

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

Information Memorandum

Dated as of March 27, 2023

For Informational Purposes Only.

The information contained herein does not constitute an offer to sell any products or services

As used in this information memorandum, references to "Guardian" are to The Guardian Life Insurance Company of America, a mutual life insurance company domiciled in New York. Unless the context otherwise requires, references to the "Company" are to The Guardian Life Insurance Company of America, together with its subsidiaries.

RISK FACTORS

Prospective investors should consider carefully, in addition to the other information contained in this Offering Memorandum, any amendment or supplement hereto, the following factors before purchasing the Notes.

To the extent that the COVID-19 pandemic adversely affects Guardian's business and financial results, it may also have the effect of heightening many of the other risks described in this subsection.

The Funding Agreements are unsecured obligations of Guardian. If the Funding Agreements were not treated as insurance contracts, they would be accorded the same priority in a liquidation or dissolution of Guardian as its other general unsecured obligations.

The Funding Agreements, which are the sole source of payments for the Notes of any Series, are unsecured obligations of Guardian and, in the event of Guardian's insolvency, will be subject to the provisions of Article 74 of the New York Insurance Law (the "Liquidation Act"), which establishes the priority of claims from the estate of an insolvent New York insurance company. Willkie Farr & Gallagher LLP, special counsel for Guardian, has opined that in any rehabilitation, liquidation, conservation, dissolution or reorganization relating to Guardian, under New York law as it is in effect on the date of this Offering Memorandum, the claims under each Funding Agreement with respect to payments of principal and interest would be accorded a priority in liquidation equal to that of policyholders of Guardian (*i.e.*, would rank *pari passu* with the claims of policyholders of Guardian) and superior to the claims of general creditors of Guardian. Such opinion of counsel is based upon certain facts, assumptions and qualifications (as set forth therein), is only an opinion and does not constitute a guarantee, and is not binding upon any court, including without limitation a court presiding over any rehabilitation, liquidation, conservation, dissolution or reorganization of Guardian under New York insurance law. If the Funding Agreements were not treated as insurance contracts under New York law, they would be accorded the same priority in a liquidation or dissolution of Guardian as its other general unsecured obligations.

A downgrade or a potential downgrade in Guardian's financial strength ratings could harm its business.

Ratings are an important factor in the competitive position of life insurance companies. Rating agencies regularly review the financial performance and condition of insurers, including Guardian. As of December 31, 2022, the financial strength ratings for Guardian as assigned by S&P, Moody's, A.M. Best and Fitch were AA+, Aa1, A++ and AA+, respectively. These ratings indicate a rating agency's view of Guardian's ability to meet its obligations to its insureds. These ratings are of interest to policyholders, but are not ratings of the Notes offered hereby and do not reflect an evaluation of the safety and security of the Notes. Any rating is not a recommendation to purchase, sell, or hold any particular security, including the Notes. Such ratings do not comment as to market price or suitability for a particular investor.

The rating agencies assign ratings based upon consideration of several qualitative and quantitative factors, including the rated company's operating performance and investment results, risk profile and capital resources. The rating agencies may also consider factors that may be outside of the rated company's control, including changes to general economic conditions. A downgrade in Guardian's ratings could adversely affect, among other things, its ability to sell certain of its products, the rate of contract surrenders and withdrawals, the return on the insurance and annuity products it issues and, ultimately, the results of its operations and its ability to compete for attractive acquisition opportunities. Guardian cannot predict what actions rating agencies may take in the future that could adversely affect its business. As with other companies in the financial services industry, Guardian's ratings could be downgraded or withdrawn at any time and without any notice by any rating agency.

Guardian's investment portfolio and aspects of Guardian's business are subject to the full range of market risks, including credit, liquidity and equity markets and interest rate risks.

Guardian's investment portfolio consists primarily of investment grade bonds, mortgage loans and policy loans. The portfolio also contains or may contain other investments such as public common stock, private equity, real estate, bank loans, CMBS, derivatives and non-investment grade bonds. The main risks facing the portfolio are credit risk, liquidity risk, equity market risk and interest rate risk and real estate-related risks.

Credit risk is the risk that issuers of investments owned by Guardian may default or that other parties may not be able to pay amounts due to Guardian. Guardian seeks to manage credit risk by a risk management process that combines active fundamental credit analysis with quantitative risk management and by portfolio diversification across various asset types, industry sectors and issuers and, in some circumstances, by purchasing credit protection using credit derivatives or using credit replication.

Closely related to credit risk is counterparty risk, which is the risk that counterparties in over-the-counter ("OTC") derivatives transactions may not be able to make required payments. Guardian attempts to reduce its derivative counterparty risk by the exchange of collateral between Guardian and its counterparties. Guardian uses over-the-counter derivatives on a limited basis and has collateral agreements in place with all counterparties. As of December 31, 2022, the combined mark to market value of all of Guardian's OTC derivatives positions was $234.7 million, including $230.2 million of foreign currency swaps and $4.5 million of equity index options (meaning that Guardian is expected to receive from its counterparties that amount if all transactions are terminated on that date). The total notional value of these OTC derivative positions was $2,624.3 million, including $2,183.0 million of foreign currency swaps and $441.3 million of equity index options gross notional. Guardian held collateral to the counterparties of approximately $241.1million.

Although Guardian attempts to carefully and actively manage these risks, there can be no assurance that they will be managed successfully. Credit and counterparty risk could be heightened during periods of extreme volatility or disruption in the financial and credit markets. A widening of credit spreads can increase the unrealized losses in Guardian's investment portfolio. The factors affecting the financial and credit markets could lead to other-than-temporary impairments of assets in Guardian's investment portfolio.

Liquidity risk is the risk that policyholder mortality experience, demands for life insurance policy loans and surrenders and withdrawals and other funding requirements are greater than the amount of available cash and assets that can readily be converted into cash. Although certain types of investments such as Treasury bonds and short-term investments can be converted to cash easily, investments which are not publicly traded, such as commercial mortgage loans, privately-placed fixed income securities, policy loans, limited partnership interests and equity real estate and certain mortgage-backed and asset-backed securities, generally cannot be as readily liquidated while other investments may be liquidated with higher than usual transaction costs in some market environments. Guardian attempts to manage liquidity risk by holding assets with what it views as sufficient liquidity to pay policyholder life insurance policy loans, surrenders, withdrawals and other cash outflow needs. However, there can be no assurances that Guardian will maintain sufficient liquidity to pay these amounts. Securities that are less liquid are also more difficult to value.

Equity market risk is the risk that stocks decline in value. Equity typically has more mark-to-market volatility than fixed income asset classes and, as a result, regulators assign higher capital charges for public equity investments.

The Guardian Insurance and Annuity Company, Inc. ("GIAC") is a writer of variable annuity products but has not sold attached living benefit guarantees since the first quarter of 2017. The account values and the value of associated guaranteed minimum death and income stream benefits of these products may be adversely affected by downturns in the capital markets, especially equity markets; however effective, November 1, 2022, GIAC entered into the Variable Annuity Reinsurance Treaty (as defined in "Business of Guardian — Reinsurance — Reinsurance with Unaffiliated Companies"), which is intended to mitigate this risk.

Currency foreign exchange ("FX") rate risk is the risk that changes in currency markets may increase FX volatility and result in mark-to-market losses for unhedged currency risk.

In order to attempt to reduce the effect of volatility from mark-to-market assets such as equity investments and FX exposure on its statutory surplus, Guardian currently employs a macro dynamic hedging program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Information about Market Risk—Hedging Programs" for a description of this macro hedging program. There can be no assurances or guarantees that this macro dynamic hedging program will reduce Guardian's equity and FX market risk.

While the dynamic hedging program seeks to protect Guardian's capital from statutory mark-to-market investment losses in accordance with pre-specified risk guidelines, there are various risks that may impact the effectiveness of the program, including operational risks associated with the execution of the program, liquidity risks in the futures markets, availability of suitable instruments to replicate the options, model risks and basis risks between the futures and the underlying portfolios, continuity of trading in the futures markets in periods of distress, and changes in the relevant regulatory environment at the federal and state levels and the cost of hedging. In addition, the macro dynamic hedging program does not protect Guardian's assets that do not have a mark-to-market impact on capital. While the dynamic hedging program continued to be active, Guardian had no hedged positions at December 31, 2022.

Interest rate risk is the risk of loss due to changes in interest rates. Guardian attempts to manage interest rate risk with what it believes to be a rigorous asset/liability management program, including the use of derivatives. For example, policyholder life insurance policy loans and surrenders and withdrawals may be higher than expected when interest rates are high or increasing, or interest rates may drop so low as to make it difficult to support minimum interest rate guarantees. This latter situation is exacerbated when policyholder deposits are higher than expected. While actions may be taken to mitigate the potential effects of such policyholder options, it is impossible to eliminate all risk. Similarly, some assets may have prepayment rights or call options which might be exercised when interest rates are low and borrowers can benefit from refinancing at lower interest rates. The asset/liability management program attempts to identify such risks and to utilize various instruments, including derivatives, to offset those risks in a cost-effective manner, but there can be no assurances it will be sufficient to significantly reduce or eliminate such risks. See "—Changes in interest rates may adversely affect Guardian's business, results of operations, financial condition and liquidity."

Significant financial and credit market volatility, including as a result of the ongoing war in Ukraine, risk of a U.S. government default, risk of bank closures by a federal or state regulator due to insolvency, changes in interest rates and credit spreads, credit defaults, market illiquidity, declines in equity prices, changes in currency exchange rates and declines in general economic conditions, either alone or in combination, could have a material adverse impact on Guardian's business, results of operations and financial condition, which could prevent Guardian from making payments under the applicable Funding Agreement(s) when scheduled. In addition, market volatility can make it difficult for Guardian to value certain of its assets, especially if trading becomes less frequent. Valuation may include assumptions or estimates that may have significant period-to-period changes that could have an adverse impact on Guardian's results of operations or financial condition, which could prevent Guardian from making payments under the applicable Funding Agreement(s) when scheduled.

Some of Guardian's investments are relatively illiquid and are in asset classes that could experience significant market valuation fluctuations.

Guardian holds certain investments that lack liquidity, such as privately placed fixed income securities, commercial mortgage whole loans, non-agency residential mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, collateralized loan obligations, investments in subsidiaries and affiliates, policy loans, equity real estate, including real estate joint ventures and other limited partnership interests. These asset classes represented 45.9% of the carrying value of Guardian's total cash and invested assets as of December 31, 2022. Investments in partnerships and LLCs, which represented approximately 6.7% of the carrying value of Guardian's total cash and invested assets as of December 31, 2022, may produce investment income which fluctuates from period to period and are less predictable and more variable than may be the case with more conventional asset classes. In addition, many of these assets have limitations on redemptions and trading, which may cause them to be less liquid than more conventional asset classes, such as publicly traded bonds and equities.

In addition, as of December 31, 2022, Guardian had future funding commitments relating to investments in real estate, private equities, mortgage loans and private placements of $1.8 billion. If Guardian were to require

significant amounts of cash on short notice in excess of normal cash requirements or were required to return or post collateral in connection with its investment portfolio or derivatives transactions, Guardian could have difficulty selling these investments in a timely manner, be forced to sell them for less than it otherwise would have been able to realize, or both.

The reported value of Guardian's relatively illiquid types of investments, its investments in the asset classes described in the paragraph above and, at times, its higher quality, generally liquid asset classes, do not necessarily reflect the lowest current market price for the asset. If Guardian were forced to sell certain of its assets in a distressed market, there can be no assurance that it will be able to sell them for the prices at which it has recorded them and it could be forced to sell them at significantly lower prices. Moreover, Guardian's ability to sell such assets may be limited if other market participants are seeking to sell at the same time. See "—The determination of the amount of allowances and impairments taken on Guardian's investments is highly subjective and could materially impact its results of operations or financial position."

Guardian's valuation of fixed maturity, equity and trading securities may include methodologies that are subject to significant uncertainties and could result in changes to investment valuations that may materially adversely affect its results of operations or financial condition.

Guardian utilizes independent external pricing services such as FT Interactive Data Corp, Bloomberg and Markit for security pricing. During periods of market disruption, it may be difficult to value certain of Guardian's securities if trading becomes less frequent and/or market data becomes less observable. There may be certain assets or asset classes that were in active markets with significant observable data that become illiquid due to an adverse financial environment or volatile market conditions. As a result, valuations may include inputs and assumptions that are less observable or require greater estimation and judgment as well as valuation methods which are more complex. These values may not be ultimately realizable in a market transaction, and such values may change very rapidly as market conditions change and valuation assumptions are modified. Decreases in value may have a material adverse effect on Guardian's results of operations or financial condition, which could prevent Guardian from making payments under the applicable Funding Agreement(s) when scheduled.

The determination of the amount of allowances and impairments taken on Guardian's investments is highly subjective and could materially impact its results of operations or financial position.

The determination of the amount of allowances and impairments vary by investment type and is based on Guardian's periodic case-by-case evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. Such evaluations and assessments can change significantly from period to period, especially in times of high market volatility. Market volatility can make it more difficult to value Guardian's securities if trading in such securities becomes less frequent. In addition, a forced sale by holders of large amounts of a security, whether due to insolvency, liquidity or other issues with respect to such holders, could result in declines in the price of a security. There can be no assurance that management has accurately assessed the level of impairments taken and allowances reflected in the financial statements. Furthermore, additional impairments may need to be taken or allowances provided for in the future. Historical trends may not be indicative of future impairments or allowances.

The book value of Guardian's fixed income investments and the cost of equity securities is adjusted for impairments in value deemed to be other-than-temporary in the period in which the determination is made. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value. The decision to record an other-than-temporary impairment or write-down is determined by management's assessment of the financial condition and prospects of a particular issuer, projections of future cash flows, and recoverability of the particular security, as well as evaluation of Guardian's ability and intent to hold the securities for a period of time to allow for a recovery of value. Management's conclusions on such assessments may ultimately prove to be incorrect as facts and circumstances change.

The review of Guardian's fixed income and equity securities for impairments includes an analysis of the total gross unrealized losses by three categories of securities: (i) securities where the estimated fair value had declined and remained below cost or amortized cost by less than 20%; (ii) securities where the estimated fair value had declined

and remained below cost or amortized cost by 20% or more for less than twelve months; and (iii) securities where the estimated fair value had declined and remained below cost or amortized cost by 20% or more for twelve months or greater. At December 31, 2022, of Guardian's total gross unrealized losses of $7,286 million, approximately $3,223 million, or 44.2%, of the gross unrealized losses fall into category (i), approximately $2,492 million, or 34.2%, of the gross unrealized loss falls into category (ii) and approximately $1,571 million, or 21.6%, of the gross unrealized loss falls into category (iii).

In addition, Guardian's management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations in the impairment of a commercial mortgage include, but are not limited to, the following: (i) significant change in the occupancy level of the underlying property; (ii) significant change in the rental rates; (iii) bankruptcy filings of major tenants; (iv) catastrophic events; and (v) other subjective factors. There can be no assurance Guardian's management will correctly assess allowances and impairments on its investments, which could lead to investment losses that adversely affect its ability to make payments under the applicable Funding Agreement(s) when scheduled.

Defaults on commercial mortgage loans and volatility in performance may adversely affect Guardian's results of operations and financial condition.

Commercial mortgage loans face delinquency and default risk. In addition, future refinancing risks for commercial mortgage loans have resulted in declining values on certain of such instruments. Commercial mortgage loans are carried at amortized cost under SAP. Guardian establishes valuation allowances for estimated impairments as of the balance sheet date. Such valuation allowances are based on the excess carrying value of the loan over the present value of expected future cash flows discounted at the loan's original effective interest rate or the value of the loan's collateral if the loan is in the process of foreclosure or otherwise collateral dependent. Guardian also establishes allowances for loan losses when a loss contingency exists for pools of loans with similar characteristics, such as mortgage loans based on similar property types or loan to value risk factors.

As of December 31, 2022, Guardian held $6.0 billion (carrying value) of commercial real estate mortgage loans. The fair value of Guardian's commercial mortgage loan portfolio as of December 31, 2022 was $5.5 billion, and there were no loans that were either delinquent or in the process of foreclosure as of December 31, 2022. The performance of Guardian's commercial mortgage loan investments, however, may fluctuate in the future. An increase in the default rate of Guardian's commercial mortgage loan investments or a borrower's inability to refinance or pay off its loan at maturity could have an adverse effect on Guardian's results of operations and financial condition. In addition, 16.1% of the aggregate principal amount of Guardian's commercial mortgage loans are scheduled to mature in the next three years. If these loans are not refinanced or paid in full at maturity, Guardian's mortgage loan investments could be adversely affected.

Any geographic or sector concentration of Guardian's commercial mortgage loans may have adverse effects on its investment portfolios and, consequently, on its results of operations or financial condition. While Guardian seeks to mitigate this risk by having a broadly diversified portfolio, events or developments that have a negative effect on any particular geographic region or sector may have a greater adverse effect on its investment portfolios to the extent that the portfolio is concentrated.

Changes in interest rates may adversely affect Guardian's business, results of operations, financial condition and liquidity.

The profitability of the life insurance and annuity businesses of Guardian and its insurance subsidiaries is sensitive to interest rate changes, which could adversely affect Guardian's investment returns and results of operations. Periods of high or increasing rates have the potential to negatively affect Guardian's profitability in the following principal ways:

- In periods of increasing interest rates, life insurance policy loans, as well as surrenders and withdrawals on life insurance and annuity products may increase as policyholders seek investments with higher perceived

returns. As of December 31, 2022, GIAC had outstanding $663 million of annuities that were subject to surrender at book value without a surrender charge. This could result in cash outflows requiring GIAC to sell invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, which could cause Guardian to suffer realized investment losses. As of December 31, 2022, GIAC had bond assets with a carrying value of $75 million maturing on or prior to December 31, 2023.

- The income from certain of the insurance and annuity products of Guardian and its insurance subsidiaries is derived from the spread between the crediting rate it is required to pay under the contracts and the rate of return it is able to earn on its general account investments supporting such contracts. When interest rates rise, Guardian may face competitive pressure to increase crediting rates on such contracts. Guardian may increase its crediting rates more quickly than corresponding changes to the rates it earns on its general account investments, thereby reducing its spreads in respect of such contracts. This risk is heightened in the current market and economic environment, in which many securities with higher yields are unavailable. An increase in interest rates would also adversely affect the fair values of Guardian's fixed income securities.

The rapidly rising interest rate environment may cause, in Guardian's case, and has caused, in several of Guardian's direct insurance subsidiaries the interest maintenance reserve ("IMR") balance to decrease or become negative because of sales of fixed income securities at a capital loss. Current statutory accounting guidance requires the non-admittance of negative IMR. If the IMR balance of Guardian or its insurance subsidiaries becomes negative, the surplus and financial strength of Guardian and its insurance subsidiaries may not be captured in their respective statutory financial statements due to a lower surplus and RBC ratio. The NAIC is also considering whether the allowance of a negative IMR balance in statutory accounting should be permitted, although the outcome of this initiative is uncertain. As of December 31, 2022, Guardian had a positive IMR balance of $582 million. Direct insurance subsidiary Park Avenue Life Insurance Company had a positive IMR balance of $4 million as of December 31, 2022, however, direct insurance subsidiaries GIAC and BLICOA had negative IMR balances of $9 million and $1 million respectively, which have been non-admitted as of December 31, 2022.

Periods of low interest rates have the potential to negatively affect Guardian's profitability in the following principal ways:

- Low interest rates tend to decrease the yield Guardian earns on its portfolio of fixed income investments. This could in turn compress the spreads Guardian and its insurance subsidiaries earn on products, such as universal life and certain annuities, on which they are contractually obligated to pay customers a fixed minimum rate of interest. Should new money interest rates continue to be sufficiently below guaranteed minimum rates for a long enough period, Guardian and its insurance subsidiaries may be required to pay policyholders or annuity owners at a higher rate than the rate of return they earn on their respective portfolios of investments supporting those products.

- In periods of low interest rates, Guardian generally must invest the proceeds from the maturity, redemption or sale of fixed income securities from its portfolio at a lower rate of interest than the rate it had been receiving on those securities. A low interest rate environment may also be likely to cause redemptions and prepayments to increase. In addition, in periods of low interest rates, it may be difficult to identify and acquire suitable investments for proceeds from new product sales or proceeds from the maturity, redemption or sale of fixed income securities from Guardian's portfolio, which could further decrease the yield it earns on its portfolio or cause Guardian to reduce the sales of some products.

- Certain variable annuities written by GIAC contain guaranteed minimum withdrawal benefit ("GMWB") riders. These GMWB riders guarantee a minimum level of withdrawal benefits irrespective of the investment performance of the underlying accounts of the variable annuities; as a result, below a certain level, GIAC would be exposed to the difference between the investment value and the guaranteed benefits. Therefore, any decline in interest rates could increase GIAC's exposure to liability for benefit claims under these riders; however, effective November 1, 2022 GIAC entered into the Variable Annuity Reinsurance Treaty, which is intended to mitigate this risk, in large part by reinsuring all of the GMWB riders.

Guardian's exposure to credit spreads could adversely affect its results of operations, financial condition and liquidity.

Guardian's exposure to credit spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A widening of credit spreads increases the net unrealized loss position of the fixed income investment portfolio and, if issuer credit spreads increase significantly or for an extended period of time, would likely result in higher other-than-temporary impairments. Credit spread tightening would reduce net investment income associated with new purchases of fixed income securities.

In addition, market volatility can make it difficult to value certain of Guardian's securities if trading becomes less frequent. As such, valuations of securities may include assumptions or estimates that may change significantly from period to period. This could increase the net unrealized loss position of Guardian's fixed income investment portfolio and increase other-than-temporary impairments, which could have a material adverse effect on Guardian's results of operations, financial condition or liquidity.

Sustained or significant deterioration in economic conditions could adversely affect Guardian's business.

Generally weak economic conditions, including a U.S. government default or reduced U.S. government spending and ongoing war in Ukraine, may have a negative impact on Guardian's operating activities. Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets and inflation affect the business and economic environment and, ultimately, the amount and profitability of Guardian's business. In economic conditions characterized by higher unemployment, lower family income, lower business investment and lower consumer spending, the demand for Guardian's financial and insurance products could be adversely affected. In addition, elevated incidence of claims and lapses or surrenders of policies may occur. Policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse changes in the economy could affect Guardian's earnings negatively and could have a material adverse effect on its business, results of operations and financial condition.

In addition, Guardian is susceptible to risks associated with the potential financial instability of the vendors on which Guardian relies to provide services or to whom it delegates certain functions. The same conditions that may affect Guardian's customers also could adversely affect its vendors, causing them to significantly and quickly increase their prices or reduce their output. Guardian's business depends on its ability to perform, in an efficient and uninterrupted fashion, its necessary business functions, and any interruption in the services provided by third parties could also adversely affect Guardian's cash flow, profitability and financial condition.

Guardian is subject to extensive regulation, which restricts its operations and imposes compliance costs.

Guardian and its insurance subsidiaries are subject to extensive regulatory oversight. Although Guardian endeavors to maintain all required licenses and approvals, its businesses may not fully comply with the wide variety of applicable laws and regulations or the relevant authority's interpretation of the laws and regulations, which may change from time to time. Also, state regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If Guardian does not have the requisite licenses and approvals or does not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend Guardian from carrying on some or all of its activities or impose substantial fines. Further, insurance regulatory authorities have relatively broad discretion to issue orders of supervision, which permit such authorities to supervise the business and operations of an insurance company.

State insurance regulators and the National Association of Insurance Commissioners ("NAIC") continually reexamine existing laws and regulations and may impose changes in the future that put further regulatory burdens on insurers and that may have an adverse effect on Guardian's business, results of operations and financial condition, which could prevent Guardian from making payments under the applicable Funding Agreement(s) when scheduled. Guardian's business also could be adversely affected by regulations or changes in state law relating to standards of minimum capital requirements and solvency, including RBC measurements, asset and reserve valuation requirements, surplus limits, limitations on investments, limitations on transactions with affiliates, risk-based capital requirements and premium taxes or other regulatory or tax matters. In addition, from time to time regulators raise issues during

examinations or audits that could, if determined adversely, have a material impact on Guardian. Guardian cannot predict whether or when regulatory actions may be taken that could adversely affect its operations.

Guardian's insurance business is subject to regulation with respect to policy rates, minimum guarantees and related matters. In addition, assessments are levied against Guardian as a result of mandatory participation in various types of state guaranty associations, which are state associations designed to protect policyholders in the event of insolvencies of insurers. The amounts of such assessments are highly unpredictable and could increase significantly if there is an increase in the number or size of insurance companies which become insolvent or subject to rehabilitation. The amount of such assessments against Guardian was approximately $0.5 million, $1 million and $2 million for 2022, 2021 and 2020, respectively. These amounts may not be an indication of future levels of assessments. See "Business of Guardian—Regulation."

Guardian is domiciled in the State of New York, which accounts for more premium income volume for Guardian than any other state, approximately 17.81% in 2022, 18.04% in 2021 and 18.04% in 2020. Accordingly, changes in New York laws and regulations that apply to business written in New York can affect Guardian disproportionately relative to its competitors. Examples of such changes include increases in premium taxes and resulting retaliatory taxes, other types of assessments, potentially higher reserve and capital requirements and changes such as with respect to disclosure of producer compensation that might have a less direct effect.

Certain of Guardian's direct and indirect subsidiaries, as well as certain policies and contracts sold by them, are subject to various forms of regulation under the federal securities laws administered by the SEC. The Financial Industry Regulatory Authority, Inc. ("FINRA"), a securities self-regulatory organization, as well as the states in which certain of Guardian's direct and indirect subsidiaries offer securities products, provide investment advisory services, or conduct other securities-related activities, also regulate aspects of Guardian's securities-related businesses. These subsidiaries could be restricted in the conduct of their securities-related businesses should they fail to comply with such laws and regulations. Legal proceedings and regulatory investigations and inquiries with respect to revenue sharing, sales to seniors, and other aspects of the mutual fund and variable annuity businesses are ongoing and expected to continue in the future and could result in legal precedents, as well as new industry-wide legislation, rules, or regulations that could significantly affect the financial services industry, including mutual fund and variable annuity companies affiliated with Guardian. Future laws and regulations, or the interpretation thereof, could materially and adversely affect Guardian's business, results of operations and financial condition.

The NAIC, as well as certain state regulators, have implemented or are considering implementing regulations that would apply an impartial conduct standard to recommendations made in connection with the sale of certain annuities and, in the case of New York, life insurance policies. In particular, the NYSDFS amended Regulation 187, which applies a "best interest" standard to the sale of life insurance and annuity products in New York. The regulation generally requires a consumer's best interest, and not the financial interests of a producer or insurer, to influence a producer's recommendation as to which life insurance or annuity product a consumer should purchase. The amendments to Regulation 187 also impose a best interest standard on certain consumer in-force transactions. In April 2021, the Appellate Division of the New York Supreme Court overturned the regulation for being unconstitutionally vague, although the New York State Court of Appeals reversed this ruling on October 20, 2022. In addition, the NAIC adopted a revised annuity suitability model regulation that also includes a best interest standard for annuity transactions. Several states have adopted the amended model regulation, including approximately half of the domiciliary states of Guardian's insurance subsidiaries. Also in 2020, Massachusetts adopted a new regulation that imposes a fiduciary conduct standard on broker-dealers and agents. These state regulations may have adverse effects on Guardian's business, results of operations and financial condition.

On June 5, 2019, the SEC adopted Regulation Best Interest ("Reg BI") under the Securities Exchange Act of 1934. Reg BI establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities, including recommendations of types of accounts. As part of the rulemaking package, the SEC also adopted new rules and forms to require broker-dealers and investment advisers to provide a brief relationship summary, Form CRS, to retail investors. These new rules became effective on June 30, 2020, and Guardian has developed policies, procedures and controls to comply with the new rules. These new SEC rules will increase compliance costs related to Guardian's broker-dealers and investment advisers, and may have adverse effects on Guardian's business, results of operations and financial condition.

Some of the regulatory authorities that oversee Guardian's businesses are considering or may in the future consider new regulatory requirements intended to assure the stability of institutions under their supervision. These authorities may also seek to exercise their supervisory or enforcement authority in new or more robust ways. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Guardian cannot predict the substance or impact of pending or future legislation, regulation or the application thereof. Any such changes could affect the way Guardian conducts its business and manages its capital, which in turn could materially affect its results of operations, financial condition and liquidity.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may materially increase Guardian's direct and indirect compliance and other expenses of doing business, thus having a material adverse effect on its financial condition or results of operations.

The Dodd-Frank Act and resulting changes in federal laws and regulations continue to adversely affect Guardian's business, results of operations and financial condition.

In July 2010, Congress passed, and President Obama signed, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Policy and rule-making conducted after the enactment of the Dodd-Frank Act have significantly changed financial regulation. The Dodd-Frank Act establishes a general framework for systemic regulation that has imposed mandatory clearing, exchange trading and margin requirements on many derivatives transactions. Regulations with respect to swaps and other derivatives that are regulated by the Commodity Futures Trading Commission (the "CFTC") have been largely implemented, including final implementation for Guardian of requirements relating to initial margining of swaps that went into effect in September 2020. Regulations for security-based swaps, which are regulated by the SEC, have been largely adopted and implemented. These regulations differ in many respects from those adopted by the CFTC, the prudential regulators and regulators in the European Union (the "EU"). As a result, it is possible that the implementation of SEC regulations could adversely impact Guardian's positions in security-based swaps, such as credit default swaps and equity swaps.

Guardian is required to post initial margin to its derivatives counterparties in respect to its swaps positions depending on the size of the swaps books of the broader Guardian group and the applicable threshold established by counterparties. Initial margin positing is required if Guardian and its affiliated entities have "material swaps exposure." The rules, which are applicable to Guardian, require average daily aggregate notional exposure to uncleared swaps, uncleared security-based swaps, foreign exchange forwards and foreign exchange swaps for specified prior period in excess of $8 billion. In addition, eligible margin for initial margin for swaps, like that for variation margin, is restricted to cash and liquid securities (such as U.S. government securities, government-sponsored enterprise debt securities, certain sovereign debt and specified corporate debt, listed equities and funds).

To the extent that Guardian's swaps or security-based swaps counterparty collects initial margin from it, Guardian may request that the derivatives counterparty segregate all such initial margin at a custodian. If Guardian does not request segregation, the custodian or counterparty may commingle such assets or collateral with the custodian's or counterparty's own assets or collateral, and in the event of the bankruptcy or insolvency of the custodian or counterparty, such assets and collateral may be subject to the conflicting claims of the creditors of the relevant custodian or counterparty, which may result in a loss to Guardian.

Guardian currently posts variation margin to and collects variation margin from counterparties to swaps subject to regulation by the CFTC, U.S. prudential regulators and authorities in the EU.

In addition, where Guardian enters into certain swaps that are subject to mandatory clearing, Guardian will be required to execute such swaps on a registered exchange or trading platform.

In addition, regulations adopted by the prudential regulators that became effective in 2019 require certain bank-regulated counterparties and certain of their affiliates to include in qualified financial contracts, including many derivatives contracts, repurchase agreements and securities lending agreements, terms that delay or restrict the rights of counterparties, such as us, to terminate such contracts, foreclose upon collateral, exercise other default rights or restrict transfers of affiliate credit enhancements (such as guarantees) in the event that the bank-regulated counterparty and/or its affiliates are subject to certain types of resolution or insolvency proceedings. It is possible that these requirements in the market, could adversely affect Guardian's ability to terminate existing derivatives agreements or

to realize amounts to be received under such agreements. The Dodd-Frank Act and related federal regulations and foreign derivatives requirements expose us to operational, compliance, execution and other risks, including central counterparty insolvency risk.

Further, where Guardian enters into a swap with non-U.S. counterparties in the EU, the regulations of the home or resident country of such counterparty generally apply regulatory requirements with respect to such swap that are similar to those adopted by the CFTC and the prudential regulators pursuant to the Dodd-Frank Act. The European Market Infrastructure Regulation ("EMIR"), like the CFTC regulations in effect in the United States, requires reporting of derivatives and various risk mitigation techniques to be applied to derivatives entered into by parties that are subject to the jurisdiction of EMIR.

The Dodd-Frank Act also established the Financial Stability Oversight Council ("FSOC"), which has the authority to designate non-bank financial companies as systemically important financial institutions ("non-bank SIFIs"), thereby subjecting them to enhanced prudential standards and supervision by the Federal Reserve. The prudential standards for non-bank SIFIs include enhanced RBC requirements, leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, early remediation procedures and recovery and resolution planning. The FSOC modified the designation process by adopting an activities-based approach for identifying and addressing potential risks to financial stability. There are currently no such non-bank financial companies designated as SIFIs, although if the FSOC were to designate Guardian as such, it would become subject to certain of these enhanced prudential standards. Other regulators, such as insurance regulators, may also adopt new or heightened regulatory safeguards as a result of actions taken by the Federal Reserve in connection with its supervision of non-bank SIFIs. There can be no assurance that any such new or enhanced regulation would not apply to Guardian.

In addition, the Dodd-Frank Act established the Federal Insurance Office ("FIO") within the U.S. Department of the Treasury, which has the authority, on behalf of the United States, to participate in the negotiations of international insurance agreements with foreign regulators, as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of the FIO performs various functions with respect to insurance, including serving as a non-voting member of FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation.

Federal agencies have been given significant discretion in connection with rulemaking pursuant to and implementation of the Dodd-Frank Act. It is unclear what impact the current U.S. administration and the volatile political environment will have on potential changes to the Dodd-Frank Act and the resulting impact on Guardian's business, financial condition or results of operations. Guardian cannot currently identify the risks, if any, that may be posed to Guardian's business as a result of potential changes to, or legislative replacements for, the Dodd-Frank Act. Guardian cannot predict whether any such legislation or regulatory changes would be adopted, or what impact they would have on Guardian's business, financial condition or results of operations.

Litigation and regulatory investigations are common in the life insurance industry and may harm Guardian's business and financial strength and reduce its profitability.

Life insurance companies and their affiliated financial services businesses have historically been subject to substantial litigation, including the risk of individual and class action lawsuits, resulting from claims disputes or relating to suitability, sales or underwriting practices, product design, disclosure, claims and payment procedures, administration, denial or delay of benefits and breaches of fiduciary or other duties. Most of the actions seek substantial or unspecified compensatory and punitive damages and the probability and amount of liability, if any, may remain unknown for substantial periods of time. Guardian and its subsidiaries are also subject to various regulatory inquiries from time to time, such as information requests and books and record examinations, from state and federal regulators and other authorities. Guardian is, from time to time, a plaintiff or defendant in actions arising out of its insurance business. Litigation, as well as governmental, administrative or regulatory proceedings, inquiries or investigations may harm Guardian's business and financial strength and reduce its profitability. Moreover, even if Guardian ultimately prevails in the litigation, regulatory action or investigation, it could suffer significant harm to its reputation, which could have a material adverse effect on its business, results of operations and financial condition, including its ability to attract new customers, retain current customers and recruit and retain employees and agents.

Changes in tax laws and the interpretation thereof could adversely affect Guardian's business.

Congress has, from time to time, considered legislation that could adversely impact or change the manner of taxing the products Guardian sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including Guardian. Changes to federal, state or other tax laws, or in the interpretation of applicable tax laws and regulations, could reduce Guardian's earnings and adversely affect Guardian's business, financial condition or results of operations.

The attractiveness to Guardian's customers of many of its products may be due, in part, to favorable tax treatment. Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by the holders of life insurance and annuity products. Taxes, if any, are payable generally on income attributable to a distribution under the contract for the year in which the distribution is made. Death benefits under life insurance contracts may be received free of federal income tax. Congress has, from time to time, considered legislation that could have the effect of reducing or eliminating the benefit of such income tax deferral or otherwise affect the taxation of life insurance or annuity products. As a result, demand for certain of Guardian's life insurance and annuity products that offer income tax deferral could be negatively impacted. To the extent that legislation is enacted in the future to reduce the tax deferred status of life insurance or annuity products, limit the exclusion of death benefits from income, or reduce the taxation of competing products, all life insurance companies, including Guardian, could be adversely affected. Likewise, reductions in individual tax rates could reduce the attractiveness of tax deferral to Guardian's potential customers.

The Inflation Reduction Act ("IRA"), enacted on August 16, 2022, included a number of tax-related provisions, including a 15% corporate alternative minimum tax based on adjusted financial statement income, effective on January 1, 2023. As of December 31, 2022, management has determined that Guardian does not expect to be subject to the corporate alternative minimum tax in 2023.

Congress has from time to time considered material changes to, or a repeal of, the estate tax. Many of Guardian's products are sold to customers in order to help them meet their estate tax planning needs. To the extent that legislation is enacted in the future that would materially change, or repeal, the estate tax, sales of Guardian's products could be adversely affected.

Guardian files U.S. federal income tax returns along with various state and local income tax returns. From time to time, Guardian is subject to audits of its federal, state and local tax returns. Years 2014 and prior are closed for U.S. federal income tax audits. As of the date of this Offering Memorandum, Guardian is under examination by the Internal Revenue Service ("IRS") for tax years 2015-2018. There are a number of state and local governmental audits in process. While Guardian does not expect any material changes as a result of pending audits, there can be no assurance that there will not be any such adjustments in the future.

New accounting rules, changes to existing accounting rules or the granting of permitted accounting practices to competitors could have an adverse effect on Guardian's results of operations and financial condition.

Guardian is required to comply with statutory accounting practices ("SAP"). SAP and various components of SAP (such as actuarial reserving methodologies) are subject to review by the NAIC and its task forces and committees, as well as state insurance departments, in an effort to address emerging issues and otherwise improve or alter financial reporting. Various proposals are currently, or have been previously, pending before committees and task forces of the NAIC, some of which, if enacted, could negatively affect the reporting of Guardian's financial condition and results of operations. The NAIC has approved a valuation manual containing a principle-based approach to the calculation of life insurance company reserves. Principle-based reserving ("PBR") is designed to better address reserving for products, including the current generation of products for which the formulaic basis for reserve determination did not work effectively. All states have adopted PBR, and it became effective in New York with the adoption of Insurance Regulation 213, which affirmed the New York Superintendent of Financial Services' (the "Superintendent") authority to deviate from the NAIC valuation manual to adjust the reserves of a Guardian insurance company if the NYSDFS determines that an alternative requirement would be in the best interest of New York policyholders. Regulation 213 adopted the NAIC valuation manual, but excluded certain provisions that were deemed to conflict with New York insurance law and regulation.

Guardian cannot predict whether any accounting reforms related to SAP or components of SAP will positively or negatively affect it.

In addition, the NAIC Accounting Practices and Procedures Manual provides that state insurance departments may permit insurance companies domiciled therein to depart from SAP by granting them permitted accounting practices. Guardian cannot predict what permitted and prescribed practices the NYSDFS may allow or mandate in the future, nor can Guardian predict whether or when the insurance departments of the domiciliary states of its competitors may permit them to utilize advantageous accounting practices that depart from SAP. As of the date of this Offering Memorandum, Guardian has not requested or used any such permitted practices for the statutory financial statements for the year ended December 31, 2022. Moreover, although states defer to interpretations of the insurance department of the state of domicile with respect to regulations and guidelines, neither the action of the domiciliary state regulator nor action of the NAIC is binding on a state. Accordingly, a state could choose to follow a different interpretation. Guardian can give no assurance that future changes to SAP or components of SAP will not have a negative impact on Guardian's results of operations or financial condition.

The amount of statutory capital that Guardian has and the amount of statutory capital it must hold can vary significantly from time to time and is sensitive to a number of factors outside of its control, including equity market and credit market conditions.

Insurance regulators and the NAIC prescribe accounting standards and statutory capital and reserve requirements for Guardian and its insurance company subsidiaries. The NAIC has established regulations that provide minimum capitalization requirements based on RBC formulas for both life and property and casualty companies. The RBC formula for life companies establishes capital requirements relating to insurance, business, asset and interest rate risks. The RBC regulations include equity, interest rate and expense recovery risks associated with variable annuities that contain death benefits or certain living benefits. As discussed below, effective November 1, 2022, pursuant to the Variable Annuity Reinsurance Treaty, the risks relating to the variable annuities were substantially mitigated.

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by Guardian (which itself is sensitive to equity market and credit market conditions), the amount of additional capital it must hold to support its business growth, changes in equity market levels, the value of certain fixed-income and equity securities in its investment portfolio, the value of certain derivative instruments that do not get hedge accounting treatment, changes in interest rates and foreign currency exchange rates, as well as changes to the NAIC RBC formulas. Most of these factors are outside of Guardian's control. Increases in the amount of required statutory reserves reduce the statutory capital used to calculate Guardian's RBC ratios.

Guardian's statutory surplus and RBC ratios have a significant influence on its financial strength and claims paying ratings, which, in turn, are important to its ability to compete effectively. To the extent that Guardian's statutory capital resources are deemed to be insufficient to maintain a particular rating by one or more rating agencies, it may seek to raise additional capital. If it were not able to raise additional capital in such a scenario for any reason, any ratings downgrade that followed could have a material and adverse effect on its business, results of operations, financial condition and liquidity.

The NAIC and the International Association of Insurance Supervisors ("IAIS") have developed group capital calculations or group capital standards, which are in the process of being implemented and refined. In December 2020, the NAIC adopted a group capital calculation tool that uses an RBC aggregation methodology for all entities within the insurance holding company system, including non-U.S. entities. In November 2019, the IAIS adopted a global insurance capital standard ("ICS"), which is undergoing a five-year monitoring period that started in January 2020. Following the monitoring period, the ICS will serve as the base group capital standard applicable to all internationally active insurance groups (as defined by the IAIS and designated by group regulators). Federal regulators and the NAIC continue to engage with the IAIS with respect to how such capital standard will interact with existing U.S. regulatory requirements and the NAIC's group capital calculation. Guardian cannot predict what impact these capital standards may have on its operations. It is possible that Guardian or its affiliates may be required to hold additional capital, which may adversely affect Guardian's ability to do business.

Guarantees embedded in GMWB riders sold with variable annuity contracts could expose GIAC to certain risks.

Certain variable annuities written by GIAC prior to the first quarter of 2017 contain guaranteed minimum withdrawal benefit ("GMWB") riders. These GMWB riders guarantee a minimum level of withdrawal benefits irrespective of the investment performance of the underlying accounts of the variable annuities; as a result, below a certain level, GIAC will be exposed to the difference between the investment value and the guaranteed benefits. Therefore, any decline in capital markets (including equity and debt markets), interest rates or account values may increase GIAC's exposure to liability for benefit claims under these riders. The amount of statutory reserves related to GMWB is in part tied to the difference between the value of the underlying accounts and the guaranteed benefits. Even when GIAC is not immediately subject to guaranteed minimum withdrawal payments to annuity holders, it is required to establish this type of reserve to allow for declines in capital markets or account values. GIAC has mitigated this requirement by entering into the Variable Annuity Reinsurance Treaty pursuant to which GIAC reinsured virtually 100% of the variable annuity block that existed as of November 1, 2022, including all of its GMWB riders.

As a mutual insurance company, Guardian has limited access to capital, and the ability of its subsidiaries to pay dividends is restricted under applicable insurance laws.

Guardian is a mutual insurance company with no capital stock and no shareholders. Consequently, it is unable to access directly the public equity markets as a means to raise capital. As of December 31, 2022, Guardian had outstanding surplus notes in the aggregate principal amount of $1.5 billion and no other long-term indebtedness outstanding. In addition, the Issuer has issued $3.8 billion in funding agreement-backed notes, which are secured by funding agreements issued by Guardian. Guardian does not rely on dividends from its subsidiaries to meet its operating cash flow requirements or to service its obligations under the surplus notes. For the year ended December 31, 2022, Guardian received approximately $18 million in cash and non-cash dividends from its subsidiaries. Guardian records these dividends as net investment income. No assurances can be given that these subsidiaries will pay dividends to Guardian in the future.

Guardian has not historically relied on dividends from its subsidiaries to meet its operating cash flow requirements. Historically, Guardian has reinvested a substantial portion of its unrestricted earnings in Berkshire Life Insurance Company of America ("BLICOA"), First Commonwealth Insurance Company ("FCW") and GIAC. Substantially all of the statutory surplus of Guardian's life insurance subsidiaries, including BLICOA and GIAC, of approximately $925 million, $935 million and $1,207 million at December 31, 2022, 2021 and 2020, respectively, is subject to dividend restrictions imposed by statutory authorities. Under the laws of Delaware and Massachusetts, the domiciliary states of GIAC and BLICOA, respectively, dividends in excess of unassigned funds require regulatory approval. In addition, BLICOA and GIAC must seek regulatory approval prior to paying a dividend whose fair market value together with other dividends within the preceding twelve months exceeds the greater of (i) 10% of the insurer's policyholder surplus as of the last day of December next preceding or (ii) the net gain from operations of the insurer for the twelve-month period ending the last day of December next preceding. Based on their respective statutory basis financial results as of December 31, 2021, Guardian's life insurance subsidiaries, including BLICOA and GIAC, would have been able to pay dividends to Guardian in 2022, 2021 and 2020 of up to $149 million, $248 million, and $199 million, respectively without obtaining the prior approval of their applicable insurance regulators. For the years ended December 31, 2022, 2021 and 2020, Guardian received an aggregate of $18 million, $43 million, and $97 million, respectively, in cash and noncash dividends from its subsidiaries. Guardian can make no assurance regarding the timing or amount of dividends, if any, that may be paid by these subsidiaries to Guardian in the future. Guardian Investor Services LLC ("GIS") and FCW are not subject to dividend restrictions imposed by statutory authorities but may pay dividends up to but not exceeding any accumulated earnings. As of December 31, 2022, FCW had accumulated earnings of $1 million and would be able to pay a dividend of up to $1 million in 2023. As of December 31, 2021, FCW had accumulated earnings of $257 million and would have been able to pay a dividend of up to $257 million in 2022. As of December 31, 2020, FCW had accumulated earnings of $218 million and would have been able to pay a dividend of up to $218 million in 2021.

In addition to restrictions on the ability of Guardian's insurance subsidiaries to pay dividends to it, if Guardian needed access to additional capital for any reason, its ability to obtain such capital could be limited and the cost of any such capital could be significant if the securities and credit markets experience volatility or disruption. Guardian's access to additional financing will depend on a variety of factors such as market conditions, the general availability

of credit, the overall availability of credit to Guardian's industry, Guardian's credit ratings and credit capacity, as well as the possibility that lenders could develop a negative perception of Guardian's long- or short-term financial prospects. Similarly, Guardian's access to funds could be impaired if regulatory authorities or rating agencies took negative actions against Guardian, such as a ratings downgrade. If a combination of these factors were to occur, Guardian might not be able to successfully obtain additional financing, if needed. As such, Guardian could be forced to delay raising capital, or perhaps issue different types of capital than it would otherwise, less effectively deploy such capital, issue shorter tenor securities than it would prefer, or bear an unattractive cost of capital, which could decrease its profitability and significantly reduce its financial flexibility.

Guardian's reserves for future policy benefits and claims related to the company's current and future business as well as businesses Guardian may acquire in the future may prove to be inadequate.

Guardian's reserves for future policy benefits and claims may prove to be inadequate. Guardian establishes and carries, as a liability, reserves based on estimates of how much the company will need to meet policyholder obligations, including the payment of future benefits and claims. For Guardian's life insurance and annuity products, these reserves are calculated based on methodologies required by the NYSDFS for statutory reserves, using mortality tables specified by the NYSDFS, as well as minimum interest rates also specified by the NYSDFS, and contract language. Guardian also sets up reserves to meet policyholder obligations on group insurance and disability insurance. Claim reserves reflect a combination of actual experience and industry experience, as well as, where mandated, experience tables specified by state insurance departments. It cannot be determined with precision the ultimate amounts that will be paid, or the timing of payment of, actual benefits and claims or whether the assets supporting the policy liabilities will grow to the level assumed prior to payment of benefits or claims. Since Guardian cannot precisely determine the amount or timing of actual future benefits and claims, actual results could differ significantly from those assumed. Deviations from one or more of these estimates and assumptions could have a material adverse effect on Guardian's results of operations or financial condition. If Guardian concludes that reserves, together with future premiums, are insufficient for payments of benefits and expenses, Guardian may seek to increase premiums where it is able to do so.

Reinsurance may not be available, affordable or adequate to protect Guardian against losses.

As part of Guardian's overall risk management strategy, it purchases reinsurance for certain risks underwritten by Guardian's various business segments. While reinsurance agreements generally bind the reinsurer for the life of the business reinsured at generally fixed pricing, market conditions beyond Guardian's control determine the availability and cost of the reinsurance protection for new business. In certain circumstances, the price of reinsurance for business already reinsured may also increase. Any decrease in the amount of reinsurance will increase Guardian's risk of loss and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, reduce Guardian's earnings. Accordingly, Guardian may be forced to incur additional cost for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect its ability to write future business or result in the assumption of more risk with respect to those policies Guardian issues.

Guardian reinsures its business with various reinsurers. In order to enter into a reinsurance treaty with Guardian or its subsidiaries, the reinsurer must meet various standards in terms of financial strength and ratings. Guardian reinsures its participating life business, universal life business and variable universal life business mortality risk on any face amount issued in excess of Guardian's general retention limit of $20 million per life. For term insurance, Guardian coinsured between 76% and 90% of all term life insurance business on a first dollar quota share basis until May 1, 2014. Starting May 1, 2014, Guardian cedes amounts in excess of $2 million per life of newly issued term life insurance to a pool of four reinsurers on an automatic yearly renewable term basis. Term life insurance business may also be ceded to the same four reinsurers on a facultative basis. Also, starting May 1, 2014, until terminated for new business effective December 31, 2018, Guardian has a coinsurance with funds withheld reinsurance agreement, with one reinsurer, covering 90% of its level term life insurance amounts net of the excess of $2 million retention on yearly renewable term reinsurance. See "Business of Guardian—Reinsurance." Effective May 18, 2020, Guardian began selling its term life plans through GIAC in excess of $2 million per life to a pool of four reinsurers.

