*

**(17) Analysis of Life Actuarial Reserves by Withdrawal Characteristics (Continued)**

As of December 31, 2023:

	<u>Amount</u>
Life and Accident and Health Annual Statement:	
Exhibit 5, Life insurance section, total (net)	\$ 431,349
Exhibit 5, Accidental death benefits sections, total (net)	—
Exhibit 5, Disability – active lives section, total (net)	164
Exhibit 5, Disability – disables lives section, total (net)	37,193
Exhibit 5, Miscellaneous reserves section, total (net)	<u>52,069</u>
Subtotal	520,775
Separate Accounts Annual Statement:	
Exhibit 3 line 0199999, column 2	3,552
Exhibit 3 line 0499999, column 2	—
Exhibit 3 line 0599999, column 2	<u>—</u>
Subtotal	<u>3,552</u>
Combined total	<u><u>\$ 524,327</u></u>

**(18) Premium and Annuity Considerations Deferred and Uncollected**

Deferred and uncollected life insurance premiums and annuity considerations at December 31, 2023 were as follows:

	<u>Gross</u>	<u>Net of Loading</u>
Ordinary new business	\$ 855	\$ 553
Ordinary renewal business	<u>2,707</u>	<u>3,618</u>
Subtotal	3,562	4,171
Premiums due and unpaid	46,744	46,744
Portion of due and unpaid over 90 days	<u>(1,156)</u>	<u>(1,156)</u>
Net admitted asset	<u><u>\$ 49,150</u></u>	<u><u>\$ 49,759</u></u>

**(19) Subsequent Events**

Through March 29, 2024, the date these financial statements were issued, there were no material subsequent events that required recognition or additional disclosure in the Company's financial statements.

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Selected Financial Data**  
**December 31, 2023**  
*(in thousands)*

Investment Income Earned:		
U.S. Government bonds	\$	436
Other bonds (unaffiliated)		72,227
Bonds of affiliates		—
Preferred stocks (unaffiliated)		186
Preferred stocks of affiliates		—
Common stocks (unaffiliated)		293
Common stocks of affiliates		—
Mortgage loans		13,804
Real estate		—
Premium notes, policy loans and liens		296
Cash on hand and on deposit		1,202
Short-term investments		1,233
Other invested assets		391
Derivative instruments		—
Aggregate write-ins for investment income		210
Gross investment income	<u>\$</u>	<u>90,278</u>
Real Estate Owned - Book Value less Encumbrances	\$	—
Mortgage Loans - Book Value:		
Farm mortgages	\$	—
Residential mortgages		—
Commercial mortgages		404,041
Total mortgage loans	<u>\$</u>	<u>404,041</u>
Mortgage Loans By Standing - Book Value:		
Good standing	\$	404,041
Good standing with restructured terms	\$	—
Interest overdue more than 90 days, not in foreclosure	\$	—
Foreclosure in process	\$	—
Other Long Term Assets - Statement Value	\$	—
Collateral Loans	\$	—
Bonds and Stocks of Parents, Subsidiaries and Affiliates - Book Value:		
Bonds	\$	—
Preferred stocks	\$	—
Common stocks	\$	—

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Selected Financial Data (Continued)**  
**December 31, 2023**  
*(in thousands)*

Bonds, Short-Term Investments and Certain Cash Equivalents by Class and Maturity:

Bonds, Short-Term Investments and Certain Cash Equivalents by Maturity - Statement Value:

Due within one year or less	\$ 264,906
Over 1 year through 5 years	617,149
Over 5 years through 10 years	586,598
Over 10 years through 20 years	330,577
Over 20 years	396,310
No maturity date	—
Total by maturity	<u>\$ 2,195,540</u>

Bonds, Short-Term Investments and Certain Cash Equivalents by NAIC designation - Statement Value:

NAIC 1	\$ 1,374,361
NAIC 2	810,515
NAIC 3	8,729
NAIC 4	1,935
NAIC 5	—
NAIC 6	—
Total by NAIC designation	<u>\$ 2,195,540</u>

Total Bonds, Short-Term Investments and Certain Cash Equivalents Publicly Traded	\$ 1,640,423
Total Bonds, Short-Term Investments and Certain Cash Equivalents Privately Placed	\$ 555,117

Preferred Stocks - Statement Value	\$ 5,000
Common Stocks - Market Value	\$ 8,932
Short-Term Investments and Cash Equivalents - Book Value	\$ 117,019
Options, Caps & Floors Owned - Statement Value	\$ 35,434
Options, Caps & Floors Written and In Force - Statement Value	\$ (20,947)
Collar, Swap & Forward Agreements Open - Statement Value	\$ —
Futures Contracts Open - Current Value	\$ —
Cash on Deposit	\$ 20,476

Life Insurance In Force:

Industrial	\$ —
Ordinary	\$ 3,788,782
Credit Life	\$ 606,323
Group Life	\$ 127,640,211

Amount of Accidental Death Insurance In Force Under Ordinary Policies	\$ —
-----------------------------------------------------------------------	------

Life Insurance Policies with Disability Provisions in Force:

Industrial	\$ —
Ordinary	\$ 1,945
Credit Life	\$ 4,167
Group Life	\$ 87,640,706

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Selected Financial Data (Continued)**  
**December 31, 2023**  
*(in thousands)*

Supplementary Contracts in Force:		
Ordinary - Not Involving Life Contingencies:		
Amount on Deposit	\$	79,467
Income Payable	\$	165
Ordinary - Involving Life Contingencies:		
Income Payable	\$	—
Group - Not Involving Life Contingencies:		
Amount on Deposit	\$	77,840
Income Payable	\$	—
Group - Involving Life Contingencies:		
Income Payable	\$	94,734
Annuities:		
Ordinary:		
Immediate - Amount of Income Payable	\$	2,090
Deferred - Fully Paid - Account Balance	\$	27,698
Deferred - Not Fully Paid - Account Balance	\$	—
Group:		
Immediate - Amount of Income Payable	\$	—
Deferred - Fully Paid - Account Balance	\$	—
Deferred - Not Fully Paid - Account Balance	\$	—
Accident and Health Insurance - Premiums In Force:		
Ordinary	\$	—
Group	\$	184,094
Credit	\$	5,938
Deposit Funds and Dividend Accumulations:		
Deposit Funds - Account Balance	\$	7,696
Dividend Accumulations - Account Balance	\$	7
Claim Payments:		
Group Accident and Health:		
2023	\$	33,111
2022	\$	12,687
2021	\$	2,835
2020	\$	(92)
2019	\$	193
Prior	\$	221
Other Accident and Health:		
2023	\$	—
2022	\$	—
2021	\$	—
2020	\$	—
2019	\$	—
Prior	\$	—
Other Coverages that use Developmental Methods to Calculate Claims Reserves:		
2023	\$	689
2022	\$	591
2021	\$	238
2020	\$	206
2019	\$	48
Prior	\$	88

See accompanying independent auditors' report.

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Supplemental Investment Risks Interrogatories**  
**December 31, 2023**  
*(in thousands)*

1.) Total admitted assets (excluding separate accounts): \$ 2,931,807

2.) 10 Largest exposures to a single issuer/borrower/investment:

Issuer	Amount	Percentage
Federal National Mortgage Association	\$ 72,925	2.5 %
Federal Home Loan Mortgage Corporation	\$ 53,625	1.8 %
Intel Corporation	\$ 26,688	0.9 %
Jacobs Solutions Inc.	\$ 19,477	0.7 %
Pacific LifeCorp	\$ 18,860	0.6 %
Vodafone Group Public Limited Company	\$ 18,619	0.6 %
Minnesota Housing Finance Agency	\$ 16,367	0.6 %
PIP 1 Haverhill, LLC	\$ 16,251	0.6 %
The Kroger Co.	\$ 15,995	0.5 %
Kenvue Inc.	\$ 15,946	0.5 %

3.) Total admitted assets held in bonds and preferred stocks by NAIC rating:

Bonds	Amount	Percentage	Stocks	Amount	Percentage
NAIC-1	\$ 1,374,361	46.9 %	P/RP-1	\$ 5,000	0.2 %
NAIC-2	\$ 810,515	27.6 %	P/RP-2	\$ —	0.0 %
NAIC-3	\$ 8,729	0.3 %	P/RP-3	\$ —	0.0 %
NAIC-4	\$ 1,935	0.1 %	P/RP-4	\$ —	0.0 %
NAIC-5	\$ —	0.0 %	P/RP-5	\$ —	0.0 %
NAIC-6	\$ —	0.0 %	P/RP-6	\$ —	0.0 %

4.) Assets held in foreign investments:

	Amount	Percentage
Total admitted assets held in foreign investments:	\$ 141,091	4.8 %
Foreign-currency denominated investments of:	\$ —	0.0 %
Insurance liabilities denominated in that same foreign currency:	\$ —	0.0 %