Ceded life insurance reinsurance treaties held by Guardian are provided by a number of reinsurers. 32% of Guardian's individual life insurance face amount is reinsured as of December 31, 2022. Of the face amount reinsured, over 95% is ceded to four third-party reinsurers. The remaining percentage of the face amount reinsured is spread

among a number of other companies. Some of these agreements are closed to new business. However, the reinsurance treaties covering the closed blocks of business remain in force as to these closed blocks. Group long-term disability and individual disability income treaties reinsure monthly policy benefits in excess of a specific monthly income benefit; however, individual disability income policies issued on or after January 1, 2016 are not reinsured. GIAC entered into the Variable Annuity Reinsurance Treaty pursuant to which GIAC reinsured virtually 100% of the variable annuity block in force as of November 1, 2022, including all of its GMWB riders and virtually all of the variable annuity guaranteed minimum death benefits ("GMDB") riders. Effective October 5, 2020, GIAC coinsured 80% of new single premium immediate annuities ("SPIA") and deferred income annuities ("DIA") with one reinsurer. This reinsurance agreement will allow us to increase annuity income rates which would result in increasing sales.

Counterparties to Guardian's reinsurance arrangements and other contracts may fail to perform, which could adversely affect its results of operations and financial condition.

Guardian uses reinsurance to mitigate its risks in various circumstances. See "—Reinsurance may not be available, affordable or adequate to protect Guardian against losses." In general, reinsurance does not relieve Guardian of its direct liability to its policyholders, even when the reinsurer is liable to the cedant. Accordingly, Guardian bears credit risk with respect to its reinsurers. Guardian cannot provide assurance that its reinsurers will pay the reinsurance recoverables owed to it now or in the future or that they will pay these recoverables on a timely basis. A reinsurer's insolvency, inability or unwillingness to make payments under the terms of reinsurance agreements with Guardian could have an adverse effect on its results of operations and financial condition.

Guardian is engaged in a highly competitive business. Competitive factors may adversely affect Guardian's market share and profitability.

The life insurance industry is highly competitive. There are a large number of life insurance companies in the United States, many of which offer insurance products similar to those marketed by Guardian and may have advantages over Guardian in one or more of the competitive factors listed below. In addition to competition from within the industry, insurers are increasingly facing competition from non-traditional sources in the financial services industry, including mutual fund companies, banks, securities brokerage houses and other financial services entities. Recent industry consolidation, including acquisitions of insurance and other financial services companies in the United States by international companies, has resulted in larger competitors with strong financial resources, marketing and distribution capabilities and brand identities. Some competitors also offer a broader array of products, have more competitive pricing or, with respect to other insurers, have higher claims paying ability ratings. National banks, which may sell annuity products of life insurers in some circumstances, also have pre-existing customer bases for financial services products.

Competitiveness in the insurance business is affected by various factors including, but not limited to, name recognition, price, financial strength ratings, size and strength of distribution force, range of product lines, product features, commission structure, product quality, servicing ability, investment performance and general reputation. There can be no assurance that Guardian will be able to compete successfully against current and future competitors or that competitive pressures faced by Guardian will not materially and adversely affect its business, operating results and financial condition. See "Business of Guardian—Group Benefits—Group Benefits Product Competition," "Business of Guardian—Individual Markets—Insurance Products—Individual Insurance Competition" and "Business of Guardian—Individual Markets—Individual Wealth Management and Retirement Savings— Individual Annuities Products and Services Competition."

The life insurance industry is rapidly evolving toward the use of information technology and data in underwriting risks rather than relying on the analysis of blood and urine samples. Guardian's competitive posture may be impacted if it does not keep pace with these changes or implements them incorrectly.

Many of Guardian's group insurance products are underwritten annually, and, accordingly, there is a risk that group purchasers may be able to obtain more favorable terms from competitors rather than renewing their existing coverage with Guardian. The effect of competition may, as a result, adversely affect the persistency of these and other products, as well as Guardian's ability to sell products in the future.

In addition, the investment management and securities brokerage businesses have relatively few barriers to entry and continually attract new entrants. Many of Guardian's competitors in these businesses offer a broader array of investment products and services and are better known than Guardian as sellers of annuities and other investment products.

If Guardian is unable to attract and retain independent agents, career agents, general agents and key personnel, its ability to compete and its revenues could suffer.

Guardian's career agency force is the primary means by which it distributes life insurance and annuity products. In order to continue increasing life insurance and annuity sales, Guardian must attract, develop and retain those who are or can be productive career agents.

Insurance companies compete vigorously for productive agents. Guardian competes with other life insurance companies for agents primarily on the basis of its financial position, support services, compensation and product features. Such agents may promote products offered by other life insurance companies that may offer a larger variety of products than Guardian does. Guardian's competitiveness for such agents also depends upon the long-term relationships it develops with them. In addition, securing the future of Guardian's individual market distribution requires Guardian to continue to attract and recruit successful general agents. If Guardian were unable to attract and retain sufficient agents or general agents, its ability to compete and its results of operations or financial condition could be impacted.

The success of Guardian's businesses also largely depends on its ability to attract and retain key personnel. Strong competition exists for qualified personnel, including actuaries and portfolio managers, with demonstrated ability. Inability to attract key personnel, or attract and retain additional qualified personnel, could harm Guardian's results of operations and financial condition

Guardian's profitability may decline if mortality rates or persistency rates or other assumptions differ significantly from pricing expectations.

Guardian sets prices for many of its insurance and annuity products based upon expected claims and payment patterns, using assumptions for mortality, persistency (how long a contract stays in-force) and interest rates. In addition to the potential effect of natural or man-made disasters, significant changes in mortality could emerge gradually over time, due to changes in the natural environment, the health habits of the insured population, effectiveness of treatment for disease or disability, or other factors. In addition, Guardian could fail to accurately anticipate changes in other pricing assumptions, including changes in interest and inflation rates. Significant negative deviations in actual experience from Guardian's pricing assumptions could have a material adverse effect on the profitability of its products. Guardian's earnings are significantly influenced by the claims paid under its insurance contracts and will vary from period to period depending upon the amount of claims incurred.

Guardian's Individual Life Insurance business consists primarily of participating policies. A significant increase in death benefits could result in a reduction of the dividends paid to participating policyholders of Guardian. A reduction in these dividends could reduce Guardian's ability to compete with other issuers of participating policies.

There is only limited predictability of claims or persistency experience within any given month or year. Guardian's future experience may not match its pricing assumptions or its past results. As a result, Guardian's results of operations and financial condition could be materially adversely affected, which could prevent Guardian from making payments under the applicable Funding Agreement(s) when scheduled.

GIAC sells single premium deferred annuities ("SPDA") that have a surrender charge period of up to seven years. SPDAs were sold starting in 1996. This block has a total account value of $152 million as of December 31, 2022. Policies sold from 1996–2013 no longer have a surrender charge and account for $141 million of the total account value. A total of $1 million of account value at December 31, 2022 is attributed to business which came out of the surrender charge period in 2020 because it was written in 2013. Generally, when policies come out of the surrender charge period policyholders are more likely to withdraw their funds because they can do so without penalty. Each year, additional fixed annuities will come out of their surrender charge period. Guardian attempts to anticipate

this additional lapse experience when it initially prices these products. An increase in surrenders could materially affect GIAC's financial condition or results of operations.

GIAC also sells single premium immediate annuities ("SPIA") and deferred income annuities ("DIA"). SPIAs were sold starting in 2010, and DIAs were sold starting in 2013. SPIA includes a single initial premium, and annuitization commences within the first year. DIA includes an initial premium and allows for additional premium payments between the initial premium date and annuity commencement. DIA annuitization is deferred at least 24 months from the issue date or 13 months from the last premium deposit, whichever is later. Annuitization for both products can be in the form of a life contingent annuity, a life contingent annuity with a term certain period or an annuity for a term certain. As of December 31, 2022, total statutory reserves for SPIA and DIA are $2.6 billion and $1.1 billion, respectively.

Guardian has made, and expects to continue to make, strategic acquisitions, the success of which depends on numerous factors.

Guardian has acquired businesses and will continue to evaluate strategic acquisition opportunities that have the potential to support and strengthen its business. Guardian can give no assurances, however, that any acquisition opportunities will arise or, if they do, that they will be consummated, or that additional financing or capital, if needed, will be available on satisfactory terms. Guardian also cannot guarantee the success of any such acquisition. Guardian may not be able to achieve the synergies and other benefits that are expected from the integration of acquisitions as successfully or rapidly as projected, if at all. If Guardian fails to manage current and future acquisitions effectively, including failing to maintain or enhance the key business relationships and the reputations of acquired businesses, Guardian's results of operations could be adversely affected.

In addition, some of Guardian's acquired businesses have contracted with U.S., state and local governments. For this reason, any issue that compromises Guardian's relationship with governments could cause Guardian's revenue to decline. Among the key factors in maintaining Guardian's relationship with the governments it serves is its performance on contracts, the strength of its professional reputation and compliance with applicable laws and regulations. In addition, the mishandling or the perception of mishandling of sensitive or nonpublic information, including as a result of misconduct or other improper activities by Guardian's employees or subcontractors, or a failure to maintain adequate protection against security breaches could harm Guardian's relationship with the governments it serves. Any harm to Guardian's relationship with the governments it serves could have an adverse effect on Guardian's business.

The impact of international tension between the United States and other nations, terrorist attacks and ongoing military and other actions may result in decreases in net income, revenue and assets under management and may adversely affect Guardian's investment portfolio.

The continued threat of terrorism both within the United States and abroad, the ongoing military and other actions and heightened security measures in response to these threats, and international tensions between the United States and other nations may cause disruptions to commerce, reduced economic activity and continued volatility in markets throughout the world. Such factors could affect Guardian's net income and revenue.

Guardian may also face increased death benefit claims as a result of war, terrorism or natural disaster. Although Guardian has contingency plans in place, a major terrorist act on the United States or natural disaster may materially disrupt Guardian's critical operations. Some of the assets in Guardian's investment portfolio may also be adversely affected by declines in the securities markets and economic activity as a result of these factors.

Guardian's financial results may be adversely impacted by climate change.

Climate change may increase the frequency of and severity of weather-related disasters and other health incidents, such as pandemics, and their effects may increase over time. Such changes may, among other effects, lead to disruptions in Guardian's operations or increase mortality rates. In addition, such changes and government responses thereto (such as carbon taxes or limits on carbon emissions) may have a material adverse effect on the economy as a whole, which may, among other effects, harm the value of investments Guardian holds or harm

Guardian's counterparties, including reinsurers. Guardian's regulators may also increasingly focus their examinations on climate-related risks.

Guardian cannot predict the long-term impacts from climate change and related regulation, which could have a material adverse effect on its business, results of operations and financial condition.

Guardian's efforts to meet environmental, social, and governance standards and to enhance the sustainability of its businesses may not meet investors' or regulators' expectations

Some of Guardian's shareholders, investors and customers, or those considering such a relationship with Guardian, evaluate its business or other practices according to a variety of environmental, social, and governance ("ESG") standards and expectations. Some of Guardian's regulators have proposed ESG rules or announced that they intend to review Guardian's practices against ESG standards; others may yet do so. Further, Guardian defines its own corporate purpose, in part, by the sustainability of its practices and its impact on all of its stakeholders.

Guardian's investors or others may evaluate Guardian's practices by ESG criteria that are continually evolving and not always clear. These standards and expectations may also, as a whole, reflect contrasting or conflicting values or agendas. Guardian's decisions or priorities must also necessarily, and simultaneously, take account of several business goals and interests. Guardian's practices may also not change in the particulars or at the rate stakeholders expect. As a result, Guardian's efforts to conduct its business in accordance with some or all these expectations may involve tradeoffs. Guardian may fail to meet its commitments or targets, and its policies and processes to evaluate and manage ESG standards in coordination with other business priorities may not prove completely effective or satisfy investors, regulators, or others. Guardian may face adverse regulatory, investor, media, or public scrutiny leading to business, reputational, or legal challenges.

A pandemic, like the global outbreak of COVID-19, or other catastrophic events could adversely affect Guardian's results of operations and financial condition.

A severe pandemic, like the global outbreak of COVID-19, has caused, and a catastrophic event in the future, may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity. COVID-19 has led to disruptions to commerce, reduced economic activity and increased volatility in the global capital markets. These effects may continue or worsen or remain in the future, amplifying the negative impact on global growth and global financial markets. These conditions could materially and adversely affect Guardian's cash flows, as well as the value and liquidity of its invested assets, which could affect Guardian's creditworthiness.

While the long-term effects of the COVID-19 pandemic are difficult to assess or predict, the outbreak and governmental and non-governmental responses to the outbreak have had, and could continue to have, an adverse impact on Guardian's business. Certain segments of Guardian's investment portfolio were, and may in the future be, adversely affected as a result of the COVID-19 pandemic and uncertainty regarding its outcome including an increased risk of defaults, downgrades and impairments. The disruption caused by the COVID-19 pandemic continues to have a major impact on the global economy, the supply chain and the economies of particular countries and industries. Although Guardian has taken certain steps to mitigate some of the adverse impacts resulting from the pandemic, these events could have an adverse effect on Guardian's results of operations and cash flows in any period and, depending on their severity and duration, could also adversely affect Guardian's financial condition.

A computer system failure or security breach could disrupt Guardian's business, damage its reputation and adversely impact its profitability

Guardian relies on computer systems to conduct its business, including customer service, marketing and sales activities, manage its customer relationships and produce its financial statements. While Guardian has policies, procedures and backup plans designed to prevent or limit the effect of failure, its computer systems may be vulnerable to disruptions or breaches as the result of natural disasters, man-made disasters, criminal activity, cyberattacks, pandemics or other events beyond its control. The failure of Guardian's computer systems, or those of third parties on which Guardian relies, for any reason could disrupt its operations, result in the loss of customer business and adversely impact its profitability.

Guardian retains confidential information on its computer systems, including customer information, nonpublic information and proprietary business information, and such information may also be stored on the systems of third parties to whom Guardian outsources certain functions or the systems of its career agents. Cyberattacks on such third parties with whom Guardian does business and shares information may adversely impact its business. Guardian's career agents may also experience, and have experienced, breaches of their computer systems that resulted in the compromise of nonpublic information. Any compromise of the security of the computer systems on which Guardian retains confidential information, including the disclosure of nonpublic information, could damage Guardian's reputation, expose it to litigation or other enforcement action, increase regulatory scrutiny and require Guardian to incur significant technical, legal and other expenses.

The area of cybersecurity has come under increased scrutiny by insurance regulators. For instance, New York's cybersecurity regulation, which applies to banking and insurance entities under the NYSDFS's jurisdiction, requires these entities to establish and maintain a cybersecurity program designed to protect consumers' private data and the confidentiality, integrity and availability of the licensee's information systems. The NAIC adopted the Insurance Data Security Model Law (the "Cybersecurity Model Law"), which establishes standards for data security and for the investigation of and notification of insurance commissioners of cybersecurity events involving unauthorized access to, or the misuse of, certain nonpublic information. The Cybersecurity Model Law imposes significant regulatory requirements intended to protect the confidentiality, integrity and availability of information systems. Several states have adopted the Cybersecurity Model Law, including four domiciliary states of Guardian's insurance subsidiaries, and further implementation will be based on adoption by other state legislatures. See "Business of Guardian – Regulation - Cybersecurity and Privacy Regulation."

Guardian may not be able to protect its intellectual property and may be subject to infringement claims.

Guardian relies on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect its intellectual property. Although Guardian uses a broad range of measures to protect its intellectual property rights, third parties may infringe or misappropriate its intellectual property. Guardian may have to litigate to enforce and protect its copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. Additionally, complex legal and factual determinations and evolving laws and court interpretations make the scope of protection afforded Guardian's intellectual property uncertain. The loss of intellectual property protection or the inability to secure or enforce the protection of its intellectual property assets could have a material adverse effect on its business and ability to compete.

Guardian also may be subject to costly litigation in the event that another party alleges its operations or activities infringe upon another party's intellectual property rights. Guardian may be subject to claims by third parties for breach of copyright, trademark, patent, trade secret or license usage rights. If Guardian were found to have infringed third-party intellectual property rights, Guardian could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to its customers or utilizing and benefiting therefrom, all of which could have a material adverse effect on its business, results of operations and financial condition.

Guardian is exposed to the impact of changes in interest rates on its pension funding obligations.

Guardian sponsors non-contributory defined benefit pension plans covering all eligible Guardian employees and career agents. These include tax-qualified plans, as well as nonqualified plans providing benefits to certain participants in excess of ERISA limits for qualified plans. The valuation of the defined benefit plan liabilities is sensitive to changes in interest rates. A significant decrease in interest rates has the potential to negatively impact Guardian's capital as changes in the fair value of the defined benefit plan liabilities are charged to capital.

On September 30, 2020, the Company announced the decision to freeze future pension benefit accruals for all Home Office employees who have not reached the Rule of 75 as of December 31, 2020. The Rule of 75 is determined using 75 "points" when combining an employee's age plus years of service as of December 31, 2020. The announcement of the plan change resulted in a plan curtailment as defined in Statement of Statutory Accounting Principle No. 102, Accounting for Pensions, A Replacement of SSAP No. 89 ("SSAP 102"). A curtailment is an event that significantly reduces the expected years of future service or eliminates the future accrual or defined benefits for a

significant number of employees. A curtailment was measured as of September 30, 2020, which is the date the changes were communicated to Plan participants, in accordance with the practical expedient described in SSAP 102. The curtailment resulted in a reduction in projected benefit obligations ("PBO") of $84 million which was offset against the Plan's unrecognized losses and recognized as a gain in surplus.

On February 21, 2017, the Company announced a plan amendment to close the Home Office Employees' Retirement Plan to employees hired on or after January 1, 2018. Home Office employees hired on or after January 1, 2018 participate in a defined contribution plan.

On February 16, 2018, the Company contributed $18.1 million to the Field Clerical Pension Plan to cover a funding shortfall in the plan. On February 20, 2018 the Company made a cash payment to purchase a group annuity contract to settle the remaining obligations to participants in the Field Clerical Pension Plan. As of December 31, 2018, the Company has no further obligation relating to the Field Clerical Pension Plan. On September 6, 2018, the Company made a $133 million contribution to the Home Office Pension Plan and a $67 million contribution to the Field Representative Pension Plan.

On September 13, 2019, the Company contributed $14.4 million to the Home Office Pension Plan and $0.1 million to the Field Representative Pension Plan. On December 20, 2019 the Company made a $75 million contribution to the Home Office Pension Plan and a $25 million contribution to the Field Representative Pension Plan.

Certain of Guardian's administrative operations are located internationally, subjecting Guardian to various international risks and increased compliance and regulatory risks and costs.

Certain of Guardian's administrative operations are located in Canada and India and, in the future, Guardian may seek to expand its operations in those or into other countries. As a result of these operations, Guardian may be exposed to economic, operating, regulatory and political risks in those countries, such as economic sanctions and other trade-related restrictions, foreign investment restrictions, substantial fluctuations in economic growth, high levels of inflation, volatile currency exchange rates and instability, including civil unrest, terrorist acts or acts of war, which could have an adverse effect on Guardian's business, financial condition and results of operations. Further, it may prove difficult for Guardian to achieve its goals and take advantage of growth opportunities due to a lack of comprehensive market knowledge. The political or regulatory climate in the United States could also change such that it would no longer be lawful or practical for Guardian to use international operations in the manner in which they are currently conducted. If Guardian had to curtail or cease operations in India or Canada and transfer some or all of these operations to another geographic area, Guardian would incur significant transition costs as well as higher future overhead costs that could adversely affect Guardian's results of operations.

In many foreign countries, particularly in those with developing economies, it may be common to engage in business practices that are prohibited by laws and regulations applicable to Guardian, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and similar anti-bribery laws. Any violations of the FCPA or other anti-bribery laws by Guardian, its employees, subsidiaries or local agents, could have an adverse effect on Guardian's business and reputation and result in substantial financial penalties or other sanctions.

CAPITALIZATION OF GUARDIAN

As a mutual insurance company, Guardian has no capital stock and no shareholders. Guardian's participating policyholders generally have certain rights to receive policyholder dividends declared by the Board of Directors. Such declarations are at the full discretion of the Board of Directors. These policyholders also have certain rights to vote in the election of directors as provided by the laws of the State of New York. They and certain other policyholders may have rights to receive distributions in a proceeding for the rehabilitation, liquidation, conservation or dissolution of Guardian.

Guardian's balance sheet includes its surplus and an AVR. The amount by which the admitted assets of Guardian exceed its liabilities is referred to as surplus. The AVR stabilizes surplus from fluctuations in the value of the investment portfolio (other than fluctuations in the value of certain fixed income investments due to interest rate changes) of Guardian.

The following table sets forth the actual capitalization of Guardian as of December 31, 2022, prepared in accordance with Statutory Accounting Practices ("SAP"). The AVR is included in the following table even though such reserve is shown as a liability on Guardian's balance sheet. This treatment is consistent with the general view of the insurance industry and SAP. In addition, such reserve is included as part of total adjusted capital for risk-based capital purposes.

	December 31, 2022
Debt:	**$ in millions**
Short-Term Debt	$ -
Medium Term Debt	-
Long-Term Debt	-
Total Debt	-
AVR	1,449
Surplus:	
Surplus Notes	1,500
Policyholders' Surplus	7,345
Total Surplus	$ 8,845
Surplus and AVR	$ 10,294

BUSINESS OF GUARDIAN

Founded on July 10, 1860 and incorporated in the State of New York, Guardian is the fourth largest U.S. mutual life insurance company based on statutory surplus of $8.8 billion, $8.6 billion, $7.8 billion, as of December 31, 2022, 2021 and 2020, respectively, according to peer data compiled by the NAIC. Guardian primarily operates in the ordinary life insurance business, but also provides, directly or through its subsidiaries, a wide range of group, disability, wealth management and retirement savings products and services, as well as investment services. The Company provides its products and services to individuals, corporations and other institutions in all 50 states of the United States and the District of Columbia. Guardian's major subsidiaries include BLICOA, FCW, GIAC and GIS. As of December 31, 2022, 2021 and 2020, Guardian had total assets of $76.0 billion, $72.1 billion, and $68.0 billion, respectively. As of December 31, 2022, 2021 and 2020, respectively, Guardian had total life insurance in-force of $756.5 billion, $724.8 billion, and $696.4 billion, respectively. For the years ended December 31, 2022, 2021 and 2020, Guardian generated total premium income of $9.9 billion, $9.5 billion, and $9.0 billion, respectively. For the years ended December 31, 2022, 2021 and 2020, Guardian's net gain from operations totaled $1.4 billion, $1.5 billion, and $1.4 billion, respectively and net income totaled $14 million, $223 million, and $147 million, respectively. Guardian's insurance financial strength/claims paying ability is rated AA+ by S&P, Aa1 by Moody's, AA+ by Fitch and A++ by A.M. Best. S&P, Moody's, Fitch, and A.M. Best currently report a stable outlook for Guardian's insurance financial strength/claims paying abilities rating. These ratings are of interest to policyholders, but are not ratings of the Notes offered hereby and do not reflect an evaluation of the safety and security of the Notes.

Guardian, together with its subsidiaries, is a financial services group that seeks to provide attractive value for policyholders and customers by providing a wide array of differentiated products and services, while aiming to achieve strong financial results. In pursuing this strategy, Guardian's guiding principle is to enable its customers to obtain financial success while protecting their families and businesses. To achieve this goal, Guardian focuses on developing and distributing a broad portfolio of financial products and services, maintaining what it believes to be prudent underwriting standards and rigorous expense control, and pursuing asset/liability management practices that it considers conservative.

Guardian believes that its key strengths will enable it to capitalize on a variety of opportunities in the U.S. life insurance market. These strengths include:

Commitment to mutual status. This commitment allows Guardian to focus on meeting the needs of its policyholders by making long-term financial strength and stability and the payment of competitive dividends its primary objectives. As a mutual insurance company, Guardian does not have stockholders and believes that it does not experience the same short-term earnings pressures as its publicly-traded life insurance peers, permitting it to manage product development, risk and investments on a long-term economic basis.

Diversified product portfolio that meets a wide array of needs. Guardian believes that the diversity of its product portfolio allows it to meet the needs of its clients, both at the individual and group level. Guardian also believes that its diversified product portfolio improves its ability to be financially successful in many different market environments by providing diversification of earnings and reducing the level of volatility in its financial results. Guardian has paid dividends to policyholders every year since 1868.

Industry-leading products targeted at high-quality customer base. Guardian believes that it is a product leader in many areas where it writes business, in particular among its targeted core customer base of affluent individuals, small and mid-sized businesses with fewer than 5,000 employees. Guardian's participating whole life insurance products, which have represented approximately 88% of Guardian's individual life premium income over the past five years, offer a competitive base product together with attractive riders and a competitive dividend scale, making Guardian the fourth largest writer of participating whole life premium in the industry in 2022, according to the 2022 LIMRA Sales Report. In addition, Guardian's high net worth customer base has resulted in larger average premiums per policy than most of its peers; according to the 2022 LIMRA Sales Report, Guardian's average whole life only premium per policy sold was $14,332 while the peer group's average was $9,839. This peer group includes Massachusetts Mutual Life Insurance Company, New York Life Insurance Company and The Northwestern Mutual Life Insurance Company. Guardian believes its term and universal life and individual disability income products are also attractive in terms of benefit features and price. Based on the 2020 LIMRA survey results, the most recent annual LIMRA survey available, Guardian's dental business ranks third in in-force PPO cases.

Highly productive career agent system. Guardian's distribution model for individual products is focused on career agents, supervised by general agents and career development managers in 46 general agencies and Guardian-managed agencies. This is a critical element of Guardian's business model. Guardian's career agent system consists of over 2,400 active agents as of December 31, 2022 and enjoys one of the highest retention rates in the industry. Guardian's four-year average agent retention as of December 31, 2022 was 22.9% versus the overall 15% four-year average of the companies that participated in the 2020 LIMRA Agent Production and Retention Study. Guardian believes the benefits of a career agent model include the commitment of career agents to the long-term protection of their clients and the long-term financial success, financial strength and stability of Guardian, as well as the agents' commitment to their communities and the small businesses located there. The career system is supplemented by other distribution channels where appropriate for the product and market.

Long-term track record of growth and profitability. Guardian has historically experienced strong operating results and has been profitable every year since 2003 based on net income. In 2022, Guardian generated total revenues of $12.7 billion, net gain from operations of $1.4 billion and net income of $14 million. In addition, from 2004 to 2022, Guardian's total revenue and policyholder surplus increased at a compound annual growth rate of approximately 3.6% and 6.4%, respectively.

Strong balance sheet with a conservative investment portfolio and solid levels of capitalization. Guardian believes that it has strong financial strength and capitalization, as evidenced by its strong insurance financial strength/claims paying ability ratings from the rating agencies and its regulatory capital ratios, which historically have been in excess of the levels required by regulatory authorities. S&P, Moody's, Fitch and A.M. Best currently report a stable outlook for Guardian's financial strength rating. Guardian also believes that its investment portfolio is conservative and well-diversified. Guardian maintains a high quality fixed income portfolio, with approximately 93.6% of the securities in its bond portfolio, as of December 31, 2022, rated investment grade.

Strong Enterprise Risk Management execution. Guardian believes that it has a strong risk management culture, internal controls and reporting and oversight system. Guardian employs experienced asset class specialists that actively manage credit and portfolio risk. Furthermore, Guardian maintains what it considers to be a low product risk profile with focus on participating life insurance and a conservative set of product guarantees.

Accomplished and deep management team. Guardian's management team is composed of well-respected, seasoned executives with extensive experience in the insurance industry.

CORPORATE STRATEGY

Guardian's strategic objective is to generate growth in net income and to maintain a strong and consistent policyholder dividend policy. Guardian intends to achieve its objective by pursuing the following strategies:

Being the trusted mutual partner, delivering financial security how, when and where its clients prefer. By making mutuality relevant at a personal level, Guardian focuses on solutions that fit its clients' needs. Specific customer segments are targeted via appropriate channels leveraging technology to deliver products and service more efficiently.

Focus on profitable growth. Guardian continues to pursue opportunities to drive profitable growth, including improving its products, expanding distribution and enhancing its service capabilities. Guardian has invested significant resources in expanding and strengthening its distribution system and the management team remains committed to distribution excellence to generate profitable growth for the company. This includes expansion into the worksite market, where consumers are increasingly purchasing insurance products. As part of this focus, products that did not meet risk-adjusted profit targets metrics have been discontinued.

Pursue strong risk management and underwriting standards. Guardian believes that it has a conservative, low-risk approach to operations and underwriting and actively manages product and investment risk. Consistent with its history as a mutual insurance company, Guardian is committed to pursuing high asset quality, strong capitalization and liquidity and a conservative investment philosophy. Guardian believes it utilizes reasonably conservative underwriting practices in its insurance businesses.

Continue to deliver superior service. Guardian seeks to develop and maintain long-term relationships with customers through its career agent system and sales organizations, including general agents, career agents, brokers, group sales representatives and wholesalers. Guardian believes it has established a reputation for high-quality service to its customers and distribution, and remains committed to providing the superior service that has been recognized by such organizations as J.D. Power and DALBAR.

Living Guardian's Purpose to Inspire Well-being. Guardian's customers are at the center of everything Guardian does. Guardian is committed to inspiring well-being for the people and communities Guardian serves by providing products and services that promote financial, physical, and emotional health and help Guardian's customers build a better future for themselves and their families.

Focus on Environmental, Social, and Governance ("ESG"). The Company considers ESG-related matters throughout the organization with a focus on transparency and continuous improvement, including in areas such as operations, investments, product offerings, workforce, leadership and corporate social responsibility.

The principal product lines of Guardian and its major subsidiaries are organized into two segments set forth below:

- *Individual Markets* products include individual life insurance and individual disability income insurance products. Individual life insurance products include participating whole life insurance, universal life insurance, term life insurance and variable universal life insurance. Individual disability income insurance products, which are sold by BLICOA, include individual disability income insurance and multi-life disability income insurance. Individual Markets also includes certain wealth management and retirement savings products, which aim to meet an individual's needs through products, sold by GIAC. These products focus on individual fixed annuities.

- *Group Benefits* products include dental, vision, life, AD&D, short- and long-term disability, absence management administration and supplemental products such as accident, cancer and critical illness. In March 2020, Guardian changed the name of its Commercial and Government Markets to Group Benefits.

Guardian distributes its individual products primarily through a career agent force, which consists of agencies managed by general agents, career development managers, or principal directors, consisting of career agents and brokers who sell products directly to the customer. Guardian distributes its group products through group sales representatives, brokers, benefit consultants and its career agents. As of December 31, 2022, Guardian had over 150 group sales professionals and over 160 account managers, and over 12,200 active group brokers and benefit consultants.

The following table sets forth Guardian's and its subsidiaries' statutory selected summary financial data by main product line of business for the periods indicated. Certain of the financial information used to prepare the following table is not derived from the Statutory Financial Statements contained in this Offering Memorandum. The Statutory Financial Statements are prepared in accordance with SAP and, therefore, are presented on a parent company basis only, such that the Statutory Financial Statements do not consolidate the assets and liabilities or results of Guardian's subsidiaries. See "Financial and Accounting Matters—Summary of Principal Differences Between SAP and GAAP." The following table consolidates financial information from the Statutory Financial Statements, as well as from the statutory financial information of BLICOA and GIAC and the GAAP financial information of FCW and GIS. Guardian is not the issuer of the Notes offered hereby, and none of its subsidiaries (including BLICOA, GIAC, FCW and GIS) are in any way obligated with respect to the Notes.

	2022	2021	2020	2019	2018
Premium Income:					
Individual Insurance:					
Individual Life Insurance	$ 5,073	$ 4,748	$ 4,429	$ 4,287	$ 4,102
Individual Disability Income Insurance	721	696	670	651	626
Individual Annuity	168	98	109	328	464
Group Benefits Insurance	4,838	4,435	4,253	4,193	4,093
Other	(7,131)	108	52	122	1,694
Total premium income	$ 3,669	$ 10,085	$ 9,513	$ 9,581	$ 10,979
Net Investment Income:					
Individual Insurance:					
Individual Life Insurance	$ 2,201	$ 2,263	$ 1,961	$ 1,977	$ 1,824
Funding Agreement	106	105	80	60	49
Individual Disability Income Insurance	252	251	228	223	218
Individual Annuity	140	168	149	144	128
Group Benefits Insurance	139	161	152	159	146
Other	293	250	164	130	120
Total investment income	$ 3,131	$ 3,198	$ 2,734	$ 2,693	$ 2,485
Net Income:					
Individual Insurance:					
Individual Life Insurance	$ (401)	$ (139)	$ (258)	$ 142	$ (57)
Funding Agreement	(32)	1	6	11	13
Individual Disability Income Insurance	48	71	72	117	71
Individual Annuity	43	(63)	(101)	18	123
Group Benefits Insurance	540	251	312	318	237
Other	(127)	168	(7)	74	78
Total net income	$ 71	$ 289	$ 24	$ 680	$ 465

2022 CONSOLIDATED STATUTORY RESERVES

2022 consolidated statutory reserves by main product line were: individual life insurance $49,581 million; individual disability income insurance $4,318 million; individual annuity $3,057 million; Group Benefits insurance $2,188 million; and other products $565 million.

INDIVIDUAL MARKETS

Insurance Products

Guardian's Individual Markets line of business provides a wide range of products and services through a network of general agencies, principal directors, career development managers, and affiliated career agents, independent brokers, broker-dealers and banks.

The principal products offered by the Individual Markets line of business include participating whole life insurance, universal life insurance, term life insurance, variable universal life insurance, individual disability income insurance and annuities.

Many of these products offer a range of riders that provide such benefits as waiver of premium, accidental death benefits, paid-up additions of insurance, accelerated death benefits and long-term care benefits.

Set forth below is a description of the Individual Markets line of business principal insurance products:

Whole Life. Whole life insurance is a participating product that provides guaranteed minimum death benefits and guaranteed cash values in return for periodic premium payments of a fixed amount. Guardian offers several types of whole life products, including products with premium due for the life of the insured and products with guaranteed limited payment periods. Guardian also offers survivorship whole life, a product that pays a death benefit upon the death of the second of two insureds. In 2022, 97% of the individual life products segment premium income was participating whole life insurance premium income. In 2015, Guardian began offering an Index Participation Feature for certain new sales of whole life insurance. Contractholders may elect to allocate 0 to 100% of the dividend associated with the policy's cash value of paid up additions to be based on the return of an S&P 500 index subject to a cap and a 4% guarantee.

Universal Life. Universal life insurance provides the policyholder with flexible premium payments and death benefits. Both Guardian and GIAC offer universal life products. Those sold by GIAC include secondary guarantees. Guardian and GIAC's universal life products credit premium in excess of specified sales charges to the account value of the policy, which is allocated to the fixed account backed by each company's general account. That account value includes a guaranteed principal with a minimum interest credit. The policy value is the net result of the premium payments, plus interest credits, minus expense and cost of insurance charges, minus the amount of any partial surrenders. GIAC also offers survivorship universal life, a product that insures two lives and pays a death benefit at the second death. Guardian also offers universal life insurance for the bank-owned life insurance market ("BOLI") sold in connection with corporate benefit plans, for sale to small or medium corporate purchasers for funding deferred compensation and post-retirement benefits. Sales of BOLI accounted for 0%, 0%, and 0.1% of Guardian's total life insurance sales for 2022, 2021 and 2020, respectively. Guardian offers universal life products with secondary guarantees, but such products accounted for only 0%, 0.0%, and 0.0% of sales in 2022, 2021 and 2020, respectively.

Variable Universal Life. Variable universal life insurance, issued by GIAC, provides the policyholder, within guidelines established by the terms of the policy, the ability to select and change premium levels, amounts of death benefit and investment options. GIAC credits premium in excess of specified sales charges (the "net premium") to the accumulation value of the policy. GIAC applies the net premium, as instructed by the policyholder, to a fixed rate account which is backed by GIAC's general account, or to one or more of GIAC's separate account investment options, or to an index-linked interest option. For variable universal life products, the policyholder bears the investment risk for cash values in the separate account investment options. GIAC deducts monthly charges, including the cost of insurance, mortality and expense risk charges and administrative charges from the accumulation value to which GIAC credits the net premium. There are both short term and longer term secondary guarantee options available subject to the payment of stipulated premiums. While not currently available to the general public, GIAC also has a legacy variable universal life product for the corporate-owned life insurance market ("COLI") market sold in connection with corporate benefit plans, for sale to small or medium corporate purchasers for funding deferred compensation and post-retirement benefits. Currently, new sales of this product line are limited to sales of additional coverage of existing employees of existing policyholders.

Term Life. Term life insurance provides life insurance protection for a fixed period and has no cash value. GIAC offers a variety of term insurance products designed to meet varying client needs. Almost all term life insurance products allow conversion within a specified time period to one of Guardian's other permanent life insurance products.

Disability Income. Individual disability income insurance, which is sold by BLICOA, can help offset a portion of lost earnings, ensure continued retirement contributions, cover small business operating costs and facilitate partnership buy-outs when an individual becomes disabled. Individual disability income policies are typically sold to individual policyholders in single sale transactions. They are also sold to small groups of individuals through the multi-life disability income market.

Individual Markets Product Pricing and Management

Guardian seeks to price Individual Markets products to produce an appropriate return on invested capital consistent with Guardian's financial strength objectives. Guardian attempts to achieve long-term value for policyholders by competitively managing the key financial fundamentals for each product, including investment earnings, expenses, policy persistency, mortality and morbidity (the incidence and duration of disability). For

participating whole life products, Guardian reflects actual experience in dividends, which generally represent premium refunds resulting from more favorable investment, mortality and expense experience than was reflected in the original policy pricing.

Individual Insurance Principal Markets, Marketing and Distribution

Sales of Guardian's Individual Markets products are primarily targeted at affluent and emerging affluent market segments including professionals, business owners, small- and mid-sized businesses, corporations, banks, principals and partners. Products are designed to solve fundamental as well as complex financial concerns, including estate planning, business succession planning and the funding of certain employee benefit plans.

As of December 31, 2022, Guardian sells its Individual Markets products primarily through 43 general agencies, Guardian-managed agencies and career development managers that oversee over 2,400 career agents. Guardian is investing substantially to enable its general agents, career development managers and career agents to run their businesses more effectively and better serve their customers. With increased competition in a deregulated financial services arena, Guardian believes that continued success requires increased distribution productivity and capacity. Guardian also serves clients through existing relationships with banks and broker-dealers, including Park Avenue Securities LLC ("PAS"), a registered broker-dealer that Guardian wholly owns. PAS also provides securities brokerage and investment management services.

Guardian has implemented a program to help facilitate ownership transfers in its general agencies, with the goal of ensuring smooth ownership transitions and continued success in the future for successful general agencies.

Individual Markets Underwriting

Guardian balances the risk assessment process to ensure an evaluation of relative risks that seeks profitable new business and competitive product performance. Underwriting risk represents the exposure to loss resulting from actual policy experience such as mortality or morbidity risk being worse than expected in product pricing assumptions. Guardian attempts to reduce this underwriting risk through what it believes to be reasonably conservative evaluation of the risks. Guardian also attempts to reduce this underwriting risk through the use of reinsurance, although there can be no assurances this reinsurance will mitigate the risks as planned. In addition, Guardian's reinsurers may not perform as required, or its reinsurance may otherwise be inadequate. For a description of Guardian's reinsurance, see "— Reinsurance."

Guardian's Individual Markets underwriting teams for individual life and individual disability income insurance are experienced teams, with a respective average of 18 years and 13.5 years, of experience for individual life insurance and individual disability income insurance underwriters, respectively. Guardian believes that its approach to underwriting risk is prudent and relatively conservative.

Individual Insurance Competition

The life insurance industry is highly competitive. There are a large number of life insurance companies in the United States, many of which offer individual insurance products similar to those marketed by Guardian. In addition to competition within the industry, insurers are increasingly facing competition from non-traditional sources in the financial services industry, including mutual fund companies, banks, securities brokerage houses and other financial services entities, many of which provide alternative investment and savings vehicles for consumers. Federal legislative initiatives are affecting the financial services industry, thereby changing the environment in which Guardian competes.

Guardian competes for large life insurance sales with many other financially strong companies. The process for negotiating large sales may involve clients' advisors, consultants, attorneys and accountants. In addition, there is substantial competition for smaller sales due to the large number of companies and agents in these markets nationwide.

According to the "LIMRA Disability Income Sales—U.S." survey, the five largest writers of individual disability insurance participating in the report, including BLICOA, account for the majority of the premiums earned in the market.

Individual Wealth Management and Retirement Savings

GIAC serves the individual retirement market through its Individual Markets Division. This line of business provides financial products and programs for individuals saving for or living in retirement. In addition, many Guardian career agents are registered representatives of Guardian's broker-dealer subsidiary, PAS, and in that capacity provide wealth management services and retirement savings products to their clients.

Below is a description of GIAC's principal retirement-focused insurance products:

Fixed-Index Annuities. Fixed-Index Annuities ("FIAs") are individual contracts which typically allow for a single premium which may be directed to a crediting strategy tied to the positive performance of an equity index like the S&P 500, but without participating in the negative performance. The contract owner is not directly invested in the index itself. The crediting strategy and resulting contract value are backed by the insurer's general account. All FIAs allow the owner at a later date to annuitize the contract to receive regular income payments for a specified time period and/or for his or her lifetime (or the lifetime of two people).

GIAC currently offers an individual FIA contract that is available in every U.S. state and the District of Columbia except New York. The FIA has a ten-year surrender charge period. This contract offers a living benefit rider.

Living Benefit Riders. As of February 17, 2017, GIAC no longer offers variable annuities with living benefit riders, and contractual risks relating to these riders were ceded pursuant to the Variable Annuity Reinsurance Treaty. As of March 7, 2022, GIAC offers a fixed-index annuity with a living benefit rider.

Fixed Annuities. GIAC's fixed deferred annuities are designed for more conservative investors and guarantee a set interest rate for a fixed period of time. GIAC currently offers a single premium deferred annuity with four-, five-, and six-year rate periods, and plans to offer a three-year rate period in the near future, so customers can choose a range of time periods that are best suited for their needs. The products currently offer an additional interest rate step-up of 0.10% for premiums in excess of $100,000.

Single Premium Immediate Annuities. GIAC's immediate annuities are designed to provide the customer, in exchange for a lump sum premium payment, with a guaranteed stream of income payments set to begin no later than the end of the 12th month after the contract is issued and guaranteed to last for the customer's lifetime (or joint lifetime) or for a set period of time. The customer does not have access to the single premium payment other than through the stream of guaranteed payments to be provided by GIAC, aside from the most recent version of the product, which does allow for an early one-time market-value adjusted withdrawal of up to 80% of the "term certain" portion of the income stream.

Deferred Income Annuities. GIAC's DIAs are designed to provide the customer with a stream of income payments set to begin between 24 months and 40 years after the initial premium payment and guaranteed to last for the customer's lifetime (or joint lifetime) or a set period of time. Premium payments may be made at any time up to 13 months prior to the date that annuity payments are scheduled to begin. Each premium payment has a separate annuity payment stream, but all payment streams are aggregated when payments begin. The customer does not have access to the premium payments other than through the stream of guaranteed payments to be provided by GIAC.

Variable Annuities. Variable annuities ("VAs") are individual contracts which allow for either a single premium or flexible premiums, which may be directed to a fixed account backed by the insurer's general account or among a number of separate account investment options for which the investment risk is borne by the contract holder. All VAs allow the owner at a later date to annuitize the contract to receive regular income payments for a specified time period and/or for his or her lifetime (or the lifetime of two people).

GIAC currently offers an individual VA B-Share contract. The B-Share contract has a seven-year surrender charge period. This contract does not offer a living benefit rider. Effective November 1, 2022, pursuant to the Variable Annuity Reinsurance Treaty GIAC reinsured virtually all of the variable annuity block that existed as of such date, including all of its living benefit riders.

At December 31, 2022, GIAC's total VA assets, net of the general account coinsurance and separate account modified coinsurance, totaled $8 million, while fixed annuity assets net of reinsurance totaled $3.1 billion. In addition, Guardian continues to invest in and expand its fixed product portfolio.

Individual Annuities Principal Markets, Marketing and Distribution

GIAC's individual variable annuities are distributed by PAS as the principal underwriter. Variable annuities are offered at the retail level by PAS as well as through selling agreements with outside registered broker-dealers. The FIA contract is only offered through PAS. Other fixed annuities are offered directly by GIAC through its financial representatives and through selling agreements with outside insurance agencies and in some instances, outside registered broker dealers.

Individual Annuities Products and Services Competition

GIAC annuity sales are almost entirely made up of fixed annuities. There are a number of large life insurance companies that offer fixed annuity products similar to those marketed by GIAC. GIAC has designed its fixed annuity products with the aim of being competitive in the marketplace. Guardian's biggest competitors in the fixed annuity space are New York Life, Mass Mutual, USAA and Western & Southern.

GIAC's current fixed product offerings include SPDA, SPIA, FIA and DIA. In the income annuity space (SPIA and DIA), the dominant issuers are other large mutual insurers including New York Life, MassMutual and Northwestern Mutual.

These fixed offerings complement GIAC's VA portfolio and focus on providing income benefits for contract owners who own these fixed annuities.

GROUP BENEFITS

Insurance Products

Guardian entered the group insurance business in 1957, and Guardian's current Group Benefits products provide a wide range of employee benefits in all 50 states and the District of Columbia. The products are distributed predominantly through independent brokers throughout the country.

The principal products in the Group Benefits line of business include dental, vision, life insurance, AD&D, short-term disability, long-term disability, absence management administration and supplemental health products such as accident, hospital indemnity, cancer and critical illness. Group Benefits products are marketed on an employer funded, an employee contributory and on a voluntary (*i.e.*, employee pay all) basis. Each Group Benefits product contains a wide range of plan design variables and options to serve the varying employee benefit needs of customers and prospective customers. In addition, Guardian's group business provides dental and vision benefits.

Below is a description of the principal Group Benefits products:

Dental: Dental insurance is a term insurance product that covers the cost of dental services, subject to policy provisions such as co-payments, co-insurance and annual maximums. Guardian's primary dental product is a PPO product that provides comprehensive benefits to covered individuals. As of December 31, 2022, Guardian maintains a network of over 133,000 individual dentists throughout the United States. Currently, 69.4% of these dentists are directly contracted with Guardian and the remainder are in the network via partnerships with other dental networks. Through various state specific subsidiaries, Guardian also markets DHMO products in California, Florida, Illinois, Indiana, Michigan, Missouri, New Jersey, New York, Ohio, Colorado and Texas.

Vision: Vision insurance is a term insurance product that covers the cost of eye exams and vision aids, subject to policy provisions such as co-payments, co-insurance, and annual maximums. Guardian's primary vision product is a PPO product that provides comprehensive benefits to covered individuals. Guardian has partnerships with three alternative vision networks, Vision Services Plan and Davis Vision, to support the PPO product.

Life Insurance: Group life insurance is a basic term product that provides a death benefit for a fixed period and has no cash value. The product typically provides extended coverage by waiving premium for disabled employees.

Accidental Death and Dismemberment: AD&D is a term product that provides a death or dismemberment benefit when the cause of the death or dismemberment is due to an accident, as opposed to a health or disease related occurrence. Since death or dismemberment caused by accident is generally less frequent than death or dismemberment caused by health or disease in the adult population covered by group benefit insurance products, the premium for this coverage is relatively low.

Short-Term Disability: Group short-term disability insurance replaces a portion of lost earnings due to disability. While Guardian offers a range of options, the typical short-term disability policy replaces 50-70% of income after an individual is disabled for a week. Benefits are payable as long as the individual remains disabled, up to a maximum of typically 13 or 26 weeks, depending on the product.

Long-Term Disability: Group long-term disability insurance replaces a portion of lost earnings due to disability for a longer period of time than is covered by short-term disability. While Guardian offers a range of options, the typical long-term disability policy replaces 50-70% of income after an individual is disabled typically for 90 or 180 days, depending on the product. Benefits are payable as long as the individual remains disabled, typically until normal retirement age.

Critical Illness: Critical illness is a term product that provides lump sum benefits for the diagnosis of serious conditions such as cancer, heart attack, kidney failure and stroke. Guardian's critical illness plan pays benefits directly to the member and does not coordinate with any medical insurance the member may have. Critical illness is typically marketed on a voluntary basis.

Accident: Accident insurance is a term product that provides indemnity benefits upon the occurrence and treatment of accidental injuries. Guardian's accident plan pays benefits directly to the member, regardless of the cost of treatment, and does not coordinate with any medical insurance the member may have. Typical coverage includes payments to the member upon use of ambulance services, emergency room visits and hospitalization as well as diagnosis of fractures, burns and lacerations. Accident insurance is typically marketed on a voluntary basis.