5.) Aggregate foreign investment exposure categorized by NAIC sovereign rating:

	Amount	Percentage
Countries rated by NAIC-1	\$ 139,091	4.7 %
Countries rated by NAIC-2	\$ —	0.0 %
Countries rated by NAIC-3 or below	\$ 2,000	0.1 %

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Supplemental Investment Risks Interrogatories (Continued)**  
**December 31, 2023**  
*(in thousands)*

6.) Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:

Sovereign Rating	Country	Amount	Percentage
Countries rated by NAIC-1	United Kingdom	\$ 44,321	1.5 %
	Australia	\$ 27,934	1.0 %
Countries rated by NAIC-2		\$ —	0.0 %
		\$ —	0.0 %
Countries rated by NAIC-3 or below	Liberia	\$ 2,000	0.1 %
		\$ —	0.0 %

7.) Aggregate unhedged foreign currency exposure:

Amount	Percentage
\$ —	0.0 %

8.) Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

	Amount	Percentage
Countries rated by NAIC-1	\$ —	0.0 %
Countries rated by NAIC-2	\$ —	0.0 %
Countries rated by NAIC-3 or below	\$ —	0.0 %

9.) Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

Sovereign Rating	Country	Amount	Percentage
Countries rated by NAIC-1	0	\$ —	0.0 %
	0	\$ —	0.0 %
Countries rated by NAIC-2	0	\$ —	0.0 %
	0	\$ —	0.0 %
Countries rated by NAIC-3 or below	0	\$ —	0.0 %
	0	\$ —	0.0 %

10.) 10 Largest non-sovereign foreign issues:

Issuer	NAIC Rating	Amount	Percentage
Vodafone Group Public Limited Company	2FE	\$ 18,619	0.6 %
Triton Container International Limited	2FE	\$ 6,162	0.2 %
Rio Tinto Finance (USA) Limited	1FE	\$ 5,938	0.2 %
CSL Limited	1	\$ 5,000	0.2 %
ESPAI BARCA	2PL	\$ 5,000	0.2 %
YARA International ASA	2FE	\$ 3,999	0.1 %
Trane Technologies Financing Ltd	2FE	\$ 3,995	0.1 %
BAE Systems PLC	2, 2FE	\$ 3,810	0.1 %
Electricite De France SA	2FE	\$ 3,658	0.1 %
HSBC Holdings PLC	2FE	\$ 3,000	0.1 %

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Supplemental Investment Risks Interrogatories (Continued)**  
**December 31, 2023**  
*(in thousands)*

- 11.) There were no admitted assets held in Canadian investments and unhedged Canadian currency exposures that exceeded 2.5% of the Company's total admitted assets.
- 12.) There were no admitted assets held in investments with contractual sales restrictions.
- 13.) There were no admitted assets held in equity interests that exceeded 2.5% of the Company's total admitted assets.
- 14.) There were no admitted assets held in non-affiliated, privately placed equities.
- 15.) There were no admitted assets held in general partnership interests.
- 16.) Mortgage loans reported in Schedule B are greater than 2.5% of the Company's total admitted assets.

10 Largest Annual Statement Schedule B aggregate mortgage interests:

Issuer	Type	Amount	Percentage
20 COMPUTER DRIVE	Commercial	\$ 16,251	0.6 %
FRANKLIN FARM VILLAGE CENTER	Commercial	\$ 11,400	0.4 %
SHOPS AT STONEBRIAR	Commercial	\$ 10,535	0.4 %
BELTWAY BUSINESS CENTER	Commercial	\$ 10,000	0.3 %
AURORA MARKETPLACE	Commercial	\$ 9,900	0.3 %
FOURPENN PORTFOLIO	Commercial	\$ 8,250	0.3 %
ALMA	Commercial	\$ 7,500	0.3 %
175 PINELAWN ROAD	Commercial	\$ 7,165	0.2 %
SECURITY PUBLIC STORAGE	Commercial	\$ 6,650	0.2 %
GATEWAY II	Commercial	\$ 6,551	0.2 %

Admitted assets held in the following categories of mortgage loans:

Category	Amount	Percentage
Construction loans	\$ —	0.0 %
Mortgage loans over 90 days past due	\$ —	0.0 %
Mortgage loans in the process of foreclosure	\$ —	0.0 %
Mortgage loans foreclosed	\$ —	0.0 %
Restructured mortgage loans	\$ —	0.0 %

- 17.) Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential	Commercial	Agricultural
Above 95%	\$ — 0.0 %	\$ 2,093 0.1 %	\$ — 0.0 %
91% to 95%	\$ — 0.0 %	\$ — 0.0 %	\$ — 0.0 %
81% to 90%	\$ — 0.0 %	\$ — 0.0 %	\$ — 0.0 %
71% to 80%	\$ — 0.0 %	\$ — 0.0 %	\$ — 0.0 %
below 70%	\$ — 0.0 %	\$ 401,948 13.8 %	\$ — 0.0 %

(Continued)

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Supplemental Investment Risks Interrogatories (Continued)**  
**December 31, 2023**  
*(in thousands)*

18.) There were no assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in the Annual Statement Schedule A.

19.) There were no assets held in investments held in mezzanine real estate loans.

20.) Total admitted assets subject to the following types of agreements:

Agreement Type	At Year End		At End of Each Quarter			
			1st Qtr	2nd Qtr	3rd Qtr	
Securities lending	\$	— 0.0 %	\$	—	\$	—
Repurchase	\$	— 0.0 %	\$	—	\$	—
Reverse repurchase	\$	— 0.0 %	\$	—	\$	—
Dollar repurchase	\$	— 0.0 %	\$	—	\$	—
Dollar reverse repurchase	\$	— 0.0 %	\$	—	\$	—

21.) Warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
Hedging	\$	— 0.0 %	\$	—
Income generation	\$	— 0.0 %	\$	—
Other	\$	— 0.0 %	\$	—

22.) Potential exposure for collars, swaps and forwards:

	At Year End		At End of Each Quarter			
			1st Qtr	2nd Qtr	3rd Qtr	
Hedging	\$	— 0.0 %	\$	—	\$	—
Income generation	\$	— 0.0 %	\$	—	\$	—
Replications	\$	— 0.0 %	\$	—	\$	—
Other	\$	— 0.0 %	\$	—	\$	—

23.) Potential exposure for future contracts:

	At Year End		At End of Each Quarter			
			1st Qtr	2nd Qtr	3rd Qtr	
Hedging	\$	— 0.0 %	\$	—	\$	—
Income generation	\$	— 0.0 %	\$	—	\$	—
Replications	\$	— 0.0 %	\$	—	\$	—
Other	\$	— 0.0 %	\$	—	\$	—

See accompanying independent auditors' report.

**SECURIAN LIFE INSURANCE COMPANY**  
**Summary Investment Schedule**  
**December 31, 2023**  
*(in thousands)*

Investment Categories	Gross Investment Holdings		Admitted Assets	
<b>Long-term bonds</b>				
US governments	\$ 8,187	0.30 %	\$ 8,187	0.30 %
US states, territories and possessions, etc. guaranteed	—	— %	—	— %
US political subdivisions of states, territories, and possessions, guaranteed	1,008	0.04 %	1,008	0.04 %
US special revenue and special assessment obligations, etc. non-guaranteed	190,346	7.02 %	190,346	7.02 %
Industrial and miscellaneous	1,894,870	69.89 %	1,894,870	69.89 %
Hybrid securities	1,500	0.05 %	1,500	0.05 %
Total long-term bonds	<u>\$ 2,095,911</u>	<u>77.30 %</u>	<u>\$ 2,095,911</u>	<u>77.30 %</u>
<b>Preferred stocks</b>				
Industrial and miscellaneous (unaffiliated)	\$ 5,000	0.18 %	\$ 5,000	0.18 %
Total preferred stocks	<u>\$ 5,000</u>	<u>0.18 %</u>	<u>\$ 5,000</u>	<u>0.18 %</u>
<b>Common stocks</b>				
Industrial and miscellaneous other (unaffiliated)	\$ 2,010	0.07 %	\$ 2,010	0.07 %
Mutual funds	6,922	0.26 %	6,922	0.26 %
Total common stocks	<u>\$ 8,932</u>	<u>0.33 %</u>	<u>\$ 8,932</u>	<u>0.33 %</u>
<b>Mortgage loans</b>				
Commercial mortgages	\$ 405,041	14.94 %	\$ 405,041	14.94 %
Valuation allowance	\$ (1,000)	(0.03)%	\$ (1,000)	(0.03)%
Total mortgage loans	<u>\$ 404,041</u>	<u>14.91 %</u>	<u>\$ 404,041</u>	<u>14.91 %</u>
<b>Real estate</b>				
Properties occupied by the company	\$ —	— %	\$ —	— %
Total real estate	<u>\$ —</u>	<u>— %</u>	<u>\$ —</u>	<u>— %</u>
<b>Cash, cash equivalents and short-term investments</b>				
Cash	\$ 20,476	0.76 %	\$ 20,476	0.76 %
Cash equivalents	101,191	3.73 %	101,191	3.73 %
Short-term investments	15,828	0.58 %	15,828	0.58 %
Total cash, cash equivalents and short-term investments	<u>\$ 137,495</u>	<u>5.07 %</u>	<u>\$ 137,495</u>	<u>5.07 %</u>
Policy loans	\$ 13,011	0.48 %	\$ 13,011	0.48 %
Derivatives	\$ 35,434	1.31 %	\$ 35,434	1.31 %
Other invested assets	\$ 11,305	0.42 %	\$ 11,305	0.42 %
Receivable for securities	\$ 80	— %	\$ 80	— %
Total invested assets	<u><u>\$ 2,711,209</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 2,711,209</u></u>	<u><u>100.00 %</u></u>