Cancer: Cancer insurance is a term product that provides a lump sum benefit for the diagnosis of cancer as well as additional benefits when the member undergoes treatment. Guardian's cancer plan pays benefits directly to the member, regardless of the cost of treatment, and does not coordinate with any medical insurance the member may have. Typical coverage includes payments to the member for cancer related hospitalization, surgery, radiation and chemotherapy. Cancer insurance is typically marketed on a voluntary basis.

Hospital Indemnity: Hospital indemnity insurance is a term product that provides fixed benefit payments, regardless of the cost of treatment, for people with hospital stays, need of ambulance services and other specific medical treatments. The product serves as a supplement to an employee's medical plan.

Mental Wellness: Mental wellness benefits improve the overall mental well-being of employees through a comprehensive set of services that include in-person and virtual therapy, mental health assessments, mindfulness exercises and life coaching. Guardian has a partnership with Spring Health, among others, to offer this benefit to its group customers. Spring Health's services are clinically proven to drive faster recovery times, reduce absenteeism, and improve overall well-being.

Absence Management Administration: Guardian provides employers administration and management services of (regulatory/statutory and employer defined) leave of absence programs.

Group Insurance Product Pricing and Management

Guardian seeks to price each Group Benefits product to produce an appropriate return consistent with Guardian's financial objectives. Guardian's group insurance products are term insurance and the pricing factors for each product line are updated regularly and the price for each group client is periodically adjusted, typically on an annual basis, subject to client renewal. Generally, Guardian sets renewal rate increases to reflect trends in morbidity and mortality on Guardian's block of business. Guardian renews over 80% of the inforce customers annually. Guardian maintains what it believes to be competitively priced products by managing what it considers key fundamentals, including underwriting, expense management and claim costs.

Group Benefits Principal Markets, Marketing and Distribution

Sales of Guardian's Group Benefits products are primarily targeted to employers with two to 5,000 employees. The Group Benefits portfolio has a wide range of options to serve the needs of varying customer segments.

Guardian sells its Group Benefits products primarily through independent brokers. As of December 31, 2022, Guardian maintains a staff of over 150 group sales professionals plus over 160 account managers located in over 35 offices across the country who cultivate and manage relationships with independent brokers. As of December 31, 2022, over 12,200 brokers have group insurance product business in force with Guardian.

In addition, Guardian maintains a group of over 135 contracted enrollers across the country. These individuals are part of the sales process and conduct employee enrollment meetings for Group Benefits products that are sold on a voluntary basis.

Group Benefits Product Underwriting

Guardian's underwriting is balanced and performed at the issuance of new business and the renewal of in-force policies. Underwriting risk reflects the exposure to actual loss experience adversely deviating from product pricing assumptions, specifically morbidity and mortality assumptions. Most underwriting is at the group level, reflecting prior claim experience, group demographics and plan design parameters.

Group Benefits Product Competition

The group insurance product industry is highly competitive, with a mix of national and regional competitors that vary by product type and employer size segment. In general, dental insurance tends to have more regional competition, as the product strength is often associated with the local provider network. There are also many dental insurers that compete in multiple regions throughout the country. Group life and disability competitors tend to be more national in scope, although some tend to focus on specific employer size segments.

Guardian competes through its long-term relationships with brokers in markets throughout the country, a wide and flexible product portfolio, a large dental network and superior customer service.

INVESTMENT MANAGEMENT

Investment advisory services are provided to Guardian, its affiliates and various unaffiliated individual and institutional investors primarily through Guardian's investment management staff and its subsidiaries. The primary focus of investment management at Guardian is to manage the general account assets of Guardian and its subsidiaries. The invested assets of Guardian's general account have grown from $37.7 billion at December 31, 2013 to $69.6 billion at December 31, 2022.

Guardian's investment objectives are to (1) protect financial strength and ratings, (2) provide competitive long-term dividends and (3) execute a competitive long-term asset allocation strategy. The goal of Guardian's asset/liability management is to structure the risk/reward profile of the asset portfolio in an optimal manner relative to the liabilities. Guardian's investment strategy focuses on supporting product liabilities in light of total return, yield, liquidity, cash flow and diversification considerations. Guardian's general account investments primarily back

participating whole life products. Guardian's subsidiaries also aim to match asset portfolios to relevant characteristics of the liabilities.

Guardian recognizes that it is important to consider ESG factors in its investment process, as these factors can influence an investment's risk and return profile. As a result, Guardian is working towards integrating the consideration of ESG factors into its decision making as it executes investments for its general account portfolio. Guardian will look to expand its ESG investing initiatives in the future.

Guardian utilizes a wide array of investment instruments to carry out its portfolio management activities. The investment strategies Guardian uses in managing its asset portfolios are generally aimed at maximizing the long-term total rate of return.

Guardian also provides its customers access to a wide range of investment products, some of which are distributed through its subsidiary, PAS. Further, Guardian provides certain third-party asset management services to institutional counterparties through subsidiaries of GIS. Park Avenue Institutional Advisers LLC ("PAIA"), a GIS subsidiary, in addition to managing Guardian's general account assets, manages several collateralized loan obligation special purpose vehicles ("CLO") that currently have debt and equity instruments outstanding pursuant to the table below. Guardian purchased almost all of the equity at issue in each CLO, however, it has sold some of the equity it purchased and may sell more in the future. Depending on market conditions and regulatory developments, Guardian may, in the future, make additional investments in equity, debt or subordinated debt interests issued by additional CLOs managed by PAIA.

CLO Deal Name	Close Date	Reset/Refi Date	Debt	Equity	Total Size
				($ in millions)	
PAIA 2016-1	August 23, 2016	August 23, 2018	366	43	409
PAIA 2017-1	November 14, 2017	February 14, 2021	373	42	415
PAIA 2018-1	November 9, 2018	April 20, 2021	366	38	404
PAIA 2019-1	May 9, 2019		366	33	399
PAIA 2019-2	October 15, 2019	October 15, 2021	368	37	405
PAIA 2021-1	January 26, 2021		365	34	399
PAIA 2021-2	August 26, 2021		368	34	402
PAIA 2022-1	March 17, 2022		368	40	408
PAIA 2022-2	November 29, 2022		293	32	325

REINSURANCE

Guardian enters into reinsurance agreements with other insurance companies in the normal course of business. Total premium ceded for the years ended December 31, 2022, 2021 and 2020 was $575 million, $331 million, and $259 million, respectively. Premiums ceded to reinsurers are reported as a reduction of premium revenue in the Statement of Operations. The reinsurance agreements create no right or legal relationship between the reinsurer and the insured, owner or beneficiary of any insurance policy reinsured under these agreements. Guardian remains liable to the insured for the payment of benefits, and must make such payments if the reinsurer cannot meet its obligations under the reinsurance agreements.

Guardian participates in automatic reinsurance and facultative reinsurance. Automatic reinsurance is reinsurance in which the ceding company is obligated to cede, and the reinsurer is obligated to assume, risks which meet specific criteria based on the provisions of the reinsurance agreement and the ceding company's underwriting. Facultative reinsurance is reinsurance of individual risks at the option of the reinsurer and the ceding company, whether under a treaty of reinsurance or by negotiation with respect to an individual risk. The reinsurer is free to accept or reject the offerings of the ceding company, and the reinsurer may specify its own ratings or terms for the reinsurance. Automatic reinsurance can be ceded to a pool of reinsurers on a first dollar quota-share or excess of retention basis. Under first dollar quota-share arrangements the ceding company retains a certain percentage of the

risk on each policy, in a given class of business, and cedes the remaining portion to a pool of reinsurers based on predetermined shares. In an excess of retention arrangement, the ceding company keeps amounts up to its maximum capacity (full retention limit) on any one life and cedes the remaining amount to one or more reinsurers. When reinsured with more than one reinsurer, the amounts in excess of the ceding company's capacity may be ceded based on an alphabetic split (depending on the insured's last name) or based on predetermined shares.

Guardian's maximum retention limit for participating whole life, universal life and variable universal life is generally $20.0 million of death benefit per life. Any death benefit in excess of the $20.0 million retention is ceded to a pool of reinsurers under excess of retention arrangements. Guardian may selectively retain a greater amount of coverage on two individuals in connection with joint and last survivorship policies. For term policies, Guardian's maximum retention is currently $2 million of death benefit per life. Any death benefit in excess of the $2 million retention is ceded to a pool of reinsurers under excess of retention arrangements. Guardian coinsured between 76% and 90% of all term life insurance business on a first dollar quota share basis until May 1, 2014. Starting May 1, 2014, until terminated for new business May 18, 2020, Guardian cedes amounts in excess of $2 million per life of newly issued term life insurance to a pool of four reinsurers on an automatic yearly renewable term basis. Term life insurance business may also be ceded to the same four reinsurers on a facultative basis. Also, beginning May 1, 2014, 2014 until terminated for new business December 31, 2018, Guardian has coinsurance with funds withheld under a reinsurance agreement with one reinsurer, covering 90% of Guardian's level term life insurance amounts net of the excess of $2 million dollar on term life retention yearly renewable term reinsurance.

Effective May 18, 2020, GIAC ceded amounts in excess of $2 million per life of newly issued term life insurance to a pool of four reinsurers on an automatic yearly renewable term basis. Term life insurance business may also be ceded to the same four reinsurers on a facultative basis.

As of December 31, 2022, Guardian ceded $154 billion of individual participating whole life, individual universal life and individual term death benefit to reinsurers, or 32% of the total individual life death benefit coverage in-force. Claims ceded to reinsurers are reported as a reduction of benefits payments to policyholders and beneficiaries in the Statement of Operations.

Historically, BLICOA's retention on individual disability income policy monthly benefits has varied from $4,000 to $10,000 per life on policies issued before January 1, 2016. Amounts in excess of BLICOA's retention limits were reinsured with third-party with reinsurers. For policies issued on or after January 1, 2016, BLICOA has ceased external reinsurance of new business and BLICOA and Guardian retain 100% of the risk.

Reinsurance with Unaffiliated Companies

Without secondary guarantees policies, issued directly by Guardian through June 1, 2015, where Guardian's retention is exceeded, Guardian has an automatic yearly renewable term reinsurance program involving four reinsurers. Business may also be ceded to the four automatic reinsurers on a facultative basis. Guardian has one reinsurance program open to new business for facultative cases and cases that exceed the automatic binding limits that may also be submitted facultatively on a case-by-case basis to the reinsurer. Guardian cedes approximately 10% of its participating whole life, universal life with secondary guarantee and universal life without secondary guarantee life insurance face amounts under these programs. Guardian also had a yearly renewable term first dollar quota-share program under which Guardian ceded 90% of universal life policies without secondary guarantee, issued directly by Guardian since June 1, 2015, to two reinsurers until November 17, 2020, to two reinsurers. Guardian cedes 36% to one reinsurer starting November 18, 2020.

Guardian coinsured between 76% and 90% of all term life insurance business on a first dollar quota share basis until May 1, 2014. Starting May 1, 2014, Guardian cedes amounts in excess of $2 million per life of newly issued term life insurance to a pool of four reinsurers on an automatic yearly renewable term basis. Term life insurance business may also be ceded to the same four reinsurers on a facultative basis. Starting May 18, 2020, this term business was ceded by GIAC. Also, beginning May 1, 2014 until terminated for new business December 31, 2018, Guardian has coinsurance with funds withheld under a reinsurance agreement, with one reinsurer, covering 90% of Guardian's level term life insurance amounts net of the excess of $2 million retention.

Guardian has various yearly renewable term first dollar quota-share agreements under which Guardian cedes 90% of all secondary guarantee universal life premiums that it had assumed from GIAC to third-party reinsurers. Guardian also maintains several reinsurance programs covering life insurance products that Guardian no longer writes.

As of December 31, 2022, Guardian's two largest reinsurance counterparties accounted for 47% and 20%, respectively, of the outstanding individual life insurance reinsurance in-force by face amount. As of December 31, 2022, measured by reference to reserve credit taken by Guardian, Guardian's five largest life reinsurers had financial strength ratings from S&P of A+ or better. These five companies represented more than 98% of Guardian's ceded life reinsurance reserve credit.

BLICOA coinsured 90% of all term life insurance business on a first dollar quota share basis with five third-party reinsurers, with the exception of 5 and 10-year term policies issued between April 1, 2004 and June 30, 2005, which were 76.5% coinsured. All of these agreements covering BLICOA's term life insurance are closed to new business.

BLICOA has reinsurance on its individual disability income policies issued prior to January 1, 2016 for the monthly benefits payable in excess of a specified dollar amount per individual insured. Individual disability income policies issued on or after January 1, 2016 are not reinsured. In addition, BLICOA maintains an excess of loss reinsurance arrangement on a closed block of non-cancelable disability income insurance.

BLICOA has coinsurance treaties with two companies to which it cedes 90% of the risks for all of its long-term care products. BLICOA stopped writing long-term care insurance in 2012 and as of December 31, 2022 has $27.19 million of direct premium in-force ($2.72 million net premium).

Guardian has some reinsurance on selected group products. Group life and AD&D insurance are reinsured for excess of a certain face amount on an individual certificate. Group long-term disability has reinsurance for monthly benefits over a certain dollar amount on an individual certificate.

Effective November 1, 2022 GIAC entered into a Coinsurance and Modified Coinsurance Agreement (the "Variable Annuity Reinsurance Treaty") with Talcott Resolution Life Insurance Company, a Connecticut domiciled life insurance company that is licensed in Delaware ("Talcott"). Pursuant to the Variable Annuity Reinsurance Treaty virtually all of the general account liabilities, including all of the general account liabilities relating to the living benefit riders, relating to substantially all of the variable annuity contracts and certain payout annuity contracts in force as of November 1, 2022 were reinsured on a coinsurance basis and all of the separate account liabilities relating to such variable annuity contracts were reinsured on a modified coinsurance basis to Talcott. As of the date of this Offering Memorandum and based on information available on the applicable rating agency websites, the financial strength ratings of Talcott from S&P, Moody's and A.M. Best are BBB+, Baa2 and B++, respectively.

Talcott's obligations under the Variable Annuity Reinsurance Treaty are secured by a book value comfort trust that is subject to daily monitoring and monthly and, in certain cases, daily rebalancing based on changes in the ceded reserves, equity and interest rate movements and trust assets. The quality and concentration of the trust assets are subject to weekly monitoring to confirm compliance with specified trust asset investment guidelines. In certain circumstances following capital adequacy and certain other events the trust converts from a book value comfort trust to a fair market value trust pursuant to which Talcott must ensure that the assets in the trust have a fair market value equal to the required trust balance. In addition, following such events Talcott is required to fund the trust with additional assets. Guardian expects that the Variable Annuity Reinsurance Treaty will mitigate balance sheet and income statement risk relating to substantially all of its in force book of variable annuity contracts as of November 1, 2022, including risks associated with sustained volatility in capital markets and policyholder withdrawals.

Prices on reinsurance can, subject to treaty terms on notification, be increased on both yearly renewable term and coinsurance business. Guardian's treaties generally require a six-month advance notice to change prices. Although reinsurers have historically tended to prospectively increase rates on yearly renewable term agreements or decrease allowances under coinsurance treaties, which results in a less favorable financial result for the ceding company, reinsurers can increase rates on both a prospective and retrospective basis. Although unusual, a reinsurer may notify a company that subject to the notification period, it will not accept any new business at any price. More typically, a reinsurer will notify a company that after a certain date, given appropriate notice, either yearly renewable term rates

or coinsurance allowances will change for any new business under the treaty. If this situation were to occur for either existing or new business, Guardian has the right to find other reinsurers and renegotiate the treaty, either with the existing reinsurers or with new parties. There are no guarantees that rates charged by reinsurers will not increase in the future, either for new or existing business.

Reinsurance with Affiliates

Guardian and third parties enter into coinsurance, modified coinsurance and yearly renewable term agreements with GIAC to provide for reinsurance of selected GIAC VA contracts, fixed annuity, group life and individual life policies. Under the terms of the modified coinsurance agreements with GIAC, reserves ceded to the reinsured business and corresponding assets held by GIAC amounted to $7,117 million as of December 31, 2022. The reinsurance contracts do not relieve GIAC of its primary obligation for policyholder benefits. Failure of reinsurers to honor their obligations could result in losses to GIAC; consequently, GIAC evaluates the financial condition of its reinsurers in order to minimize its exposure to losses from reinsurer insolvencies. Guardian also has a first dollar quota-share coinsurance/modified coinsurance and subsequent first dollar quota-share yearly renewable term agreement with GIAC whereby Guardian assumes 90% of the risks on certain variable life and variable universal life policies sold by GIAC.

Guardian has two coinsurance treaties in effect with BLICOA: (1) effective concurrently since the creation of BLICOA in 2001, Guardian cedes 100% of its direct individual disability business to BLICOA; and (2) effective as of January 1, 2013, Guardian assumes 80% of BLICOA's net individual disability business which includes the business ceded to BLICOA in the treaty referenced in clause (1) above, as well as business written directly by BLICOA.

Guardian also has a quota-share coinsurance/modified coinsurance agreement with BLICOA whereby Guardian assumed the risk on certain universal life policies sold by BLICOA. Guardian assumes the excess of BLICOA's retention on certain universal life policies on a yearly renewable term basis. Guardian has a quota-share coinsurance agreement with BLICOA whereby Guardian assumed 5–10% of the risk on certain term life policies sold by BLICOA as a participant in BLICOA's term reinsurance pool. All lines covered by the agreements with BLICOA are closed to new business.

LEGAL PROCEEDINGS

Guardian is involved in litigation arising in and out of the normal course of business, which seek both compensatory and punitive damages. Guardian is not currently litigating nor is it aware of any pending legal actions or allegations that should reasonably give rise to a materially adverse impact to its financial position or liquidity. However, the outcome of litigation cannot be foreseen with certainty.

Guardian is subject to governmental and administrative proceedings and regulatory inquiries, examinations and investigations in the ordinary course of its business. Guardian has cooperated with these regulatory agencies and has responded to information requests and comments.

These examinations, inquiries and investigations have included industry-wide reviews of abandoned property and escheatment issues, illustrations and replacements of life insurance and annuities, underwriting practices involving prescription drug use or social media presence, and the standards of conduct in the sale of life insurance and annuities. In connection with certain of these matters, Guardian has been contacted by the SEC, FINRA, the NYSDFS, the New York Attorney General and other regulatory authorities.

Guardian believes that it is reasonable to expect that regulatory inquiries, examinations and investigations into the financial services industry will continue for the foreseeable future. It is the opinion of management that the ultimate resolution of these matters will not materially impact Guardian's financial position or liquidity. The outcome of a particular matter may be material to Guardian's operating results for a particular period depending upon, among other things, the size of the matter and level of Guardian's income for the period.

REGULATION

Insurance Regulation

General. Guardian, NAIC number 64246, is licensed to transact its insurance business in, and is subject to regulation and supervision by, all 50 states of the United States and the District of Columbia. Guardian and its insurance subsidiaries are licensed, regulated and supervised in all jurisdictions where they conduct insurance business. The extent of such regulation varies. However, most jurisdictions have laws and regulations requiring the licensing of insurers and their agents and setting standards of solvency, reserves, reinsurance, capital adequacy and business conduct to be maintained by licensed insurance companies, and may regulate withdrawal from certain markets. In addition, statutes and regulations usually require the approval of policy forms and, for certain lines of insurance, the approval of rates. Such statutes and regulations in certain states also prescribe the permitted types and concentration of investments. Guardian, along with each of its insurance subsidiaries, is required to file detailed annual financial statements with supervisory agencies in each of the jurisdictions in which Guardian or such insurance subsidiary does business and its operations and accounts are subject to periodic examination by such authorities. Guardian's operations and accounts are also subject to examination by such agencies. The primary purpose of this insurance industry regulation is to protect policyholders, not holders of any securities. Guardian is also subject to federal and state laws and regulations affecting the conduct of Guardian's businesses.

The New York Insurance Law limits the sales commissions and certain other marketing expenses that may be incurred in connection with the sale of individual life insurance policies and annuity contracts issued in any state by Guardian, Berkshire Life Insurance Company of America ("BLICOA") and The Guardian Insurance & Annuity Company, Inc. ("GIAC"). Some group insurance products also have restrictions on commissions, although the restrictions are more limited in nature. The NYSDFS requires the filing of information on agent compensation program structure and amounts on an annual basis.

State insurance regulatory authorities and other state enforcement agencies may from time to time make inquiries regarding Guardian's compliance with laws and regulations regarding the conduct of its insurance business. Guardian and its subsidiaries endeavor to respond to such inquiries in an appropriate way and to take corrective action if warranted. Based upon regulatory inquiries that have been made, it is Guardian's opinion that any regulatory proceedings which might be initiated following such inquiries are not likely to have a material adverse effect on Guardian's financial condition or results of operations.

Holding Company Regulation. Guardian is subject to the New York Insurance Law which governs insurance companies and their subsidiaries and affiliates, in particular, Article 17 of the New York Insurance Law. That article places certain restrictions on transactions between Guardian and its subsidiaries and other affiliates. In addition, the NYSDFS requires reports and notifications of transactions involving Guardian and its subsidiaries and other affiliates. Some of these transactions are subject to prior approval by the NYSDFS.

Guardian's insurance subsidiaries are subject to regulation under the insurance holding company laws of their domiciliary jurisdiction. The insurance holding company laws and regulations vary from jurisdiction to jurisdiction, but generally require each controlled insurance company to register with state regulatory authorities and to file with those authorities certain reports, including information concerning their capital structure, ownership, financial condition, certain intercompany transactions and general business operations and, where applicable requirements have been adopted, reports on the enterprise risk management and governance of Guardian.

The New York Insurance Law and the regulations thereunder also restrict the aggregate amount of investments Guardian may make in non-life insurance subsidiaries and provide for periodic reporting on all of its subsidiaries.

Risk Management. All states have adopted the NAIC's Risk Management and Own Risk and Solvency Assessment Model Act, which requires insurers that exceed specified premium thresholds to maintain a framework for managing the risks associated with their entire holding company group, including non-insurance companies. In addition, at least annually, the insurer must prepare a summary report (the "ORSA Report") regarding its internal assessment of risk management and capital adequacy for the entire holding company group. ORSA Reports are filed

on a confidential basis with the insurance holding company group's lead state regulator and made available to other domiciliary regulators within the holding company group. Guardian filed its latest ORSA Report in September 2022.

The NAIC's Corporate Governance Annual Disclosure Model Act, which has also been adopted by all states, requires insurers, such as Guardian, to adopt a corporate governance framework that is appropriate for their complexity and to annually file detailed information regarding their corporate governance policies.

Unclaimed Property Laws. Guardian is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of unclaimed or abandoned funds, and is subject to audit and examination for compliance with these requirements.

Guaranty Funds. All 50 states of the United States and the District of Columbia have insurance guaranty fund laws requiring insurance companies doing business within those jurisdictions to participate in guaranty associations. Guaranty associations are organized to cover, subject to limits, contractual obligations under insurance policies and certificates issued under group insurance policies, issued by impaired or insolvent life insurance companies. These associations levy assessments, up to prescribed limits, on each member insurer doing business in a particular state on the basis of its proportionate share of the premiums written by all member insurers in the lines of business in which the impaired or insolvent insurer is engaged. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets, usually over a period of years. Assessments levied against Guardian by guaranty associations during each of the past five years have not been material. Guardian cannot accurately predict the amount of any future such assessments.

Policy and Contract Reserve Sufficiency Analysis. Under the New York Insurance Law, Guardian is required to conduct annually an analysis of the sufficiency of all life insurance and annuity statutory reserves. Each year Guardian must submit an opinion of a qualified actuary stating that Guardian's statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for Guardian's associated contractual obligations and related expenses. If reserves are viewed as being inadequate, Guardian must set up additional reserves by moving funds from surplus. As part of Guardian's 2022 statutory annual statement, Guardian provided an actuarial opinion without qualifications regarding these reserve requirements as of December 31, 2022.

Risk-Based Capital. Section 1322 of the New York Insurance Law requires that New York-domiciled life insurers report their RBC based on a formula calculated by applying factors to various asset, premium and reserve items. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk and business risk. Section 1322 imposes broad confidentiality requirements on those engaged in the insurance business (including insurers, agents, brokers and others) and on the NYSDFS as to the use and publication of RBC data.

Section 1322 gives the Superintendent explicit regulatory authority to require various actions by, or take various actions against, insurers whose total adjusted capital does not exceed certain RBC levels. As of December 31, 2022, Guardian's total adjusted capital was in excess of each RBC level that might require Guardian to take remedial action.

BLICOA, GIAC and certain FCW subsidiaries are also subject to RBC requirements, while FCW itself, not being an insurer, is not. As of December 31, 2022, the total adjusted capital of each of BLICOA, GIAC and the relevant FCW subsidiaries was in excess of each RBC level that might require BLICOA, GIAC or such FCW subsidiary to take some remedial action.

The NAIC approved RBC revisions for corporate bonds, real estate equity and longevity risk that took effect at year-end 2021 and they had a modest net negative impact on Guardian's RBC ratio. The NAIC also approved an RBC update for mortality risk that took effect at year-end 2022, which had a modest net positive impact on Guardian's RBC ratio.

The NAIC developed a group capital calculation ("GCC") tool using an RBC aggregation methodology for all entities within an insurance holding company system, including non-U.S. entities. In 2020, the NAIC amended the Insurance Holding Company System Regulatory Act and Regulation to adopt the GCC Template and Instructions and to implement the annual GCC filing requirement with an insurance group's lead state regulator. The filing requirement

becomes effective when the holding company amendments are adopted by the state where an insurance group's lead state regulator is located. A bill is pending in the New York State legislature to adopt such amendments. Guardian cannot predict what impact this regulatory tool may have on its business.

Statutory Examinations. As part of their routine regulatory oversight process, state insurance departments conduct periodic detailed examinations of the books, records and accounts of insurers domiciled in their states.

These examinations are generally conducted in cooperation with the insurance departments of two or three other states under guidelines promulgated by the NAIC. In June 2020, the NYSDFS completed its last statutory examination of Guardian for the five-year period ended December 31, 2018. There were no material findings.

Various state insurance departments also periodically examine non-domestic insurance companies conducting business in their states, including Guardian and its insurance subsidiaries. The purpose of these periodic examinations is to evaluate the companies' compliance with state insurance laws and regulations and to determine if operations are consistent with the public interest of the policyholders resident in the state conducting the examination.

NAIC Ratios. On the basis of statutory financial statements filed by life insurance companies with state insurance regulators, the NAIC calculates annually 12 financial ratios to assist state insurance regulators in monitoring the financial condition of life insurers. State insurance regulators review this statistical report, which is available to the public, together with an analytical report, prepared by and available only to state insurance regulators, to identify insurance companies that appear to require immediate regulatory attention. A "usual range" of results for each ratio is used as a benchmark. In general, departure from the "usual range" on four or more of the ratios can lead to inquiries from individual state insurance departments. Guardian had no ratios outside the "usual range" in 2022, 2021 and 2020.

Surplus and Capital. The New York Insurance Law requires Guardian to maintain at least $150,000 in surplus. In addition to this minimum, there are also risk-based capital requirements, as discussed above. Guardian and its insurance subsidiaries are subject to supervision by the regulators in each jurisdiction in which they are licensed to transact business. These regulators have discretionary authority, in connection with the continued licensing of Guardian or any of its insurance subsidiaries, to limit or prohibit its sales to policyholders if such regulators determine that any such insurer has not maintained the minimum surplus or capital required or that such insurer's further transaction of business would be hazardous to policyholders.

Annuity Suitability. The NAIC and certain state regulators have considered, or are currently considering, implementing regulations that would apply an impartial conduct standard to recommendations made in connection with certain annuities and, in the case of New York, life insurance policies. In particular, the NYSDFS amended Regulation 187 to add a "best interest" standard for the sale of life insurance and annuity products in New York. The regulation generally requires a consumer's best interest, and not the financial interests of a producer or insurer, to influence a producer's recommendation as to which life insurance or annuity product a consumer should purchase. In addition, the amendments to Regulation 187 impose a best interest standard on certain consumer in-force transactions. In April 2021, the Appellate Division of the New York Supreme Court overturned the regulation for being unconstitutionally vague, although the New York State Court of Appeals reversed this ruling on October 20, 2022. The NAIC also adopted a revised annuity suitability model regulation that includes a best interest standard for annuity transactions. Several states have adopted the amended model regulation, including approximately half of the domiciliary states of Guardian's insurance subsidiaries. Guardian is continually assessing the impact of changes to the regulation of its business since such changes may have an adverse effect on its business, results of operations and financial condition.

Reserves for Policy Benefits. The NAIC has approved a valuation manual containing a principle-based approach to the calculation of life insurance reserves. Principle-based reserving ("PBR") is designed to better address reserving for life insurance and annuity products, including the current generation of products for which a formulaic basis for reserve determination did not work effectively. All states have adopted PBR, and it became effective in New York with the adoption of Insurance Regulation 213, which affirmed the Superintendent's authority to deviate from the NAIC's valuation manual to adjust the reserves of a New York life insurance company if the NYSDFS determines that an alternative requirement would be in the best interest of New York policyholders.

Policyholder Dividend Requirements. New York Insurance Law Section 4219 limits the amount of surplus attributable to participating business that a domestic life insurance company may accumulate. As of December 31, 2022, Guardian was in compliance with such limit. Guardian distributes amounts of divisible surplus annually in the form of dividends on Guardian's participating policies in accordance with dividend scales approved annually by Guardian's Board of Directors.

Regulation of Investments. Each of Guardian and its insurance subsidiaries is subject to state laws and regulations that require diversification of its investment portfolios and limit the amount of investments in certain asset categories, such as below-investment-grade fixed income securities, equity real estate, mortgages, other equity investments, foreign investments and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring statutory surplus, and, in most instances, require divestiture. Guardian believes its investments and those of each insurance subsidiary are currently in compliance with all such laws and regulations.

The NAIC has been evaluating the risks associated with certain insurers' investments in structured securities, including leveraged loans and collateralized loan obligations ("CLOs"). The NAIC is considering a proposal to assign risk weights to CLOs based on its own modeling as opposed to credit ratings. Under this proposal, the NAIC Structured Securities Group would model CLO investments and evaluate tranche level losses across all debt and equity tranches under a series of calibrated and weighted collateral stress scenarios to assign NAIC designated RBC charges. The NAIC's stated goal is to ensure that the aggregate RBC factor for owning all tranches of a CLO is the same as that required for owning all of the underlying loan collateral, in order to avoid RBC arbitrage. This change would be implemented at year-end 2023 at the earliest, but the NAIC also is considering an interim measure that would impose a flat RBC charge on residual tranches of CLOs before the modeling work is complete. It is currently unclear whether the proposal or the interim proposal will apply to all CLOs or only in specified cases. It is possible that the NAIC may propose new regulations or changes to statutory accounting principles regarding CLOs.

New York Insurance Regulation 210. Insurance Regulation 210 establishes standards for the determination and any readjustment of non-guaranteed elements ("NGEs") that may vary at the insurer's discretion for life insurance policies and annuity contracts delivered or issued for delivery in New York State. The regulation requires insurers to notify policyholders at least 60 days prior to any adverse change in NGEs and, with respect to life insurance policies, to notify the NYSDFS at least 120 days prior to any such changes. In addition, the regulation requires insurers to file annually with the NYSDFS a listing of any adverse changes in the current scale of NGEs of any existing policy that occurred in the prior calendar year.

Tax

Federal Income Taxation. Congress has, from time to time, considered legislation that could adversely impact the manner of taxing the products Guardian sells and of calculating the amount of taxes paid by life insurance companies or other corporations, including Guardian. Changes to federal, state or other tax laws, or in the interpretation of applicable tax laws and regulations, could reduce Guardian's earnings and adversely affect Guardian's business, financial condition or results of operations.

The attractiveness to Guardian's customers of many of its products may be due, in part, to favorable tax treatment. Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by the holders of life insurance and annuity products. Taxes, if any, are payable generally on income attributable to a distribution under the contract for the year in which the distribution is made. Death benefits under life insurance contracts may be received free of federal income tax. Congress has, from time to time, considered legislation that could have the effect of reducing or eliminating the benefit of such income tax deferral or otherwise affect the taxation of life insurance or annuity products. As a result, demand for certain of Guardian's life insurance and annuity products that offer income tax deferral could be negatively impacted. To the extent that legislation is enacted in the future to reduce the tax deferred status of life insurance or annuity products, limit the exclusion of death benefits from income, or reduce the taxation of competing products, all life insurance companies, including Guardian, could be adversely affected. Likewise, reductions in individual tax rates could reduce the attractiveness of tax deferral to Guardian's potential customers.

The Inflation Reduction Act ("IRA"), enacted on August 16, 2022, included a number of tax-related provisions, including a 15% corporate alternative minimum tax based on adjusted financial statement income, effective on January 1, 2023. As of December 31, 2022, management has determined that Guardian does not expect to be subject to the corporate alternative minimum tax in 2023.

Congress has from time to time, considered material changes to, or a repeal of, the estate tax. Many of Guardian's products are sold to customers in order to help them meet their estate tax planning needs. To the extent that legislation is enacted in the future that would materially change, or repeal, the estate tax, sales of Guardian's products could be adversely affected.

See "Risk Factors—Risk Factors Related to Guardian—Changes in tax laws and the interpretation thereof could adversely affect Guardian's business."

Cybersecurity and Privacy Regulation

The area of cybersecurity has come under increased scrutiny by insurance regulators. New York's cybersecurity regulation for banking and insurance entities under its jurisdiction, requires these entities to establish and maintain a cybersecurity program designed to protect consumers' private data. Covered entities, such as Guardian, must assess risks associated with their information systems and establish and maintain a cybersecurity program designed to protect the confidentiality, integrity, and availability of such systems and data. Specifically, the regulation provides for: (i) controls relating to the governance framework for a cybersecurity program; (ii) risk-based minimum standards for technology systems for data protection; (iii) minimum standards for cyber breach responses, including notice to the NYSDFS of material events; and (iv) identification and documentation of material deficiencies, remediation plans and annual certifications of regulatory compliance. The NYSDFS has proposed amendments to the regulation which, if adopted, would require the implementation of new reporting, governance and oversight measures, enhanced cybersecurity safeguards (such as annual audits, vulnerability assessments, and password controls and monitoring), and mandate notifications in the event a covered entity makes a cyber-ransom payment. In 2022, the NYSDFS proposed amendments to the cybersecurity regulation which, if adopted, would require the implementation of new reporting, governance and oversight measures, enhanced cybersecurity safeguards, and mandate notifications in the event a covered entity makes a cyber-ransom payment. Guardian cannot predict whether the amendments will be adopted, what form they will take, or what effect they would have on Guardian's business or compliance efforts.

The NAIC's Insurance Data Security Model Law (the "Cybersecurity Model Law") established standards for data security and for the investigation of and notification of insurance commissioners of cybersecurity events involving unauthorized access to, or the misuse of, certain nonpublic information. The Cybersecurity Model Law imposes regulatory requirements intended to protect the confidentiality, integrity, and availability of information systems. Several states have adopted the Cybersecurity Model Law, including four domiciliary states of Guardian's insurance subsidiaries, such as Delaware.

The California Consumer Privacy Act (the "CCPA"), which took effect on January 1, 2020, gives California residents expanded rights to access, and request deletion of, nonpublic information a business has collected from them; to opt out of certain sales of nonpublic information; and to know further detail on the business's use, sourcing and sharing of that nonpublic information. Failure to comply with the CCPA could result in regulatory fines. The CCPA also grants a private right of action, following a data breach, if the breach was attributable to a failure to maintain reasonable data security procedures. The California Attorney General has promulgated regulations pursuant to CCPA that detail certain of the business' obligations. Guardian expects that certain exceptions under the CCPA will apply to a significant portion of Guardian's business. Additionally, on November 3, 2020, California voters passed a ballot initiative, the California Privacy Rights Act (the "CPRA"), that adjusts and, in some respects, expands consumer rights and business obligations created by the CCPA. The CPRA imposes additional obligations on companies that collect California residents' nonpublic information, including to provide a right to correct nonpublic information, additional protections for certain uses of sensitive nonpublic information, and certain limitations on data use and on data sharing that does not involve a sale. The CPRA also creates the California Privacy Protection Agency, which is now charged with adopting rules for and enforcing both the CCPA and the CPRA. The CPRA took effect on January 1, 2023. It may require additional compliance investment as well as changes to policies, procedures and operations.

Several other states have enacted or are considering comprehensive privacy legislation that may extend to Guardian's operations in those states. However, some of these state laws (such as those enacted in Colorado, Utah and Virginia) include entity-wide exemptions for financial institutions that are subject to privacy protections in the Gramm-Leach-Bliley Act or similar, state-level financial privacy laws.

Securities Regulation

Certain of Guardian's direct and indirect subsidiaries and certain policies and contracts offered by them, are subject to various forms of regulation under the federal securities laws administered by the SEC, state securities laws and FINRA rules. Certain of Guardian's direct and indirect subsidiaries, such as PAS, Park Avenue Investment Advisory, LLC, and Park Avenue Institutional Advisers LLC ("PAIA") and Broadshore Capital Partners, LLC are investment advisers registered under the Investment Advisers Act of 1940, as amended. In addition, PAS is a broker-dealer with the SEC under the Exchange Act, and is a member of, and subject to regulation by, FINRA.

In addition, certain separate accounts of GIAC related to its variable insurance products and a variety of mutual funds advised or subadvised by PAIA are registered under the Investment Company Act of 1940, as amended. The separate account interests under the variable products issued through these registered separate accounts and shares offered by these registered mutual funds are registered under the Securities Act. Federal and state securities regulatory authorities, state attorneys general and FINRA from time to time make inquiries regarding compliance by Guardian and its subsidiaries with securities and other laws and regulations regarding the conduct of their securities businesses. Guardian endeavors to respond to such inquiries in an appropriate way and to take corrective action if warranted.

These laws and regulations are primarily intended to benefit investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. In such event, the possible regulatory sanctions include the suspension of individual employees or associates, limitations on the activities in which the regulated entity may engage, suspension or revocation of an investment adviser's or broker-dealer's registration as an adviser or broker-dealer, censure and fines. Guardian's direct and indirect subsidiaries may also be subject to similar laws and regulations in the states in which they provide investment advisory services, offer the products described above, or conduct other securities-related activities.

Federal Initiatives and Legislation

Federal Insurance Initiatives. Although state regulation is currently the primary form of regulation of insurance, the federal government has considered proposals that could impact the industry, including the creation of an optional federal charter for insurers, minimum solvency requirements, and other proposals at the federal level to streamline state insurance regulatory processes. Guardian cannot predict what other proposals will be made or adopted or the effect, if any, that such proposals could have on Guardian's business, results of operation or financial condition. At the present time, Guardian does not know of any federal legislative initiatives that, if enacted, would adversely impact its business, results of operations or financial condition. See "Risk Factors—Risk Factors Related to Guardian. Guardian is subject to extensive regulation, which restricts its operations and imposes compliance costs" and "Risk Factors—Risk Factors Related to Guardian—The Dodd-Frank Act and certain other potential changes in federal laws and regulations may adversely affect Guardian's business, results of operations and financial condition."

The Dodd-Frank Act significantly changed financial regulation in the U.S. It established a general framework for systemic regulation that imposes mandatory clearing, exchange trading and margin requirements on many derivatives transactions. Regulations with respect to swaps and other derivatives that are regulated by the Commodity Futures Trading Commission (the "CFTC") have been largely implemented, including final implementation for Guardian of requirements relating to initial margining of swaps that went into effect in September 2020. Regulations for security-based swaps, which are regulated by the SEC, have been largely adopted and implemented. These regulations differ in many respects from those adopted by the CFTC, the prudential regulators and regulators in the EU. As a result, it is possible that the implementation of SEC regulations could adversely impact Guardian's positions in security-based swaps, such as credit default swaps and equity swaps.

Guardian is required to post initial margin to its derivatives counterparties in respect to its swaps positions depending on the size of the swaps books of the broader Guardian group and the applicable threshold established by

counterparties. Initial margin positing is required if Guardian and its affiliated entities have "material swaps exposure." The rules, which are applicable to Guardian, require average daily aggregate notional exposure to uncleared swaps, uncleared security-based swaps, foreign exchange forwards and foreign exchange swaps for specified prior period in excess of $8 billion. In addition, eligible margin for initial margin for swaps, like that for variation margin, is restricted to cash and liquid securities (such as U.S. government securities, government-sponsored enterprise debt securities, certain sovereign debt and specified corporate debt, listed equities and funds).

To the extent that Guardian's swaps or security-based swaps counterparty collects initial margin from it, Guardian may request that the derivatives counterparty segregate all such initial margin at a custodian. If Guardian does not request segregation, the custodian or counterparty may commingle such assets or collateral with the custodian's or counterparty's own assets or collateral, and in the event of the bankruptcy or insolvency of the custodian or counterparty, such assets and collateral may be subject to the conflicting claims of the creditors of the relevant custodian or counterparty, which may result in a loss to Guardian.

Guardian currently posts variation margin to and collects variation margin from counterparties to swaps subject to regulation by the CFTC, U.S. prudential regulators and authorities in the EU.

In addition, where Guardian enters into certain swaps that are subject to mandatory clearing, Guardian will be required to execute such swaps on a registered exchange or trading platform.

Further, where Guardian enters into a swap with non-U.S. counterparties in the EU, the regulations of the home or resident country of such counterparty generally apply regulatory requirements with respect to such swap that are similar to those adopted by the CFTC and the prudential regulators pursuant to the Dodd-Frank Act. The EMIR, like the CFTC regulations in effect in the U.S., requires reporting of derivatives and various risk mitigation techniques to be applied to derivatives entered into by parties that are subject to the jurisdiction of EMIR.

The Dodd-Frank Act also established the FSOC which has authority to designate non-bank financial companies as non-bank SIFIs, thereby subjecting them to enhanced prudential standards and supervision by the Federal Reserve. The prudential standards for non-bank SIFIs include enhanced RBC requirements, leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, early remediation procedures and recovery and resolution planning. The FSOC modified the designation process for non-bank SIFIs by adopting an activities-based approach for identifying and addressing potential risks to financial stability. There are currently no such non-bank financial companies designated as SIFIs, although if the FSOC were to designate Guardian as such, it would become subject to certain of these enhanced prudential standards. Other regulators, such as insurance regulators, may also adopt new or heightened regulatory safeguards as a result of actions taken by the Federal Reserve in connection with its supervision of non-bank SIFIs. There can be no assurance that any such new or enhanced regulation would not apply to Guardian.

In addition, the Dodd-Frank Act established the FIO within the U.S. Department of the Treasury, which has the authority, on behalf of the United States, to participate in the negotiation of international insurance agreements with foreign regulators, as well as to collect information about the insurance industry and recommend prudential standards. While not having general supervisory or regulatory authority over the business of insurance, the director of the FIO performs various functions with respect to insurance, such as serving as a non-voting member of FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation.

Federal agencies have been given significant discretion in connection with rulemaking pursuant to and implementation of the Dodd-Frank Act. It is unclear what impact the current U.S. administration and the volatile political environment will have on potential changes to the Dodd-Frank Act and the resulting impact on Guardian's business, financial condition or results of operations. Guardian cannot currently identify the risks, if any, that may be posed to Guardian's business as a result of potential changes to, or legislative replacements for, the Dodd-Frank Act. Guardian cannot predict whether any such legislation or regulatory changes would be adopted, or what impact they would have on Guardian's business, financial condition or results of operations.

Federal legislation and administrative policies in other areas, including employee benefit plan regulation and individual retirement account regulation, federal taxation and securities regulation, could significantly affect the insurance industry and the costs faced by its participants.

USA PATRIOT Act. Title III of the USA PATRIOT Act of 2001 (the "PATRIOT Act") amends the Money Laundering Control Act of 1986 and the Bank Secrecy Act to expand Anti-Money Laundering ("AML") and financial transparency laws applicable to financial services companies, including some categories of insurance companies. The PATRIOT Act, among other things, seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism, money laundering or other illegal activities. To the extent required by applicable laws and regulations, Guardian and certain of its subsidiaries that are deemed "financial institutions" under the PATRIOT Act have adopted anti-money laundering programs that include policies, procedures and controls to detect and prevent money laundering, designate a compliance officer to oversee the program, provide for on-going employee training, and ensure periodic independent testing of the program. Guardian's AML programs, to the extent required, also establish and enforce customer identification programs and provide for the monitoring and the reporting to the Treasury of certain suspicious transactions.

Employee Benefits and Pension Legislative Developments. On September 27, 2010, President Obama signed the Small Business Jobs Act of 2010 ("SBJA"). SBJA focuses mainly on credits for small businesses but has a major pension provision which permits participants to transfer money from a pre-tax account to a Roth account within a "qualified plan." On July 6, 2012, President Obama signed the Moving Ahead for Progress in the 21st Century Act ("MAP-21") which, among other things, affects pension funding by changing the mechanism for determining interest rates to be used for funding pension plans; it also increased pension benefit guaranty corporation ("PBGC") premiums.

The Supreme Court in United States v. Windsor (2013) found that Section 3 of the Defense of Marriage Act ("DOMA"), which provides that the word "marriage" means only a legal union between one man and one woman as husband and wife, and the word "spouse" refers only to a person of the opposite sex who is a husband or a wife is unconstitutional because it violates the principles of equal protection. The impact of any of the above may have a positive impact on the demand for retirement vehicles.

On December 20, 2019, President Trump signed into law the Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE Act"). The SECURE Act contains a number of provisions that affect the administration and operation of ERISA plans and IRAs, including provisions that encourage additional retirement savings and lifetime income options, promote the adoption of retirement plans by small employers, provide lifetime income portability, and accelerate the distribution of retirement benefits of deceased retirees. Many provisions of the SECURE Act became effective for plan years beginning after December 31, 2019. At this time, Guardian cannot predict the impact the SECURE Act will have on Guardian's business, financial condition or results of operations.

The SECURE 2.0 Act of 2022 ("SECURE 2.0"), signed into law on December 29, 2022, makes significant changes to existing law for retirement plans by building upon provisions in the SECURE Act. SECURE 2.0 introduces new requirements and considerations for plan sponsors that are intended to expand coverage, increase savings, preserve income, and simplify plan rules and administrative procedures. Among other provisions, SECURE 2.0 directs the DOL to review its current interpretive bulletin regarding ERISA plan sponsors' selection of annuity providers for purposes of transferring plan sponsor benefit plan liability to such annuity providers. Such review could result in the DOL's imposition of new or different requirements on plan sponsors or on annuity providers or could make such selection process more difficult for the parties involved.

ERISA Considerations

Until December 31, 2016, Guardian and its subsidiaries issued certain investment products and services to employee benefit plans governed by ERISA, including group annuity contracts and funding agreements designed to fund tax-qualified retirement plans such as 401(k), profit-sharing and other participant directed plans, as well as defined benefit plans. This block of business was purchased by Ameritas Life Insurance Corp. ("Ameritas") under an Asset Purchase Agreement entered into by a Guardian subsidiary and Ameritas on September 1, 2016. Pursuant to that Asset Purchase Agreement and other ancillary agreements between the parties, Ameritas has undertaken to novate these group annuity contracts and funding agreements and will assume the obligations and liabilities associated with them. As of December 2019, all of these contracts and agreements have been novated to Ameritas. ERISA provides

(among other requirements) standards of conduct for employee benefit plan fiduciaries, including investment managers and investment advisers with respect to the assets of such plans, and holds fiduciaries liable if they fail to satisfy fiduciary standards of conduct. Generally, Guardian and its subsidiaries have maintained policies and procedures that are intended to limit the circumstances in which Guardian or any of its subsidiaries could be deemed a fiduciary with respect to plans governed by ERISA, or to the extent that they may be deemed to have such fiduciary status, to ensure compliance with applicable ERISA requirements.

The U.S. Department of Labor (the "DOL") issued regulations that largely were applicable in 2017 that expanded the definition of "investment advice" and required an advisor to meet an impartial or "best interests" standard, but the regulations were formally vacated by the U.S. Court of Appeals for the Fifth Circuit in 2018. The Court of Appeals decision also vacated certain DOL amendments to prohibited transaction exemptions. The DOL issued a new prohibited transaction class exemption in December 2020 that allows certain types of financial institutions, including insurance companies, to receive compensation that would otherwise be prohibited in consideration for providing fiduciary investment advice to ERISA plans and IRAs, subject to specific conditions.

Annuity contracts and funding agreements that were issued prior to December 31, 2016 by Guardian's insurance subsidiaries may include a "fixed option" that accrues interest and is backed by the general account of the insurance subsidiary. In 1993, the United States Supreme Court issued an opinion in John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank ("Harris Trust"), holding that certain contract holder funds held by John Hancock Mutual Life Insurance Company in its general account under a participating group annuity contract were "plan assets," and therefore subject to ERISA's fiduciary provisions. However, under Section 401(b)(2) of ERISA, if an insurance company issues a guaranteed benefit policy to a plan, the assets of the plan are deemed to include the policy, but do not, solely by reason of the issuance of the policy, include any assets of the insurance company. Section 401(b)(2)(B) of ERISA defines the term "guaranteed benefit policy" to mean an insurance policy or contract to the extent such policy or contract provides for benefits the amount of which is guaranteed by the insurer. Guardian's insurance subsidiaries intend that the "fixed option" component of their annuity contracts and funding agreements qualify as guaranteed benefit policies as defined by Section 401(b)(2)(B) as further interpreted by court decisions and the DOL.

Certain lawsuits have been brought under ERISA by employer sponsors of tax-qualified retirement plans investing through group annuity contracts that offer a selection of variable investment options funded by mutual funds. Plaintiffs have alleged, inter alia, that the insurance company defendants are fiduciaries with respect to plans, and as fiduciaries, the insurance company defendants breached their fiduciary duties and engaged in prohibited transactions by receiving certain compensation from mutual funds as a result of plan investments through the annuity contracts. The ultimate impact of the case law in this area remains uncertain. Although group variable contracts and funding agreements issued to retirement plans by Guardian's insurance subsidiaries have some features that may be similar to the features of group annuity contracts that are the subject of this litigation, neither Guardian nor any of its insurance subsidiaries are aware that similar litigation is threatened or has been filed involving any group annuity contracts or funding agreements issued by the insurance subsidiaries. Guardian and its insurance subsidiaries are continuing to monitor whether legal developments resulting from these lawsuits warrant new or different compliance policies and procedures for this line of business.

Environmental Regulation

Environmental Considerations. As an owner and operator of real property, Guardian is subject to extensive federal, state and local environmental laws and regulations. Inherent in such ownership and operation is the risk that there may be potential environmental liabilities and costs in connection with any required remediation of such properties. Guardian routinely conducts environmental assessments for real estate Guardian is acquiring for investment and before taking title to real property through securing mortgages Guardian holds. In addition, certain federal and state laws have provisions that can protect a mortgage lender, such as Guardian or BLICOA, from environmental liability to governmental entities in connection with properties acquired by foreclosure, if the mortgage lender observes the required procedures under those laws and otherwise meets the legal criteria for these protections. Based on these environmental assessments, Guardian believes that any costs associated with compliance with such environmental laws and regulations or any remediation of such properties would not have a material adverse effect on Guardian's financial position or results of operations.

Guardian, and certain of its subsidiaries, hold equity stakes in entities that could potentially be subject to environmental liabilities. Guardian believes, based on its assessment of the businesses and properties of these entities and Guardian's level of involvement in the operation and management of such entities, Guardian would not be subject to any material environmental liabilities with respect to these investments. However, unexpected environmental liabilities can arise.

Climate Change and Financial Risks. Climate Change and Financial Risks. The topic of climate risk has come under increased scrutiny by insurance regulators. In September 2020, the NYSDFS issued a circular letter to New York domestic and foreign authorized insurers stating that these insurers are expected to integrate financial risks related to climate change into their governance frameworks, risk management processes and business strategies.

On November 15, 2021, the NYSDFS issued additional guidance stating that New York domestic insurers, such as Guardian, are expected to manage financial risks from climate change by taking actions that are proportionate to the nature, scale and complexity of their businesses. For instance, these insurers should incorporate climate risk into their financial risk management and manage this risk through their enterprise risk management functions. As of August 15, 2022, New York domestic insurers should have implemented certain corporate governance changes and developed plans to implement the organizational structure changes (*e.g.*, defining roles and responsibilities related to managing climate risk). With respect to implementing more involved changes (*e.g.*, reflecting climate risks in the ORSA and using scenario analysis when developing business strategies), insurers are encouraged to start working on these changes, although the NYSDFS plans to issue further guidance with more specific timing information

The NYSDFS also adopted an amendment to the regulation governing enterprise risk management, applicable to New York domestic and foreign authorized insurers, which requires an insurance group's enterprise risk management function to address certain additional risks, including climate change risk.

In addition, the FIO is authorized to monitor the U.S. insurance industry under the Dodd-Frank Act, as discussed above. In furtherance of President Biden's Executive Order on Climate-Related Financial Risk, dated May 20, 2021, the FIO sought public comment on climate-related financial risks in the insurance industry. The FIO is assessing how the insurance sector may mitigate climate risks and help achieve national climate-related goals.

Diversity

Diversity and Corporate Governance. Insurance regulators are also focused on the topic of race, diversity and inclusion. In New York, the NYSDFS issued a circular letter in 2021 stating that it expects the insurers it regulates to make diversity of their leadership a business priority and a key element of their corporate governance. The NYSDFS collected data from insurers that met certain New York premium thresholds, including Guardian, regarding the diversity of their corporate boards and management. The NYSDFS plans to publish such data on an aggregate basis to measure progress in the industry, and it includes diversity-related questions in its examination process. The NAIC is also evaluating issues related to this topic, and it is examining practices in the insurance industry to determine how barriers are created that disadvantage people of color or historically underrepresented groups

International Operations

Guardian performs select operational functions in several locations in India through its Guardian India subsidiary (formerly Data Telesis). Functions performed include data entry, new business processing, billing, call center and scheduling. Guardian India provides services to Guardian and its affiliates, but no outside parties.

PROPERTIES

Set forth below is a description of the properties as of February 1, 2023.

Guardian's Northeast Regional Office campus, located in Bethlehem, Pennsylvania, consists of one leased property totaling 281,745 rentable square feet and Guardian's annual rental obligation under this lease is approximately $8.1 million.

Guardian owns a 136,677 square foot building in Pittsfield, Massachusetts located on 45.9 acres, occupied entirely by Guardian's wholly owned subsidiary, BLICOA. Annual operating expenses for this facility are approximately $1.2 million. In addition, until December 2020 Guardian owned and occupied a 106,390 square foot building located on 40.9 acres in Appleton, Wisconsin, the site of Guardian's Midwest Regional Office. Annual operating expenses for this facility were approximately $1.1 million. On December 10, 2020, the Company sold the Appleton facility and recognized an accounting gain of $8.8 million. The Company signed a five-year agreement to lease back 34,270 square feet on the third floor of the location from the new owner. The Company began paying rent on the leased space on April 1, 2021 and is obligated to pay approximately $0.7 million in annual base rent plus operating expenses and taxes.

Guardian subleases 148,318 rentable square feet at 10 Hudson Yards in New York, New York, which is the current site of Guardian's Corporate Headquarters. The average annual rental obligation under this sublease is approximately $16.5 million, and its term expires on June 29, 2036. Guardian also leases 91,319 rentable square feet of office space at the Bell Works facility in Holmdel, New Jersey that is occupied by certain headquarters staff. This lease expires on December 31, 2032, and the annual rent obligation is approximately $3.3 million.

Guardian also has 34 leases totaling 335,424 rentable square feet for its corporate sales operations, satellite corporate operations and subsidiary operations. Such leases typically have terms of 3 to 5 years with renewal options. Guardian's annual rental obligations under these leases are approximately $12.7 million.

In addition, Guardian has executed leases for 2 Guardian India locations (in Chennai and Gurgaon) comprising of 204,745 rentable square feet with annual rental obligations of approximately $3.4 million. Guardian India also owns a 17,642 rentable square foot suite in Chennai and annual operating expenses for this facility are approximately $0.2 million.

On December 2, 2022 Guardian sold its Reed Group business subsidiary to Alight Solutions LLC. In connection with the sale, all four Reed Group leased locations, comprising 115,605 rentable square feet with annual rental obligations of approximately $3.9 million, were acquired by Alight effective as of such date.

Guardian has also signed 16 leases totaling 62,033 rentable square feet on behalf of its agency operations (for those that have not yet become General Agents). Such leases typically have terms of 3 to 5 years with renewal options. Guardian's annual rental obligations under these leases are approximately $2.0 million. In addition, Guardian is listed as a guarantor on 6 General Agency site leases totaling 87,705 square feet with an annual rental obligation of approximately $3.5 million.

Guardian believes that such owned and leased properties are suitable and adequate for Guardian's current business operations.

EMPLOYEES AND AGENTS

As of January 1, 2023, Guardian and its subsidiaries employed approximately 9,200 people. In addition, as of December 31, 2022, over 2,364 full-time career agents are engaged in the sale of Guardian's products. Approximately 36 entities have selling and servicing agreements for GIAC annuities (including PAS) and 301 broker-dealer entities have servicing agreements for GIAC annuities. Guardian believes that its employee relations are generally good.

OTHER INFORMATION

Guardian may from time to time make certain information available on its website at www.guardianlife.com/about-guardian/financial-highlights. **The information contained on or connected to Guardian's website is not a part of this Offering Memorandum, and you should not rely on any such information in making your decision whether to purchase Notes**.

FINANCIAL AND ACCOUNTING MATTERS

The financial information included herein has been prepared in conformity with the statutory accounting practices prescribed by the New York State Department of Financial Services ("NYSDFS").

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN SAP AND GAAP

SAP is different in some respects from financial statements prepared in accordance with GAAP. The more significant differences between SAP and GAAP are that, under SAP, (1) costs related to acquiring business, principally commissions and certain policy issue expenses, are charged to income in the year incurred; (2) life insurance and annuity reserves are based on statutory mortality and interest requirements, without consideration of withdrawals and company experience; (3) life insurance enterprises are required to establish a formula-based asset valuation reserve ("AVR") by a direct charge to surplus to offset potential investment losses; (4) realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold; (5) bonds are carried principally at amortized cost; (6) certain reinsurance transactions are accounted for as reinsurance for statutory purposes and as financing transactions under GAAP, and assets and liabilities are reported net of reinsurance for statutory purposes and gross of reinsurance for GAAP; (7) certain "non-admitted assets" (furniture and office equipment, leasehold improvements, capitalized internally developed non-operating system software and prepaid pension costs) must be excluded under statutory reporting through a charge to surplus; (8) investments in common stock of Guardian's wholly-owned and majority owned subsidiaries are accounted for using the equity method, where earnings of such subsidiaries are recognized in surplus, that is, only when dividends are distributed is income recognized; (9) gross deferred tax assets and changes in deferred tax assets ("DTAs") and liabilities ("DTLs"), except those relating to changes in unrealized gains and losses, are recognized as a separate component of surplus. Deferred tax assets not meeting certain criteria are non-admitted; (10) investments in Other invested assets, where the Company has a controlling financial interest, are accounted for using the equity method for statutory purposes and consolidated under GAAP; and (11) if in the aggregate, Guardian has a net negative cash balance, it is reported as a negative asset for statutory purposes and recorded as a liability under GAAP.

INVESTMENT RESERVES

In compliance with SAP, Guardian maintains both an AVR and an IMR. The AVR is intended to stabilize policyholders' surplus against market fluctuations in the value of equities and credit related declines in the value of bonds, mortgage loans, public equity, private equity and real estate investments. The level of the AVR is based on both the type of investment and its credit rating. In addition, the reserves required for similar investments, for example, fixed maturity securities, differ according to the credit ratings of the investments, which are based upon ratings established periodically by the Securities Valuation Office of the NAIC ("SVO"). Guardian, in keeping with the New York Insurance Law and SAP, includes the reserve when determining its total adjusted capital for risk-based capital purposes. Changes in the AVR are recorded directly to surplus. The IMR defers net after-tax realized capital gains (losses) which result from changes in the overall level of interest rates for fixed income investments and amortizes these net capital gains (losses) into income over the remaining stated life of the investments sold. Guardian uses the group method of calculating the IMR. The IMR is not treated under SAP as part of the total adjusted capital for risk-based capital purposes. Net realized after-tax capital (losses) gains of $(139) million and $145 million as of December 31, 2022 and 2021, respectively, were (transferred out of) or deferred into the IMR. Amortization of the IMR into net investment income amounted to $58 million for the year ended December 31, 2022 and $68 million for the year ended December 31, 2021.

Realized investment gains and losses are reported in income based upon specific identification of securities sold. Realized losses include valuation adjustments for other-than-temporary declines in investments. Unrealized investment gains and losses on financial instruments carried at fair value represent changes in the reported fair value and are recorded directly to surplus.

POLICYHOLDER DIVIDENDS AND OTHER EXPERIENCE CREDITS

Guardian determines the amount of dividends payable to eligible participating policyholders. These dividends have the effect of reducing the cost of insurance to policyholders and should be distinguished from the

dividends paid on shares of capital stock by other types of business corporations or by stock life insurance companies. Policies on which such dividends may be payable are referred to as eligible participating policies; policies on which such dividends are not payable are referred to as non-participating policies. However, for some participating policies where no dividends are anticipated to be paid and for nonparticipating policies, adjustments may be made to non-guaranteed premiums, policy credits and charges to reflect changes to actual mortality, investment results and expenses.

Divisible surplus in excess of the amount Guardian's Board of Directors determines to be necessary to meet its policy obligations (reserves) and contingencies (such as worsening mortality or economic conditions) and to operate and grow its business is distributed in the form of dividends on Guardian's eligible participating policies. The amount and allocation of that distribution is at the discretion of the Board of Directors. The determination of the dividend scale is made after review of actual experience and reflects the traditional three-factor approach, considering dividend interest rate, mortality and expense. Guardian's Board of Directors receives the dividend scale report and recommendation from Guardian's Chief Actuary at its regular November Board meeting. The Board has an opportunity to review the report, ask questions of the Chief Actuary, and request additional information. It is the Board's responsibility to approve the following year's dividend scale. Once Board approval is received, Guardian implements the scale for the following year and all policy illustrations reflect the new scale.

RESERVES FOR POLICY BENEFITS

SAP prescribes methods for valuing obligations under in-force policies and contracts. Those valuations are reflected in the "Reserves for policy benefits" line of the financial statements. Changes in reserves for policy benefits are generally charged against earnings in the income statement. Statutes, regulations and actuarial professional standards require Guardian to analyze the sufficiency of these reserves, using various interest rate scenarios in the context of statutory accounting practices on an annual basis.

SEPARATE ACCOUNTS

Guardian does not sell products which require separate account assets or liabilities. Any such products are sold by GIAC. Separate account assets and liabilities represent segregated funds administered and invested by GIAC for the benefit of individual and group variable annuity, variable life, and other insurance used by policyholders to meet specific insurance and investment objectives. Separate account assets consist principally of marketable securities reported at fair value and are not available to satisfy liabilities that arise from any other business of GIAC. GIAC receives administrative and investment advisory fees from these accounts.

Separate accounts reflect two categories of risk assumption: non-guaranteed separate accounts, for which the policyholder assumes the investment risk; and guaranteed separate accounts, for which GIAC contractually guarantees either a minimum return or minimum account value to the policyholder. Premium income, benefits and expenses of the separate accounts are included in GIAC's Statutory Statements of Income. Investment income and realized and unrealized capital gains and losses on the assets of separate accounts accrue to policyholders and, accordingly, are not recorded in the Statutory Statements of Income.

GIAC may transfer investments from the general account to seed separate accounts. Investments transferred to separate accounts are transferred at fair market value on the date the transaction occurs. Gains related to the transfer are deferred to the extent that GIAC maintains a proportionate interest in the separate account. The deferred gain is recognized as GIAC's ownership decreases or when the separate account sells the underlying asset during the normal course of business. Losses associated with these transfers are recognized immediately.

ACCOUNTING FOR EMPLOYEE BENEFIT PLANS

Guardian sponsors non-contributory defined benefit pension plans covering eligible employees as defined by the terms of the plan. These include tax-qualified plans, as well as nonqualified plans that provide benefits to certain participants in excess of ERISA limits for qualified plans. Guardian's policy is to fund the obligations of qualified plans in accordance with ERISA requirements.

In addition to pension benefits, Guardian provides certain health care, dental and life insurance benefits ("Post-Retirement Benefits") for retired employees. Substantially all employees may become eligible for these benefits if they reach retirement age while working for Guardian. On June 30, 2020, the Company announced the decision to eliminate the post-Medicare HRA subsidy for all Home Office employees that retire after December 31, 2020. The announcement of the plan change resulted in a plan amendment as defined in Statement of Statutory Accounting Principle No. 92, Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14 ("SSAP 92"). The plan was remeasured as of June 30, 2020, which is the month end closest to the date the changes were communicated to Plan participants, in accordance with the practical expedient described in SSAP 92. The amendment resulted in a reduction in PBO of $67 million which offset existing unrecognized prior service costs of $14 million with the remaining $53 million recognized as a new prior service credit and recognized as a gain in surplus.

In accordance with NAIC SAP, the costs associated with these required benefits are expensed over the period that the participant provides services to Guardian, including recognition of assets and liabilities based on the funded status of the related plans. Pension assets are then non-admitted and thereby excluded from surplus.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statutory financial statements, and the reported amounts of revenues and expenses during those reporting periods. The most significant estimates include those used in determining the carrying values of investments and derivatives, the amount of investment valuation reserves on mortgage loans, other-than-temporary impairments and reserves for policy benefits. Future events, including but not limited to changes in the levels of mortality, morbidity, interest rates, persistency, asset valuations and asset defaults, could cause actual results to differ from the estimates used in the statutory financial statements. Although some variability is inherent in these estimates, management believes the amounts presented are appropriate.

For a complete discussion of accounting policies and practices, see the notes to the Statutory Financial Statements included in the Offering Memorandum.

Carrying Values of Investments and Derivatives. Investments are valued in accordance with methods prescribed by the SVO. Guardian obtains the fair value of financial instruments held in its portfolio from a number of sources, which are measured at fair value, as described in the Statutory Financial Statements. These sources include published market quotes for active market exchange traded instruments, third-party pricing vendors, investment banks which are lead market makers in certain markets and broker quotes. Guardian also uses internal valuation models that use market observable inputs when available and Guardian derived inputs when external inputs are not available or deemed to be inaccurate.

Bonds are stated principally at amortized cost with bond premiums and discounts amortized using the scientific interest method. Those bonds which are rated 6 by the NAIC are reported at the lower of amortized cost or fair value. Mortgage-backed bonds are carried at amortized cost using the interest method considering anticipated prepayments at the date of purchase. Significant changes in future anticipated cash flows from the original purchase assumptions are accounted for using the retrospective adjustment method with Public Securities Association standard prepayment rates. Guardian has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from issuers or broker-dealers through information services or internal estimates and are believed to be consistent with current interest rates and the economic environment.

Preferred stocks which are rated 4, 5 or 6 by the SVO are stated at the lower of cost or fair value.

Common stocks of unaffiliated companies are stated at fair value, which is based on quoted market prices. For common stocks without quoted market prices, fair value is estimated using independent pricing services or internally developed pricing models. Investments in subsidiaries and affiliates are included in common stocks and are valued at equity in the underlying net assets. Undistributed earnings or losses of subsidiaries and unrealized appreciation or depreciation on common stocks are reflected as unrealized capital gains and losses directly in surplus.

Mortgage loans are valued at amortized cost. Valuation reserves are established for potential declines in the value of the mortgage loans. Fair value is determined based upon the present value of the scheduled future cash flows of each loan based on the average term to maturity discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage.

Real estate, which Guardian has the intent to hold for the production of income, and real estate occupied by Guardian are carried at cost, less any valuation adjustment, encumbrances and accumulated depreciation of buildings and other improvements using a straight line method over the estimated useful life of the improvements. Depreciation expense is included in net investment income.

Derivative financial instruments for hedged assets and liabilities, which include those used in the equity hedging program, are carried at estimated fair value, which is based primarily upon quotations obtained from independent sources. Changes in the fair value of these open hedge positions are recorded as unrealized capital gains and losses in surplus. Gains and losses realized on the termination, closing, expiration or assignment of contracts are recorded as realized capital gains and losses. Amounts receivable and payable are accrued.

Investment Valuation Reserves on Mortgage Loans. When, based upon current information and events, it is probable that Guardian will be unable to collect all amounts of interest and principal due according to the contractual terms of the mortgage loan agreement, a valuation allowance is established for the excess of the carrying value of the mortgage loan over its fair value. Collectability and estimated recoveries are assessed on a loan-by-loan basis considering all events and conditions relevant to the loan. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revisions as more information becomes available, as changes occur in the market or as negotiations with the borrowing entity evolve. Changes to the valuation allowance are recorded as unrealized capital losses in surplus.

Other-than-Temporary Impairments. The carrying values of bonds, mortgage-backed and asset-backed securities are written down to fair value when a decline in value is considered to be other-than-temporary. Guardian considers the following factors in the evaluation of whether a non-interest related decline in value is other-than-temporary: (a) the financial condition and near-term prospects of the issuer; (b) the likelihood that Guardian will be able to collect all amounts due according to the contractual terms of a debt security in effect at the date of acquisition; (c) Guardian's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value; and (d) the period and degree to which the market value has been below cost. Guardian considers the following factors in the evaluation of whether an interest related decline in value is other-than-temporary: (a) Guardian's near term intent to sell; (b) Guardian's contractual and regulatory obligations; and (c) Guardian's ability to hold the investment until anticipated recovery of the cost of the investment. Guardian conducts a semi-annual management review of all bonds including those in default, not-in-good standing or valued below 80% of cost. Guardian also considers other qualitative and quantitative factors in determining the existence of other-than-temporary impairments including, but not limited to, unrealized loss trend analysis and significant short-term changes in value. If the impairment is other-than-temporary, a direct write-down is recognized in realized capital losses and a new cost basis is established.

The cost basis of common stocks is adjusted for impairments deemed to be other-than-temporary. Guardian considers the following factors in the evaluation of whether a decline in value is other-than-temporary: (a) the financial condition and near-term prospects of the issuer; (b) Guardian's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value; and (c) the period and degree to which the market value has been below cost. Guardian conducts a semi-annual management review of issuers whose common stock is not-in-good standing or valued below 80% of cost. Guardian also considers other qualitative and quantitative factors in determining the existence of other-than-temporary impairments including, but not limited to, unrealized loss

trend analysis and significant short-term changes. If the impairment is other-than-temporary, a direct write-down to fair value is recognized in realized capital losses and a new cost basis is established.

For mortgage loans, when an event occurs resulting in an impairment that is other-than-temporary, a direct write-down is recognized in realized capital losses and a new cost basis is established. An impairment is deemed other-than-temporary when foreclosure proceedings or other procedures leading to the acquisition of the collateral are initiated, the acquisition of the collateral is probable and a reasonable estimate of the collateral value has been determined.

For real estate, depreciated cost is adjusted for impairments whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable, with the impairment being included in realized capital losses.

For partnerships and limited liability companies, when it appears probable that Guardian will be unable to recover the outstanding net capital contributed (cost) of an investment, or there is evidence indicating an inability of the investee to sustain earnings to justify the cost of the investment, an other-than-temporary impairment is recognized in realized capital losses for the excess of the cost over the estimated fair value of the investment. The estimated fair value is determined by assessing the value of the partnership's or limited liability company's underlying assets, cash flow, current financial condition and other market factors. Distributions not deemed to be a return of capital are recorded in net investment income when received provided there are undistributed earnings in the partnerships or limited liability companies.

Reserves for policy benefits. Policyholders' reserves provide amounts adequate to discharge estimated future obligations in excess of estimated future premium on policies in-force. The reserves are established using actuarial methods based on mortality and morbidity experience tables and valuation interest rates prescribed by the NYSDFS. Actual future experience will differ from assumptions used to determine these reserves.

Reserves for life insurance contracts are developed using accepted actuarial methods computed principally on the Net Level Premium Method, the New Jersey Reserve Method and the Commissioners' Reserve Valuation Method bases using the American Experience and the 1941, 1958, 1980 and 2001 Commissioners' Standard Ordinary mortality tables with assumed interest rates. Reserve methods, mortality tables and assumed interest rates vary with issue year generations of contracts. Reserves for disability riders associated with life contracts are calculated using morbidity rates from the 1952 Period 2 Intercompany Disability Table.

Individual disability income insurance policy reserves are generally calculated using the two-year preliminary term, net level premium and fixed net premium methods and actuarially accepted morbidity tables, using the 1964 Commissioners' Disability Table and the 1985 Commissioners' Individual Disability Table A with assumed interest rates in accordance with applicable statutes and regulations.

Disabled life claim reserves are generally calculated using actuarially accepted methodologies and actuarially accepted morbidity tables, using 1985 Commissioners' Individual Disability Tables A and C modified with factors to generate reserves that are more conservative, with assumed interest rates in accordance with applicable statutes and regulations.

Unpaid claims and claim expense reserves are related to disability and long-term care claims with long-tail payouts. Unpaid disability claim liabilities are projected based on the most recent disability payment paid prior to the valuation date. Claim expense reserves are based on an analysis of the unit expenses related to the processing and examination of new and ongoing claims. Interest accrued on reserves is calculated by applying NAIC prescribed interest rates to the average reserves by incurral year.

Tabular interest, tabular less actual reserves released and tabular cost for all life and annuity contracts and supplementary contracts involving life contingencies are determined in accordance with NAIC Annual Statement Instructions. Traditional life and term products use a formula that applies a weighted-average interest rate determined from a seriatim valuation file to the mean average reserves. Reserves for term policies and riders issued in 2020 use the valuation methods specified in Valuation Manual ("VM") 20. Universal life, variable life, group life insurance,

annuity and supplemental contracts use a formula which applies a weighted-average credited rate to the mean account value.

Guardian waives deduction of deferred fractional premium at death and returns any portion of the final premium beyond the date of death. Reserves are computed using continuous functions to reflect these practices. The larger of legally computed reserves and cash surrender values on a policy-by-policy basis are held as liabilities.

The same reserve methods applied to standard policies are used for the substandard reserve calculations that are based on a substandard mortality rate (a multiple of standard reserve tables).

Reserves for group life waiver and long-term disability ("LTD") reported claims are determined on *a seriatim* basis. Life waiver of premium reserves are determined using the 1970 Inter-company Group Life Disability Table for claimants disabled prior to 2009 and the 2005 Group Term Life Waiver Table for claimants disabled on or after January 1, 2009; interest rates are 4.0% for claims incurred in 2012 or earlier and 3.5% for claims incurred in 2013 or later. LTD reserves are determined using the 1987 Commissioners' Group Disability Table and Table 95a; interest rates vary by the year the claim was incurred, typically ranging from 2.75% to 5.0%. Group short-term disability, vision and dental claims incurred but not yet reported reserves are estimated based on Guardian's historical experience. Group reserves include reasonable allowances for potential adverse deviation.

SELECTED HISTORICAL STATUTORY FINANCIAL INFORMATION OF GUARDIAN

The table presented below sets forth selected financial information for Guardian which has been compiled on an unconsolidated basis and determined in accordance with SAP. For a description of the accounting principles applicable to this financial information and certain differences between SAP and GAAP, see "Financial and Accounting Matters—Summary of Principal Differences Between SAP and GAAP." Prospective investors should read the table below in conjunction with "Financial and Accounting Matters," "Summary of Certain Third Quarter Financial Information" and Guardian's statutory financial statements. The selected financial information for Guardian as of and for each of the years ended December 31, 2022, 2021 and 2020 has been derived from the annual audited statutory financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results may differ from estimates. The results for past accounting periods are not necessarily indicative of the results to be expected for any future accounting period.

The following table sets forth Guardian's Statements of Income Data and Balance Sheet Data.

	Years Ended December 31,		
	2022	2021	2020
	($ in Millions)		
Condensed Financial Information			
Statements of Income Data:			
Total revenue	$ 12,728	$ 12,539	$ 11,681
Dividends to policyholders	1,257	1,114	1,036
Gain from operations before federal income taxes	126	371	393
Net income	14	223	147
Balance Sheet Data:			
Total admitted assets	$ 76,000	$ 72,127	$ 68,045
Total liabilities	$ 67,155	$ 63,538	$ 60,285
Surplus:			
Surplus notes	$ 1,500	$ 1,498	$ 1,497
Policyholders' Surplus	7,345	7,091	6,263
Total Surplus	8,845	8,589	7,760
AVR	1,449	1,444	1,132
Total surplus and AVR	$ 10,294	$ 10,033	$ 8,892

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion below is prepared in conformity with SAP and the accounting practices prescribed by the NYSDFS. See "Financial and Accounting Matters—Summary of Principal Differences Between SAP and GAAP."

GENERAL

This disclosure should be read in conjunction with the Statutory Financial Statements (including the notes thereto) and "Selected Historical Statutory Financial Information of Guardian." This section reviews the financial condition of Guardian at December 31, 2022, 2021, and 2020, Guardian's results of operations for the years ended December 31, 2022, 2021, and 2020, and factors that may affect Guardian's future financial performance.

Guardian, together with its subsidiaries, is a diversified financial services group that seeks to provide attractive value for policyholders and customers by providing a wide array of differentiated products and services, while aiming to achieve strong financial results. In pursuing this strategy, Guardian's guiding principle is to enable its customers to obtain financial success while protecting their families and businesses. To achieve this goal, Guardian focuses on developing and distributing a broad portfolio of financial products and services, maintaining what it believes to be prudent underwriting standards and rigorous expense control, and pursuing asset/liability management practices that it considers conservative.

Guardian's statutory net income was $14 million for the year ended December 31, 2022, $223 million for the year ended December 31, 2021 and $147 million for the year ended December 31, 2020. As of and for the year ended December 31, 2022, Guardian had $76.0 billion in total statutory assets, net gain from operations (before dividends to policyholders and taxes) of $1.4 billion, over 1.1 million individual policies in-force, and $756.5 billion of life insurance in-force.

Guardian's insurance financial strength/claims paying ability, is rated AA+ by S&P, Aa1 by Moody's, AA+ by Fitch, and A++ by A.M. Best. S&P, Moody's, Fitch, and A.M. Best currently report a stable outlook for Guardian's insurance financial strength rating. Each rating agency independently assigns ratings based on its own separate review and takes into account a variety of factors, which are subject to change, in making its decision. Accordingly, there can be no assurance of the ratings that will be afforded Guardian or the Notes in the future. These ratings are of interest to policyholders, but are not ratings of the Notes offered hereby and do not reflect an evaluation of the safety and security of the Notes.

BASIS OF PRESENTATION

The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates include those used in determining the carrying values of investments and derivatives, the liability for future policyholders' reserves and deposit-type contracts, and the amount of investment valuation reserves on mortgage loans, real estate held for sale, other-than-temporary impairments and the liability for taxes. Future events including, but not limited to, changes in the levels of mortality, morbidity, interest rates, persistency and asset valuations, could cause actual results to differ from the estimates used in the financial statements. Although some variability is inherent in these estimates, management believes the amounts presented are appropriate. Guardian has reclassified certain prior year balances to conform to the current year presentation. With respect to an individual line item, a discussion of changes between the end of one period and another may be omitted to the extent such item has not changed materially.

The discussion below regarding Guardian's results of operations is based on the Statutory Financial Statements of Guardian included elsewhere in this Offering Memorandum. Those financial statements have been prepared on the basis of SAP prescribed by the NYSDFS. Under SAP, results of subsidiaries are not consolidated with the results of Guardian on a line-by-line basis, but rather are generally recorded at their underlying net equity value as affiliated common stock investments, with the current year change in net equity value, less dividends paid and

contributions from Guardian reflected in unrealized capital gains and losses through surplus. Dividends received from subsidiaries are included in Guardian's net investment income. See "Financial and Accounting Matters."

RECENT DEVELOPMENTS

On February 7, 2022, a wholly owned indirect subsidiary of Guardian acquired a minority equity stake in HPS Investment Partners ("HPS"), a leading global investment firm that currently manages $80 billion in assets. As part of the transaction, Guardian and HPS entered into a strategic partnership that will enable close collaboration and allow the two companies to share best practices and investment insights. Guardian will also provide HPS with capital to invest and manage across a range of private-credit strategies.

ANALYSIS OF RESULTS OF OPERATIONS—FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020.

The following table sets forth the components of statutory net income for the years ended December 31, 2022, 2021, and 2020.

	Years Ended December 31,		
	2022	2021	2020
	($ in Millions)		
Revenue:			
Premiums, annuity considerations and fund deposits	$ 9,925	$ 9,445	$ 8,951
Net investment income	2,537	2,704	2,368
Amortization of IMR	58	68	58
Other income	208	322	304
Total revenue	$ 12,728	$ 12,539	$ 11,681
Benefits and expenses:			
Benefit payments to policyholders and beneficiaries	5,180	5,347	$ 5,154
Net increase to policy benefit reserves	3,235	2,826	2,354
Commissions and operating expenses	2,930	2,881	2,744
Total benefits and expenses	$ 11,345	$ 11,054	$ 10,252
Gain from operations before dividends and federal income taxes	1,383	1,485	1,429
Dividends to policyholders	(1,257)	(1,114)	(1,036)
Gain from operations before federal income taxes	126	371	$ 393
Federal income tax benefit/(expense)	46	(9)	100
Net gain from operations	$ 172	$ 362	$ 493
Net realized capital (losses) after taxes and transfers to IMR	(158)	(139)	(346)
Net income	$ 14	$ 223	$ 147

Net Income

Total revenue increased $0.2 billion from $12.5 billion in 2021 to $12.7 billion in 2022, driven primarily by higher premiums, annuity considerations and fund deposits partially offset by lower net investment income. Total benefits and expenses increased $0.2 billion from $11.1 billion in 2021 to $11.3 billion in 2022, due to higher net increase to policy benefit reserves and commissions and operating expenses, partially offset by lower benefit payments to policyholders and beneficiaries,. Net realized capital losses after taxes and transfers to IMR increased in 2022. See "—Net Realized Capital Gains After Tax and Transfers to IMR".

Total revenue increased $0.8 billion from $11.7 billion in 2020 to $12.5 billion in 2021, driven primarily by higher premiums, annuity considerations and fund deposits and net investment income. Total benefits and expenses increased $0.8 billion from $10.3 billion in 2020 to $11.1 billion in 2021, due to higher benefit payments to policyholders and beneficiaries, commissions and operating expenses, and net increase to policy benefit reserves.

Premium income, annuity considerations and fund deposits

Selected premium income, annuity considerations and fund deposits information is presented below:

	Years Ended December 31,			$ Change	% Change	$ Change	% Change
	2022	2021	2020	2022 vs. 2021	2022 vs. 2021	2021vs. 2020	2021 vs. 2020
	($ in Millions)			($ in Millions)			
Premium income:							
Whole life	$4,836	$ 4,525	$ 4,247	$ 311	6.9%	$ 278	6.5%
Disability	577	557	536	20	3.6%	21	3.9%
Term, universal, and variable life	154	167	157	(13)	(7.8%)	10	6.4%
Group Benefits	4,357	4,194	3,974	163	3.9%	185	4.6%
Reinsurance and Other	1	2	37	(1)	(50%)	-	-%
Total	$9,925	$9,445	$8,951	$ 480	5.1%	$ 494	5.5%

For the year ended December 31, 2022, premium income as compared to the year ended December 31, 2021 increased $480 million, primarily due to an increase in Whole life premiums due to natural growth and an increase in Group Benefits premiums. The increase in Group Benefits premiums was primarily due to an increase in Health products partially offset by a decrease in group life premiums due to the Canada Life reinsurance treaty which resulted in ceding approximately 50% of the premiums.

For the year ended December 31, 2021, premium income as compared to the year ended December 31, 2020 increased $494 million, primarily due to an increase in Whole life premiums due to natural growth and a general increase in sales, and an increase in Group Benefits premiums. The increase in Group Benefits premiums was primarily due to an increase in Health products and the new Massachusetts mandatory short-term disability and paid family leave products.

Net Investment Income

The components of net investment income are set forth below:

	Years Ended December 31		
	2022	2021	2020
		($ in Millions)	
Net investment income:			
Bonds	$ 1,921	$ 1,903	$ 1,751
Preferred stocks	-	-	-
Common stocks—subsidiaries and affiliates	4	43	97
Common stocks—unaffiliated	4	5	8
Mortgage loans	230	227	204
Policy loans	273	271	277
Real estate	75	63	61
Derivatives and other invested assets	278	432	197
Cash, cash equivalents and short-term investments	20	1	6
Total gross investment income	$ 2,805	$ 2,945	$ 2,601
Investment expenses	(268)	(241)	(233)
Net investment income	$ 2,537	$ 2,704	$ 2,368
Amortization of IMR	58	68	58
Net investment income including IMR amortization	**$ 2,595**	**$ 2,772**	**$ 2,426**

For the year ended December 31, 2022, net investment income, including IMR amortization, decreased $177 million primarily due to lower income distributions from private equity investments which is reflected in the

Derivatives and other invested assets category. This increase was partially offset primarily by lower dividends received from affiliated subsidiaries, interest income generated by the cash, cash equivalents and short-term investment positions and higher investment expenses.

For the year ended December 31, 2021, net investment income, including IMR amortization, increased $346 million primarily due to increased investment income from the bond and mortgage portfolios, dividends received from affiliated subsidiaries and income distributions from private equity investments which is reflected in the Derivatives and other invested assets category. This increase was partially offset primarily by lower unaffiliated common stock dividends and interest income generated by the cash, cash equivalents and short-term investment positions.

Guardian calculates the yield on its investment portfolio before federal income taxes as (a) two times gross investment income divided by (b) the beginning and ending balance of invested assets minus (c) gross investment income. After deducting all investment expenses, the net annualized yields were, 3.8% for the year ended December 31, 2022, 4.31% for the year ended December 31, 2021 and 4.07% for the year ended December 31, 2020.

Bond gross investment income increased $18 million in 2022 as compared to 2021 due to increased average assets offset by decreased prepayment fees associated with private placements and called or tendered bonds. Bond gross investment income increased $152 million in 2021 as compared to 2020 due to increased average assets. Average bond asset balances were $50.6 billion, $49.0 billion, and $44.9 billion in 2022, 2021 and 2020, respectively. Average bond portfolio yields increased from 3.90% in 2020, decreased to 3.88% in 2021 and decreased to 3.80% in 2022. Prepayment fees on private placements, which are included in gross investment income, were $7 million in 2022, $20 million in 2021 and $10 million in 2020. Prepayment fees on called or tendered bonds, which are included in gross investment income, were $14 million in 2022, $76 million in 2021 and $8 million in 2020.

Income from common stocks—unaffiliated decreased by $1 million in 2022, as compared to 2021 Income from common stocks—unaffiliated decreased by $3 million in 2021, as compared to 2020. The majority of the unaffiliated common stock positions were sold at the end of the first quarter of 2020.

Mortgage loan gross investment income increased $3 million in 2022 as compared to 2021 due to increased average assets and increased mortgage prepayment fees. Mortgage loan gross investment income increased $23 million in 2021 as compared to 2020 due to increased average assets and increased mortgage prepayment fees. Average mortgage portfolio yields were 4.10% in 2022, 4.47% in 2021 and 4.21% in 2020. Mortgage prepayment fees, which are included in gross investment income, were $15 million in 2022, $30 million in 2021 and $14 million in 2020.

The $2 million increase in policy loan gross investment income in 2022 as compared to 2021 is primarily due to an increase in the asset balance which rose $246 million in 2022 which is considered cyclical and consistent with past experience. The $6 million decrease in policy loan gross investment income in 2021 as compared to 2020 is primarily due to a decrease in the asset balance which declined $45 million in 2021 which is considered cyclical and consistent with past experience.

Real estate income increased slightly by $12 million in 2022 as compared to the prior year. Real estate income increased slightly by $2 million in 2021 as compared to the prior year.

In 2022, the decrease in derivatives and other invested assets gross investment income of $154 million was primarily due to a $156 million decrease in private equity income distributions in 2022 as compared to 2021. In 2021, the increase in derivatives and other invested assets gross investment income of $235 million was primarily due to a $234 million increase in private equity income distributions in 2021 as compared to 2020.

The cash, cash equivalents and short-term investment gross investment income increased by $19 million in 2022 as compared to 2021 due to short-term interest rates rising during 2022. The cash, cash equivalents and short-term investment gross investment income decreased by $5 million in 2021 as compared to 2020 due to short-term interest rates declining during 2021.

Amortization of IMR decreased $10 million in 2022 as a result of larger deferred bond sale losses being generated in 2022 as compared to 2021. Amortization of IMR increased $10 million in 2021 as a result of larger deferred bond sale gains being generated in 2021 as compared to 2020.

Other income

Other income, which includes miscellaneous income, commissions and expense allowances on reinsurance ceded, and reserve adjustments on reinsurance, decreased $114 million for the year ended December 31, 2022, as compared to December 31, 2021, primarily due to transfer of the related investment income for assumed reinsurance funds.

Other income, which includes miscellaneous income, commissions and expense allowances on reinsurance ceded, and reserve adjustments on reinsurance, increased $18 million for the year ended December 31, 2021, as compared to December 31, 2020, primarily due to increased interest income on assumed reinsurance funds and higher amortization of the Interest Maintenance Reserve.

Benefit payments to policyholders and beneficiaries

Benefit payments to policyholders and beneficiaries decreased $167 million for the year ended December 31, 2022 as compared to December 31, 2021. The increase is primarily due to higher group Benefit claims due to increased Dental utilization, disability, supplemental health and AD&D claims offset by the impact of the Canada Life reinsurance treaty that resulting in the ceding of approximately 50% of the group life claims.

Benefit payments to policyholders and beneficiaries increased $193 million for the year ended December 31, 2021 as compared to December 31, 2020. The increase is primarily due to higher group Benefit claims due to increased Dental utilization, partially offset by lower surrender benefits and lower death benefits. The lower surrender benefits are due to greater persistency in the Individual Life business, and death benefits declined due to lower Individual Life claims. Death benefits were unusually high in 2020 due to the COVID-19 pandemic. Partially offsetting this decline was an increase in Group Benefit death claims due to COVID-19.

Additions to policy benefit reserves

Net additions to policy benefit reserves increased $409 million in the year ended December 31, 2022 compared to the year ended December 31, 2021. The policyholders' reserves increased primarily as a result of increased Individual Life reserves attributed to the natural growth of the business and fewer terminations.

Net additions to policy benefit reserves increased $472 million in the year ended December 31, 2021 compared to the year ended December 31, 2020. The policyholders' reserves increased primarily as a result of increased Individual Life reserves attributed to the natural growth of the business and fewer surrenders.

Commissions and operating expenses

Commissions and operating expenses increased $49 million in the year ended December 31, 2022 compared to the year ended December 31, 2021, due to higher Group Benefits commissions on premiums and higher insurance taxes, higher general expenses, and higher interest on deposit type contracts, partially offset by lower reserve adjustments on reinsurance assumed.

Commissions and operating expenses increased $137 million in the year ended December 31, 2021 compared to the year ended December 31, 2020, due to higher Group Benefits commissions on premiums and higher insurance taxes, higher general expenses, and reserve adjustments on reinsurance assumed. Partially offsetting these increases were lower taxes, licenses and fees due to the termination of the 2020 Affordable Care Act Annual Health Insurers fee.

Dividends to Policyholders

Dividends to policyholders increased $143 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021, due to natural growth.

Dividends to policyholders increased $78 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020, due to natural growth.

Guardian Federal Income Tax Expense

Federal income tax expense on operations decreased $55 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021, primarily due to return to provision tax adjustments.

Federal income tax expense on operations increased $109 million for the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily due to lower tax credits.

Capital Gains After Tax and Transfers to IMR

Net realized capital gains after taxes and transfers to IMR were comprised of the following:

	Years Ended December 31,		
	2022	2021	2020
	($ in Millions)		
Total net realized capital gains (losses) after taxes and transfers to IMR			
Bonds	$ (199)	$ 158	$ 447
Preferred stocks	-	-	-
Mortgage loans	-	-	-
Common stocks—subsidiaries and affiliates	-	-	-
Common stocks—unaffiliated	(3)	(1)	(43)
Real estate	37	-	9
Derivatives and other invested assets	(99)	(80)	(273)
Net realized capital gains (losses) before deferral to the IMR	$ (264)	$ 77	$ 140
Capital gains tax (expense)/benefit	(33)	(71)	(115)
Transfer (to)/from IMR	139	(145)	(371)
Total net realized capital losses after tax (expense)/benefit and transfers (to)/from IMR	$ (158)	$ (139)	$ (346)

The book values of investments are written down when a decline in value is considered to be other-than-temporary. Impairments during 2022, 2021 and 2020 totaled $95 million, $129 million, and $323 million, respectively. Of the $95 million for 2022, $16 million relates to impairments that reduced surplus which was driven primarily by bonds. The remaining $79 million related to $64 million in investment tax credit investments and $15 million in private equities. Of the $129 million for 2021, $27 million relates to impairments that reduced surplus which was driven primarily by bonds. The remaining $102 million related to $64 million in investment tax credit investments and $38 million in private equities. Of the $323 million for 2020, $16 million relates to impairments that reduced surplus which was driven primarily by bonds. The remaining $307 million related to $141 million in investment tax credit investments, $126 million in an affiliated entity and $40 million in private equities. Guardian employs a systematic methodology to evaluate other-than-temporary impairments. The methodology to evaluate declines in value utilizes a quantitative and qualitative process to attempt to evaluate available evidence concerning the declines in a disciplined manner. See “Financial and Accounting Matters—Critical Accounting Policies.”

Net realized capital gains after taxes and transfers from IMR decreased $19 million in 2022 as compared to 2021, primarily from the $73 million decrease in bond realized gains partially offset by $34 million decrease in other than temporary impairments in 2022 as compared to 2021.

Net realized capital gains after taxes and transfers from IMR increased $207 million in 2021 as compared to 2020, primarily from the $ 194 million decrease in other-than-temporary impairments in 2021 as compared to 2020.

Realized capital gains after tax and transfers to IMR do not reflect the changes in AVR and other investment reserves, which are recorded as a change in surplus.

Bonds: Net realized capital gains after IMR decreased by $73 million in 2022 as compared to 2021, primarily due to normal trading activity in a rising interest rate environment during 2022. Net realized capital gains after IMR decreased by $63 million in 2021 as compared to 2020, primarily due to normal trading activity in a raising interest rate environment during 2021.

There were $16 million in other-than-temporary impairments in the bond portfolio during 2022. There were $27 million in other-than-temporary impairments in the bond portfolio during 2021. There were $16 million in other-than-temporary impairments in the bond portfolio during 2020.

Derivative and other invested assets:

Derivative instruments and other invested assets had realized (losses) of ($99) million in 2022 compared to realized (losses) of ($80) million in 2021. There were ($79) million in other-than-temporary impairments in 2022 in this category as compared to ($102) million in 2021. There were no realized gains/(losses) on real estate joint venture sales in 2022 and in 2021. Realized gains on foreign currency generated $20 million in realized gains in 2022 as compared to $15 million realized gains in 2021. Credit default swaps generated a realized losses of $4 million in 2022 as compared to a gain of $4 million in 2021. In addition, realized losses on future contracts were $34 million in 2022 as compared to realized gains on futures contracts of $3 million in 2021.

Derivative instruments and other invested assets had realized (losses) of ($80) million in 2021 compared to realized (losses) of ($273) million in 2020. There were ($102) million in other-than-temporary impairments in 2021 in this category as compared to ($307) million in 2020. There were no realized gains/(losses) on real estate joint venture sales in 2021 and in 2020. Realized gains on foreign currency generated $15 million in realized gains in 2021 as compared to $19 million realized gains in 2020. Credit default swaps generated a realized gain of $4 million in 2021 as compared to a gain of $13 million in 2020. In addition, realized gains on future contracts were $3 million in 2021 as compared to realized gains on futures contracts of $2 million in 2020.

For a description of Guardian's hedging program and its limitations, see "Financial and Accounting Matters – Critical Accounting Policies" and "Quantitative and Qualitative Information about Market Risk – Hedging Programs."

For 2022, $139 million of net after-tax losses were transferred out of the IMR primarily from the sales of bonds during 2022 in the normal course of business. For 2021, $145 million of net after-tax gains were deferred into the IMR primarily from the sales of bonds during 2021 in the normal course of business. For 2020, $371 million of net after-tax gains were deferred into the IMR primarily from the sales of bonds during 2020 in the normal course of business. Gains/losses transferred from or deferred to the IMR are amortized into income over the estimated life of the investment sold.

STATEMENT OF FINANCIAL POSITION

The following table sets forth Guardian's assets, liabilities and surplus:

	As of December 31,		
	2022	2021	2020
	($ in Millions)		
Balance Sheet Data:			
Total assets	$ 76,000	$ 72,127	$ 68,045
Total liabilities	$ 67,155	$ 63,538	$ 60,285
Total surplus	$ 8,845	$ 8,589	$ 7,760

Assets

Total assets as of December 31, 2022 increased $3.873 billion, or 5.4%, as compared to December 31, 2021. The major components of the increase in assets were invested assets and reinsurance recoverable from affiliates.

Total assets as of December 31, 2021 increased $4.082 billion, or 6.0%, as compared to December 31, 2020. The major components of the increase in assets were invested assets and reinsurance recoverable from affiliates.

Total invested assets as of December 31, 2022 increased $3.517 billion, or 5.3%, as compared to December 31, 2021, driven by increases in bonds, mortgage loans, cash, cash equivalents and short-term investments and other invested assets.

Total invested assets as of December 31, 2021 increased $3.945 billion, or 6.4%, as compared to December 31, 2020, driven by increases in bonds, mortgage loans, cash, cash equivalents and short-term investments and other invested assets.

Bonds at December 31, 2022 of $51.1 billion increased 1.9%, or $1 billion, from $50.1 billion at December 31, 2021. Taxable bonds increased by $1 billion, while tax exempt bonds decreased approximately $40 million. Bond impairments decreased by $10 million in 2022 as compared to 2021. Bonds at December 31, 2021 of $50.1 billion increased 4.5%, or $2.1 billion, from $48.0 billion at December 31, 2020. Taxable bonds increased by $2.6 billion, while tax exempt bonds decreased approximately $40 million. Bond impairments increased by $11 million in 2021 as compared to 2020.

Bonds in NAIC Classes 1 and 2 represented 68.7%, 71.2% and 72.1% of total general invested assets as of December 31, 2022, 2021 and 2020, respectively. The percentage of total invested assets representing bond investments in NAIC Classes 3 through 6 was 4.7%, 4.7% and 5.2% as of December 31, 2021, 2020 and 2019, respectively. See "—Investments" for more discussion of NAIC investment classes.

There were no preferred stock investments at December 31, 2022, similar to December 31, 2021 and December 31, 2020.

Common stocks of subsidiaries and affiliates held by Guardian as of December 31, 2022 decreased $15 million as compared to December 31, 2021, or 1.3%, consisting of a $9 million decrease in the value of life insurance subsidiaries and a $6 million decrease in other affiliated common stocks. Common stocks of subsidiaries and affiliates held by Guardian as of December 31, 2021 decreased $8 million as compared to December 31, 2020, or 0.7%, consisting of a $24 million increase in the value of life insurance subsidiaries and a $32 million decrease in other affiliated common stocks. There was $60 million contributed to common stock affiliates during 2022, $7 million in return of capital during 2022 and $7 million in non-admitted common stock affiliates. There was $35 million contributed to common stock affiliates during 2021, $50 million in return of capital during 2021 and $7 million in non-admitted common stock affiliates.

Common stocks of unaffiliated entities as of December 31, 2022 decreased $41 million as compared to December 31, 2021, or 37%, as the portfolio continues to remain small after the portfolio sale during the first quarter of 2021. Net realized (losses) recognized from common stock dispositions were $3 million. Net unrealized (losses) from stocks were $10 million. There were no other-than-temporary impairments during 2022.

Common stocks of unaffiliated entities as of December 31, 2021 decreased $1 million as compared to December 31, 2020, or 0.9%, as the portfolio continues to remain small after the portfolio sale during the first quarter of 2020. Net realized (losses) recognized from these dispositions were $1 million. Net unrealized (losses) from stocks were $2 million. There were no other-than-temporary impairments during 2021.

Mortgage loans as of December 31, 2022 increased $664 million as compared to December 31, 2021, or 12.5%, including $1,577 million in new investments, rollovers and additional funding, which were more than the $913 million of paydowns, sales and full payoffs.

Mortgage loans as of December 31, 2021 increased $514 million as compared to December 31, 2020, or 10.7%, including $1,223 million in new investments, rollovers and additional funding, which were more than the $708 million of paydowns, sales and full payoffs.

Guardian does not originate any residential mortgages but invests in residential mortgage loan pools, which may contain mortgages of subprime credit quality.

Policy loans as of December 31, 2022 increased $246 million as compared to December 31, 2021, or 6.5%, due to growth in the ordinary course of business. Policy loans as of December 31, 2021 decreased $45 million as compared to December 31, 2020, or 1.2%, due to unexpected loan paydowns during 2021.

Properties held for the production of income at December 31, 2022 of $250 million decreased by $40 million from $290 million at December 31, 2021. This was primarily due to disposition of one property with proceeds of $37 million. There was also $8 million in capital expenditures during 2022. Real estate occupied by the company is $0 million as of December 31, 2022. Depreciation expense recorded during 2022 totaled $19 million and the increase in encumbrances was $28 million. As of December 31, 2022, industrial and other buildings in the general account represented 14.1% of Guardian's real estate portfolio compared to 12.4% for the same property type as of December 31, 2021.

Properties held for the production of income at December 31, 2021 of $290 million increased by $10 million from $280 million at December 31, 2020. This was primarily due to an acquisition of with a net cost of $19 million. There was also $7 million in capital expenditures during 2021. Real estate occupied by the company is $0 million as of December 31, 2021. Depreciation expense recorded during 2021 totaled $18 million and the increase in encumbrances was $28 million. As of December 31, 2021, industrial and other buildings in the general account represented 12.4% of Guardian's real estate portfolio compared to 13.2% for the same property type as of December 31, 2020.

Partnerships and LLCs as of December 31, 2022 increased $1,040 million as compared to December 31, 2021, or 28%, as a result of capital contributions made to new and existing partnerships and appreciation in the underlying assets. Partnerships and LLCs had $79 million in other-than-temporary impairments as of December 31, 2022. During 2022, there were $1,598 million contributed to new or existing partnerships. In addition, during 2022, there were $420 million of returns of capital. There were no real estate joint/private equity ventures sold during 2022.

Partnerships and LLCs as of December 31, 2021 increased $1,034 million as compared to December 31, 2020, or 38.7%, as a result of capital contributions made to new and existing partnerships and appreciation in the underlying assets. Partnerships and LLCs had $102 million in other-than-temporary impairments as of December 31, 2021. During 2021, there were $588 million contributed to new or existing partnerships. In addition, during 2021, there were $270 million of returns of capital. There were no real estate joint/private equity ventures sold during 2021.

Derivatives and other invested assets at December 31, 2022 were $1,001 million, $741 million at December 31, 2021 and $809 million at December 31, 2020. This balance mainly represents the value of foreign currency swaps

and a small number of unsettled trades at December 31, 2022 relating to bond and stock trading activity. It also includes $689 million in investments in surplus note debentures of other insurance companies at December 31, 2022.

Guardian uses derivative financial instruments in the ordinary course of business to attempt to manage risks, primarily to reduce equity, interest rate and currency risk. For a description of these hedging programs and their limitations, see "—Quantitative and Qualitative Information about Market Risk—Hedging Programs." The vast majority of Guardian's investment risk is not hedged. Guardian may use a combination of derivatives and fixed income investments to create synthetic investment positions. These combined investments are created opportunistically when they are economically more attractive than the replicated instrument or when the replicated instrument is unavailable. To a much lesser extent, some of these combinations are considered replicated asset transactions as defined under statutory accounting principles.

Cash, cash equivalents and short-term investments increased by $559 million at December 31, 2022 compared to December 31, 2021 due to Guardian waiting for more strategic times to invest. Cash, cash equivalents and short-term investments increased by $369 million at December 31, 2021 compared to December 31, 2020 due to Guardian waiting for more strategic times to invest.

Investment income due and accrued at December 31, 2022 was $493 million. Investment income due and accrued at December 31, 2021 was $484 million. Investment income due and accrued at December 31, 2020 was $518 million.

Other than invested assets increased $356 million from $6.083 billion at December 31, 2021 to $6.439 billion at December 31, 2022, primarily due to an increase in funds held or deposited with reinsured companies, receivable with reinsured companies, net deferred tax assets and current federal and foreign income tax recoverable and interest thereon.

Other than invested assets increased $137 million from $5.946 billion at December 31, 2020 to $6.083 billion at December 31, 2021, primarily due to an increase in funds held or deposited with reinsured companies, increased amounts receivable with reinsured companies partially offset by decreased due and accrued investment income, net deferred tax assets and current federal and foreign income tax recoverable and interest thereon.

Liabilities

Total liabilities as of December 31, 2022 increased $3.617 billion, or 5.7%, as compared to December 31, 2021, primarily due to increases in reserves for policyholder benefits and higher policyholder dividends payable and other contract liabilities, partially offset by lower general expenses due and accrued and lower IMR.

Total liabilities as of December 31, 2021 increased $3.253 billion, or 5.4%, as compared to December 31, 2020, primarily due to increases in reserves for policyholder benefits and higher AVR.

The increase in reserves for policy benefits of $3.242 billion at December 31, 2022 as compared to December 31, 2021 is primarily related to increases in Individual Life reserves driven primarily by continued growth of inforce business and Individual Disability reserves driven by normal business activity.

The increase in reserves for policy benefits of $2.826 billion at December 31, 2021 as compared to December 31, 2020 is primarily related to increases in Individual Life reserves driven primarily by continued growth of inforce business and Individual Disability reserves driven by normal business activity.

Policyholder dividends payable and other contract liabilities increased $698 million at December 31, 2022 as compared to December 31, 2021, primarily due to by higher deposit type contract reserves resulting from $467 million in maturing funding agreements with $963 million in new issuances and higher dividends payable from continued growth of Individual Life inforce business.

Policyholder dividends payable and other contract liabilities increased $43 million at December 31, 2021 as compared to December 31, 2020, primarily due to higher Group Benefit contract claim reserves from higher incidence

due to COVID-19 and increased premiums, and higher dividends payable from continued growth of Individual Life inforce business. These increases were partially offset by lower deposit type contract reserves resulting from $800 million in maturing funding agreements with $600 million in new issuances.

AVR increased $5 million, or 0.3%, at December 31, 2022 as compared to December 31, 2021, primarily due to the required basic contributions that are required by the AVR formula which were mainly offset by the large unrealized losses generated by the private equity portfolio. The mortgage reserve increased by $12 million from $56 million at December 31, 2021 to $68 million at December 31, 2022.

AVR increased $312 million, or 27.6%, at December 31, 2021 as compared to December 31, 2020, primarily due to the required basic contributions that are required by the AVR formula and the large unrealized gains generated by the private equity portfolio. The mortgage reserve increased by $9 million from $47 million at December 31, 2020 to $56 million at December 31, 2021.

Other liabilities at December 31, 2022 of $2.676 billion decreased by $131 million from $2.807 billion at December 31, 2021. This decrease was primarily due to decreases in general expenses due and accrued of $273 million and decreases in liability for benefits for employees and agents of $57 million and increases in payable for securities of $221 million.

Other liabilities at December 31, 2021 of $2.807 billion decreased by $4 million from $2.811 billion at December 31, 2020. This increase was primarily due to decreases in general expenses due and accrued of $14 million, and payable for securities of $66 million, partially offset by increases in liability for benefits for employees and agents of $50 million and increases in funds held under coinsurance of $27 million.

Surplus

Surplus increased $256 million from $8.589 billion at December 31, 2021 to $8.845 billion at December 31, 2022. The increase in surplus was primarily due to net income of $14 million, increases from due to change in pension funded status of $275 million, increases in net deferred taxes of $48 million, partially offset by unrealized capital gains (losses) of $(95) million.

Surplus increased $829 million from $7.760 billion at December 31, 2020 to $8.589 billion at December 31, 2021. The increase in surplus was primarily due to net income of $223 million, increases in net unrealized capital gains (losses) of $736 million, increases from due to change in pension funded status of $148 million, partially offset by change in AVR of $312 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Guardian manages its liquidity position by matching its exposure to cash demands with adequate sources of cash and other liquid assets. Guardian's principal sources of liquidity are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets. Historically, Guardian has consistently experienced net positive cash flows from operations. Guardian's primary cash flow sources include investment income, principal repayments on invested assets, and insurance premiums.

Cash, cash equivalents and short-term investments increased $559 million, or 70.7%, as of December 31, 2022 as compared to December 31, 2021. Cash, cash equivalents and short-term investments increased $369 million, or 87.4%, as of December 31, 2021 as compared to December 31, 2020.

Net cash provided from operations for the year ended December 31, 2022 was $3.275 billion. For the year ended December 31, 2022, net cash used in investing activities amounted to $3.255 billion and net cash from financing increased to $539 million. Net cash provided from operations decreased $11 million, or 0.3%, to $3.275 billion in 2022 as compared to 2021. The decrease is primarily attributable to higher commissions, expenses and taxes paid of $429 million, higher dividends paid of $90 million, lower net investment income of $189 million, and lower other,

net of $10 million, partially offset by higher premiums and other income received of $487 million, higher other income of $99 million and lower benefits and loss related payments of $121 million.

Net cash provided from operations for the year ended December 31, 2021 was $3.286 billion. For the year ended December 31, 2021, net cash used in investing activities amounted to $2.803 billion and net cash from financing declined $114 million. Net cash provided from operations increased $536 million, or 19.5%, to $3.286 billion in 2021 as compared to 2020. The increase is primarily attributable to higher premiums and other income received of $552 million, higher net investment income of $443 million, and higher other, net of$368 million offset by higher benefits and loss related payments of $415 million, and higher commissions, expenses and taxes paid of $288 million, higher dividends paid of $67 million and lower other income of $57 million.

Excess operating cash flow is used to purchase investments. Purchases of investments were $11.2 billion, $14.5 billion, and $19.1 billion for the years ended December 31, 2022, December 31, 2021 and December 31, 2020, respectively, while sales and maturities of investments and receipts from repayments of loans were $8.2 billion, $11.6 billion and $13.4 billion, respectively, resulting in a net cash outflow of $3.0 billion, $2.9 billion and $5.7 billion, respectively.

Guardian utilizes what it believes to be sophisticated asset/liability analysis techniques in the management of the investments supporting its liabilities. Additionally, Guardian tests the adequacy of the projected cash flows provided by assets to meet all of its future policyholder and other obligations. Guardian performs these studies using stress tests regarding future credit and other asset losses, market interest rate fluctuations, claim losses, and other considerations. The result provides a view of the adequacy of the underlying assets, reserves, and capital. Guardian analyzes a variety of scenarios modeling potential demands on liquidity, taking into account the provisions of policies and contracts in force, its cash flow position, and the volume of cash and readily marketable securities in its portfolio. Guardian attempts to proactively manage its liquidity position on an ongoing basis to meet cash needs while minimizing adverse impacts on investment returns.

In most scenarios that Guardian has tested, operating cash flow is sufficient to satisfy its obligations. Guardian believes that even in extreme scenarios tested, obligations can be met in the modeled stress tests through operating cash flows and the sale of some of Guardian's liquid assets. These stress test scenarios assume no new business that would result in immediate positive cash flow. In addition, if Guardian was in a stress situation, some uses of cash could be suspended, including new investments in illiquid instruments. However, given the inherent limitations and underlying assumptions of quantitative modeling, there can be no assurances of Guardian's ability to maintain sufficient liquidity under actual liquidity needs. See "Risk Factors—Risk Factors Related to Guardian—Guardian's investment portfolio and aspects of Guardian's business are subject to the full range of market risks, including credit, liquidity and equity markets and interest rate risks" and "—Some of Guardian's investments are relatively illiquid and are in asset classes that could experience significant market valuation fluctuations."

FHLB Membership

Guardian became a member of the Federal Home Loan Bank of New York ("FHLBNY") in February 2018. Membership provides Guardian with access to FHLBNY's financial services, including the ability to obtain collateralized loans and to issue collateralized funding agreements.

Guardian's capacity to borrow from the FHLBNY is limited to 5% of its prior year-end statutory net admitted assets, excluding separate account assets, under New York state insurance law. Based on Guardian's net admitted assets as of December 31, 2022, Guardian's borrowing capacity is more than $3.8 billion. FHLBNY borrowings and funding agreements must be collateralized by qualifying mortgage-related assets or U.S. Treasury securities, the fair value of which must be maintained at specified levels relative to outstanding borrowings and dependent on collateral type. As of the date of this Offering Memorandum, Guardian has approximately $663 million of outstanding borrowings from the FHLBNY.

Liquidity Risks

Liquidity risk is the risk that Guardian will not have access to sufficient funds to meet its liabilities when due. Guardian believes that its product mix contributes to its strong liquidity position. Guardian's blocks of variable life insurance and VA contracts limit its liquidity risk because the customer bears most of the investment risk for these types of products. A primary liquidity concern for Guardian is the risk of early contract owner and policyholder life insurance policy loans and surrenders and withdrawals. Guardian closely evaluates and manages this risk. As a matter of policy, virtually all of Guardian's life insurance and annuity products contain surrender charges for varying durations or fair value adjustments, reducing the risk that customers will seek surrenders and withdrawals or life insurance policy loans during the periods when surrender charges or fair value adjustments are in place. Surrender charges or fair value adjustments help Guardian to better plan the maturities of its invested assets by reducing the risk that future outflows will exceed anticipated levels.

Guardian's principal sources of liquidity to meet unexpected cash outflows are its portfolio of liquid assets and its net operating cash flow. Liquid assets include cash, cash equivalents, short-term investments and other readily marketable public securities. Furthermore, Guardian monitors and manages cash flows over a one-year horizon in order to attempt to maximize investment returns relative to client obligations and to reduce the number, length of time and severity of asset and liability cash flow mismatches. See "—Investments" for a more detailed discussion of the investment portfolio.

Dividends from Subsidiaries

Guardian has not historically relied on dividends from its subsidiaries to meet its operating cash flow requirements. Dividend payments from insurance subsidiaries are generally subject to certain restrictions imposed by statutory authorities. Additionally, dividend payments from other subsidiaries are limited to their retained earnings.

For Guardian's life insurance subsidiaries, including BLICOA and GIAC, substantially all of the statutory aggregate surplus of approximately $807 million as of December 31, 2022 is subject to dividend restrictions. Under the laws of Delaware and Massachusetts, the domiciliary states of GIAC and BLICOA, respectively, dividends in excess of unassigned funds require regulatory approval. In addition, BLICOA and GIAC must seek regulatory approval prior to paying a dividend whose fair market value together with other dividends within the preceding twelve months exceeds the greater of (i) 10% of the insurer's policyholder surplus as of the last day of December next preceding or (ii) the net gain from operations of the insurer for the twelve month period ending the last day of December next preceding. Guardian's life insurance subsidiaries, including BLICOA and GIAC, had the ability to make dividend payments up to $149 million in 2022 without obtaining prior approval from their respective state insurance departments. Guardian's individual disability income insurance line of business is written by BLICOA and Guardian is, accordingly, only able to receive income generated by this line of business through dividends received from BLICOA. For the years ended December 31, 2022, 2021 and 2020, Guardian received an aggregate of $18 million, $43 million and $97 million, respectively, in cash dividends from its subsidiaries. Guardian can make no assurance regarding the timing or amount of dividends, if any, that may be paid by these subsidiaries to Guardian in the future. GIS and FCW are not subject to dividend restrictions imposed by statutory authorities but may pay dividends up to but not exceeding any accumulated earnings. As of December 31, 2022, FCW had accumulated earnings of $1 million and would be able to pay a dividend up to $1 million in 2023. As of December 31, 2021, FCW had accumulated earnings of $257 million and would be able to pay a dividend up to $257 million in 2022. As of December 31, 2020, FCW had accumulated earnings of $218 million and would be able to pay a dividend up to $218 million in 2021.

Capital Resources

The NAIC has an RBC model to compare total adjusted capital with a standard design in order to reflect an insurance company's risk profile. RBC is calculated at year end for regulatory purposes, and Guardian estimates RBC on an interim basis. Although Guardian believes that there is no single appropriate means of measuring capital needs, Guardian feels that the NAIC approach to RBC measurement is reasonable and conservative, and Guardian manages its capital position with significant attention to maintaining adequate total adjusted capital relative to RBC. Guardian's total adjusted capital was well in excess of all RBC standards at December 31, 2022, 2021 and 2020. Guardian believes

that it enjoys a strong capital position in light of its risks and that it is well-positioned to meet policyholder and other obligations.

Existing Surplus Notes

The Company has issued various Surplus Notes (the "Notes") to unrelated third parties pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by The Bank of New York Mellon as fiscal agent. Interest on each of the Notes is scheduled to be paid semiannually on the interest paid dates listed in the table below. All of the Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Notes are not part of the legal liabilities of the Company. The Notes do not repay principal prior to maturity, and each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the Company (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding the accrued interest as of the date on which the Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at an adjusted treasury rate plus varying basis points. The Surplus Note issuances were not structured in a manner where typical cashflows have been reduced or eliminated.

The following table summarizes the Notes issued by the Company:

									Interest Paid	
Date Issued	**Interest Rate**	**Principal Balance**	**Cash Proceeds Received**	**Maturity Date**	**Face (Par) Value of Note**	**Carrying Value of Note**	**Interest Paid Dates**		**Current Year 12/31/22**	**Interest Paid Life-to-date 12/31/22**
10/6/2009[(1)]	7.375%	400.0	392.4	9/30/2039	233.1	231.7	March 31	September 30	17.2	324.6
6/19/2014	4.875%	450.0	444.6	6/19/2064	450.0	448.7	June 19	December 19	22.0	186.5
1/24/2017[(1)]	4.850%	350.0	343.6	1/24/2077	579.3	522.4	January 24	July 24	28.1	149.0
1/22/2020	3.700%	300.0	293.9	1/22/2070	300.0	296.7	January 22	July 22	11.1	27.8
Total Surplus Notes		$ 1,500.0	$ 1,474.5		$1,562.4	$1,499.5			$ 78.4	$ 687.9

(1) The Company completed an exchange in which it issued additional 1/24/2017 Notes ("2017 Notes") in exchange for redeemed 10/6/2009 Notes ("2009 Notes"). They were settled predominately on December 27, 2017 with a minimal amount settling on January 8, 2018. The 2009 Notes had a principal balance of $166.9 million (carrying value $165.7 million) and the additional 2017 Notes had a principal balance of $229.3 million (carrying value $170.5 million). Of the $63.6 million discount at the time of the exchange, $4.8 million pertaining to inducement for note holders to exchange their notes was recorded as an expense on the transaction date along with an increase to the carrying value of the 2017 Notes. The remaining $58.8 million will be charged to the Statutory Basis Statements of Operations over the life of the 2017 Notes.

Funding Agreement-Backed Notes

The following table summarizes the Funding Agreement-Backed Notes issued under the Program:

FABN Deal Name	Face Amount	Maturity Date	Fixed Interest Rate
Guardian Life Global Funding 2018-1	300	4/25/2023	3.400%
Guardian Life Global Funding 2019-1	300	5/6/2024	2.900%
Guardian Life Global Funding 2020-1	400	6/23/2025	1.100%
Guardian Life Global Funding 2020-2	400	7/6/2027	1.400%
Guardian Life Global Funding 2020-3	500	11/19/2027	1.250%
Guardian Life Global Funding 2020-4	500	12/10/2025	0.875%
Guardian Life Global Funding 2021-1	300	5/13/2026	1.250%
Guardian Life Global Funding 2021-2	300	9/16/2028	1.625%
Guardian Life Global Funding 2022-1	350	3/29/2027	3.246%
Guardian Life Global Funding 2022-2	450	10/28/2027	5.550%

Pursuant to the Program, the Issuer used the proceeds from each sale of FA-Backed Notes to purchase a funding agreement from Guardian, which secure the obligations of the relevant FA-Backed Notes. The Issuer is not a subsidiary or affiliate of Guardian, or any of its subsidiaries or affiliates. While the funding agreements are unsecured obligations of Guardian, the FA-Backed Notes are not obligations of, and will not be guaranteed by, Guardian or any of its subsidiaries or affiliates. Guardian paid $459 million and $862 million of principal and interest on the funding agreements securing the outstanding FA-Backed Notes in the years ended December 31, 2022 and 2021, respectively. Return of principal represented $400 million and $800 million and interest represented $59 million and $62 million in the years ended December 31, 2022 and 2021, respectively.

INVESTMENTS

General

At December 31, 2022, Guardian had $69.6 billion of invested assets in its general account, an increase of $3.6 billion from December 31, 2021. At December 31, 2021, Guardian had $66.0 billion of invested assets in its general account, an increase of $3.9 billion from December 31, 2020. Guardian manages the portfolio of invested assets to support the general account liabilities in light of liability characteristics and risk management considerations.

The following table sets forth Guardian's invested assets in the general account as of the dates indicated:

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
Bonds:						
Public bonds	$ 35,473	51.0%	$ 35,527	53.8%	$ 33,809	54.4%
Private placement bonds	12,260	17.6%	11,395	17.3%	11,195	18.0%
CMBS	1,715	2.5%	1,806	2.7%	1,767	2.8%
Non-Agency RMBS	750	1.1%	700	1.1%	597	1.0%
Asset backed securities/CLO	858	1.2%	684	1.0%	604	1.0%
Total bonds	51,056	73.4%	50,112	75.9%	47,972	77.2%
Common stocks—subsidiaries and affiliates	1,182	1.7%	1,197	1.8%	1,205	1.9%
Common stocks—unaffiliated	70	0.1%	111	0.2%	112	0.2%
Commercial mortgage loans	5,994	8.6%	5,330	8.1%	4,816	7.8%
Policy loans	4,011	5.8%	3,765	5.7%	3,810	6.1%
Real estate	250	0.4%	290	0.4%	280	0.5%
Partnerships and LLCs	4,747	6.8%	3,707	5.6%	2,673	4.3%
Derivatives	156	0.2%	42	0.1%	17	0.0%
Other invested assets[(1)]	745	1.1%	699	1.0%	792	1.3%
Cash, cash equivalents and short-term investments	1,350	1.9%	791	1.2%	422	0.7%
Total investments	**$ 69,561**	**100%**	**$ 66,044**	**100%**	**$ 62,099**	**100%**

(1) This line item consists primarily of receivables from broker on securities sold and investments in surplus note debentures of other insurance companies. Carrying value of investments is discussed in the Critical Accounting Policies section.

Impairments

Impairments during 2022, 2021 and 2020 totaled $95 million, $129 million and $323 million, respectively. Of the $95 million for 2022, $16 million relates to impairments that reduced surplus which were driven primarily from a private placement bond, high yield bank loans and emerging market bonds. The remaining $79 million relates to primarily $64 million in investment tax credit investments and $15 million for private equities. Of the $129 million for 2021, $27 million relates to impairments that reduced surplus which were driven primarily by private placement bonds. The remaining $102 million relates to primarily $64 million in investment tax credit investments and $38 million for private equities. Of the $323 million for 2020, $16 million relates to impairments that reduced surplus which were driven primarily by bonds. The remaining $307 million relates to primarily $141 million in investment tax credit investments, $126 million in an affiliated entity and $40 million for private equities.

Guardian's Investment Strategy

Guardian's principal investment objective is to invest prudently for the long-term and deliver competitive dividends and financial security for its policyholders. Guardian's investment philosophy starts with sound asset allocation strategies, thereby seeking to optimize expected long-term returns within well-defined risk parameters, while benefiting from diversification strategies designed to reduce risk.

Guardian's portfolio managers employ a disciplined investment decision-making process, which is fundamentally based on proprietary research and analysis. Guardian avoids any overreliance on rating agencies or quantitative risk models. Additionally, Guardian's asset liability investment management process carefully integrates asset maturities in a manner consistent with its view of prudent funding of insurance liabilities. Guardian's process is designed to optimize risk/reward profiles and deliver consistent financial results, although this cannot be assured.

Bonds

Bonds consist primarily of government backed securities and high-quality marketable corporate debt securities. Guardian invests a significant portion of its investment funds in high quality publicly traded bonds in order to maintain and manage liquidity and reduce the risk of default in the portfolio.

The NAIC SVO rates investment credit risk based upon the issuer's credit profile. NAIC rating designations range from 1 to 6. An NAIC designation of 1 denotes obligations of the highest quality in which credit risk is at its lowest and the issuer's credit profile is stable; whereas an NAIC designation of 6 is assigned to obligations that are in or near default. Classes 1 and 2 are investment grade, and Classes 3, 4, 5 and 6 are non-investment grade.

The following table sets forth the SVO ratings for Guardian's bond portfolio along with what it believes are the equivalent rating agency designations.

Total Portfolio Credit Quality

		December 31,								
		2022			2021			2020		
		($ in Millions)								
NAIC Classes	Rating Agency Equivalent Designation	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value	Carrying Value	Estimated Fair Value	% of Carrying Value
1	Aaa/Aa/A	$ 27,179	$ 23,282	53.2%	$ 26,515	$ 29,104	52.9%	$ 25,829	$ 29,899	53.8%
2	Baa	20,604	17,714	40.4%	20,506	21,911	40.9%	18,932	21,198	39.5%
3	Ba	1,147	1,063	2.2%	1,120	1,116	2.2%	1,139	1,170	2.4%
4	B	1,810	1,675	3.6%	1,738	1,760	3.5%	1,701	1,715	3.5%
5	Caa and lower	299	221	0.6%	207	209	0.4%	347	355	0.7%
6	In or near default	17	17	0.0%	26	26	0.1%	24	25	0.1%
	Total	**$51,056**	**$ 43,972**	**100.0%**	**$ 50,112**	**$54,126**	**100.0%**	**$ 47,972**	**$54,362**	**100.0%**

The tables below set forth the NAIC SVO ratings for Guardian's publicly traded and privately placed portfolios.

Publicly Traded Credit Quality

NAIC Classes	Rating Agency Equivalent Designation	December 31, 2022 Carrying Value	2022 Estimated Fair Value	2022 % of Carrying Value	2021 Carrying Value	2021 Estimated Fair Value	2021 % of Carrying Value	2020 Carrying Value	2020 Estimated Fair Value	2020 % of Carrying Value
		($ in Millions)								
1	Aaa/Aa/A	$ 23,750	$ 20,201	61.2%	$23,537	$ 25,968	60.8%	$ 22,877	$ 26,688	62.2%
2	Baa	12,401	10,258	32.0%	12,823	13,845	33.1%	11,526	13,212	31.3%
3	Ba	596	576	1.5%	452	466	1.2%	493	534	1.3%
4	B	1,737	1,623	4.5%	1,672	1,699	4.3%	1,510	1,549	4.1%
5	Caa and lower	295	217	0.8%	207	209	0.5%	347	355	1.0%
6	In or near default	17	17	0.0%	26	26	0.1%	24	25	0.1%
	Total	**$ 38,796**	**$ 32,892**	100%	**$ 38,717**	**$42,213**	100%	**$ 36,777**	$ 42,363	100%

Privately Placed Credit Quality

NAIC Classes	Rating Agency Equivalent Designation	December 31, 2022 Carrying Value	2022 Estimated Fair Value	2022 % of Carrying Value	2021 Carrying Value	2021 Estimated Fair Value	2021 % of Carrying Value	2020 Carrying Value	2020 Estimated Fair Value	2020 % of Carrying Value
		($ in Millions)								
1	Aaa/Aa/A	$ 3,429	$ 3,081	28.0%	$2,978	$3,136	26.1%	$ 2,952	$ 3,211	26.4%
2	Baa	8,203	7,456	66.9%	7,683	8,066	67.4%	7,406	7,986	66.1%
3	Ba	551	487	4.5%	668	650	5.9%	646	636	5.8%
4	B	73	52	0.6%	66	61	0.6%	191	166	1.7%
5	Caa and lower	4	4	0.0%	0	0	0.0%	0	0	0.0%
6	In or near default	0	0	0.0%	0	0	0.0%	0	0	- 0.0%
	Total	**$ 12,260**	**$ 11,080**	100%	**$ 11,395**	**$ 11,913**	100%	**$ 11,195**	**$ 11,999**	100%

Guardian utilizes its investments in the privately placed portfolio to enhance the value of the overall portfolio, increase diversification, and obtain higher yields than can be earned by investing in comparable quality public market securities. To control risk when utilizing privately placed securities, Guardian relies upon broader access to management information, stronger negotiated protective covenants, call protection features, and a higher level of collateralization than can customarily be achieved in the public market. The strength of the privately placed portfolio is demonstrated by the predominance of NAIC Class 1 and 2 securities.

The following tables summarize Guardian's fixed income securities by maturity.

Fixed Income Securities By Maturity

	December 31,														
	2022					2021					2020				
	Amort. Cost	% of Total	Fair Value	% of Total	Gains/ (Losses)	Amort. Cost	% of Total	Fair Value	% of Total	Gains/ (Losses)	Amort. Cost	% of Total	Fair Value	% of Total	Gains/ (Losses)
	($ in Millions)					($ in Millions)					($ in Millions)				
Due in one year or less	$ 872	1.7%	$ 862	2.0%	$ (10)	$ 1,148	2.3%	$1,157	2.2%	$ 9	$ 1,082	2.2%	$1,092	2.0%	$ 10
Due after one year through five years	9,281	18.2%	8,670	19.7%	(611)	7,865	15.7%	8,131	15.0%	266	8,374	17.5%	8,771	16.1%	397
Due after five years through ten years	10,884	21.3%	9,653	22.0%	(1,231)	11,427	22.8%	11,860	21.9%	433	11,646	24.3%	12,709	23.4%	1,063
Due after ten years	22,888	44.8%	18,268	41.5%	(4,620)	22,612	45.1%	25,393	46.9%	2,781	21,263	44.3%	25,594	47.1%	4,331
Subtotal(1)	43,925	86.0%	37,453	85.2%	(6,472)	43,052	85.9%	46,541	86.0%	3,489	42,365	88.3%	48,166	88.6%	5,801
Sinking fund bonds, mortgage-backed securities and asset-backed securities(2)	7,141	14.0%	6,519	14.8%	(622)	7,064	14.1%	7,585	14.0%	521	5,602	11.7%	6,196	11.4%	594
Total	**$ 51,066**	**100.0%**	**$ 43,972**	**100.0%**	**$ (7,094)**	**$50,116**	**100.0%**	**$54,126**	**100.0%**	**$4,010**	**$ 47,967**	**100.0%**	**$54,362**	**100.0%**	**$ 6,395**

(1) Includes convertible bonds, public and private corporates, U.S. government/agencies, tax exempt and taxable municipals, non-U.S. bonds, and bank loans.

(2) Includes agency and non-agency RMBS pass-throughs, asset-backed securities, commercial mortgage-backed securities, and CMOs.

Guardian attempts to diversify its investment portfolio across asset type, industry and issuer in order to reduce the risk of adverse events affecting a single asset type, industry or issuer from having a material negative impact on the portfolio. Additionally, Guardian does not own any Collateralized Debt Obligations ("CDOs"), Structured Investment Vehicles ("SIVs"), or Asset Backed Commercial Paper. Fixed income securities were diversified by asset category of issuer at December 31, 2022, 2021 and 2020 as set forth in the following tables.

Composition of Fixed Income Securities Portfolio

	December 31, 2022				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
U.S. Treasury securities	$1,143	2.2%	$881	2.0%	$(262)
U.S. Government Agencies	0	0%	0	0%	0
Obligations of States and Political Subdivisions	1,276	2.5%	1,275	2.9%	(1)
Debt Securities Issued by Foreign Governments	859	1.7%	757	1.7%	(102)
Corporate Securities:					
U.S. Corporate	35,135	68.8%	29,771	67.7%	(5,364)
Foreign Corporate	9,294	18.2%	8,245	18.7%	(1,049)
Residential Mortgage-Backed Securities:					
Government Agency	26	.1%	24	.1%	(2)
Non Agency RMBS	756	1.5%	707	1.6%	(49)
CMBS	1,715	3.4%	1,506	3.4%	(209)
Asset-Backed Securities	138	.3%	122	.3%	(16)
Collateralized Loan Obligations	714	1.4%	684	1.6%	(30)
Total	$51,056	**100.0**%	$43,972	**100.0**%	$(7,084)

	December 31, 2021				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
U.S. Treasury securities	$ 1,364	2.7%	$ 1,415	2.6%	$ 51
U.S. Government Agencies	4	0.0%	4	0.0%	0
Obligations of States and Political Subdivisions	1,349	2.7%	1,698	3.1%	349
Debt Securities Issued by Foreign Governments	674	1.3%	713	1.3%	39
Corporate Securities:					
U.S. Corporate	35,020	69.9%	37,955	70.1%	2,935
Foreign Corporate	8,478	16.9%	9,024	16.7%	546
Residential Mortgage-Backed Securities:					
Government Agency	33	0.1%	35	0.1%	2
Non Agency RMBS	700	1.4%	751	1.4%	51
CMBS	1,806	3.6%	1,848	3.4%	42
Asset-Backed Securities	195	0.4%	195	0.4%	0
Collateralized Loan Obligations	489	1.0%	488	0.9%	(1)
Total	$ 50,112	**100.0**%	$ 54,126	**100.0**%	$ 4,014

	December 31, 2020				
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)
			($ in Millions)		
U.S. Treasury securities	$ 1,657	3.5%	$1,758	3.2%	$ 101
U.S. Government Agencies	1	0.0%	1	0.0%	0
Obligations of States and Political Subdivisions	1,779	3.7%	2,217	4.1%	438
Debt Securities Issued by Foreign Governments	420	0.9%	466	0.8%	46
Corporate Securities:					
U.S. Corporate	32,911	68.6%	37,691	69.3%	4,780
Foreign Corporate	8,180	17.1%	9,061	16.7%	881
Residential Mortgage-Backed Securities:					
Government Agency	56	0.1%	60	0.1%	4
Non Agency RMBS	597	1.2%	627	1.2%	30
CMBS	1,767	3.7%	1,877	3.5%	110
Asset-Backed Securities	213	0.4%	216	0.4%	3
Collateralized Loan Obligations	391	0.8%	388	0.7%	(3)
Total	$ 47,972	**100.0**%	$ 54,362	**100.0**%	$ 6,390

Guardian's corporate credit portfolio is well diversified. Guardian has aggregate per issuer limits to attempt to limit the maximum exposure to an issuer to a set percentage of the securities portfolio. This reduces the impact of default risk or of a single issuer having a material negative impact on the portfolio.

Mortgage-Backed and Other Asset-Backed Securities (Structured Securities)

Asset Backed, Commercial Mortgage Backed, Collateralized Loan Obligations and Residential Mortgage Backed Securities (Structured Securities) of $3.3 billion consist mainly (95.9% as of December 31, 2022) of Agency and Non-Agency RMBS as well as CMBS and CLO's of generally high quality, which are supported by well diversified collateral.

Asset Backed, Commercial Mortgage Backed, Collateralized Loan Obligations and Residential Mortgage Backed Securities (Structured Securities) of $3.2 billion consist mainly (93.9% as of December 31, 2021) of Agency

and Non-Agency RMBS as well as CMBS and CLO's of generally high quality, which are supported by well diversified collateral.

Asset Backed, Commercial Mortgage Backed, Collateralized Loan Obligations and Residential Mortgage Backed Securities (Structured Securities) of $3.0 billion consist mainly (92.9% as of December 31, 2020) of Agency and Non-Agency RMBS as well as CMBS and CLO's of generally high quality, which are supported by well diversified collateral. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Analysis of Results of Operations—For the Years Ended December 31, 2021, 2020 and 2019—Net Realized Capital Gains After Tax and Transfers to IMR" for additional information regarding RMBS held in Guardian's investment portfolio.

As of December 31, 2022, Guardian had no direct subprime exposure through the origination of residential mortgage loans or purchases of unsecuritized whole-loan pools. As of December 31, 2022, December 31, 2021 and December 31, 2020, Guardian had Agency (Fannie Mae or Freddie Mac) mortgage backed exposure with a carrying value of $26 million, $33million and $56 million, respectively.

The following tables show the types of mortgage-backed and asset-backed securities held as of December 31, 2022, 2021 and 2020.

	December 31, 2022											
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Total
	($ in Millions)					Carrying Value ($ in Millions)						
Residential Mortgage-Backed Securities:												
Government Agency	$ 26	.8%	$ 24	.8%	$ (2)	$ 26	0	0	0	0	0	$ 26
Non-Agency RMBS	$ 756	22.6%	$ 707	23.2%	$ (49)	$ 578	1	45	112	20	0	756
CMBS	$ 1715	51.2%	$ 1,506	49.5%	$ (209)	$ 1,707	0	8	0	0	0	1,715
Asset Backed Securities (ABS)	$ 138	4.1%	$ 122	4.0%	$ (16)	$ 106	32	0	0	0	0	138
Collateralized Loan Obligations (CLO))	$ 714	21.3%	$ 684	22.5%	$ (30)	$ 647	67	0	0	0	0	714
Total	**$ 3,349**	**100.0%**	**$ 3,043**	**100.0%**	**$(306)**	**$ 3,064**	**$ 100**	**$ 53**	**$112**	**$ 20**	**$ 0**	**$ 3,349**

	December 31, 2021											
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Total
	($ in Millions)					Carrying Value ($ in Millions)						
Residential Mortgage-Backed Securities:												
Government Agency	$ 33	1.0%	$ 35	1.1%	$ 2	$ 33	–	–	–	–	–	$ 33
Non-Agency RMBS	700	21.7%	751	22.6%	51	670	12	7	11	–	–	700
CMBS	1,806	56.0%	1,848	55.7%	42	1,801	–	5	–	–	–	1,806
Asset Backed Securities (ABS)	195	6.1%	195	5.9%	0	163	32	–	–	–	–	195
Collateralized Loan Obligations (CLO))	489	15.2%	488	14.7%	(1)	415	74	–	–	–	–	489
Total	**$ 3,223**	**100.0%**	**$ 3,317**	**100.0%**	**$ 94**	**$ 3,082**	**$ 118**	**$ 12**	**$ 11**	**$ -**	**$ -**	**$3,223**

	December 31, 2020											
	Carrying Value	% of Total	Fair Value	% of Total	Gains/ (Losses)	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Total
	($ in Millions)					Carrying Value ($ in Millions)						
Residential Mortgage-Backed Securities:												
Government Agency	$ 56	1.9%	$ 60	1.9%	$ 4	$ 56	–	–	–	–	–	$ 56
Non-Agency RMBS	597	19.7%	627	19.8%	30	593	3	1	-	-	–	597
CMBS	1,767	58.4%	1,877	59.3%	110	1,741	10	16	–	–	–	1,767
Asset Backed Securities (ABS)	213	7.1%	216	6.8%	3	196	17	-	–	–	–	213
Collateralized Loan Obligations (CLO))	391	12.9%	388	12.2%	(3)	391	–	–	–	–	–	391
Total	**$ 3,024**	**100.0%**	**$ 3,168**	**100.0%**	**$ 144**	**$ 2,977**	**$ 30**	**$ 17**	**$ -**	**$ -**	**$ –**	**$ 3,024**

Bond Portfolio Surveillance and Under-Performing Investments

Generally, bonds are valued at amortized cost using the constant yield interest method. Bond transactions are recorded on a trade date basis, except for private placement bonds which are recorded on the funding date.

The fair value of bonds is based on values provided by the NAIC's SVO when available. If SVO values are not available, quoted market values provided by other third-party organizations are used. If quoted market values are unavailable, fair value is estimated by discounting expected future cash flows using current market rates applicable to yield, credit quality, and maturity of the investment or using quoted market values for comparable investments.

Guardian actively manages portfolio risks and provides a daily mark-to-market valuation for all of its public securities. Daily total rates of return are calculated on this actively managed portfolio and a performance attribution review is performed on a quarterly basis. Credit risk analysis is ongoing.

To identify underperforming investments, Guardian conducts a semi-annual management review of all bonds including those in default, not-in-good standing, or valued below 80% of cost. In addition, a credit report is provided quarterly with other investment related materials and reviewed with the Investment Committee of the Board. Guardian considers the following factors in the evaluation of whether a non-interest related decline in value is other-than-temporary: (a) the financial condition and near-term prospects of the issuer; (b) the likelihood that Guardian will be able to collect all amounts due according to the contractual terms of a debt security in effect at the date of acquisition; (c) its ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery in value and (d) the period and degree to which the market value has been below cost. Guardian considers the following factors in the evaluation of whether an interest related decline in value is other-than-temporary: (a) its near-term intent to sell; (b) its contractual and regulatory obligations and (c) its ability to hold the investment until anticipated recovery of the cost of the investment.

Additionally, Guardian considers qualitative and quantitative factors such as material declines in issuer revenues or margins, significant uncertainty regarding the issuer's industry, debt service coverage or cash flow ratios that fall below industry-specific thresholds, violation of financial covenants, trading of public securities at a substantial discount due to specific credit concerns, and other subjective factors that relate to the issuer.

Guardian actively reviews the bond portfolio to estimate the likelihood and amount of financial defaults or write-downs in the portfolio and to make timely decisions as to the potential sale or renegotiation of terms of specific investments.

Guardian employs a systematic methodology to evaluate declines in fair value below book value. The methodology to evaluate declines in fair value utilizes a quantitative and qualitative process ensuring that available evidence concerning the declines is evaluated in a disciplined manner. The book values of investments are written down to fair value when a decline in value is considered to be other-than-temporary. See "—Impairments."

Common Stocks

Guardian's common stocks include investments in public equities, mutual funds, and the net equity in unconsolidated subsidiaries and affiliates. Investments in insurance subsidiaries are stated at underlying statutory surplus adjusted for unamortized goodwill.

The table below details the carrying value of common stocks of Guardian's unaffiliated and affiliated companies as of the dates indicated:

	As of December 31,		
	2022	2021	2020
		($ in Millions)	
Common Stocks – Unaffiliated[1]	$ 70	$ 111	$ 112
Investment in Affiliates:			
BLICOA	$ 199	$ 221	$ 213
GIAC	554	549	527
Park Avenue Life Insurance Company	54	47	53
Other Affiliated Companies	375	380	412
Total Investment in Affiliates:	**$ 1,182**	**$ 1,197**	**$ 1,205**

(1) See "—Statement of Financial Position—Assets" for a discussion of the change in common stocks during 2022 as compared to 2021 and 2020.

Mortgage Loans

Mortgage loans represented 8.6% of the total investments in the general account as of December 31, 2022, 8.1% of the total investments in the general account as of December 31, 2021 and 7.8% of the total investments in the general account as of December 31, 2020. Mortgage loans consist of whole loans on commercial real estate.

Commercial Mortgage Loans

Guardian's commercial mortgage loan portfolio, which includes mezzanine loans, consisted of fixed rate loans on completed, income-producing properties.

As of December 31, 2022, 2021 and 2020, 99%, 99% and 99%, respectively, of the commercial mortgage loan portfolio consisted of bullet loans. Bullet loans are loans that do not fully amortize over their term.

Guardian had 7 bullet loans totaling $199 million scheduled to mature during 2022. As of December 31, 2022, 7 loans were paid in full for $198 million, and no loans were extended. Past experience with regard to bullet maturities, however, is not necessarily indicative of future results. Guardian had no mortgage loans with a valuation allowance as of December 31, 2022.

The maturities of Guardian's commercial mortgage loans are well-diversified as per the table below, and Guardian carefully monitors and manages them in light of its liquidity position.

The following tables set forth the commercial mortgage loan portfolio by maturity:

Commercial Loans by Maturity

	As of December 31, 2022		
Year of Maturity	**Carrying Value ($ in millions)**	**Number of Loans**	**Percent**
2023	$ 101	7	1.7%
2024	318	13	5.3%
2025	546	23	9.1%
2026	696	28	11.6%
2027	901	47	15.0%
2028	535	18	8.9%
2029	612	16	10.2%
2030	566	17	9.5%
2031	791	39	13.2%
2032	457	16	7.6%
2033	258	5	4.3%
2034	49	3	0.8%
2035	84	2	1.4%
2036	17	2	0.3%
2037	63	4	1.1%
Total	$ 5,994	240	100.0%

	As of December 31, 2021		
Year of Maturity	**Carrying Value ($ in millions)**	**Number of Loans**	**Percent**
2022	$ 200	10	3.8%
2023	347	14	6.5%
2024	340	15	6.4%
2025	784	38	14.7%
2026	637	27	11.9%
2027	861	47	16.2%
2028	293	14	5.5%
2029	380	12	7.1%
2030	398	11	7.5%
2031	729	38	13.7%
2032	247	12	4.6%
2033	59	2	1.1%
2034	37	3	0.7%
2036	18	2	0.3%
Total	$ 5,330	245	100.0%

	As of December 31, 2020		
Year of Maturity	**Carrying Value ($ in millions)**	**Number of Loans**	**Percent**
2021	$ 85	12	1.8%
2022	328	17	6.8%
2023	569	20	11.8%
2024	430	18	8.9%
2025	836	40	17.3%
2026	474	25	9.9%
2027	829	48	17.2%
2028	166	13	3.4%
2029	384	13	8.0%
2030	398	11	8.3%
2031	227	7	4.7%
2032	24	4	0.5%
2033	19	1	0.4%
2034	39	1	0.8%
2036	8	1	0.2%
Total	$ 4,816	231	100.0%

The following tables set forth the commercial mortgage loan portfolio by property type and geographic distribution:

Commercial Loans by Property Type

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
Office	$ 392	6.6%	$ 443	8.3%	$ 379	7.9%
Apartments	2,800	46.7%	2,646	49.6%	2,548	52.9%
Industrial & other	1,163	19.4%	633	11.9%	568	11.8%
Retail	1,416	23.6%	1,391	26.1%	1,140	23.7%
Hotels	223	3.7%	217	4.1%	181	3.7%
Total	**$ 5,994**	**100.0%**	**$ 5,330**	**100.0%**	**$ 4,816**	**100.0%**

Commercial Loans by Geographic Distribution

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
New England[(1)]	$ 239	4.0%	$ 337	6.3%	$ 335	7.0%
Mid Atlantic[(2)]	825	13.8%	663	12.5%	592	12.3%
South Atlantic[(3)]	1,693	28.2%	1,392	26.1%	1,236	25.7%
East North Central[(4)]	295	4.9%	218	4.1%	194	4.0%
East South Central[(5)]	88	1.5%	122	2.3%	116	2.4%
West North Central[(6)]	30	0.5%	70	1.3%	70	1.4%
West South Central[(7)]	954	15.9%	740	13.9%	603	12.5%
Mountain[(8)]	463	7.7%	310	5.8%	235	4.9%
Pacific[(9)]	1,407	23.5%	1,478	27.7%	1,435	29.8%
Total	**$ 5,994**	**100.0%**	**$ 5,330**	**100.0%**	**$ 4,816**	**100.0%**

(1) New England states are CT, MA, ME, NH, RI and VT.
(2) Mid-Atlantic states are PA, NJ and NY.
(3) South Atlantic states are DE, DC, FL, GA, MD, NC, SC, VA and WV.
(4) East North Central states are IL, IN, MI, OH and WI.
(5) East South Central states are AL, KY, MS and TN.
(6) West North Central states are IA, KS, MN, MO, NE, ND and SD.
(7) West South Central states are AR, LA, OK and TX.
(8) Mountain Region states are AZ, CO, ID, MT, NV, NM, UT and WY.
(9) Pacific Region states are AK, CA, HI, OR and WA.

Guardian's commercial mortgage whole loan exposure to Nevada ($122 million), Arizona ($48 million), Florida ($802 million) and California ($1,204 million) totaled $2.2 billion. This represents 36.3% of the total commercial mortgage whole loan portfolio and this aggregation has an average loan-to-value ("LTV") of 48.8% as compared to 51.8% for the entire commercial mortgage whole loan portfolio. These loans are performing well with no delinquencies.

The following tables set forth the commercial loan portfolio by LTV range, year of origination and delinquency rate:

Commercial Mortgage Loans by LTV Range(1)

	As of December 31, 2022			
	Carrying Value	Number of Loans	Average Loan Amount	Percent of Portfolio
50% LTV or below	$ 1,367	81	$ 16.9	22.8%
51%–60% LTV	2,141	87	24.6	35.7%
61%–70% LTV	2,194	67	32.8	36.6%
71%–75% LTV	292	5	58.3	4.9%
75%–80% LTV	-	-	-	-
Greater than 80% LTV	-	-	-	-
Total	**$ 5,994**	**240**	**$ 25.0**	**100.0%**

	As of December 31, 2021			
	Carrying Value	Number of Loans	Average Loan Amount	Percent of Portfolio
50% LTV or below	$ 1,199	85	$ 14.1	22.5%
51%–60% LTV	2,109	93	22.7	39.6%
61%–70% LTV	1,903	65	29.3	35.7%
71%–75% LTV	119	2	59.5	2.2%
75%–80% LTV	-	-	-	-
Greater than 80% LTV	-	-	-	-
Total	**$ 5,330**	**245**	**$ 21.8**	**100.0%**

	As of December 31, 2020			
	Carrying Value	Number of Loans	Average Loan Amount	Percent of Portfolio
50% LTV or below	$ 1,636	108	$ 15.2	34.0%
51%–60% LTV	1,875	83	22.6	38.9%
61%–70% LTV	1,305	40	32.6	27.1%
71%–75% LTV	-	-	-	-
75%–80% LTV	-	-	-	-
Greater than 80% LTV	-	-	-	-
Total	**$ 4,816**	**231**	**$ 20.8**	**100.0%**

(1) The LTV represents the year end 2022 loan balance divided by the value of the property utilizing the most recent property financial statements. The value of the property is based on the 2021 year end property net operating income divided by a market capitalization rate. 2022 financial information for such properties is not generally available until the second or third quarter of 2023.

The following tables set forth the carrying value of the commercial loan portfolio by property type and vintage:

Carrying Value of Commercial Mortgage Loans

	As of December 31, 2022									
	2014 & Prior	2015	2016	2017	2018	2019	2020	2021	2022	Total
	($ in Millions)									
Office	$ 10	$ 121	$ 10	$ 11	$ 74	$ 17	$ 48	$ 102	$ -	$ 393
Apartments	75	87	273	237	246	434	119	602	727	2,800
Industrial	46	-	-	84	199	60	12	-	493	894
Retail	103	107	102	351	17	150	101	363	121	1,415
Hotels	-	25	89	-	-	109	-	-	-	223
Other	-	19	-	-	-	-	-	92	158	269
Total	**$ 234**	**$ 359**	**$ 474**	**$ 683**	**$ 536**	**$ 770**	**$ 280**	**$1,159**	**$ 1,499**	**$5,994**

	As of December 31, 2021									
	2013 & Prior	2014	2015	2016	2017	2018	2019	2020	2021	Total
	($ in Millions)									
Office	$ 15	$ 6	$ 123	$ 10	$ 12	$ 74	$ 56	$ 45	$ 102	$ 443
Apartments	85	33	215	308	420	465	442	117	561	2,646
Industrial	11	50	-	-	84	304	60	12	92	613
Retail	79	57	125	103	352	56	152	100	367	1,391
Hotels	-	-	25	94	-	-	98	-	-	217
Other	-	-	20	-	-	-	-	-	-	20
Total	**$ 190**	**$ 146**	**$ 508**	**$ 515**	**$ 868**	**$ 899**	**$ 808**	**$ 274**	**$1,122**	**$5,330**

	As of December 31, 2020									
	2012 & Prior	2013	2014	2015	2016	2017	2018	2019	2020	Total
	($ in Millions)									
Office	$ 32	$ 3	$ 6	$ 126	$ 34	$ 12	$ 74	$ 57	$ 34	$ 378
Apartments	87	46	104	266	401	556	533	419	136	2,548
Industrial	9	7	51	–	-	85	304	60	-	516
Retail	139	10	58	120	140	353	56	152	112	1,140
Hotels	–	–	–	26	96	–	-	59	-	181
Other	26	–	–	27	–	-	-	–	–	53
Total	**$ 293**	**$ 66**	**$ 219**	**$ 565**	**$ 671**	**$1,006**	**$ 967**	**$ 747**	**$282**	**$4,816**

Residential Mortgage Loans

Guardian does not originate any residential mortgages but invests in residential mortgage loan pools, which may contain mortgages of subprime credit quality.

Mortgage Loan Portfolio Surveillance and Under-Performing Investments

Guardian actively monitors, manages, and directly services its commercial mortgage loan portfolio. Guardian performs or reviews all aspects of loan origination and portfolio management, including lease analysis, property transfer analysis, economic and financial reviews, tenant analysis, and management of default and bankruptcy proceedings.

Guardian's $6.0 billion commercial mortgage loan portfolio as of December 31, 2022 is well-diversified geographically and by property type. Guardian's underwriting seeks to effectively protect the company from cyclical market challenges. The portfolio's current delinquency rate is 0%. Guardian utilized what it considers to be conservative underwriting and valuation standards in originating loans and anticipates that the portfolio should continue to perform well relative to the industry. In monitoring and evaluating the portfolio, Guardian has used models and stress tests, including interest rate shock and severe recession scenarios, using CoStar Portfolio Strategy risk model, a provider of real estate market consulting services focusing on real estate market analysis and forecasting. Guardian recently stress tested the individual loan values in the $6.0 billion commercial mortgage whole loan portfolio

by employing increased vacancy rates and higher capitalization rates reflective of deteriorating market conditions. Even under these stress tests, the majority of the assets that secure Guardian's mortgages continue to support the debt service, with a minimal amount of projected loss. However, given the inherent limitations and underlying assumptions of quantitative modeling, there can be no assurances of Guardian's ability to maintain sufficient liquidity under actual liquidity needs.

Guardian revalues underperforming properties each year and reinspects these properties at least every other year based on internal quality ratings. The criteria used to determine whether a current or potential problem exists includes borrower bankruptcies, major tenant bankruptcies, requests for restructuring, delinquent tax payments, late payments, loan-to-value or debt service coverage deficiencies, and overall vacancy levels.

There were no current or potential problem mortgage loans consisting of restructured mortgage loans as of December 31, 2022, 2021 and 2020. There were no commercial mortgage loans in process of foreclosure or in default as of December 31, 2022, 2021 and 2020. The AVR contains a mortgage loan component, which totaled $68 million, $56 million and $47 million as of December 31, 2022, December 31, 2021 and December 31, 2020, respectively. See "Investment Reserves."

Real Estate

Guardian's real estate portfolio includes real estate properties it occupies and real estate it originally acquired as investments or through foreclosure or deed in lieu of foreclosure. As of December 31, 2022, Guardian had 2 properties in its portfolio that were acquired via foreclosure which totaled $28 million. No properties were foreclosed on during 2022. As of December 31, 2021, Guardian had 2 properties in its portfolio that were acquired via foreclosure which totaled $29 million. No properties were foreclosed on during 2021. As of December 31, 2020, Guardian had 2 properties in its portfolio that were acquired via foreclosure which totaled $27 million. No properties were foreclosed on during 2020.

The following tables illustrate the diversity of Guardian's real estate portfolio by property type and geographic distribution:

Real Estate Property by Property Type (Excludes Home Office Properties)

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
Office	$ 77	30.8%	$ 82	28.3%	$ 81	28.9%
Apartments	138	55.2%	172	59.3%	162	57.9%
Industrial & other	35	14.0%	36	12.4%	37	13.2%
Retail	-	-%	-	-%	-	0.0%
Hotels	-	-%	-	-%	-	0.0%
Total	$ 250	100.0%	$ 290	100.0%	$ 280	100.0%

Real Estate by Geographic Distribution (Excludes Home Office Properties)

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
New England[1]	$ 88	35.2%	$ 92	31.7%	$ 98	34.8%
Mid Atlantic[2]	-	-%	-	0.0%	-	0.0%
South Atlantic[3]	44	17.6%	73	25.2%	74	26.6%
East North Central[4]	28	11.2%	29	10.0%	27	9.6%
East South Central[5]	-	0.0%	-	0.0%	-	0.0%
West North Central[6]	-	0.0%	-	0.0%	-	0.0%
West South Central[7]	19	7.6 %	19	6.6%	-	0.0%
Mountain[8]	-	0.0%	-	0.0%	-	0.0%
Pacific[9]	71	28.4 %	77	26.5%	81	29.0%
Total	$ 250	100.0%	$ 290	100.0%	$ 280	100.0%

(1) New England states are CT, MA, ME, NH, RI and VT.
(2) Mid-Atlantic states are PA, NJ and NY.
(3) South Atlantic states are DE, DC, FL, GA, MD, NC, SC, VA and WV.
(4) East North Central states are IL, IN, MI, OH and WI.
(5) East South Central states are AL, KY, MS and TN.
(6) West North Central states are IA, KS, MN, MO, NE, ND and SD.
(7) West South Central states are AR, LA, OK and TX.
(8) Mountain Region states are AZ, CO, ID, MT, NV, NM, UT and WY.
(9) Pacific Region states are AK, CA, HI, OR and WA.

As of December 31, 2022, Guardian's real estate portfolio consisted of 16 properties with a statement value of $250 million, of which $0 million was occupied by Guardian. As of December 31, 2021, Guardian's real estate portfolio consisted of 17 properties with a statement value of $290 million, of which $0 million was occupied by Guardian. As of December 31, 2020, Guardian's real estate portfolio consisted of 16 properties with a statement value of $280 million, of which $0 million was occupied by Guardian. The portfolio uses leverage to increase return, with $347 million, $319 million and $291 million in third party non-recourse debt outstanding as of December 31, 2022, 2021 and 2020, respectively.

Guardian reviews individual property valuations on an annual basis. Internal valuations are conducted by Guardian's Asset Managers. Appropriate appraisal valuation methodologies are employed on a case-by-case basis (including Income Approach, Sales Comparison Approach and Cost Approach). Guardian reviews these valuations for technical accuracy, methodology, and the appropriateness of the assumed rates of return. Generally, external valuations are conducted on an ad hoc basis as determined by management or joint venture ownership requirements. As of December 31, 2022, Guardian's real estate and other invested asset AVR totaled $700 million.

Private Equity Limited Partnership Investments by Type (Includes Derivatives)

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
Private Equity Investments	$ 2,948	60.1%	$ 2,705	72.2%	$ 1,842	68.5%
Real Estate Investments	158	3.2%	68	1.8%	39	1.4%
Mortgage Debt Funds	296	6.0%	-	-	–	–
Other Alternative Investments	318	6.5%	221	5.9%	171	6.4%
Affiliated LLCs	1,183	24.2%	755	20.1%	638	23.7%
Total	**$ 4,903**	**100.0%**	**$ 3,749**	**100.0%**	**$ 2,690**	**100.0%**

Real Estate Joint Ventures by Property Type

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
Office	$ 15	9.5%	$ 15	22.1%	$ 15	39.7%
Apartments	68	43.0%	48	70.6%	19	48.0%
Industrial & other	40	25.3%	5	7.3%	5	12.3%
Retail	35	22.2%	-	0.0%	-	0.0%
Hotels	-	-	-	0.0%	-	0.0%
Total	**$ 158**	**100.0%**	**$ 68**	**100.0%**	**$ 39**	**100.00%**

Real Estate Joint Ventures by Geographic Distribution

	December 31,					
	2022		2021		2020	
	Carrying Value	% of Total	Carrying Value	% of Total	Carrying Value	% of Total
	($ in Millions)					
New England[1]	$ 2	1.3%	$ 3	4.4%	$ 4	10.3%
Mid Atlantic[2]	49	31.0%	15	22.1%	15	39.7%
South Atlantic[3]	42	26.6%	32	47.1%	-	0.0%
East North Central[4]	-	-	-	0.0%	-	0.0%
East South Central[5]	-	-	-	0.0%	-	0.0%
West North Central[6]	21	13.3 %	13	19.1%	-	0.0%
West South Central[7]	38	24.0 %	-	0.0%	15	37.7%
Mountain[8]	-	-	-	0.0%	-	0.0%
Pacific[9]	6	3.8%	5	7.3%	5	12.3%
Other[10]	-	-	-	0.0%	-	0.0%
Total	**$ 158**	**100.0%**	**$ 68**	**100.0%**	**$ 39**	**100.0%**

(1) New England states are CT, MA, ME, NH, RI and VT.
(2) Mid-Atlantic states are PA, NJ and NY.
(3) South Atlantic states are DE, DC, FL, GA, MD, NC, SC, VA and WV.
(4) East North Central states are IL, IN, MI, OH and WI.
(5) East South Central states are AL, KY, MS and TN.
(6) West North Central states are IA, KS, MN, MO, NE, ND and SD.
(7) West South Central states are AR, LA, OK and TX.
(8) Mountain Region states are AZ, CO, ID, MT, NV, NM, UT and WY.
(9) Pacific Region states are AK, CA, HI, OR and WA.

Derivatives

Derivative instruments are used to attempt to manage Guardian's exposure to fluctuations in interest rates, foreign currency risk, credit risk and equity market risk. A variety of derivative instruments are used including futures, swaps, and foreign exchange forward contracts, among others.

The following table summarizes the notional amount and estimated fair value by derivative type for the periods indicated:

Derivative Financial Instruments

	Notional Amount			Estimated Fair Value Asset/(Liability)		
	December 31,			December 31,		
	2022	2021	2020	2022	2021	2020
	($ in Millions)					
Foreign currency swaps	$ 2,138	$ 1,787	$ 1,484	$ 230	$ 63	$ (36)
Currency forwards	$ 0	$ 0	$ 0	$ 0	$ -	$ 0
Credit default swaps	$ 0	$ 550	$ 0	$ 0	$ (51)	$ 0
Exchange traded futures[(1)]	$ 391	$ 4,017	$ 3,018			
Equity Index Options	$ 441	$ 247	$ 95	$ 4	$6	$ 2

(1) Futures fair value (Variation Margin) is settled daily in full.

Policy Loans

Policy loans are permitted to the extent of such policy's contractual limits. Policy loans represent loans to a policyholder on the security of the cash surrender value of the policy. As of December 31, 2022, December 31, 2021 and December 31, 2020, the policy loan balance was $4.011 billion, $3.765 billion and $3.810 billion, respectively. All policy loans are at fixed interest rates. The interest rates range from 3.5% to 8.0%, with over 84% of the loans at 8.0%.

Cash, Cash Equivalents and Short-term Investments

Cash includes amounts on deposit with banks. Cash equivalents are stated at amortized cost and consist of liquid investments having maturities of three months or less at time of purchase. Short-term investments, including money market funds, are stated at cost or amortized cost and consist primarily of investments having maturities greater than three months from date of purchase, but less than one year to maturity. Fair values for such investments approximate carrying value. The following table details cash, cash equivalents and short-term investments for the periods indicated.

Cash, Cash Equivalents and Short-term Investments

	December 31,		
	2022	2021	2020
	($ in Millions)		
Cash in banks	$ (44)	$ (34)	$ (56)
Cash Equivalents:			
Repos and commercial paper	1,333	758	314
Total Cash and Cash Equivalents	1,289	724	258
Short–Term Investments:			
Money market funds and treasury bills	61	67	164
Totals	**$ 1,350**	**$ 791**	**$ 422**

INVESTMENT RESERVES

Guardian establishes and records write-downs or investment reserves in accordance with statutory practice.

Guardian determines the fair value of bonds in accordance with principles established by the SVO using criteria that include the net worth and capital structure of the borrower, the value of the collateral, the presence of additional credit support, and its evaluation of the borrower's ability to compete in a relevant market.

In the case of real estate and commercial mortgage loans, Guardian makes borrower and property-specific assessments as well.

In compliance with regulatory requirements, Guardian maintains an AVR. The AVR is a contingency reserve to offset potential losses of stocks, real estate investments, partnerships and LLCs, as well as credit-related declines in bonds, mortgage loans and derivatives.

As of December 31, 2022, the AVR totaled $1,449 million, which represents a 0.3% increase from December 31, 2021. As of December 31, 2021, the AVR totaled $1,444 million, which represents a 27.6% increase from December 31, 2020. The AVR is currently at its maximum level of reserve as of December 31, 2022.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

All non-guaranteed separate account assets and liabilities have been excluded from the following discussion since all market risks associated with those accounts are assumed by GIAC contract holders.

Assets, such as bonds, stocks, mortgage loans on real estate, policy loans, and derivatives are financial instruments, which are subject to the risk of market volatility and potential market disruptions. These risks may reduce the value of Guardian's financial instruments or impact future cash flows and earnings from those instruments.

Guardian's primary market risk exposure is changes in interest rates, which can cause changes in the fair value, cash flows, and earnings of certain financial instruments. To manage its exposure to interest rate changes, Guardian uses what it believes to be sophisticated quantitative asset/liability management techniques designed to match the market sensitivity of assets with the liabilities they support to reduce the net economic impact to changes in interest rates. In addition, Guardian invests a significant portion of its investment allocation in high quality bonds in order to maintain and manage liquidity and reduce the risk of default in the portfolio.

See "—Hedging Programs."

GIAC stopped selling VAs with living benefit riders as of February 17, 2017. The VAs that were purchased with a living benefit rider are primarily in the form of GMWBs. Since entering into the Variable Annuity Reinsurance Treaty, GIAC coinsures virtually 100% of the variable annuity block that existed as of November 1, 2022, including all of its living benefit riders. With this Variable Annuity Reinsurance Treaty in place, GIAC is no longer susceptible to the risks arising from the riders, including risks associated with sustained volatility in capital markets and policyholder withdrawals. As such, GIAC's GMWB Rider Hedging Program was closed on the afternoon of October 31, 2022.

Risks Related to Credit Markets

Credit risk is the risk that issuers of investments owned by Guardian may default or that other parties may not be able to pay amounts due to it. Guardian attempts to manage its investments to limit credit risk by diversifying its portfolio among various security types and industry sectors and limiting the exposure to issuers.

Guardian is exposed to credit-related losses in the event of non-performance by counterparties to various financial instruments. In order to reduce counterparty risk, Guardian and certain of its counterparties require collateral to be posted in the amount owed under each of these transactions, subject to thresholds and minimum transfer amounts that are functions of the rating on the counterparty's long-term, unsecured, unsubordinated debt.

Guardian regularly monitors counterparty credit ratings and exposures, investment positions and valuations, and the value of collateral posted to ensure counterparties are credit-worthy and the concentration of its exposure. Guardian monitors this exposure as part of its management of its overall credit exposures.

Hedging Programs

Macro Dynamic Hedging Program

Guardian currently maintains what it refers to as a macro dynamic hedging program which uses exchange traded futures contracts to hedge on a macro level against volatility impact on capital from the mark to market on

public equity holdings. The macro dynamic hedging program seeks to protect statutory capital from volatility resulting from changes in mark-to-market.

The hedging program is designed exclusively based on exchange traded derivatives such as equity index futures. While the dynamic hedging program continued to be active, Guardian had no hedged positions at December 31, 2022.

While Guardian's hedging program attempts to protect capital from volatility of mark-to-market assets, various factors may adversely affect the ability of the program to achieve its goal. These factors may include operational risks associated with the execution of the program, liquidity risks in the futures market, the availability of suitable instruments to replicate the option valuation model related sensitivity calculations, model risks, basis risks between the futures and underlying indices, continuity of trading in the futures markets in periods of distress, and changes in the relevant regulatory environment at the federal and state levels and the cost of hedging. The macro dynamic hedging program effectively links Guardian's ability or tolerance to take certain capital markets risks to a desired level of maximum pre-tax loss. Therefore, following this hedging strategy, an adverse impact to Guardian's capital could result from a lack of operating earnings, credit impairments or other factors and will not be covered by this macro hedging program.

There can be no assurances that the macro dynamic hedging program will protect Guardian's capital from volatility of mark-to-market assets.

See "Financial and Accounting Matters—Critical Accounting Policies."

GIAC GMWB Rider Hedging Program

This program was closed on the afternoon of October 31, 2022 as described above.

GIAC Fixed Indexed Annuity (FIA) Hedging Program

During the first quarter of 2022, Guardian launched FIA product that is issued by GIAC. Guardian has a reinsurance agreement with AIG that will reinsurance 80% of aggregated liabilities, while Guardian retains 20% of the liabilities. The hedging program targets to offset the equity market risk embedded in FIA related to the accumulation component of the policy liability with the use of OTC equity index options. Equity index options give Guardian the right but not the obligation to pay or receive from a counterparty a cash amount based on a specified equity market index at a predefined price as of a future date applied (related) to the notional amount of the contracts. Current indices include the S&P 500 and two volatility-controlled indices maintained by PIMCO and AllianceBernstein (AB).

Seed Capital Hedging

In the past, as appropriate Guardian has hedged directly equity market risks associated with seed capital investments it has made in mutual funds advised by its former subsidiary, RS Investment Management Co. LLC. The hedges were executed with equity index futures.

Foreign Currency Risk Hedging Program

Within the general account of Guardian, currency derivatives are used to manage the currency risk inherent in the firm's foreign denominated private placement transactions. Currency hedging is accomplished using currency swaps. Currency hedges are accounted for under hedge accounting rules, unless significant changes in hedged assets or hedges make hedge accounting treatment tests not effective.

Credit Default Risk Hedging and Replications

Guardian employs credit default swaps to hedge credit risks in its investment portfolios as needed. Credit risk in corporate bonds is hedged using credit default swaps, when viewed as warranted by Guardian, which considers liquidity, market volatility, fundamentals, statutory capital volatility, issuer exposure and other relevant factors in making this determination. Guardian has used in the past cleared and uncleared credit default swaps to enter into replication transactions to achieve exposure to desired market segments. Guardian has used both cleared and uncleared credit default swaps. Credit default swaps positions may involve credit exposure to derivative counterparties in bilateral uncleared transactions or to the clearing house of the central clearing counterparty involved. Guardian uses two-way collateral arrangements with all its counterparties to manage counterparty risk.

Interest Rate Hedging Programs

In the course of asset/liability management Guardian or its affiliates may use derivatives to manage interest rate risk. Guardian is using interest rate hedges and replications implemented with Treasury futures to manage its interest rate risk exposures in its portfolios versus the respective benchmarks. In addition, Guardian hedges the interest rate risk due to timing between the accumulation of assets supporting funding agreement backed notes and the issuance of the liability as described in "—FA-Backed Notes Interest Rate Hedging" below. Guardian has also hedged the interest rate risk of liabilities associated with the issuance of FA-Backed Notes by using long treasury futures with the intent to offset such risk in such liabilities until the full accumulation of cash assets supporting the FA-Backed Note liabilities is completed. Guardian also has partially hedged the interest rate risk associated with the anticipated issuance of surplus notes. There is no guarantee that the employed interest rate risk hedging program will offset the interest rate risk exposure intended to be hedged.

Deferred Compensation (Company Plan) Liability Hedging

Guardian offers a non-qualified deferred compensation plan to certain individuals such as eligible employees, retirees and directors. Deferred compensation growth is linked to the performance of equity and fixed income investments with observable returns. Guardian has employed a hedging program to hedge the equity linked company liabilities associated with the deferred compensation plan. The instruments used to hedge these liabilities are equity index futures. There are no guarantees that the company plan liability hedging program will offset the equity linked company liabilities associated with its deferred compensation plan.

Replications

Guardian has used and may use derivatives to enter into replications of permitted securities such as Treasury futures to replicate Treasury bond interest rate exposure, CDX HY or CMBX to quickly gain exposure to a diversified portfolio of High Yield or CMBS bonds.

Funding Agreement Interest Rate Hedging

Guardian hedges the interest rate risk of assets acquired to support the issuance of funding agreements using treasury futures.

Index Participation Rider Hedging

In 2022, Guardian used over the counter equity index options to hedge the equity risk of the associated Index Participation Rider liabilities of certain participating whole life policies.

Other Hedging Programs

Guardian has employed in the past, may be employing or may employ in the future other hedging programs not listed above such as rate lock hedging for private placements and commercial mortgages origination and other similar derivative programs under its Derivative Use Plan.

DIRECTORS AND EXECUTIVE OFFICERS OF GUARDIAN

Set forth below is information regarding the directors and executive officers of Guardian as of the date of this Offering Memorandum:

Name	Title	Since[2]
John J. Brennan	Lead Director[1][3]	2011
Lloyd E. Campbell	Director[1]	2006
Nancy E. Cooper	Director[1]	2012
Deborah L. Duncan	Director[1]	2006
William C. Freda	Director[1]	2014
Christopher T. Jenny	Director[1]	2017
Andrew J. McMahon	Director	2020
	Chief Executive Officer and President[4]	2017
Eileen K. Murray	Director[1]	2020
Gary A. Norcross	Director[1]	2017
Karen B. Peetz	Director[1]	2019
Vivek Sankaran	Director[1]	2018
Dean Del Vecchio	Chief Information and Operations Officer	2013
Michael N. Ferik	Head of Individual Markets	2009
Nicholas Liolis	Chief Investment Officer	2023
Kevin Molloy	Chief Financial Officer	2019
Stacey W. Hoin	Chief Human Resources Officer	2021
Jonathan Mayhew	Head of Group Benefits	2022
Kermitt J. Brooks	Chief Legal Officer	2020

The address of each of the directors and executive officers listed above is The Guardian Life Insurance Company of America, 10 Hudson Yards, New York, New York, 10001. Guardian's main telephone number is (212) 919-8000.

(1) Independent non–employee director.
(2) First year of affiliation with Guardian.
(3) Mr. Brennan was appointed Lead Director, effective January 1, 2022.
(4) Mr. McMahon joined the Company in December 2017 as an Executive Vice President. He was named President in January 2020 and then appointed as Chief Executive Officer and President, effective October 1, 2020.

Directors' Biographical Information

Set forth below is a description of the business positions held by the directors during at least the past five years (ages as of February 1, 2023).

John J. Brennan, age 68, is the former Chair and Chief Executive Officer of The Vanguard Group, from which he retired in December 2009. He is also a former Chair of FINRA. He is currently Chair Emeritus of The Vanguard Group and Chair of the Vanguard Charitable Endowment Program. He is Chair of the Board of Trustees of the University of Notre Dame, and is a Director of American Express Company and Rockefeller Capital Management. Mr. Brennan is also a former director of LPL Financial.

Lloyd E. Campbell, age 65, is a Director of Spencer Stuart since 2022 and has been a consultant with Spencer Stuart since 2008. Mr. Campbell is also Special Advisor to Aurora Management Partners LLC. He is also a former Senior Advisor of Rothschild Inc., former Director of Argyle Securities Corporation, Spartech Corporation and the Alderwoods Group, and a past Trustee of Georgetown University.

Nancy E. Cooper, age 69, is the retired Executive Vice President and Chief Financial Officer of CA Technologies, Inc. Ms. Cooper served in that position from 2006–2011. She is also a former Chief Financial Officer and Senior Vice President of IMS Health, Inc., former Partner of General Atlantic and former Vice President of IBM. She is Board Chair of Brunswick Corporation, a Director and Chair of the Audit Committee of Aptiv PLC, and former Director of The Mosaic Company.

Deborah L. Duncan, age 67, is a member of the Board of Directors, Chair of the Audit Committee, and former Executive Vice President and Chief Financial Officer of Fremont Group, L.L.C. Ms. Duncan is Director and Secretary, X2X Media Group and is a Member of the Investment Advisory Committee of BF Global, L.P. She is the former Chair of the Board of Trustees of Smith College.

William C. Freda, age 70, is the retired Senior Partner and Vice Chair of Deloitte, former Chair of Global Insurance Committee at Deloitte Touche Tohmatsu Limited (DTTL), and former Managing Partner of U.S. Financial Services Industry Practice of Deloitte LLP. Mr. Freda is Chair of Hamilton Insurance Group, a Director of State Street Corporation, and a former Trustee at Bentley University. He is a former Director of DTTL, former Chair of American Institute of Certified Public Accountants' Mutual Life Insurance Task Force.

Christopher T. Jenny, age 67, is a former President and Senior Partner of The Parthenon Group and a former Partner of Bain & Company. Mr. Jenny is Chair and Chief Executive Officer of Jennus Innovation and is a Director of CBRE Group, Inc., Mobile Virtual Player and PLT4M. Mr. Jenny also serves on the board and is Vice Chair of the New England Baptist Hospital.

Andrew J. McMahon, age 55, has been Chief Executive Officer and President of Guardian since October 2020 and a Director of Guardian since September 2020, prior to which he was President of Guardian from January 2020 to October 2020, and Executive Vice President, Individual Markets, Enterprise Strategy and Customer Development, of Guardian from March 2019 to December 2019. Previously, he had been the Executive Vice President, Strategy & Customer Development of Guardian from December 2017 through February 2019. Prior to joining Guardian, he was the Chief Executive Officer and Founder of Vitae Advisors, LLC from 2014 to 2017, and he served in multiple roles at AXA Financial from 2005 to 2014, including Head of Strategic Initiatives Group, Chairman/COO of AXA Advisors, and, ultimately, as the President of AXA Financial. Mr. McMahon serves on the boards of the American Council of Life Insurers, the Partnership for New York City and Catalyst. He also sits on the Department of Financial Services State Insurance Advisory Board and serves as a Trustee of Fairfield University. Mr. McMahon is a former member of the Board of Alliance Bernstein, AXA Financial, The Phoenix Companies, Inc. and Nassau Re.

Eileen K. Murray, age 64, is the former Co-Chief Executive Officer of Bridgewater Associates, in which she served from 2014 until April 2020. She joined Bridgewater in 2009 and served in various leadership roles before being appointed Co-Chief Executive Officer. Prior to that, Ms. Murray served as Chief Executive Officer of Investment Risk Management LLC and Co-Chief Executive Officer, President and Partner of Duff Capital Advisors. Before joining Duff Capital, Ms. Murray held various leadership roles at Morgan Stanley from 1998 until 2002 and 2005 until 2007, including Head of Global Technology and Operations, and Management Committee member. From 2002 until 2005, Ms. Murray served as the Head of Global Technology, Operations and Product Control at Credit Suisse. She is the former Chair of the FINRA's Board of Governors, a former Director of Compass and a former Director of Atlas Crest Investment Corp. Ms. Murray serves on the boards of HSBC Holdings plc, the Irish Arts Center, and Broadridge Financial Solutions, Inc. She is also the Director and Chair of Carbon Arc.

Gary A. Norcross, age 57, is the former Chair and Chief Executive Officer of FIS, from which he retired in December 2022 and previously served as President from 2015 to 2021. Mr. Norcross is also a Member of the Dean's Executive Advisory Board of the Sam M. Walton School of Business for the University of Arkansas. Mr. Norcross is a Director of the YMCA of Florida's First Coast and a former Director of the Knowledge is Power Program's (KIPP) Jacksonville Schools.

Karen B. Peetz, age 67, has been the Chief Administrative Officer of Citigroup Inc. since June 2020. She is also the retired President of The Bank of New York Mellon, where she served in that position from 2013 to 2016. Prior to her appointment as President, Ms. Peetz led The Bank of New York Mellon's Financial Markets and Treasury Services Group. Ms. Peetz is a Director of Trane Technologies plc, and the Global Lyme Alliance, and is a Trustee of

Johns Hopkins University. Ms. Peetz is also the former Board Chair of United Way New York City (2020) and Pennsylvania State University. She is a former Senior Vice President of JPMorgan Chase.

Vivek Sankaran, age 60, has been the President and Chief Executive Officer of Albertsons Companies, Inc. since April 2019. Previously, he served as the Chief Executive Officer of Frito-Lay North America ("Frito-Lay") from January 2019 to April 2019 and the President and Chief Operating Officer of Frito-Lay from 2016 to 2018. Mr. Sankaran served as Chief Operating Officer and as Chief Commercial Officer of PepsiCo North America from 2009 to 2016. Mr. Sankaran is a Director of National Retail Federation, Georgia Institute of Technology Advisory Board and the Safe Water Network and is a former Partner of McKinsey & Company.

Executive Officers' Biographical Information

Set forth below is a description of the business positions held during the past five years by the executive officers (ages as of February 1, 2023) listed above.

Kermitt J. Brooks, age 58, has been the Chief Legal Officer of Guardian since May 2020. Prior to joining Guardian, Mr. Brooks was Senior Executive Managing Director and General Counsel of AXA Equitable Life Insurance Company overseeing all legal, regulatory, compliance and government affairs for the company. From 2010 to 2019, Mr. Brooks held several senior legal roles at AXA, including Deputy General Counsel, Associate General Counsel, and head of the Insurance Practice Group. Previously, Mr. Brooks served as an official at both the New York State Insurance Department and the New York State Office of the Attorney General. He currently serves as a director of the American Red Cross (Greater New York Region), Michigan State University Foundation, and the Insurance Federation of New York. He is the Chair of the National Organization of Life and Health Guaranty Associations and the Chair-Elect of the Life Insurance Council of New York, Inc.

Dean Del Vecchio, age 56, has been the Chief Information and Operations Officer since March 2019, prior to which he was Executive Vice President, Chief Information Officer & Head of Enterprise Shared Services from 2016. Previously, he had been the Senior Vice President, Chief Information Officer of Guardian. Prior to joining Guardian, he was the Senior Vice President, Chief Information Officer and Head of IT Shared Services at News Corp. Dow Jones from 2005 to 2013.

Michael N. Ferik, age 50, has been the Head of Individual Markets of Guardian since January 2020, a position he previously held from 2014 to 2017. Previously, he had been the Executive Vice President and Chief Financial Officer of Guardian from 2017 to December 2019 and the Senior Vice President, Life Insurance and Wealth Management, of Guardian from 2009 to 2014. Prior to joining Guardian, he held a senior management position with AXA Equitable, Life Products and Annuities and an engagement management position with McKinsey & Company. Mr. Ferik also held a Vice President & Actuary position with Manulife (Singapore).

Stacey W. Hoin, age 62, has been the Chief Human Resources Officer of Guardian since March 2021. Prior to joining Guardian, Ms. Hoin spent more than 30 years at General Electric, where she held several leadership positions in both Human Resources and Law, most recently as the Chief of Human Resources at GE Capital since 2016.

Nick Liolis, age 53, has been the Chief Investment Officer of Guardian since January 2023. Prior to joining Guardian, Mr. Liolis was the Senior Managing Director and Chief Investment Officer for the General Account of the Teachers Insurance and Annuity Association of America (TIAA) since May 2015. Prior to TIAA, Mr. Liolis served as Managing Director and Chief Investment Officer of AXA Equitable Life Insurance Company in New York and, earlier in his career, held several positions including Head of Hedge Fund Investments, Chief Credit Officer and Deputy Chief Investment Officer prior to being named Chief Investment Officer.

Kevin Molloy, age 52, has been the Chief Financial Officer of Guardian since January 2020. Previously, he served as the Chief Financial Officer, Individual Markets of Guardian from August 2019 to December 2019. Prior to joining Guardian, Mr. Molloy served in multiple roles at AXA Equitable and its affiliates from 1999 to 2019, including Chief Financial Officer of AXA Global Life; Senior Executive Director, Group Retirement; and most recently, Managing Director, Head of Investor Relations.

Jonathan Mayhew, age 59, has been the Head of Group Benefits since October 2022. Prior to joining Guardian, Mr. Mayhew served as CEO of Ontrak, Inc. from April 2021 to October 2022. Before joining Ontrak, he was Executive Vice President of Transformation at CVS Health from 2019 to 2021, Senior Vice President for the Aetna Markets organization from 2014 to 2019, a founding Principal, CEO and President of Freedom Disability, and held senior leadership roles at Cigna. Mr. Mayhew is a board member of Trycycle Data Systems and served on the boards of AbleTo and Strong Center.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Except as described below, there are no potential conflicts of interest between the duties to Guardian of any of the members of the Board of Directors and their respective private interests or other duties.

In the ordinary course of its insurance operations, Guardian and its insurance subsidiaries have from time to time provided insurance coverage to a number of corporations of which the directors of Guardian are or were officers or directors. However, such coverage is primarily the result of sales efforts and is not tied to the membership on Guardian's Board of Directors of any one or more individuals or to a relative or spouse of such individual.

Some of the directors carry one or more life insurance policies issued by Guardian and its insurance subsidiaries. These policies give owners voting rights as prescribed by the New York Insurance Law, but in the aggregate such directors and officers who are policyholders hold an insignificant percentage of the aggregate voting rights in Guardian.

GLOSSARY

The following Glossary includes general definitions of certain insurance terms as well as other terms relating specifically to Guardian.

Admitted assets: Assets which are included in an insurance company's financial statements to measure surplus as determined in accordance with state insurance laws. Other assets, consisting principally of amounts due from insurance agents, prepaid expenses and furniture and equipment are treated as "nonadmitted assets" for statutory accounting purposes.

Annual Statement: The reports filed annually with state insurance regulatory authorities that contain financial and other information on a calendar year basis and are prepared in accordance with statutory accounting practices. The form of the annual statement is prescribed by the NAIC.

Annuity: A contract that pays or permits the election of a periodic income benefit for the life of a person, the lives of two or more persons or a specific period of time.

Apportioned Dividend Liability: The estimated amount of all dividends declared by Guardian's Board of Directors prior to the end of the statement year which are not yet paid or due at the end of the year.

Asset Valuation Reserve ("AVR"): The reserve required by insurance regulators to stabilize statutory surplus from non interest-related fluctuations in the market value of bonds, stocks, mortgage loans, real estate and other invested assets.

Carrying Value: The value of an asset as carried on an insurance company's balance sheet, as determined in accordance with SAP.

Cash Value: The amount of cash available to a policyholder on the surrender of a life insurance policy or annuity contract.

Cede: When an insurer reinsures its liability with another insurer (a "cession"), it "cedes" business and is referred to as the "ceding company."

Disability Income Insurance: Insurance which provides income payments to the insured when employment is interrupted or terminated because of illness, sickness or accident. The level, timing and duration of payments vary by policy type.

Dividend Scales: The schedule of amounts payable as dividends on participating policies based on experience factors relating to, among other things, investment results, mortality, lapse rates, expenses, premium taxes and policy loan interest and utilization rates.

Equity Real Estate: An investment asset category which combines wholly owned real estate and interests in real estate joint ventures.

GAAP: Accounting Principles Generally Accepted in the United States of America.

General Account: The aggregate of an insurer's assets other than those allocated to Separate Accounts.

General Account Assets: The assets held in the General Account associated with the operations of an insurance company which include bonds, mortgages, real estate, equity interests, policy loans, cash and short-term investments and other invested assets.

Insurance Subsidiaries: Collectively, the significant operating insurance subsidiaries of Guardian, mainly GIAC.

Interest Maintenance Reserve ("IMR"): The reserve required by insurance regulators to capture interest rate-related realized capital gains and losses (net of taxes) on fixed income investments (primarily bonds and mortgage loans), which are amortized into net investment income over the estimated remaining periods to maturity of the investments sold.

Investment Reserves: Collectively, the AVR and other investment reserves.

Lapse: Termination of a policy because of surrender, failure to pay a premium or lack of sufficient cash value to maintain in-force status.

Lapse Rate: The ratio of the amount of lapses during a period to the amount of insurance in force or amount of premium at the beginning of the period.

Morbidity: Rates and duration of disability varying by such things as age, gender and duration since disability, used in pricing and valuing disability income insurance products.

Mortality: Rates of death, varying by such parameters as age, gender and health, used in pricing and valuing life and annuity products.

National Association of Insurance Commissioners ("NAIC"): The national association of state insurance regulators that sets guidelines for statutory policies, procedures and reporting for insurance enterprises.

Participating Policyholder: A policyholder who participates in the divisible surplus of an insurance company through policyholder dividends to the extent declared by an insurer's Board of Directors.

Persistency: Measurement of life insurance or other insurance policies remaining in force from year to year.

Policy: A life, accident, health, annuity, property or casualty contract, issued by an insurance company to an individual or group, that provides financial protection to an insured, owner or beneficiary.

Policyholder Dividends: Premiums for participating policies are set with margins designed and intended to allow for certain refund provisions, usually called policyholder dividends, paid over the term of the policy, if and as declared by the insurer's board of directors, and adjusted, over time, to reflect the actual experience of the class of policies involved.

Reinsurance: The acceptance by one or more insurers, called reinsurers, of a portion of risk underwritten by another insurer who has directly written the coverage in return for a portion of the premium relating thereto. The legal rights of the insured generally are not affected by the reinsurance transaction and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits.

Risk Based Capital ("RBC"): A regulatory measure of the minimum amount of capital needed for an insurance company to support its overall business in light of both its size and risk profile.

Separate Accounts: Investment accounts maintained by an insurer to which funds have been allocated for certain policies under provisions of relevant state insurance law. The investments in each Separate Account are maintained separately from those in other Separate Accounts and the General Account. The investment results of the Separate Account assets normally are passed through to the relevant policyholders.

Statutory Accounting Practices ("SAP"): Those accounting practices prescribed or permitted by an insurer's domiciliary state insurance regulator for purposes of financial reporting to insurance regulators.

Statutory Reserves: Amounts established pursuant to state insurance laws that an insurer must have available to provide for future obligations with respect to all policies. Reserves are liabilities on the balance sheet of financial statements prepared in conformity with statutory accounting practices.

Statutory Surplus: As determined under statutory basis accounting principles, the amount remaining after all liabilities, including loss reserves, are subtracted from all admitted assets. Admitted assets are assets of an insurer permitted by a state to be taken into account in determining the insurer's financial condition for statutory purposes.

Surrenders and Withdrawals: Surrenders of life insurance policies and annuity contracts for their entire net cash surrender values and withdrawals of a portion of such values.

Term Life: Life insurance which provides insurance protection for a fixed period (which generally may be renewed at an increased premium) and has no cash value.

Total Adjusted Capital: Guardian adopted the NAIC's definition of total adjusted capital for purposes of comparison with RBC; defined as Surplus plus AVR plus half the Apportioned Dividend Liability.

Underwriting: The process of examining, accepting or rejecting insurance risks, and classifying those accepted, in order to charge an appropriate premium for each risk accepted.

Universal Life Insurance: Life insurance under which (1) premiums are generally flexible, (2) the level of death benefits may be adjusted and (3) explicit expense, interest, and mortality rates are used to accumulate cash value.

Variable Universal Life Insurance: Same as Universal Life Insurance, except the interest element is replaced by actual performance of one or more Separate Accounts; the entire investment risk is borne by the policyholder.

Whole Life Insurance: These policies provide guaranteed death benefits and guaranteed cash values in return for periodic fixed premium payments or, in the case of single premium whole life policies, a lump sum payment when the policy is issued. Participating whole life insurance provides dividends based on actual experience more favorable than expense, interest, mortality, and persisting assumptions underlying guarantees.

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Report of Independent Auditors

To the Board of Directors of The Guardian Life Insurance Company of America

Opinions

We have audited the accompanying statutory basis financial statements of The Guardian Life Insurance Company of America (the "Company"), which comprise the statutory basis balance sheets as of December 31, 2022, 2021 and 2020, and the related statutory basis statements of operations, of changes in policyholders' surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the balance sheets of the Company as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services 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 accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. 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 the financial statements are available to be 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 US 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 US 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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Schedule 1 - Selected Financial Data, Investment Risk Interrogatories, and Summary Investment Schedule (collectively referred to as the "supplemental schedules") of the Company as of December 31, 2022 and 2021 and for the years then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 21, 2023

The Guardian Life Insurance Company of America
Statutory Basis Balance Sheets
(In Millions)

	As of December 31, 2022	2021
Admitted Assets		
Bonds	$ 51,056	$ 50,112
Common stocks	1,252	1,308
Mortgage loans	5,994	5,330
Real estate (net of encumbrances: 2022 - $347; 2021 - $319)	250	290
Policy loans	4,011	3,765
Other invested assets	5,629	4,438
Receivable for securities	19	10
Cash, cash equivalents and short-term investments	1,350	791
Total invested assets	69,561	66,044
Due and accrued investment income	493	484
Premiums deferred and uncollected	1,162	1,153
Current federal and foreign income tax recoverable and interest thereon	78	33
Net deferred tax asset	768	683
Reinsurance recoverable from affiliate	3,569	3,381
Other assets	369	349
Total admitted assets	$ 76,000	$ 72,127
Liabilities		
Reserves for policy benefits	$ 55,016	$ 51,774
Policyholder dividends payable and other contract liabilities	7,432	6,734
Interest maintenance reserve	582	779
General expenses due or accrued	1,077	1,350
Asset valuation reserve	1,449	1,444
Other liabilities	1,599	1,457
Total liabilities	67,155	63,538
Policyholder's surplus		
Policyholders' surplus	7,345	7,091
Surplus notes	1,500	1,498
Total Policyholder's surplus	8,845	8,589
Total liabilities and policyholder's surplus	$ 76,000	$ 72,127

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America
Statutory Basis Statements of Operations
(In Millions)

	For the Years Ended December 31,	
	2022	2021
Revenues		
Premiums, annuity considerations and fund deposits	$ 9,925	9,445
Net investment income	2,537	2,704
Other income	266	390
Total revenues	12,728	12,539
Benefits and Expenses		
Benefit payments to policyholders and beneficiaries	5,180	5,347
Net increase to policy benefit reserves	3,235	2,826
Commissions and operating expenses	2,930	2,881
Total benefits and expenses	11,345	11,054
Income from operations before policyholder dividends and taxes	1,383	1,485
Policyholder dividends	(1,257)	(1,114)
Income from operations before taxes and realized capital losses	126	371
Income tax benefit/(expense)	46	(9)
Income from operations before net realized capital losses	172	362
Net realized capital losses	(158)	(139)
Net income	$ 14	223

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America
Statutory Basis Statements of Changes in Policyholders' Surplus
(In Millions)

	For the Years Ended December 31,	
	2022	**2021**
Beginning of year balance	$ 8,589	$ 7,760
Adjustments to surplus:		
Net income	14	223
Change in net unrealized capital gains, net of tax	(74)	676
Change in reserve on account of change in valuation basis	(21)	-
Change in asset valuation reserve	(5)	(312)
Change in surplus notes	1	1
Change in net deferred taxes	48	55
Change in non-admitted assets	(53)	38
Change in pension funded status	335	148
Other changes, net	11	-
Net adjustments to unassigned surplus	256	829
End of year balance	$ 8,845	$ 8,589

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America
Statutory Basis Statements of Cash Flows
(In Millions)

	For the Years Ended December 31, 2022	2021
Cash flows from operating activities:		
Premiums and other income received	$ 9,955	$ 9,468
Investment income	2,601	2,790
Other income	131	32
Benefits and loss related payments	(5,358)	(5,479)
Commissions, expenses and taxes paid	(3,157)	(2,728)
Dividends paid	(1,131)	(1,041)
Other, net	234	244
Net cash provided by operating activities	3,275	3,286
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Bonds	6,618	10,403
Common stocks	64	132
Mortgage loans	913	708
Real estate	38	-
Other investments	557	367
Proceeds from investments sold or matured	8,190	11,610
Cost of investments acquired:		
Bonds	7,956	12,499
Common stocks	89	119
Mortgage loans	1,577	1,223
Real estate	(20)	28
Other investments	1,598	588
Cost of investments acquired	11,200	14,457
Net increase in policy loans, net of repayments	245	(44)
Net cash used in investing activities	(3,255)	(2,803)
Cash from financing and miscellaneous activities:		
Cash provided:		
Surplus note	1	1
Net deposits on deposit-type contracts and other insurance liabilities	538	(115)
Net cash provided by financing and miscellaneous activities	539	(114)
Net increase(decrease) in cash, cash equivalents, short-term investments	559	369
Cash, cash equivalents and short-term investments, beginning of year	791	422
Cash, cash equivalents and short-term investments, end of year	$ 1,350	$ 791
Non-cash Transactions		
Exchange or Conversion of bonds	$ 550	$ 770
Donated securities - Surplus Note Investment	-	30
Total Non-cash Transactions	$ 550	$ 800

See notes to statutory basis financial statements.

NOTE 1 – ORGANIZATION

The Guardian Life Insurance Company of America ("Guardian" or the "Company") provides financial services to customers throughout the United States. The Company provides a full range of insurance, investment, securities brokerage and other financial products and services including individual life and disability insurance, group life and health insurance, annuities, pension and retirement related investments along with asset management and administration services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The accompanying statutory basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the New York State Department of Financial Services (the "Department"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Insurance companies domiciled in New York are required to prepare statutory basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP"), subject to certain deviations prescribed or permitted by the Department.

The Department recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company ("New York SAP"). The NAIC promulgates the NAIC SAP, which include accounting guidelines referred to as Statements of Statutory Accounting Principles ("SSAPs"). The Department adopted NAIC SAP with certain modifications, through the passage of Regulation 172, effective January 1, 2001, as amended.

A reconciliation of the Company's Net Income and Surplus at December 31, 2022 and 2021 between NAIC SAP and practices prescribed by the State of New York is shown below:

	2022	2021
Statutory Net Income, New York basis	$ 14	$ 223
State Prescribed Practices:		
Deferred premiums asset impact (1)	(6)	(6)
Admission of unearned reinsurance premium asset (2)	2	3
Statutory Net Income, NAIC SAP basis	$ 10	$ 220

	2022	2021
Statutory Surplus, New York basis	$ 8,845	$ 8,589
State Prescribed Practices:		
Deferred premiums asset impact (1)	133	139
Admission of unearned reinsurance premium asset (2)	(56)	(58)
Statutory Surplus, NAIC SAP basis	$ 8,922	$ 8,670

1) Department Circular Letter No. 11
2) Department Regulation 172

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial statements prepared on a New York SAP basis vary from financial statements prepared in accordance with GAAP primarily because on a statutory basis: 1) costs related to acquiring business, principally commissions and certain policy issue expenses, are charged to income in the year incurred; 2) life insurance and annuity reserves are based on statutory mortality and interest requirements, without consideration of withdrawals and company experience; 3) life insurance enterprises are required to establish a formula-based asset valuation reserve ("AVR") by a direct charge to surplus to offset potential investment losses; 4) realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold; 5) bonds are carried principally at amortized cost; 6) certain reinsurance transactions are accounted for as reinsurance for statutory purposes and as financing transactions under GAAP, and assets and liabilities are reported net of reinsurance for statutory purposes and gross of reinsurance for GAAP; 7) certain "non-admitted assets" (furniture and office equipment, leasehold improvements, capitalized internally developed non-operating system software, and prepaid pension costs) must be excluded under statutory reporting through a charge to surplus; 8) investments in common stock of the Company's wholly-owned and majority owned subsidiaries are accounted for using the equity method, where earnings of such subsidiaries are recognized in surplus, that is, only when dividends are distributed is income recognized; 9) gross deferred tax assets and changes in deferred tax assets ("DTAs") and liabilities ("DTLs"), except those relating to changes in unrealized gains and losses, are recognized as a separate component of surplus. Deferred tax assets not meeting certain criteria are non-admitted; 10) investments in Other invested assets, where the Company has a controlling financial interest, are accounted for using the equity method for statutory purposes and consolidated under GAAP; and 11) if in the aggregate, the Company has a net negative cash balance, it is reported as a negative asset for statutory purposes and recorded as a liability under GAAP. The effect on the financial statements of the Company from the differences between New York SAP and GAAP, while not determined are presumed to be material.

Use of Estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As a provider of life insurance products, the Company's operating results in any given period depend on estimates of policy reserves required to provide for future policyholder benefits. The development of policy reserves for insurance and investment contracts requires management to make estimates and assumptions regarding mortality, lapse, expense and investment experience. Such estimates are primarily based on historical experience and, in many cases, state insurance laws that require specific mortality, morbidity, and investment assumptions to be used by the Company and may preclude the use of lapse and expense assumptions. Actual future results could differ from these estimates. Management monitors actual experience, and where circumstances warrant, revises its assumptions and the related reserve estimates. The Company regularly invests in mortgage loans, mortgage-backed securities and other securities subject to prepayment and/or call risk. Significant changes in prevailing interest rates and/or geographic conditions may adversely affect the timing and amount of cash flows on such investments, as well as their related values. In addition, the amortization of market premium and accretion of market discount for mortgage-backed securities is based on historical experience and estimates of future payment experience underlying mortgage loans. Actual prepayment timing could differ from original estimates resulting in adjustments to asset values and amortization or accretion recorded in future periods.

Admitted Assets:
Assets are stated at "admitted asset" values, which are values required by or permitted to be reported to the Department in accordance with its rules and regulations. Certain assets designated as "non-admitted assets" (approximately $214 million and $161 million at December 31, 2022 and December 31, 2021, respectively), consisting principally of deferred tax assets, leasehold improvements, electronic data processing equipment and computer software, and prepaid pension costs are charged directly to unassigned surplus.

Investments:
See Note 3 and Note 4 regarding the accounting policy, reported statement value and estimated fair value of the Company's investment in bonds, common stocks, mortgage loans, real estate and derivatives.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Short-Term Investments and Restricted Cash:
Cash includes amounts on deposit with banks. Cash equivalents are stated at amortized cost and consist of investments having maturities of three months or less at time of purchase. Certain short-term investments are stated at amortized cost and consist primarily of investments having maturities greater than three months from date of purchase, but less than one year to maturity. Fair values for such investments approximate carrying value, because of the relatively short period of time between their origination and expected maturity and collectability.

The Company had no restricted cash and no restricted cash equivalents as of December 31, 2022 and 2021.

Policy Loans:
Policy loans are stated at unpaid principal balance, have no defined maturity date and reduce the amount payable at death or at surrender of the contract.

Other Invested Assets:
Other invested assets consist primarily of joint ventures, limited liability companies (LLCs), including subsidiaries, and other forms of partnerships which include residual tranches. Investments in joint ventures, LLCs, and other forms of partnerships, excluding residual tranches are valued at the Company's share of equity in the partnerships' LLC or joint ventures' net assets. All distributions are recorded as income or return of capital based on information received from the partnerships. The change in equity is recorded as unrealized gains (losses) on the Company's books and recorded directly to surplus.

Residual tranches are recorded at the lower of the amortized cost basis or fair value. The Company had $193 million, and $0 million at December 31, 2022 and December 31, 2021, respectively. Other invested assets also include investments in surplus notes which are carried at amortized cost.

Other Assets:
Other assets consist primarily of receivables from subsidiaries (see Note 11), receivables related to reinsurance ceded (see Note 9), amounts receivable relating to Administrative Services Only ("ASO") uninsured plans, premium tax offsets, and electronic data processing equipment.

Investment Reserves:
In compliance with statutory requirements, the Company maintains the AVR and the IMR. The AVR is intended to stabilize policyholders' surplus against market fluctuations in the value of equities and credit related declines in the value of bonds, mortgage loans and equity investments. Changes in the AVR are recorded directly to surplus. The IMR defers net after-tax realized capital gains (losses) which result from changes in the overall level of interest rates for fixed income investments and amortizes these net capital gains (losses) into income over the remaining stated life of the investments sold. The Company uses the group method of calculating the IMR.

Insurance Revenue and Expense Recognition:
Life premiums are recognized as income when due under the policy provisions. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Benefit payments to policyholders and beneficiaries include death benefits, disability benefits, matured endowments and surrender benefits and are charged to expense when incurred.

Reserves for Policy Benefits:
See Note 5 regarding the methods and assumptions used to establish the Company's reserves for future insurance policy benefits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Expenses Due or Accrued:
General expenses due or accrued consist primarily of liabilities for defined benefit pension plans, certain health care, dental and life insurance benefits for retired employees (post retirement benefits) and accrued home office expenses.

Other Liabilities:
Other liabilities consist primarily of liabilities for employees and agents, commissions payable, unearned investment income, amounts withheld or retained by the company as agent or trustee, miscellaneous reinsurance liabilities, assessments, and tax reserves liabilities.

Federal Income Taxes:
The provision for federal income taxes is based on income from operations currently taxable. Realized gains and losses are reported net of the applicable federal income taxes. Deferred federal income tax assets are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with increases or decreases reflected as adjustments to surplus (See Note 8). The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit.

Dividends to Policyholders:
The liability for dividends to policyholders principally consists of dividends expected-to-be paid during the subsequent year and are determined by means of formulas that reflect the relative contribution of each group of policies to the results of operations. Policyholder dividends are approved annually by the Board of Directors.

Other Contract Liabilities
Other contract liabilities include liabilities for deposit type contracts such as funding agreements (see Note 5), claims in the course of settlement, claims incurred but not reported, and premiums received in advance.

Benefit Plans:
See Note 7 regarding the Company's employee benefit plans.

Reinsurance:
The Company enters into reinsurance agreements in the normal course of its insurance business to reduce overall risk (see Note 9 for reinsurance ceded and Note 10 for reinsurance assumed). The Company remains liable for reinsurance ceded if the reinsurer fails to meet its obligation on the business it has assumed. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. The Company does not have any reinsurance agreements that contain risk-limiting features that are subject to disclosure under SSAP 61R Life, Deposit-Type and Accident and Health Reinsurance.

Net Investment Income and Capital Gains:
Net investment income includes interest and dividends received or accrued on investments. It also includes amortization of any purchase premium or accretion of any discount using the interest method, adjusted retrospectively or prospectively for any change in estimated yield to maturity. Investment income due and accrued that is deemed uncollectible is charged against net investment income in the period such determination is made. Net investment income is reduced by investment management expenses, interest expense on the Company's outstanding surplus notes and real estate depreciation.

Realized investment gains and losses are reported in income based upon specific identification of the assets sold. Realized losses include valuation adjustments for other-than-temporary declines in investments. Unrealized investment gains and losses on financial instruments carried at fair value represent changes in the reported fair value and are recorded directly to surplus.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments:

Under state insurance guaranty fund laws, insurers doing business in a state can be assessed, up to prescribed limits, for certain obligations of insolvent insurance companies to policyholders and claimants. Amounts assessed to each company are typically related to its proportion of business written in each state. The Company's policy is to accrue assessments when the entity for which the insolvency relates has met its state of domicile's statutory definition of insolvency, the amount of the loss is reasonably estimable and the related premium upon which the assessment is based is written. In most states, the definition is met with a declaration of financial insolvency by a court of competent jurisdiction. In certain states there must also be a final order of liquidation.

On March 1, 2017, the Commonwealth Court of Pennsylvania entered into an order of liquidation for Penn Treaty Network America Insurance Company, and its subsidiary American Network Insurance Company ("Penn Treaty"), providers of long-term care insurance. As a result of the liquidation, the Company used the most current cost estimate provided by the National Organization of Life and Health Guaranty Associations (NOLHGA) to determine the estimated fund assessments and premium tax offsets.

As of December 31, 2022 and December 31, 2021, the liability balance, included in Other liabilities, for assessments was $2 million and $3 million (undiscounted of $3 million and $3 million) offset by a discounted premium tax offset of $4 million and $7 million (undiscounted of $7 million and $9 million) using a discount rate of 3.5% as of December 31, 2022 and December 31, 2021, respectively. The Company expects the majority of the remainder of the assessments to be paid out as claims arise and the Company expects the majority of the premium tax offsets to be utilized over the next 2 years.

The below table provide additional information on the Penn Treaty fund assessment liability and premium tax offset recoverable:

	Liability			Recoverables		
Name of the Insolvency	Number of Jurisdictions	Range of Years	Weighted average number of years	Number of Jurisdictions	Range of Years	Weighted average number of years
Penn Treaty	50	1 - 3 years	2 years	40	1 - 20 years	6-7 years

Reclassification:

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 – INVESTMENTS

Investments are valued in accordance with methods prescribed by the Securities Valuation Office of the NAIC ("SVO"). The Company obtains the fair value of financial instruments held in its portfolio that are either carried at fair value on the face of the financial statements or disclosed in the notes to the financial statements at fair value, from a number of sources. These sources include published market quotes for active market exchange traded instruments, third party pricing vendors, investment banks which are lead market makers in certain markets, broker quotes and the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Unrealized gains and losses on investments carried at fair value are recorded directly in unassigned surplus. The investment portfolio is reviewed for investments that may have experienced a decline in value considered to be other-than-temporary. The Company considers several factors in determining whether other-than-temporary declines exist: duration and extent to which the fair value of the security has been less than cost; financial condition of the issuer; the near term prospects for recovery of the fair value of a security; discounted estimated future cash flows; and the intent and ability of the Company to hold the security to allow for an anticipated recovery in value. Impairments that are considered other-than-temporary are included in net realized capital losses.

There were no securities that had a 5GI NAIC designation as of December 31, 2022 and December 31, 2021.

Valuation methods for the various types of investments held are as follows:

Bonds - Bonds are stated principally at amortized cost with bond premiums and discounts amortized using the scientific interest method. Those bonds which are rated 6 by the NAIC are reported at the lower of amortized cost or fair value. SVO Identified Funds (Bond Exchange Traded Funds ("ETFs")) are carried at fair value. Mortgage-backed bonds are carried at amortized cost using the interest method considering anticipated prepayments at the date of purchase. Significant changes in future anticipated cash flows from the original purchase assumptions are accounted for using the retrospective and prospective adjustment method utilizing the Public Securities Association standard prepayment rates. There were forty two securities that were sold, redeemed or disposed of as the result of a call or tender offer with an aggregate amount of $14 million in investment income from prepayment penalties and acceleration fees as of December 31, 2022. There were eighty four securities that were sold, redeemed or disposed of as the result of a call or tender offer with an aggregate amount of $76 million in investment income from prepayment penalties and acceleration fees as of December 31, 2021.

Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from issuers or broker-dealers through information services or internal estimates and are consistent with current interest rates and the economic environment. There were forty securities that were sold, redeemed or disposed of as a result of a call or tender offer with an aggregate amount of $15 million in investment income from prepayment penalties as of December 31, 2022. There were thirty four securities that were sold, redeemed or disposed of as a result of a call or tender offer with an aggregate amount $30 million in investment income from prepayment penalties as of December 31, 2021.

The Company changes from the retrospective method to the prospective method when an other-than-temporary impairment has been recorded on a structured loan-backed security.

Common stocks - Common stocks of unaffiliated companies are stated at fair value, which is based on quoted market price. For common stocks without quoted market prices, fair value is estimated using independent pricing services or internally developed pricing models. Investments in subsidiaries are included in common stocks and are valued at equity in the underlying net assets. Undistributed earnings or losses of subsidiaries and unrealized appreciation or depreciation on common stocks are reflected as unrealized capital gains and losses directly in surplus.

Foreign Currency Translation - All of the Company's insurance operations are conducted in the United States of America on a U.S. dollar-denominated basis. The Company does make bond, equity and other investments that are denominated in foreign currencies or issued by entities doing business in other countries. Investments denominated in a foreign currency are translated to U.S. dollars at each reporting date using then-current market foreign exchange rates. Translation gains or losses relating to fluctuations in market exchange rates are reported as a change in unrealized capital gains and losses until the related investment security is sold or matures, at which time a realized capital gain or loss is reported. Transactions denominated in a foreign currency, such as receipt of foreign-denominated interest or dividends, are translated to U.S. dollars based on the actual exchange rate at the time of the transaction.

NOTE 3 – INVESTMENTS (CONTINUED)

The amortized cost basis and estimated fair value of bonds and the cost basis and estimated fair value of common stocks at December 31, 2022 and December 31, 2021 is as follows:

	Amortized Cost/ Cost*	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2022		(In millions)		
U.S. Government	$ 1,144	$ -	$ (263)	$ 881
All other Government	341	-	(39)	302
States, Territories, and Possessions	184	11	(6)	189
U.S. Political Subdivisions	102	2	(1)	103
U.S. Special Revenue	1,026	37	(45)	1,018
Industrial and Miscellaneous	48,099	131	(6,920)	41,310
Hybrid	5	-	-	5
Affiliated Bonds	165	-	(1)	164
Total Bonds	$ 51,066	$ 181	$ (7,275)	$ 43,972
Common stocks - unaffiliated	$ 81	-	(11)	$ 70
Investment in subsidiaries	1,591	4	(413)	1,182
Total Common Stocks	$ 1,672	$ 4	$ (424)	$ 1,252

* Includes unrealized FX adjustments. NAIC 6 bonds are carried at lower of cost or fair value which is $10 million below amortized cost at December 31, 2022.

	Amortized Cost/ Cost*	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2021		(In millions)		
U.S. Government	$ 1,365	$ 76	$ (25)	$ 1,416
All other Government	279	-	(1)	278
States, Territories, and Possessions	184	59	-	243
U.S. Political Subdivisions	103	23	-	126
U.S. Special Revenue	1,121	269	-	1,390
Industrial and Miscellaneous	47,041	3,916	(309)	50,648
Hybrid	23	2	-	25
Total Bonds	$ 50,116	$ 4,345	$ (335)	$ 54,126
Common stocks - unaffiliated	$ 111	2	(2)	$ 111
Investment in subsidiaries	1,538	24	(365)	1,197
Total Common Stocks	$ 1,649	$ 26	$ (367)	$ 1,308

* Includes unrealized FX adjustments. NAIC 6 bonds are carried at lower of cost or fair value which is $4 million below amortized cost at December 31, 2021.

NOTE 3 – INVESTMENTS (CONTINUED)

The Company invests in high quality securities that are diversified by asset class, issuer and industry. At December 31, 2022 approximately 2.2% of the portfolio is invested in securities issued or backed by the United States Government or its agencies. No other single issuer accounts for more than 1.0% of the portfolio at December 31, 2022.

The amortized cost and estimated fair value of debt securities at December 31, 2022 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations.

	2022	
	Amortized Cost	Estimated Fair Value
	(In millions)	
Due in one year or less	$ 872	$ 862
Due after one year through five years	9,281	8,670
Due after five years through ten years	10,884	9,653
Due after ten years	22,888	18,268
Sinking fund bonds, mortgage backed securities and asset backed securities	7,141	6,519
Total	$ 51,066	$ 43,972

In addition to the information disclosed above, short-term investments with a carrying value of $61 million are due in one year or less. Carrying value approximates fair value for these investments.

The net change in unrealized capital gains (losses) included in surplus for year ended December 31, 2022 and 2021 is summarized as follows:

	2022	2021
	(In millions)	
Changes in net unrealized capital gains (losses) attributable to:		
Bonds (NAIC 6 rated)	$ (6)	$ (2)
Private Equity	(171)	689
Common stocks unaffiliated	(10)	(2)
Common stocks affiliated	(68)	7
Other invested assets affiliated	134	143
Foreign currency translation, net of currency swaps	6	-
Other	4	(18)
Total change in net unrealized capital (losses) gains	(111)	817
Tax benefit/(expense)	37	(141)
Total change in net unrealized gains, net of tax	$ (74)	$ 676

Proceeds from sales of bonds amounted to $4,043 million and $7,221 million for the years ended December 31, 2022 and 2021, respectively. Gross gains of $34 million and $325 million and gross losses of $233 million and $141 million were realized on sales of bonds for the years ended December 31, 2022 and 2021, respectively. These amounts are pre-tax and pre-IMR. Bond sales, maturities and all other cash dispositions amounted to $6,618 million and $10,403 million for the years ended December 31, 2022 and 2021, respectively.

Proceeds from sales of investments in common stock amounted to $64 million and $132 million for the years ended December 31, 2022 and 2021, respectively. There were no gains and $3 million and gross losses of $3 million and $4 million were realized on sales of common stock for the years ended December 31, 2022 and 2021, respectively. These amounts are pre-tax.

There were no bond modifications treated as troubled debt restructuring for the years ended December 31, 2022 and 2021.

NOTE 3 – INVESTMENTS (CONTINUED)

Unrealized Losses:

The Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2022 and December 31, 2021 are shown below:

December 31, 2022	Less than 12 Months		12 Months or More		Total	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 686	$ (207)	$ 194	$ (56)	$ 880	$ (263)
All other Government	145	(22)	138	(17)	283	(39)
States, Territories and Possessions	45	(6)	-	-	45	(6)
U.S. Political Subdivisions	40	(1)	-	-	40	(1)
U.S. Special Revenue	466	(45)	-	-	466	(45)
Industrial and Miscellaneous	30,463	(4,817)	7,454	(2,103)	37,917	(6,920)
Hybrid	164	(1)	-	-	164	(1)
Total Bonds	$ 32,009	$ (5,099)	$ 7,786	$ (2,176)	$ 39,795	$ (7,275)
Common stocks - unaffiliated	4	(1)	26	(10)	30	(11)
Total temporarily impaired securities	$ 32,013	$ (5,100)	$ 7,812	$ (2,186)	$ 39,825	$ (7,286)

December 31, 2021	Less than 12 Months		12 Months or More		Total	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 587	$ (4)	$ 179	$ (21)	$ 766	$ (25)
All other Government	261	(1)	-	-	261	(1)
Industrial and Miscellaneous	10,918	(258)	868	(51)	11,786	(309)
Total Bonds	$ 11,766	$ (263)	$ 1,047	$ (72)	$ 12,813	$ (335)
Common stocks - unaffiliated	4	-	32	(2)	36	(2)
Total temporarily impaired securities	$ 11,770	$ (263)	$ 1,079	$ (74)	$ 12,849	$ (337)

The Company's investment portfolio includes individual securities that are in an unrealized loss position and have not been recognized as other-than-temporary impairments. There were one thousand six hundred and forty four securities in an unrealized loss position for greater than 12 months with a book value of $9,998 million and a fair value of $7,812 million as of December 31, 2022. There were four hundred and seventeen securities in an unrealized loss position for greater than 12 months with a book value of $1,153 million and a fair value of $1,079 million as of December 31, 2021.

In reaching the conclusion that these impairments are not other-than-temporary, management considered many factors including: duration and severity of impairment, discounted cash flow analysis, investment sector stability, creditworthiness, financial condition of issuer, and intent and ability to hold to allow for recovery in value.

Mortgage Loans:

Mortgage loans are carried at amortized cost. Valuation reserves are established for potential declines in the value of the mortgage loans. As of December 31, 2022 and December 31, 2021 there were no valuation reserves established for any of the Company's mortgage loans. Other-than-temporary impairments on loans are charged to net realized capital losses and are not adjusted for subsequent recoveries in value. There were no other-than-temporary impairments on mortgage loans for the years ended December 31, 2022 and 2021, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

The Company's $5,994 million and $5,330 million of investments in mortgage loans on real estate on December 31, 2022 and December 31, 2021, respectively consist of loans collateralized by commercial real estate properties. Of these amounts $3,102 million and $2,910 million were mortgage loans in which the Company was a participant at December 31, 2022 and December 31, 2021, respectively. The Company had no co-lender loan exposure as of December 31, 2022 and none as of December 31, 2021, respectively. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Texas ($1,204 million or 20.09% and $886 million or 14.78%) at December 31, 2022. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Texas ($1,295 million or 24.30% and $672 million or 12.61%) at December 31, 2021. The Company estimates the fair value of mortgage loans on real estate to be $5,518 million and $5,516 million at December 31, 2022 and December 31, 2021, respectively and are classified as Level 3 as discussed in Note 4. Fair value was determined based upon the present value of the scheduled future cash flows of each loan based on the average term to maturity discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage. Mortgage quality is determined by the loan's Loan to Value ratio, Debt Service Coverage ratio, location and property type. The minimum and maximum range of lending rates on new mortgage loans were between 3.47% and 6.53% originated during 2022. The maximum percentage of any single mortgage loan to the value of the security for loans that originated in 2022 was 72.3% at origination date.

Management monitors its mortgage loan portfolio on an ongoing basis for events or circumstances that could indicate that it will not receive all of its contractually due principal and interest payments in accordance with the loan agreements. In May and November of each year, the entire portfolio is screened based on debt service coverage, loan to value ratio, delinquency over 90 days and if there are indications that balloon payments due at maturity will not be made to determine if any other than temporary impairments might need to be recorded.

Interest received on impaired loans that were previously modified in a troubled debt restructuring is either applied against the principal or reported as revenue according to management's judgment as to the collectability of principal. There were no mortgages with interest more than 180 days past due at December 31, 2022 or December 31, 2021.

There were no restructured mortgage loans as of December 31, 2022 or December 31, 2021.

There were no taxes, assessments, or any amounts advanced not included in the mortgage loan total as of December 31, 2022 and 2021.

NOTE 3 – INVESTMENTS (CONTINUED)

The following table set forth the credit quality indicators as of December 31, 2022 and December 31, 2021, based upon the recorded investment gross of allowance for credit losses.

Mortgage Loans
(In millions)

	Debt Service Coverage Ratio - December 31, 2022						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 1,108	$ 170	$ 46	$ 39	$ 4	$ -	$ 1,367
50% - 59.99%	1,174	107	805	55	-	-	2,141
60% - 69.99%	734	360	308	699	93	-	2,194
70% - 79.99%	-	109	121	62	-	-	292
80% - 89.99%	-	-	-	-	-	-	-
90% - 100%	-	-	-	-	-	-	-
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 3,016**	**$ 746**	**$ 1,280**	**$ 855**	**$ 97**	**$ -**	**$ 5,994**

Mortgage Loans
(In millions)

	Debt Service Coverage Ratio - December 31, 2021						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 1,002	$ 60	$ 42	$ 96	$ -	$ -	$ 1,200
50% - 59.99%	1,736	110	234	28	-	-	2,108
60% - 69.99%	1,032	282	222	265	102	-	1,903
70% - 79.99%	-	60	59	-	-	-	119
80% - 89.99%	-	-	-	-	-	-	-
90% - 100%	-	-	-	-	-	-	-
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 3,770**	**$ 512**	**$ 557**	**$ 389**	**$ 102**	**$ -**	**$ 5,330**

NOTE 3 – INVESTMENTS (CONTINUED)

Real Estate:
Real estate investments are reported in the financial statements at cost, less any valuation adjustment, encumbrances and accumulated depreciation of buildings and other improvements using a straight line method over a 40 year period for the buildings and the estimated useful life of the improvements. An investment in real estate is considered impaired when the projected undiscounted net cash flow from the investment is less than depreciated cost. When the Company determines that an investment in real estate is impaired, a valuation adjustment is recorded to reduce the carrying value to estimated fair value, after encumbrances, based on appraisal of the property. The valuation adjustment is included in realized capital losses.

The Company had accumulated depreciation totaling $153 million and $140 million at December 31, 2022 and December 31, 2021, respectively. The Company recorded depreciation expense of $19 million for 2022 and $18 million for 2021. There were three properties with carrying value of $69 million, above its combined fair value of $59 million at December 31, 2022. There were two properties with carrying value of $64 million, above its combined fair value of $56 million at December 31, 2021. There were no other-than-temporary impairments taken on real estate in 2022 and 2021.

Subprime:
The Company continually monitors its investment portfolios for performance, credit issues and risk exposures. By using a variety of measurements and credit analysis derived from both internal and external sources, the Company tracks the risk exposure the portfolios have to market events such as credit deterioration in the sub-prime and other below prime mortgage market. Sub-prime investments can include high loan to value pools, and pools where the borrowers have very impaired credit but the average loan to value is low. The Company has minimal exposure and recorded no impairments in 2022 or 2021 on its sub-prime or other below prime mortgage-backed security holdings. The Company does hold $614 million and $583 million of Non-Agency Residential Mortgage-backed securities ("RMBS") with sub-prime exposure and other below-prime mortgage exposure, representing 0.88% and 0.88% of the Company's invested assets, as of December 31, 2022 and 2021, respectively.

Restricted Assets and Special Deposits:
The Company had admitted restricted assets of $1,015 million and $832 million at December 31, 2022 and 2021, respectively. Of these amounts, there were deposits with states as required by certain insurance laws of $4 million in 2022 and $4 million in 2021 and pledged as collateral for futures trading of $22 million and $49 million in 2022 and 2021, respectively. These amounts are included in Bonds in the Statutory Basis Balance Sheets. There were $39 million and $35 million of the Federal Home Loan Bank of New York ("FHLBNY") stock purchased by the Company in 2022 and 2021, respectively which are classified as restricted general account investments within "Common stocks". Also, as of December 31, 2022 and December 31 2021, respectively the Company pledged mortgage loans with a carrying value of $950 million and $744 million that support outstanding funding agreements with the FHLBNY. Total admitted restricted assets were 1.34% and 1.15% of the Company's total admitted assets at December 31, 2022 and 2021, respectively. There were no non-admitted restricted assets in 2022 or 2021.

Investment in Subsidiaries:
Investments in subsidiaries are accounted for using the equity method. Under the equity method, insurance subsidiaries are recorded at their underlying audited statutory surplus. Non-insurance subsidiaries are recorded at their underlying audited GAAP equity. Undistributed earnings or losses of subsidiaries are reflected as unrealized capital gains and losses directly in surplus. Dividends or distributions received from subsidiaries are recognized in net investment income when declared to the extent they are not in excess of undistributed accumulated earnings.

NOTE 3 – INVESTMENTS (CONTINUED)

Investment in affiliated limited liability subsidiaries are included in Other invested assets while investment in all other subsidiaries are included in Common stocks on the Statutory Basis Balance Sheets and totaled $2,364 million and $1,952 million at December 31, 2022 and December 31, 2021, respectively.

The Company's major subsidiaries are as follows:

Guardian Insurance and Annuity Company ("GIAC") is a stock life insurance company organized primarily for the sale of variable deferred annuities, fixed deferred and immediate annuity contracts, and variable life insurance policies. During 2022, GIAC ceded a 100% quota share of virtually all liabilities related to its variable annuity contracts with Talcott Resolution Life Insurance Company.

Berkshire Life Insurance Company of America ("BLICOA") is a stock life company whose primary business is the sale and administration of disability insurance business.

Park Avenue Life Insurance Company ("PALIC") primary business is the administration of life insurance business (principally term and universal life products). Although PALIC is licensed in 48 states and the District of Columbia, it does not currently write new business.

First Commonwealth, Inc. ("FCW") provides dental, vision and hearing care coverage for government and commercial customers. During 2021, the Company entered a strategic partnership with Cressey & Company LP to accelerate the growth of Avesis, a FCW subsidiary. In conjunction with this partnership, Cressey obtained a minority stake in Avesis.

Guardian Investor Services, LLC ("GIS") is a non-insurance limited liability company that provides investment advisory services and related services to the mutual funds, variable investment trusts, private investment unit trust, institutional and other clients through Park Avenue Institutional Advisers ("PAIA"), wholly-owned subsidiary of GIS. GIS holds investments in real estate operating entities and joint ventures, residual interests in collateralized loan obligation securities and investments in early stage companies. During 2022, GIS acquired a minority equity stake in HPS Investment Partners.

Park Avenue Securities LLC ("PAS") is a registered broker-dealer with the Securities and Exchange Commission whose primary business consists of selling products currently offered by GIAC as well as third party sponsors to retail customers. Such products include mutual funds, variable annuities, variable life insurance, 401(k) plan and investment advisory services.

NOTE 3 – INVESTMENTS (CONTINUED)

Selected financial information for the Company's significant subsidiaries is highlighted below:

	2022	2021
	(In millions)	
GIAC (Statutory basis)		
Total assets	$ 11,353	$ 14,208
Total liabilities	10,799	13,659
Net loss	$ (75)	$ (83)
BLICOA (Statutory basis)		
Total assets	$ 4,933	$ 4,681
Total liabilities	4,733	4,460
Net loss	$ (11)	$ (4)
PALIC (Statutory basis)		
Total assets	$ 198	$ 199
Total liabilities	144	153
Net income	$ 5	$ 5
FCW (GAAP basis)		
Total assets	$ 586	$ 648
Total liabilities	141	199
Net income	$ -	$ 32
GIS (GAAP basis)		
Total assets	$ 4,544	$ 3,788
Total liabilities	3,407	3,066
Net income	$ 91	$ 127
PAS (GAAP basis)		
Total assets	$ 100	$ 96
Total liabilities	23	28
Net income	$ 39	$ 24

NOTE 3 – INVESTMENTS (CONTINUED)

Investment in Subsidiaries

The following table provides additional information on non-insurance subsidiaries.

As of December 31, 2022

Description of SCA Investment (Per SSAP No 97)	% of SCA Ownership	Gross Amount	Non-admitted Amount	Admitted Asset Amount	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)	Code
					(In millions)					
Managed Dental Care of California	100%	$ 4	$ -	$ 4	12/31/2021	Sub-2	Y	$ 4	no	I
First Commonwealth	100%	366	-	366	12/31/2021	Sub-2	Y	450	no	I
Innovative Underwriters	100%	7	7	-	n/a	n/a	n/a	-	n/a	I
Guardian Investors Services, LLC	100%	1,106	-	1,106	n/a	n/a	n/a	-	n/a	I
Park Avenue Securities, LLC	100%	77	-	77	n/a	n/a	n/a	-	n/a	I
Aggregate Total		**$ 1,560**	**$ 7**	**$ 1,553**				**$ 454**		

As of December 31, 2021

Description of SCA Investment (Per SSAP No 97)	% of SCA Ownership	Gross Amount	Non-admitted Amount	Admitted Asset Amount	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)	Code
					(In millions)					
Managed Dental Care of California	100%	$ 4	$ -	$ 4	12/31/2020	Sub-2	Y	$ 3	no	I
First Commonwealth	100%	373	-	373	12/31/2020	Sub-2	Y	446	no	I
Innovative Underwriters	100%	7	7	-	n/a	n/a	n/a	-	n/a	I
Guardian Investors Services, LLC	100%	688	-	688	n/a	n/a	n/a	-	n/a	I
Park Avenue Securities, LLC	100%	67	-	67	n/a	n/a	n/a	-	n/a	I
Aggregate Total		**$ 1,139**	**$ 7**	**$ 1,132**				**$ 449**		

NOTE 3 – INVESTMENTS (CONTINUED)

NET INVESTMENT INCOME

Net investment income, including accrual of discounts and amortization of premiums, arose from the following sources for the years ended December 31, 2022 and December 31, 2021:

	2022	2021
	(In millions)	
Bonds	$ 1,921	$ 1,903
Unaffiliated common stocks	4	5
Affiliated common stocks	4	43
Mortgage loans	230	227
Real estate	75	63
Policy loans	273	271
Cash, Cash Equivalent and Short-Term Investments	20	1
Private Equity	244	400
Other	34	32
Gross investment income	2,805	2,945
Less investment expenses	(268)	(241)
Net investment income	$ 2,537	$ 2,704

NET REALIZED CAPITAL (LOSSES) GAINS

Net realized capital losses were derived from the following sources for the years ended December 31, 2022 and December 31, 2021:

	2022	2021
	(In millions)	
Bonds	$ (199)	$ 158
Common stocks (unaffiliated)	(3)	(1)
Real estate	37	-
Other invested assets	(61)	(86)
Derivatives and hedging losses gains	(38)	6
Total net realized capital gains	(264)	77
Capital gains tax (expense)	(33)	(71)
Transfer from/(to) IMR (net of tax)	139	(145)
Net realized capital losses	$ (158)	$ (139)

The net realized capital loss amount above includes other-than-temporary impairment losses of $95 million and $129 million for the years ended December 31, 2022 and December 31, 2021, respectively. Of the $95 million for 2022, $16 million relates to impairments that reduced surplus which were driven primarily from a private placement bond, high yield bank loans, and emerging market bonds. The remaining $79 million relates primarily to $64 million in investment tax credit investments and $15 million for private equities. Of the $129 million for 2021, $27 million relates to impairments that reduced surplus which were driven primarily by $27 million in bonds. The remaining $102 million relates primarily to $64 million in investment tax credit investments and $38 million for private equities.

NOTE 3 – INVESTMENTS (CONTINUED)

Derivative Financial Instruments:

The Company enters into derivative transactions in order to mitigate ("hedge") certain risks pertaining to its assets, liabilities and surplus from fluctuations in interest rates, foreign currency exchange rates and market volatility. Derivatives are either exchange traded or contracted over-the-counter. The majority of the Company's over-the-counter derivatives are bilateral contracts between the Company and a single counterparty. The Company's remaining over-the-counter derivatives are cleared and settled through central clearing counterparties.

Derivatives that are designated as hedges for accounting purposes and meet the qualifications for hedge accounting are reported on a basis consistent with the asset or liability being hedged (i.e. at amortized cost). Derivatives that are used to mitigate risk but are not designated as hedges for accounting purposes or do not meet the qualifications for hedge accounting treatment are reported at fair value.

To qualify for hedge accounting the hedge relationship must be designated and formally documented at inception. This documentation details the risk management objective and strategy for the hedge, the derivative used in the hedge, the asset or liability being hedged, and the methodology for assessing hedge effectiveness. The hedge must also be "highly effective" with an assessment of its effectiveness performed both at inception and on an ongoing basis over the life of the hedge.

Derivative transactions expose the Company to the risk that the counterparty may not be able to fulfill its obligations under the terms set forth in the contract. The Company manages this counterparty risk by entering into transactions with counterparties that maintain a minimum credit rating, by performing ongoing review of a counterparties' credit standing, by adhering to established limits for credit exposure to any single counterparty and requiring collateral posting subject to thresholds and minimum transfer amounts in accordance with counterparty agreements to support credit risk associated with counterparty exposures which further reduces the Company's exposure to default by the counterparty. The Company is required to establish a margin account for all of its futures contracts. All of the futures contracts that the Company has entered into are exchange traded. Margin payments are required for futures contract and contract gains or losses are settled daily in cash, therefore the futures contracts are carried at zero value on the Company's balance sheets. The contract amount of futures contracts represents the extent of the Company's involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract. The Company does not offset the statement values for derivatives executed with the same counterparty, even if a master netting arrangement is in place. The Company also does not offset the right to claim collateral against the obligation to return such collateral.

The Company has no embedded credit derivatives that expose it to the possibility of being required to make future payments and does not have any derivative contracts with financing premiums.

Hedging – Designated As Hedging Instruments

The Company designates and accounts for its foreign currency swaps as cash flow hedges and certain equity index futures, treasury futures and S&P equity options as fair value hedges.

Foreign currency swaps are used to mitigate the foreign exchange risk for investments in specifically identified private placement bonds denominated in foreign currencies over a period of up to 15 years. Foreign currency swaps obligate the Company and a counterparty to exchange the foreign currency denominated interest and principal payments receivable on foreign denominated bonds for U.S. dollar payments based on currency exchange rates specified at the inception of the transaction. Foreign exchange gains or losses on these contracts are reported as a change in unrealized gains or losses until the maturity or sale of the hedged foreign currency bond at which time a realized capital gain or loss is recognized.

Equity index futures are used to mitigate the change in value of the liability the Company has to participants in its deferred compensation plans that allocate their plan account balances to equity funds offered under the plan. Equity index futures obligate the Company to pay or receive from a counterparty a cash amount based on a specified equity market index at a predefine price as of a future date applied to the notional amount of the contracts. The change in the fair value of the futures contracts is recorded in current period earnings as income or expense which offsets the operating gain or loss from the change in value of its deferred compensation liability. If the hedge is deemed to be ineffective for any period of time, the change in the fair value of the futures contracts for that time period is recorded in surplus as an unrealized gain or loss.

NOTE 3 – INVESTMENTS (CONTINUED)

Treasury futures are used to mitigate the portion of the change in fair value related to a change in interest rates on specifically identified assets acquired by the Company and held in its general account to support the Funding Agreements ("FA") and the specifically identified portion of a liability incurred by the Company pertaining to FA that are issued by the Company to back Medium Term Notes ("MTN") issued by a special purpose entity.

The Company enters into short positions (sells) treasury futures contracts prior to the issuance of the FA-MTN in order to lock-in the interest rate component of the return of the designated assets at their date of acquisition. When the FA-MTN is issued the Company enters into long position (purchases) treasury futures contracts in order to mitigate the change in the fair value of the designated net liability due to the effects of interest rate changes. The change in the fair value of the futures contracts is recorded in current period earnings as income or expense which offsets the operating gain or loss incurred by the Company on the change in value of its FA liability.

Treasury futures obligate the Company to take or receive delivery of certain Treasury Bonds at a specified price at a future date.

S&P equity options are used by the Company as a risk management strategy to reduce the projected dividend liability exposure on its Index Participation Feature ("IPF") which is a rider on certain whole life contracts. The Company uses a combination of short positions (sell) and long positions (purchases) of over-the-counter European call options on the S&P 500 index with expiration of one year to mitigate the dividend liability exposure based on the future return on S&P 500 index for the annual period of the monthly segment being hedged between the guaranteed floor rate and the cap rate on the participating balances. The change in the fair value of the options contracts is recorded in current period earnings as income or expense which offsets the operating gain or loss incurred by the Company on the change in the amount of the dividend liability.

Hedging – Not Designated As Hedging Instruments

The Company enters into other derivative transactions that mitigate economic risks but are not designated as a hedge for accounting purposes or do not qualify for hedge accounting treatment. These derivative instruments are reported at fair value on the balance sheet as either other invested assets or other liabilities. Changes in the fair value of these instruments are reported as a change in unrealized capital gains or losses until the maturity or termination of the contract, at which time a realized capital gain or loss is recorded.

Treasury futures are used to mitigate the key rate duration mismatch between the designated segment of the general account asset portfolio and the custom composite benchmarks for that segment designed to incorporate certain interest rate characteristics of the liabilities that those assets support. Treasury futures obligate the Company to take or receive delivery of certain Treasury Bonds at a specified price at a future date.

Equity index futures are used to mitigate market fluctuations of the Company's portfolio of unaffiliated common stock and other mark to market assets and to minimize the volatility associated with certain liabilities. Equity index futures obligate the Company to pay or receive from a counterparty a cash amount based on a specified equity market index at a predefine price as of a future date applied to the notional amount of the contracts.

NOTE 3 – INVESTMENTS (CONTINUED)

Credit default swaps index ("CDX") are used to reduce the credit risk exposure on a specified portfolio of corporate bonds. The Company purchases CDX contracts in which it receives payments if there is a credit event on one or more of the specified securities contained in the index. These payments would be used to offset any credit losses recorded on the portfolio of bonds being hedged.

Replications

The Company purchased treasury futures as part of a replication transaction used to manage interest rate exposure. Statutory accounting guidance requires a cash instrument (high quality bond) with the same par value as the notional amount of the derivative and at least the same duration as the treasury futures to be held by the Company in order to cover the change in value of the treasury futures. The combining of the treasury futures and the cash instrument creates the replication (synthetic bond). If the replicated asset and cash instrument are carried at amortized cost so is the derivative. Otherwise, the derivative is carried at fair value. Synthetic bonds had an amortized cost of $0 million and $6,959 million at December 31, 2022 and December 31, 2021, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

The following tables provide additional information regarding derivatives that are designated as hedging instruments and those that are not designated as hedging instruments:

As of December 31, 2022	Notional Amount	Statement Value		Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income	Gain/(loss) from Operations
		Assets	Liabilities				
				(in millions)			
Derivatives designated as hedging instruments:							
Foreign currency swaps	$ 2,183	$ 148	$ 8	$ 147	$ -	$ -	$ -
Equity index futures	241	-	-	-	-	-	(56)
Treasury futures	150	-	-	-	-	-	-
S&P equity options	217	4	-	-	-	-	(7)
Derivatives not designated as hedging instruments:							
Treasury futures	-	-	-	6	(34)	-	-
Equity index futures	-	-	-	-	-	-	-
Credit default swap index	-	-	-	-	(4)	-	-
Total derivatives	$ 2,791	$ 152	$ 8	$ 153	$ (38)	$ -	$ (63)

As of December 31, 2021	Notional Amount	Statement Value		Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income	Gain/(loss) from Operations
		Assets	Liabilities				
				(in millions)			
Derivatives designated as hedging instruments:							
Foreign currency swaps	$ 1,787	$ 36	$ 43	$ 76	$ (1)	$ -	$ -
Equity index futures	291	-	-	-	-	-	51
Treasury futures	1,615	-	-	-	-	-	-
S&P equity options	123	6	-	-	-	-	4
Derivatives not designated as hedging instruments:							
Treasury futures	1,510	-	-	(7)	3	-	-
Equity index futures	-	-	-	-	-	-	-
Credit default swap index	-	-	-	-	4	-	-
Total derivatives	$ 5,326	$ 42	$ 43	$ 69	$ 6	$ -	$ 55

Repurchase Agreements:

The Company periodically enters into repurchase agreements whereby securities will be resold at a predefined price. There were no repurchase agreements as of December 31, 2022 and December 31, 2021, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

Reverse Repurchase Agreements:
The Company periodically enters into reverse repurchase arrangements whereby certain securities are loaned, primarily with major brokerage firms. The Company's policy requires a minimum of 95% of the fair value of the loaned securities as collateral, calculated on a daily basis, in the form of either cash or securities. Collateral assets received and related liabilities due counterparties are included in the Statutory Basis Balance Sheets as "Other Liabilities". There were no open reverse repurchase agreements on December 31, 2022 or December 31, 2021.

Securities Lending
There were no securities on loan at December 31, 2022 or December 31, 2021.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statutory guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions based on internally developed data in the absence of observable market information. The guidance requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs when determining the fair value of an asset or liability. The statement classifies all assets and liabilities carried or disclosed at fair value in one of the following three categories:

Level 1 – inputs are quoted market prices available in active markets for identical assets or liabilities on the reporting date.

Level 2 – inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – inputs are unobservable where there is little or no market activity for the asset or liability and the Company makes estimates and assumptions based on internally derived information.

The estimated fair values presented below have been determined using available information and valuation methodologies. The estimated fair value for financial instruments held by the Company was determined by management after considering the following sources of information: published market quotes for active exchange traded instruments, third party pricing vendors, quotes from investment banks that are lead market makers in certain markets, independent broker quotations, or the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Considerable judgment is applied in interpreting data to develop the estimates of fair value. Accordingly, such amounts are management's estimate of the value that would be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies from period to period based on available information and market conditions could have a material effect on the estimated fair values.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize the Company's financial instruments carrying amount and estimated fair value/Net Asset Value ("NAV") hierarchy levels for the period ending December 31, 2022 and December 31, 2021:

	December 31, 2022					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	$ 881	$ 38,130	$ 4,961	$ 43,972	$ -	$ 51,056
Common Stock (unaffiliated)	-	-	39	39	31	70
Mortgage Loans	-	-	5,518	5,518	-	5,994
Policy Loans	-	-	4,011	4,011	-	4,011
Derivative instruments	-	-	148	148	-	152
Surplus Notes investments	-	559	-	559	-	689
Residual tranche	-	-	194	194	-	193
Receivable for securities	-	-	19	19	-	19
Cash, cash equivalents and short-term investments	-	1,339	11	1,350	-	1,350
Due and accrued investment income	-	493	-	493	-	493
Total Assets	$ 881	$ 40,521	$ 14,901	$ 56,303	$ 31	$ 64,027
Liabilities						
Deposit type contracts	$ -	$ 4,340	$ -	$ 4,340	$ -	$ 4,687
Derivative instruments	-	-	10	10	-	8
Total Liabilities	$ -	$ 4,340	$ 10	$ 4,350	$ -	$ 4,695

	December 31, 2021					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	$ 1,415	$ 48,221	$ 4,490	$ 54,126	$ -	$ 50,112
Common Stock (unaffiliated)	-	-	35	35	76	111
Mortgage Loans	-	-	5,516	5,516	-	5,330
Policy Loans	-	-	3,765	3,765	-	3,765
Derivative instruments	-	-	36	36	-	42
Surplus Notes investments	-	826	-	826	-	689
Residual tranche	-	-	-	-	-	-
Receivable for securities	-	-	10	10	-	10
Cash, cash equivalents and short-term investments	-	791	-	791	-	791
Due and accrued investment income	-	484	-	484	-	484
Total Assets	$ 1,415	$ 50,322	$ 13,852	$ 65,589	$ 76	$ 61,334
Liabilities						
Deposit type contracts	$ -	$ 4,060	$ -	$ 4,060	$ -	$ 4,177
Derivative instruments	-	-	44	44	-	43
Total Liabilities	$ -	$ 4,060	$ 44	$ 4,104	$ -	$ 4,220

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Bonds and common stocks:
Estimated fair values for bonds, other than private placement securities and common stock are valued based on quoted prices from active markets when available (Level 1).

When the Company cannot obtain a quoted market price directly it relies on values provided by a third party pricing vendor. This is the pricing source for the majority of the Company's marketable securities. Prices received from a third party vendor are generally considered to be Level 2.

Pricing vendors utilize pricing models developed for individual asset classes which incorporate available market data. These market inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data which include market research publications. The pricing vendor may obtain broker quotes for securities when sufficient information is not available to fully evaluate a security. For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants.

Portfolio managers review the values assigned by the pricing vendor for reasonableness. In doing so, they compare the prices received from the pricing vendor to prices of similar securities, price ranges in that asset class or industry or prices from internally generated position reports. If there is a discrepancy with the price received from the vendor, the portfolio manager may communicate this difference to the pricing vendor and present the vendor with additional market data regarding that security in order to ensure the pricing vendor has sufficient information needed to accurately price the security. The pricing vendor will then independently validate and evaluate that data and determine if a price change is warranted.

In the rare instance when a portfolio manager finds a difference in his or her assessment of fair value and the vendor price, after performing the preceding procedures, the portfolio manager may request replacement of the vendor price by a supportable value that is believed to be more representative of the security price. Any replacement of the vendor price is subject to an internal approval process.

The fair values of private placement bonds are determined by using an internal pricing model or for a small amount of securities, assigned individual broker prices. There were one hundred and thirty six private placement bonds that were individually priced. These assigned individual prices are usually obtained from an external broker ("hand priced") and are considered to be Level 3.

The significant inputs used for the internal pricing model consist of (i) a broker supplied price matrix, (ii) treasury rates and (iii) credit ratings from certain nationally recognized securities rating organizations ("NRSRO") ("external ratings") or a credit rating assigned internally by the Company's Private Placement Investment Management Group ("internal ratings").

Private placement bonds with an applicable external credit rating of BB or above, for which the corresponding matrix price is used, are classified as Level 2. A private placement bond with an applicable external credit rating of below BB is classified as Level 3 due to the limited amount of market data available for these securities.

The fair values of certain private placement bonds are obtained from a third-party pricing vendor and considered to be Level 3. The Company uses the mid-point of the price range provided by the vendor which was developed using a discounted cash flow model. Cash flows are modeled utilizing standard industry assumptions relating to prepayments, defaults, and loss severity upon default. Consideration is also given to reinvestment period, principal payment priority and required distributions. The discount rate is adjusted for observed changes in the general market as well as changes in credit performance. The derived discount rate is further evaluated for reasonableness by comparing it to rates on comparable instruments.

Bonds are carried at amortized cost unless they are rated 6 by the NAIC SVO in which case they are reported at the lower of amortized cost or fair value. There were six bonds rated 6 by the NAIC SVO and carried at fair value of $12 million on December 31, 2022 and four bonds rated 6 by the NAIC SVO and carried at fair value of $6 million on December 31, 2021. In addition, there were no Bond ETFs carried at fair value on December 31, 2022 and 2021.

Unaffiliated common stocks are reported at fair value.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Mortgage Loans
The estimated fair value of the mortgage loan portfolio is derived primarily using a loan value matrix using significant unobservable inputs. The inputs used in the matrix include (1) the weighted average cash flow and average term to maturity for each individual loan; (2) a base spread over the U.S. Treasury rate and (3) an internally computed credit rating that is used to derive the appropriate credit spread. Mortgage loans were carried at amortized cost on December 31, 2022 and December 31, 2021 and are classified as Level 3.

Policy Loans
See Note 2 for information regarding policy loans, for which the Company considers the unpaid principal balance to approximate fair value and are classified as Level 3.

Derivatives:
Derivative instruments are valued through the use of quoted market prices for exchange-traded derivatives (Level 1), third party pricing model and a third party pricing service for over-the-counter ("OTC") traded derivatives (Level 2) and by using internally developed estimates and assumptions when no quoted market price or third party vendor price is available (Level 3).

The third party pricing model used to determine fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be consistent with what market participants would use when pricing the instruments. The significant inputs to the pricing models for most over-the-counter derivatives are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Significant observable inputs include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility.

The methodology used by the third party pricing service for derivative investments is the same as that described above under the bonds and common stocks section.

Surplus Note Investments
The Company invests in surplus note issuances of other mutual insurance companies. These bond-like instruments are classified as Level 2 financial instruments and are valued based on prices obtained from independent pricing services or internally developed pricing models using observable inputs. Typical market-observable inputs include benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Residual Tranches
The estimated fair value for residual tranches, classified as Level 3, are valued based on prices obtained from an independent pricing source. Typical market-observable inputs include benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Receivables for securities
These receivables are amounts due from financial institutions for securities that were sold by the Company but the proceeds from the sale have not yet been received by the Company. Due to the short-term of the period in which the Company expects to receive these amounts it considers the carrying value of these balances to approximate fair value and are classified as Level 2.

Cash, cash equivalents and short-term investments
See Note 2 for information regarding cash, cash equivalents and short-term investments include cash deposit balances, short-term commercial paper, and other highly liquid debt instruments. Cash amounts are classified as Level 1. All remaining cash equivalents and short-term investments are classified as Level 2 except for the outstanding balance on the line of credit with a subsidiary which is classified as Level 3.

Due and accrued investment income
Due and accrued investment income is either investment income earned and legally due to be paid to the Company as of the reporting date or investment income earned as of the reporting date but not legally due to be paid to the Company until after the reporting date. The Company expects to receive these amounts shortly after they become due and is required to non-admit any balance that is over 90 days past due or charge it against income in the period that it is deemed uncollectible. Therefore, the Company considers these amounts short-term in nature and that the carrying value approximates fair value. This amount is classified as Level 2.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Deposit type contracts

Deposit type contracts are made up of funding agreements backing medium term notes for which fair values are based on market prices for the notes when available. For funding agreements with no available market price, fair values are estimated using discounted cash flow calculations based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For all other deposit funds, the fair value is estimated to be equal to the account value since they can be withdrawn at any time and without prior notice.

The following tables summarize the Company's financial instruments carried at fair value by their fair value/NAV hierarchy levels for the period ending December 31, 2022 and December 31, 2021:

	December 31, 2022					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	-	12	-	12	-	12
Derivative Instruments	-	-	4	4	-	4
Common Stock	-	-	39	39	31	70
Residual Tranches	-	-	132	132	-	132
Total Assets	$ -	$ 12	$ 175	$ 187	$ 31	$ 218
Liabilities						
Derivative instruments	$ -	$ -	$ -	$ -	$	$ -
Total Liabilities	$ -	$ -	$ -	$ -	$ -	$ -

	December 31, 2021					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	-	6	-	6	-	6
Derivative Instruments	-	-	6	6	-	6
Common Stock	-	-	35	35	76	111
Total Assets	$ -	$ 6	$ 41	$ 47	$ 76	$ 123
Liabilities						
Derivative instruments	$ -	$ -	$ 50	$ 50	$	$ 50
Total Liabilities	$ -	$ -	$ 50	$ 50	$ -	$ 50

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarizes changes to the Company's financial instruments carried at fair value and classified as level 3 in the fair value hierarchy for the year ended December 31, 2022 and December 31, 2021.

	As of December 31, 2022				
Level 3 Roll Forward	Bonds	Common Stock (unaffiliated)	Derivative Instruments	Residual Tranches	Total
		(In Millions)			
Fair Value , beginning of period	$ -	$ 35	$ 6	$ -	41
Total gains or (losses) (realized or unrealized):					
Included in net income	-	-	-	-	-
Included in surplus	-	-	(7)	(2)	(9)
Purchases, sales, issuances, and settlements:					
Purchases	-	26	7	134	167
Sales	-	(21)	-	-	(21)
Issuances	-	-	(2)	-	(2)
Settlements	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Fair value, end of period	$ -	$ 40	$ 4	$ 132	176

During 2022, there were no transfers into or out of Level 3.

	As of December 31, 2021				
Level 3 Roll Forward	Bonds	Common Stock (unaffiliated)	Derivative Instruments	Residual Tranches	Total
		(In Millions)			
Fair Value , beginning of period	$ -	$ 34	$ 2	$ -	36
Total gains or (losses) (realized or unrealized):					
Included in net income	-	-	-	-	-
Included in surplus	-	-	3	-	3
Purchases, sales, issuances, and settlements:					
Purchases	-	12	4	-	16
Sales	-	(11)	(3)	-	(14)
Issuances	-	-	-	-	-
Settlements	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Fair value, end of period	$ -	$ 35	$ 6	-	41

During 2021, there were no transfers into or out of Level 3.

NOTE 5 – RESERVES FOR POLICY BENEFITS

Reserves for policy benefits represent the estimated net present value of future policy benefits, less future policy premiums, established using actuarial methods based on mortality and morbidity experience tables and valuation interest rates prescribed by the Department. Actual future experience will generally differ from assumptions used to determine these reserves.

Reserves for future policy benefits on life insurance issued in 1988 and later are calculated principally on the New Jersey Reserve Method or the Commissioners Reserve Valuation Method using the 1980 Commissioners' Standard Ordinary ("CSO"), the 2001 CSO, and the 2017 CSO mortality tables. Reserves for term policies and riders issued in 2019 and later, and Universal Life with Secondary Guarantees issued in 2020 and later use the valuation methods specified in Valuation Manual ("VM") -20. Reserves on life policies issued before 1988 are calculated principally on the Net Level Premium Reserve Method using the American Experience, 1941, 1958 and 1980 CSO mortality tables. Annuity contract reserves are principally calculated using the 1983 Group Mortality table and the various Individual Annuity mortality tables. Assumed interest rates principally range from 2.5% to 5.5 % for direct business.

The reserves for Group Life Waiver and Long Term Disability ("LTD") reported claims are determined on a seriatim basis. Life waiver of premium reserves are determined primarily using the 1970 Inter-company Group Life Disability Table for claims incurred on or before December 31, 2008 and the 2005 Group Term Life Waiver Reserve Valuation Table for claims incurred on or after January 1, 2009. The interest rate is 4.0% for claims incurred on or before December 31, 2012, 3.5% for claims incurred between January 1, 2013 and December 31, 2020, and 3.0% for claims incurred on or after January 1, 2021. Long term disability reserves are determined using the 2012 Group Long Term Disability Valuation Table for claims incurred on or after January 1, 2017 and Table 95a for claims incurred on or before December 31, 2016 for the first 24 months after disablement, and the 1987 Commissioners' Group Disability Table for greater than 24 months of disablement. The interest rates range from 2.0% to 5.0%, depending on the year of incurral. Short Term Disability ("STD"), Dental, and Medical claims incurred but not yet reported ("IBNR") reserves are estimated based on the Company's historical experience. Dental and Medical reserves include reasonable allowances for potential adverse deviation.

The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium paid beyond the date of death. The larger of legally computed reserves and cash surrender values on a policy-by-policy basis are held as liabilities. Plans, except for second-to-die plans, charge additional premiums for substandard lives based upon actual issue age. Second-to-die plans develop substandard reserves using the rated up age. Mean reserves are based on appropriate multiples of standard rates of mortality. As of December 31, 2022, the Company had $12 billion of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of New York. The reserves to cover the above insurance totaled $40 million. The Tabular Interest, the Tabular Less Actual Reserve Released and the Tabular Cost have been determined by formula. For the determination of Tabular Interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as the product of such valuation rate of interest times the average of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

At December 31, 2022 and December 31, 2021 the withdrawal characteristics of the Company's annuity reserves and deposit type contract liabilities without life or disability contingencies were as follows:

	As of December 31, 2022				
	General Account	Separate Account with Guarantees	Separate Account Non Guaranteed	Total	% of Total
	(in millions)				
A. Individual Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 161	$ -	$ -	$ 161	91.5%
(2) Not subject to discretionary withdrawal	$ 15	$ -	$ -	$ 15	8.5%
(3) Total (gross: direct + assumed)	$ 176	$ -	$ -	$ 176	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 176	$ -	$ -	$ 176	100.0%
(6) Amount included in A(1)b above that will move to A(1)e for the first time whin the year after the statement date	$ 176	$ -	$ -	$ 176	
B. Group Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ -	$ -	$ -	$ -	0.0%
(2) Not subject to discretionary withdrawal	$ 7	$ -	$ -	$ 7	100.0%
(3) Total (gross: direct + assumed)	$ 7	$ -	$ -	$ 7	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 7	$ -	$ -	$ 7	100.0%
(6) Amount included in B(1)b above that will move to B(1)e for the first time whin the year after the statement date	$ 7	$ -	$ -	$ 7	
C. Deposit-Type Contracts (no life contingencies):					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ 8	$ -	$ -	$ 8	0.2%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ 8	$ -	$ -	$ 8	0.2%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 466	$ -	$ -	$ 466	9.3%
(2) Not subject to discretionary withdrawal	$ 4,531	$ -	$ -	$ 4,531	90.5%
(3) Total (gross: direct + assumed)	$ 5,005	$ -	$ -	$ 5,005	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 5,005	$ -	$ -	$ 5,005	100.0%
(6) Amount included in C(1)b above that will move to C(1)e for the first time whin the year after the statement date	$ 5,005	$ -	$ -	$ 5,005	
Total annuity actuarial reserves and deposit liabilities:	$ 5,188	$ -	$ -	$ 5,188	
Reconcilliation of total annuity actuarial reserves and deposit liabilities:					
Life and Accident & Health Annual Statement	$ 5,188	$ -	$ -	$ 5,188	
Separate Accounts Annual Statement	-	-	-	-	
Total annuity actuarial reserves and deposit liabilities:	$ 5,188	$ -	$ -	$ 5,188	

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

	As of December 31, 2021				
	General Account	Separate Account with Guarantees	Separate Account Non Guaranteed	Total	% of Total
	(in millions)				
A. Individual Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 165	$ -	$ -	$ 165	93.8%
(2) Not subject to discretionary withdrawal	$ 15	$ -	$ -	$ 15	8.5%
(3) Total (gross: direct + assumed)	$ 180	$ -	$ -	$ 180	102.3%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 180	$ -	$ -	$ 180	102.3%
(6) Amount included in A(1)b above that will move to A(1)e for the first time whin the year after the statement date	$ 180	$ -	$ -	$ 180	
B. Group Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ -	$ -	$ -	$ -	0.0%
(2) Not subject to discretionary withdrawal	$ 7	$ -	$ -	$ 7	100.0%
(3) Total (gross: direct + assumed)	$ 7	$ -	$ -	$ 7	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 7	$ -	$ -	$ 7	100.0%
(6) Amount included in B(1)b above that will move to B(1)e for the first time whin the year after the statement date	$ 7	$ -	$ -	$ 7	
C. Deposit-Type Contracts (no life contingencies):					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ 9	$ -	$ -	$ 9	0.2%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ 9	$ -	$ -	$ 9	0.2%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 480	$ -	$ -	$ 480	9.6%
(2) Not subject to discretionary withdrawal	$ 3,978	$ -	$ -	$ 3,978	79.5%
(3) Total (gross: direct + assumed)	$ 4,467	$ -	$ -	$ 4,467	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 4,467	$ -	$ -	$ 4,467	100.0%
(6) Amount included in C(1)b above that will move to C(1)e for the first time whin the year after the statement date	$ 4,467	$ -	$ -	$ 4,467	
Total annuity actuarial reserves and deposit liabilities:	$ 4,654	$ -	$ -	$ 4,654	
Reconcilliation of total annuity actuarial reserves and deposit liabilities:					
Life and Accident & Health Annual Statement	$ 4,654	$ -	$ -	$ 4,654	
Separate Accounts Annual Statement	-	-	-	-	
Total annuity actuarial reserves and deposit liabilities:	$ 4,654	$ -	$ -	$ 4,654	

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

At December 31, 2022 and December 31, 2021 the withdrawal characteristics of the Company's life actuarial reserves were as follows:

	As of December 31, 2022		
	General Account		
	Account Value	Cash Value	Reserve
		(in millions)	
A. Subject to discretionary withdrawal, surrender values, or policy loans:			
(1) Term Policies with Cash Value	$ -	$ -	$ -
(2) Universal Life	1,143	1,121	1,150
(3) Universal Life with Secondary Guarantees	126	94	379
(4) Indexed Universal Life	-	-	-
(5) Indexed Universal Life with Secondary Guarantees	-	-	-
(6) Indexed Life	-	-	-
(7) Other Permanent Cash Value Life Insurance	-	45,064	46,462
(8) Variable Life	-	-	-
(9) Variable Universal Life	-	-	6
(10) Miscellaneous Reserves	-	-	-
B. Not subject to discretionary withdrawal or no cash values:			
(1) Term Policies without Cash Value	-	-	1,689
(2) Accidental Death Benefits	-	-	5
(3) Disability - Active Lives	-	-	160
(4) Disability - Disabled Lives	-	-	410
(5) Miscellaneous Reserves	-	-	787
C. Total (gross: direct + assumed)	1,269	46,279	51,048
D. Reinsurance ceded	-	-	-
E. Total (net) (C) - (D)	$ 1,269	$ 46,279	$ 51,048

	As of December 31, 2021		
	General Account		
	Account Value	Cash Value	Reserve
		(in millions)	
A. Subject to discretionary withdrawal, surrender values, or policy loans:			
(1) Term Policies with Cash Value	$ -	$ -	$ -
(2) Universal Life	1,119	1,094	1,125
(3) Universal Life with Secondary Guarantees	117	86	358
(4) Indexed Universal Life	-	-	-
(5) Indexed Universal Life with Secondary Guarantees	-	-	-
(6) Indexed Life	-	-	-
(7) Other Permanent Cash Value Life Insurance	-	42,309	43,548
(8) Variable Life	-	-	6
(9) Variable Universal Life	-	-	-
(10) Miscellaneous Reserves	-	-	-
B. Not subject to discretionary withdrawal or no cash values:			
(1) Term Policies without Cash Value	-	-	1,681
(2) Accidental Death Benefits	-	-	5
(3) Disability - Active Lives	-	-	169
(4) Disability - Disabled Lives	-	-	406
(5) Miscellaneous Reserves	-	-	763
C. Total (gross: direct + assumed)	1,236	43,489	48,061
D. Reinsurance ceded	-	-	1,217
E. Total (net) (C) - (D)	$ 1,236	$ 43,489	$ 46,844

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

Note Program

Funding agreements are investment contracts whose reserve liabilities are the greater of the face amount and the present value of future liabilities taking into account the coupon rate and the valuation rate. The account value is established by contract deposits, increased by interest credited and decreased by contract coupon payments and maturities. Contract holders do not have the right to terminate the contract prior to the contractually stated maturity date. Credited interest rates vary by contract and can be fixed or floating.

The Company has a $5.0 billion Global Medium Term Note Program. Under the note program, the Company created a special purpose entity ("SPE"), which is an investment vehicle or trust, for the purpose of issuing medium-term notes to investors. Proceeds from the sale of the medium-term notes issued by the SPE are used to purchase funding agreements from the Company. The medium-term notes are secured by the funding agreements with the note issuer granting a security interest in the funding agreement to the indenture trustee for the notes. The payment terms of any particular series of notes are matched by the payment terms of the funding agreement securing the series. The amounts outstanding were $3.8 billion and $3.4 billion on December 31, 2022, and December 31, 2021, respectively and are included in the Statutory Basis Balance Sheets as "Policyholder dividends payable and other contract liabilities". During 2022, notes totaling $400 million matured and new notes totaling $800 million were issued. During 2021, notes totaling $800 million matured and new notes totaling $600 million were issued.

The Company also issues funding agreements to the Federal Home Loan Bank of New York (FHLBNY). The amounts outstanding were $663 million and $567 million on December 31, 2022, and December 31, 2021, respectively, and are included in the Statutory Basis Balance Sheets as "Policyholder dividends payable and other contract liabilities". During 2022, notes totaling $2.9 billion matured and new notes totaling $3.0 billion were issued. During 2021, notes totaling $890 million matured and new notes totaling $957 million were issued. At December 31, 2022, $163 million of funding agreements outstanding were due in January 2023, and were repaid on January 23, 2023. At December 31, 2021, $67 million of funding agreements outstanding was repaid on March 29, 2022 and the remaining $500 million outstanding is due on April 16, 2025.

NOTE 6 – PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Gross deferred and uncollected life insurance premiums represent premiums due to be received from policy owners through the next policy anniversary date. Net deferred and uncollected life insurance premiums represent only the portion of gross premiums related to mortality charges and interest. Deferred and uncollected life insurance premiums at December 31, 2022 and December 31, 2021 were as follows:

	2022		2021	
	(In millions)		(In millions)	
Type	**Gross**	**Net**	**Gross**	**Net**
Ordinary new business	$ 74	$ 74	$ 78	$ 77
Ordinary renewal	801	644	762	618
Group life	92	291	117	301
Totals	$ 967	$ 1,009	$ 957	$ 996

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS

Defined Benefit Plans:

The Company sponsors non-contributory defined benefit pension plans covering all eligible Home Office and Field Representative employees. These include tax-qualified plans, as well as nonqualified plans that provide benefits to certain participants in-excess of ERISA limits for qualified plans. The Company's policy is to fully fund the obligations of qualified plans in accordance with ERISA requirements. In 2020, the Company froze future pension benefit accruals for Home Office employees who did not reach the Rule of 75, determined using 75 "points" when combining an employee's age plus years of service as of December 31, 2020.

In addition to pension benefits, the Company provides postretirement benefits for retired employees. All Field representatives may become eligible for these benefits if they reach retirement age while working for the Company. In 2020, the Company eliminated this benefit for all Home Office employees that retire after December 31, 2020.

In accordance with NAIC SAP, the costs associated with these required benefits are expensed over the period that the participant provides services to the Company, including recognition of assets and liabilities based on the funded status of the related plans. Pension assets are then non-admitted and thereby excluded from surplus.

Components of Net Periodic Benefit Expense

The components of net periodic pension and postretirement benefits expense including the amount of unrecognized items amortized into expense for the years ended December 31 are as follows:

	Pension Benefits		Postretirement Benefits	
	2022	2021	2022	2021
	(In millions)			
Service cost	$ 47	$ 52	$ 3	$ 3
Interest cost	95	91	5	6
Expected return on plan assets	(163)	(172)	(9)	(10)
Amortization of transition amount	-	-	4	5
Amortization of actuarial net loss	63	81	(7)	(10)
Settlement	25	-	-	-
Net periodic expense (income)	$ 67	$ 52	$ (4)	$ (6)

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Changes in the projected benefit obligations and plan assets during the years ended December 31, 2022 and December 31, 2021 were as follows (in millions):

	Pension Benefits		Postretirement Benefits	
Change in benefit obligation	**2022**	**2021**	**2022**	**2021**
Benefit obligation, at beginning of period	$ 3,217	$ 3,380	$ 206	$ 219
Service cost	47	52	3	3
Interest cost	95	91	5	6
Actuarial (gain)	(908)	(99)	(33)	(8)
Settlements	(77)	-	-	-
Benefits paid	(141)	(207)	(16)	(14)
Benefit obligation, at end of period	$ 2,233	$ 3,217	$ 165	$ 206

	Pension Benefits		Postretirement Benefits	
Change in fair value of plan assets	**2022**	**2021**	**2022**	**2021**
Plan assets, at beginning of period	$ 2,482	$ 2,537	$ 142	$ 144
Actual return on plan assets	(479)	135	(41)	11
Employer contributions	62	17	1	1
Benefits paid	(141)	(207)	(16)	(14)
Settlements	(77)	-	-	-
Plan assets, at end of period	$ 1,847	$ 2,482	$ 86	$ 142

	Pension Benefits		Postretirement Benefits	
Funded status	**2022**	**2021**	**2022**	**2021**
Funded status at end of period	$ (387)	$ (735)	$ (79)	$ (63)
Unrecognized actuarial net loss	578	931	-	-
Net amount recognized	$ 191	$ 196	$ (79)	$ (63)

	Pension Benefits		Postretirement Benefits	
Recognized as of December 31	**2022**	**2021**	**2022**	**2021**
Prepaid benefit cost	$ -	$ -	$ -	$ -
Less assets non admitted	61	-	-	-
Accrued liability	(448)	(735)	(79)	(75)
Net amount recognized	$ (387)	$ (735)	$ (79)	$ (75)

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Assumptions

Weighted average assumptions used in calculating the benefit obligations were as follows:

	Pension Benefits		Post Retirement Benefits	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Discount Rate:				
Home Office Plan	5.65%	3.05%	5.75%	2.90%
Field Representative Plan	5.60%	3.05%	5.70%	3.05%
Rate of compensation increase	3.00%	3.00%	n/a	n/a

Weighted average assumptions used in calculating the net periodic benefit cost were as follows:

	Pension Benefits For the Years Ended		Post Retirement Benefits For the Years Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Discount Rate:				
Home Office Plan	3.05%	2.75%	2.90%	2.55%
Field Representative Plan	3.05%	2.75%	3.05%	2.70%
Rate of compensation increase	3.00%	3.00%	n/a	n/a
Expected return on plan assets	6.80%	7.00%	6.80%	7.00%

Assumed health care cost trend rates were as follows:

	As of December 31,	
	2022	2021
Medical & Prescription Pre - Age 65	6.75%, grading to 4.5% over 10 years	6.50%, grading to 4.5% over 10 years

The accumulated benefit obligations ("ABO") for the funded and unfunded pension plans were $1,706 million and $404 million, respectively, at December 31, 2022 and $2,486 million and $541 million, respectively, at December 31, 2021 . The accumulated post retirement benefit obligation ("APBO") for the postretirement plans was $165 million at December 31, 2022 and $206 million at December 31, 2021.

For the pension plans with ABO in excess of plan assets, the projected benefit obligations, accumulated benefit obligations, and fair value of plan assets were and $982 million, $404 million, and $534 million respectively at December 31, 2022 and $3,217 million, $1,249 million, and $691 million respectively at December 31, 2021 .

With respect to the Company's pension plans, the actuarially calculated funding amount ranges from the minimum amount the Company would be required to contribute to the maximum amount that would be deductible for tax purposes. Contribution amounts in excess of the minimum amounts are deemed voluntary. Amounts in excess of the maximum amount would be subject to an excise tax and may not be deductible under the Internal Revenue Code. The Company made voluntary contributions of $42 million in 2022 and no voluntary contributions in 2021 and does not expect to make voluntary contributions in 2023.

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Benefit Payments

The following table discloses the expected benefit payments for the Company's pension and postretirement plans.

	Pension Benefits	Other Benefits
Estimated Future Payments	(In millions)	
2023	156	14
2024	154	15
2025	163	16
2026	162	15
2027	168	16
2028 - 2032	869	74

Plan Assets

The Company's pension and postretirement plans' asset allocation by major asset class at December 31, 2022 and December 31, 2021, and the target allocation for 2023, are as follows:

	Target Allocation	Percentage of Plan Assets at	
Asset Category	**2023**	**As of December 31, 2022**	**As of December 31, 2021**
U.S. Stocks	0%-50%	28%	27%
International Stocks	0%-10%	3%	4%
Non-convertible Bonds	60%-90%	69%	69%
		100%	100%

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

The investment strategy with respect to the Company's pension plan assets is to preserve capital and to seek investment returns with a goal of fully funding the plan.

The expected rate of return was 6.8 % for the year ended December 31, 2022 and 7.0% for the year ended December 31, 2021. These rates of return are an aggregation of expected returns within each asset category. The return with respect to each asset class considers both historical returns and the future expectations for such returns.

Target allocations of assets are determined with the objective of maximizing returns and minimizing volatility of net assets through adequate asset diversification and partial liability immunization. Adjustments are made to target allocations based on the Company's assessment of the impact of economic factors and market conditions.

The following table summarizes the Master Trust's financial instruments carried at fair value hierarchy levels. The fair values were estimated using the same methodology described in Note 4.

	As of December 31, 2022 (In millions)			
Description	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
U.S. Stocks	$ -	$ 198	$ -	$ 198
International Stocks		47		47
Non-convertible Bonds	-	1,289	-	1,289
Total	$ -	$ 1,534	$ -	$ 1,534

	As of December 31, 2021 (In millions)			
Description	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair**
U.S. Stocks	$ -	$ 393	$ -	$ 393
International Stocks		90		90
Non-convertible Bonds	4	1,786	-	1,790
Total	$ 4	$ 2,269	$ -	$ 2,273

There were no financial instruments carried at fair value and classified as Level 3 as of December 31, 2022 and 2021.

Defined Contribution Plans

The Company sponsors defined contribution plans. Home office employees are covered by an investment and profit sharing plan pension plans 401(k)/401(a). Employees can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 10% (if not highly paid) of non-matched contributions. In addition, the Company provides a profit sharing allocation in proportion to salary. For home office employees hired on or after January 1, 2018, or home office employees hired before January 1, 2018 that do not meet the Rule of 75 as of December 31, 2020, the Company also makes a non-elective contribution to the Plan based on the age, years of service, and compensation of the participant. Field representatives are covered by a 401(k)/401(a) investment plan in which they can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 12% (if not highly paid) of non-matched contributions. The assets for both home office plans and the field representative's plan are held in a trust. Full time agents and general agents are covered by non-contributory plans. The Company contributed $91 million to these plans in 2022 and $86 million in 2021. The Company funds these plans and reflects the funded amounts as a liability.

NOTE 8 – INCOME TAXES

Consolidated Federal Income Tax Return

The Company's federal income tax return is consolidated with the following entities:

- Guardian Insurance & Annuity Company, Inc.,
- Park Avenue Life Insurance Company,
- Sentinel American Life Insurance Company,
- Family Service Life Insurance Company,
- Managed Dental Care of California,
- Managed Dental Guard of Texas,
- Managed Dental Guard of New Jersey,
- Innovative Underwriters Inc.,
- Berkshire Life Insurance Company of America,
- First Commonwealth, Inc. and its subsidiaries,
- Reed Group Ltd,
- GIS Canada Holdings Corp, and
- Guardian Abbey LLC

The Company files a consolidated federal income tax return as parent, with its subsidiaries. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net capital losses, which it may incur, or to recoup its net operating or capital losses carried forward as an offset to future net income or capital gains subject to federal income taxes.

The Internal Revenue Code limits the amount of non-life insurance losses that may offset life insurance company taxable income. The consolidated income tax liability is allocated among the members of the group pursuant to a tax allocation agreement. In accordance with the tax allocation agreement, each qualifying member of the group computes its tax provision and liability on a separate return basis, but may, where applicable, recognize benefits of net operating losses and capital losses utilized in the consolidated group. Subsidiary tax liabilities/benefits are settled subsequent to the filing of the federal income tax return.

The Company does not anticipate any significant changes to its tax contingencies within the next 12 months.

The Inflation Reduction Act was enacted into law on August 16, 2022. This provision imposes a 15% Corporate Alternative Minimum Tax ("CAMT") on adjusted financial statement income ("AFSI") for applicable corporation with average annual AFSI over a three-year period in excess of $1 billion effective for taxable years beginning after December 31, 2022. As of December 31, 2022 management has determined that the Company and its subsidiaries does not expect to be subject to CAMT in 2023.

NOTE 8 – INCOME TAXES (CONTINUED)

Deferred income taxes are generally recognized, based on enacted tax rates, when assets and liabilities have different values for financial statement and tax purposes.

The components of the net deferred tax asset recognized in the Company's Statutory Basis Balance Sheets are as follows:

	December 31, 2022		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,696	$ 148	$ 1,844
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,696	148	1,844
Deferred Tax Assets Nonadmitted	-	-	-
Subtotal Net Admitted Deferred Tax Asset	1,696	148	1,844
Deferred Tax Liabilities	823	253	1,076
Net Admitted Deferred Tax Asset	$ 873	$ (105)	$ 768

	December 31, 2021		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,646	$ 124	$ 1,770
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,646	124	1,770
Deferred Tax Assets Nonadmitted	-	-	-
Subtotal Net Admitted Deferred Tax Asset	1,646	124	1,770
Deferred Tax Liabilities	827	260	1,087
Net Admitted Deferred Tax Asset	$ 819	$ (136)	$ 683

	Change		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 50	$ 24	$ 74
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	50	24	74
Deferred Tax Assets Nonadmitted	-	-	-
Subtotal Net Admitted Deferred Tax Asset	50	24	74
Deferred Tax Liabilities	(4)	(7)	(11)
Net Admitted Deferred Tax Asset	$ 54	$ 31	$ 85

A valuation allowance is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's management has concluded that the deferred income tax assets are more likely than not to be realized. Therefore, no valuation allowance has been provided.

Admission calculation components SSAP No. 101 (Paragraph 11)

The Company follows the guidance in Statement of Statutory Accounting Principles No. 101 - Income Taxes, A Replacement of SSAP No. 10R and SSAP No.10 ("SSAP 101"). SSAP 101 included a similar calculation for limitation of gross deferred tax assets as SSAP 10R for insurers that maintain a minimum of 300% of their authorized control level RBC computed without net deferred tax assets. The Company exceeded the 300% minimum RBC requirement at December 31, 2022 and 2021.

NOTE 8 – INCOME TAXES (CONTINUED)

	December 31, 2022		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss	$ -	$ 61	$ 61
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	726	7	733
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the	726	7	733
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	-	-	1,211
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	970	80	1,050
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 1,696	$ 148	$ 1,844

	December 31, 2021		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss	$ -	$ 90	$ 90
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	682	-	682
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the	682	-	682
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	-	-	1,185
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	963	34	997
Deferred tax assets admitted as the result of application of SSAP No. 101.Total	$ 1,645	$ 124	$ 1,769

	Change		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss	$ -	$ (29)	$ (29)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	44	7	51
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the	44	7	51
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	26
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax	7	46	53
Deferred tax assets admitted as the result of application of SSAP No. 101.Total	$ 51	$ 24	$ 75

	2022	2021
Ratio percentage used to determine recovery period and threshold limitation amount	970%	997%
Amount of adjusted capital and surplus used to determine recovery period and threshold	$ 10,274	$ 10,024

NOTE 8 – INCOME TAXES (CONTINUED)

	December 31, 2022	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	$ 1,696	148
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.0%	2.7%
3. Net Admitted Adjusted Gross DTAs amount	1,696	148
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	2.7%

	December 31, 2021	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	$ 1,646	124
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.0%	5.1%
3. Net Admitted Adjusted Gross DTAs amount	1,646	125
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	5.1%

	Change	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	50	24
2. Percentage of adjusted gross DTAs by tax character attributable to the	0.0%	-2.4%
3. Net Admitted Adjusted Gross DTAs amount from	50	23
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	-2.4%

Does the Company's tax-planning strategies include the use of reinsurance?	Yes		No	X

All DTL were recognized as of December 31, 2022 and December 31, 2021.

Current income taxes incurred consisted of the following major components:

Description	December 31, 2022	December 31, 2021	Change
(In millions)			
Federal income tax (benefit)/expense on operating income	$ 13	$ 21	$ (8)
Prior year overaccrual	(59)	(12)	(47)
Contingent tax	-	-	-
Current Federal operations income tax expense /(benefit)	$ (46)	$ 9	$ (55)
Federal income tax expense/(benefit) on capital gains/(losses)	$ (1)	$ 75	$ (76)
Prior year underaccrual	34	(4)	38
Current Federal capital gain income tax expense/(benefit)	$ 33	$ 71	$ (38)
Federal and foreign income taxes incurred	$ (13)	$ 80	$ (93)

NOTE 8 – INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2022	2021	Change
DTAs Resulting from Book/Income Tax Differences In:		(In millions)	
Ordinary:			
Reserves	$ 699	$ 679	$ 20
Policy acquisition costs	390	359	31
Dividend provision	255	229	26
Liabilities for employees and agents	121	133	(12)
Pension Accrual	98	168	(70)
Non admitted assets	44	32	12
Leasehold improvement	4	1	3
Contract liabilities and unpaid claims	-	1	(1)
Other	85	44	41
Gross ordinary DTA - (admitted and nonadmitted)	$ 1,696	$ 1,646	$ 50
Statutory valuation allowance adjustment - ordinary	-	-	-
Total ordinary DTA - (nonadmitted)	-	-	-
Admitted ordinary DTA	1,696	1,646	50
Capital:			
Impaired securities	115	122	(7)
Unrealized capital losses	30	-	30
Other	3	2	1
Gross capital DTA - (admitted and nonadmitted)	148	124	24
Total capital DTA - (nonadmitted)	-	-	-
Admitted capital DTA	148	124	24
Total admitted DTA	$ 1,844	$ 1,770	$ 74
DTLs Resulting from Book/Income Tax Differences In:			
Ordinary:			
Deferred and uncollected premiums	$ 244	$ 242	$ 2
Advanced premium	85	80	5
Reserve transition adjustment (8 Year)	57	76	(19)
Guaranteed dividend	172	153	19
Other invested assets	204	191	13
Reserves 10 year spread	3	5	(2)
Other	58	80	(22)
Ordinary DTL	$ 823	$ 827	$ (4)
Capital:			
Unrealized capital gains	199	207	(8)
Deferred gain	53	53	-
Other	1	-	1
Capital DTL	253	260	(7)
Total DTL	$ 1,076	$ 1,087	$ (11)
Net admitted DTA/(DTL)	$ 768	$ 683	$ 85
The Change in net deferred income taxes is comprised of the following:			
Adjusted gross deferred tax assets	$ 1,844	$ 1,770	$ 74
Total deferred tax liabilities	1,076	1,087	(11)
Net deferred tax assets (liabilities)	$ 768	$ 683	$ 85
Tax effect of net unrealized gains (losses)			(37)
Change in net deferred income tax			$ 48

Changes in net deferred income tax, including changes attributable to changes in tax rates and changes in tax status, if any, shall be recognized as a separate component of gains and losses in unassigned funds (Surplus).

NOTE 8 – INCOME TAXES (CONTINUED)

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant book to tax adjustments causing this difference were the following:

	December 31, 2022	Effective Tax Rate
	(In millions)	
Net gain from operations after dividends to policyholders and before Federal income tax @21%	$ 27	
Net realized capital gains (losses) @21%	(26)	
Provision calculated at statutory rate	1	21%
Tax effect of:		
Interest maintenance reserve	(42)	(2100%)
Tax Exempt Interest	(3)	(150%)
Affiliated Dividends	(4)	(200%)
Tax Credit	(67)	(3350%)
Non-Admitted Assets	(11)	(550%)
Return to Provision	(4)	(200%)
Pension Adjustment	70	3529%
Other	(1)	(50%)
Total statutory income tax expense/(benefit)	$ (61)	(3050%)
Federal income taxes incurred	(13)	(650%)
Change in net deferred income taxes	(48)	(2400%)
Total statutory income tax expense/(benefit)	$ (61)	(3050%)

Operating Loss and Tax Credit Carryforwards

As of December 31, 2022, the Company does not have any net ordinary loss carryforwards, capital loss carryforwards or tax credit carryforwards.

The following are income taxes incurred in prior years that are available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
		(In millions)	
2022	$ -	$ -	$ -
2021	-	104	104
2020	-	110	110
Total	$ -	$ 214	$ 214

As of December 31, 2022, the Company does not have any deposits admitted pursuant to the Internal Revenue Code Section 6603.

NOTE 9 – REINSURANCE CEDED

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 business to reinsurers under various modified coinsurance agreements, coinsurance agreements, and combinations thereof, and yearly renewable term agreements. These agreements provide for reinsurance of selected individual life and disability policies and group life and group health contracts. Under the terms of the modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the Company. The Company retains the primary obligation to the policyholder for reinsured policies. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, the Company evaluates the financial condition of its reinsurers in order to minimize its exposure to losses from reinsurer insolvencies.

The effects of these ceding agreements on the components of gain from operations in the accompanying statutory basis statements of operations are as follows:

	2022	2021
	(In millions)	
Premiums, annuity considerations and fund deposits	$ (711)	$ (474)
Commissions and expense allowances (other income)	72	70
Total revenues	(639)	(404)
Benefit payments to policyholders and beneficiaries	(727)	(496)
Net reductions to policy benefit reserves	47	15
Commissions and operating expenses	4	-
Total expenses	(676)	(481)
Net gain on operations from reinsurance ceded	$ 37	$ 77

During 2021, the Company entered into a Yearly Renewal Term ("YRT") quota share agreement in which it cedes 50%-90% of the mortality risk on Group Life contracts. Under the agreement, the Company cedes premium, claims and net amount at risk. Profits, after a risk charge, are returned to the Company through an experience refund.

NOTE 10 – REINSURANCE ASSUMED

The Company enters into various modified coinsurance agreements, coinsurance agreements, and combinations thereof and yearly renewable term agreements that provide reinsurance on life insurance, annuities, credit life, disability insurance, and credit accident and health business. Under the terms of the various reinsurance treaties, the Company assumed (net of retrocession) approximately $2.4 billion face amount of life insurance at December 31, 2022 and $2.6 billion at December 31, 2021. Under the terms of modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the ceding company.

The Company has a coinsurance agreement with BLICOA, an affiliated insurance company, entered into in 2013. Under the agreement, the Company assumed 80% of the net individual disability insurance ("IDI") originally ceded to BLICOA from the Company via the July 1, 2001 coinsurance treaty as well as 80% of the IDI and multi-life ("ML") business written by BLICOA since the 2001 treaty. The reinsurance is on a funds withheld basis with supporting invested assets remaining in BLICOA.

Also, as part of the terms of the agreement, the Company can request that BLICOA pay an amount equal to the Annual Funds Withheld Increase to the Company. In 2022, the Company did not request that BLICOA pay an amount equal to the Annual Funds Withheld Increase it recorded in 2021. In 2021, the Company did not request that BLICOA pay an amount equal to the Annual Funds Withheld Increase it recorded in 2020.

During 2022, BLICOA's disability claim reserves were strengthened with adjustments to the claim termination rate assumptions. Under the Company's coinsurance agreement with BLICOA, this reserve strengthening resulted in an increase of $21 million in reserves which was recorded as a Change in reserve on account of change in valuation basis in the Statutory Basis Statements of Changes in Policyholders' Surplus. During 2021, BLICOA's disability claim reserves were strengthened with adjustments to the Cost of Living Adjustment ("COLA") assumptions. Under the Company's coinsurance agreement with BLICOA, this reserve strengthening resulted in an increase of $46 million in reserves which was recorded as a change in estimate through the Statutory Basis Statement of Operations.

The Company has an Individual Life YRT reinsurance agreement with GIAC, an affiliated insurance company, entered into in 2011. The agreement covers GIAC's current form Secondary Guarantee Universal Life and Survivorship Universal Life plans having policy effective dates of January 1, 2011 and later. Reinsurance under the agreement is assumed on an automatic 90% first dollar quota share basis.

NOTE 10 – REINSURANCE ASSUMED (CONTINUED)

The following tables outline the effects of these assumption agreements on the accompanying Statutory Basis Statements of Operations.

Reinsurance Assumed from Affiliates

	2022	2021
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 775	$ 750
Reserve adjustments on reinsurance (other income)	23	22
Total revenues	798	772
Benefit payments to policyholders and beneficiaries	366	319
Net increase to policy benefit reserves	200	163
Commissions and operating expenses	262	240
Total expenses	828	722
Net (loss)/gain on operations from reinsurance assumed	$ (30)	$ 50

Reinsurance Assumed from Non-Affiliates

	2022	2021
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 1	$ 2
Total revenues	1	2
Benefit payments to policyholders and beneficiaries	2	1
Net reductions to policy benefit reserves	(1)	(1)
Commissions and operating expenses	1	1
Total expenses	2	1
Net loss on operations from reinsurance assumed	$ (1)	$ 1

Total Reinsurance Assumed

	2022	2021
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 776	$ 752
Reserve adjustments on reinsurance (other income)	23	22
Total revenues	799	774
Benefit payments to policyholders and beneficiaries	368	320
Net increase to policy benefit reserves	199	162
Commissions and operating expenses	262	241
Total expenses	829	723
Net (loss)/gain on operations from reinsurance assumed	$ (30)	$ 51

NOTE 11 – RELATED PARTY TRANSACTIONS

In 2022 and 2021, the Company made the following capital contributions to its real estate joint ventures which are an addition to Other invested assets in the Statutory Basis Balance Sheets:

	2022	2021
	(In millions)	
Guardian Springwoods III, LLC	$ -	$ 1
Troy Court Industrial	1	1
SC Magnolia LLC	1	-
GS-Invreg Wayzata, LLC	9	13
Alta Davenport JV, LLC	17	-
Chapel Run LLC	1	-
ERG Chambersburg LLC	33	-
Maple Culebra Market LLC	35	-
Center Key Land Partners, LLC	1	32
Total	$ 98	$ 47

In 2022 and 2021, the Company made the following capital contributions to its subsidiaries:

	2022	2021
	(In millions)	
GIAC	$ 60	$ 20
BLICOA	-	15
GIS	518	-
Total	$ 578	$ 35

The capital contributions to GIAC and BLICOA were recorded as an addition to Common stock in the Statutory Basis Balance Sheets.

The capital contribution to GIS were recorded in Other Invested Assets in the Statutory Basis Balance Sheets.

In 2022 and 2021, the Company received net returns of capital of $5 million and $17 million, respectively from its real estate joint ventures. These distributions are a reduction to Other invested assets in the Statutory Basis Balance Sheets.

In 2022, the Company received returns of capital from FCW of $7 million which was recorded as a reduction to Common Stocks in the Statutory Basis Balance Sheets and PAS of $30 million, GIS of $78 million and Guardian Acquisition II $117 million were recorded as a reduction to Other Invested Assets. In 2021, the Company received returns of capital from FCW of $35 million and PALIC of $15 million, which was recorded as a reduction to Common Stocks in the Statutory Basis Balance Sheets.

In 2022 and 2021, the Company received the following dividends from its subsidiaries which are recorded as Net investment income in the Statutory Basis Statements of Operations:

	2022	2021
	(In millions)	
Managed Dental Care of California (“MDC”)	$ 3	$ 3
Managed Dental Guard of Texas, Inc. (TX)	-	2
FCW	-	37
Innovative Underwriters, Inc.	-	1
Guardian Acquisition II, LLC	15	-
	$ 18	$ 43

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Company has expense sharing agreements with its subsidiaries. During 2022 and 2021, the Company had net billings of $422 million and $413 million, respectively under these expense-sharing agreements. Amounts billed to subsidiaries are included in Commissions and operating expenses in the Statutory Basis Statements of Operations.

The Company leased certain employees to assist in PAIA's investment management business. The Company charged PAIA $21 million for these leased employees which is included in Net Investment Income in the Statutory Basis Statements of Operations. The Company also entered into an agreement with PAIA whereby PAIA provides investment management services for the Company's general account portfolio. As of December 31, 2022 and December 31, 2021, the amount charged for these services amounted to $45 million and $5 million, respectively, which is included in Net Investment Income in the Statutory Basis Statements of Operations.

The Company (Lender) has a revolving line of credit agreement with GIAC (Borrower) for $750 million. On January 3, 2022, there was an amended note agreement to change the terms of the note agreement, stating that each Loan (not at the time overdue) made under this Note shall bear interest at a rate per annum equal to (a) the Prime Rate plus 1.00% if a Prime Rate Loan; (b) the Term SOFR Rate plus 1.11448% if a Term SOFR Rate Loan with an Interest Period of one month; (c) the Term SOFR Rate plus 1.26161% if a Term SOFR Rate Loan with an Interest Period of three months; or (d) the Term SOFR Rate plus 1.42826% if a Term SOFR Rate Loan with an Interest Period of six months. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to 0.125% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in monthly installments on the last day of each month or on the termination of this line of credit. For Value Received, the Borrower, promises to pay on the maturity date or dates determined by the Lender, the principal sum of $750 million or the aggregate unpaid principal sum of all Loans which the Lender actually makes to the Borrower, whichever amount is less, together with interest in arrears payable on each Interest Due Date at a rate computed on the basis of a 360-day year for the actual number of days in each interest period. The line of credit agreement shall have an initial term of 364 days beginning with the date first stated above, and shall automatically renew for successive periods of 364 days, unless the Lender notifies the Borrower of its intention not to renew the line of credit agreement not less than sixty (60) days prior to the expiration of the then existing term. GIAC is in compliance with certain financial covenants imposed by the line of credit agreement. As of December 31, 2022 and 2021, there were $74 million and $0 million outstanding drawings on the line of credit. Interest income and commitment income of $2 million and $0.5 million for the twelve months ended December 31, 2022 and December 31, 2021, respectively, are included in Net investment income in the Statutory Basis Statements of Operations.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Company (Lender) has a $350 million revolving line of credit agreement with GIS (Borrower). On January 3, 2022, there was an amended note agreement to change the terms of the note agreement, stating that each Loan (not at the time overdue) made under this Note shall bear interest at a rate per annum equal to (a) the Prime Rate plus 1.00% if a Prime Rate Loan; (b) the Term SOFR Rate plus 1.11448% if a Term SOFR Rate Loan with an Interest Period of one month; (c) the Term SOFR Rate plus 1.26161% if a Term SOFR Rate Loan with an Interest Period of three months; or (d) the Term SOFR Rate plus 1.42826% if a Term SOFR Rate Loan with an Interest Period of six months. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to 0.125% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in monthly installments no later than the last day of each month or on the termination of this line of credit. For Value Received, the Borrower, promises to pay on the maturity date or dates determined by the Lender, the principal sum of $350 million, or the aggregate unpaid principal sum of all Loans which the Lender actually makes to the Borrower, whichever amount is less, together with interest in arrears payable on each Interest Due Date at a rate computed on the basis of a 360-day year for the actual number of days in each interest period. The line of credit agreement shall have an initial term of 364 days beginning with the date first stated above, and shall automatically renew for successive periods of 364 days, unless the Lender notifies the Borrower of its intention not to renew the line of credit agreement not less than sixty (60) days prior to the expiration of the then existing term. GIS is in compliance with certain financial covenants imposed by the line of credit agreement. As of December 31, 2022, and December 31, 2021, the amount of drawings on the line of credit amounted to $0 million and $0 million respectively and is included in "Cash, cash equivalents, and short-term investments in the Statutory Basis Balance Sheets. Interest income and commitment income of $1 million and $1 million for the twelve months ended December 31, 2022 and December 31, 2021 respectively, are included in Net Investment Income in the Statutory Basis Statements of Operations.

Related Party Commitments:

The Company provides financial guarantees on behalf of some of its subsidiaries and affiliates as listed below. Per the statutory accounting guidance SSAP 5R, a liability has not been recorded on the Company's Statutory Basis Balance Sheets for any of these guarantees.

The Company continues to provide MDC, a subsidiary, a written letter of financial support for $5 million of which $2 million was funded in prior years. This amount was recorded as an additional investment in MDC. The letter was necessary for regulatory purposes in order to guarantee additional capital infusion to its California dental subsidiary as needed. At this time, MDC is not expected to further draw on the remaining $4 million as the subsidiary has $5 million more capital than is required by California.

As of December 31, 2022 and 2021, the Company had no commitments to make capital contributions to its subsidiaries.

Settlement of Intercompany Transactions:

In accordance with NAIC SAP, all transactions between related parties are required to have a written agreement that provides for a timely settlement of amounts owed, including a specific due date. Amounts over ninety days due are to be non-admitted along with any uncollected receivable from a related party that is not part of a written agreement. Written agreements are in place for all intercompany transactions and these written agreements contain specific due dates. As of December 31, 2022, there was no intercompany receivable that was more than 90 days past due.

NOTE 12 – LIABILITY FOR UNPAID CLAIMS AND CLAIM RESERVES

Activity in the liability for unpaid accident and health claims and claim reserves is summarized as follows and is included in Reserves for policy benefits on the Statutory Basis Balance Sheets:

	2022	2021
	(In millions)	
Balance of unpaid claims and claim reserves, net of reinsurance recoverable, at January 1	$ 4,549	$ 4,410
Incurred related to:		
Current year	2,866	2,732
Prior years	(133)	(232)
Affiliated reinsurance	139	76
Total incurred	2,872	2,576
Paid related to:		
Current year	1,894	1,761
Prior years	427	396
Affiliated reinsurance	301	280
Total paid	2,622	2,437
Balance of unpaid claims and claim reserves, net of reinsurance recoverable, at December 31	$ 4,799	$ 4,549

The amount of incurred claims related to prior years was a reduction of $133 million and $232 million for the years ended December 31, 2022 and December 31, 2021, respectively, primarily due to favorable claim experience on the Company's long-term disability reserves, driven by favorable development of both the reported and unreported claim reserves.

Loss / Claim Adjustment Expenses:

The balance in the liability for unpaid accident and health claim adjustment expenses was $