See accompanying independent auditors report.

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Supplemental Reinsurance Risks Interrogatories**  
**December 31, 2022**

The following information regarding reinsurance contracts is presented to satisfy the disclosure requirements in SSAP No. 61R, *Life, Deposit-Type and Accident and Health Reinsurance*, which apply to reinsurance contracts entered into, renewed or amended on or after January 1, 1996.

1. Has Securian Life Insurance Company reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is subject to Appendix A-791, *Life and Health Reinsurance Agreements*, and includes a provision that limits the reinsurer's assumption of significant risks identified in Appendix A-791?

Examples of risk-limiting features include provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit or other provisions that result in similar effects.

Yes  No

If yes, indicate the number of reinsurance contracts to which such provisions apply: \_\_\_\_\_

If yes, indicate if deposit accounting was applied for all contracts subject to Appendix A-791 that limit significant risks.

Yes  No  N/A

2. Has Securian Life Insurance Company reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is not subject to Appendix A-791, for which reinsurance accounting was applied and includes a provision that limits the reinsurer's assumption of risk?

Examples of risk-limiting features include provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit or other provisions that result in similar effects.

Yes  No

If yes, indicate the number of reinsurance contracts to which such provisions apply: \_\_\_\_\_1\_\_\_\_\_

If yes, indicate whether the reinsurance credit was reduced for the risk-limiting features.

Yes  No  N/A

N/A as the reinsurance contract did not result in a reinsurance credit.

3. Does Securian Life Insurance Company have any reinsurance contracts (other than reinsurance contracts with a federal or state facility) that contain one or more of the following features which may result in delays in payment in form or in fact:

- a. Provisions that permit the reporting of losses to be made less frequently than quarterly;
- b. Provisions that permit settlements to be made less frequently than quarterly;
- c. Provisions that permit payments due from the reinsurer to not be made in cash within ninety (90) days of the settlement date (unless there is no activity during the period); or
- d. The existence of payment schedules, accumulating retentions from multiple years, or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes  No

**SECURIAN LIFE INSURANCE COMPANY**  
**Schedule of Supplemental Reinsurance Risks Interrogatories**  
**December 31, 2022**

4. Has Securian Life Insurance Company reflected reinsurance accounting credit for any contracts that are not subject to Appendix A-791 and not yearly renewable term reinsurance, which meet the risk transfer requirements of SSAP No. 61R?

Type of contract	Response:	Identify reinsurance contract(s)	Has the insured event(s) triggering contract cover been recognized
Assumption reinsurance – new for the reporting p	Yes <input type="checkbox"/> No		N/A
Non-proportional reinsurance, which does not result in significant surplus re	Yes <input type="checkbox"/> No		Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>

5. Has Securian Life Insurance Company ceded any risk, which is not subject to Appendix A-791 and not yearly renewable term reinsurance, under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements, and either:

- a. Accounted for that contract as reinsurance under statutory accounting principles (SAP) and as a deposit under generally accepted accounting principles (GAAP); or

Yes  No  N/A

- a. Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes  No  N/A

If the answer to item (a) or item (b) is yes, include relevant information regarding GAAP to SAP differences from the accounting policy footnote to the audited statutory-basis financial statements to explain why the contract(s) is treated differently for GAAP and SAP below: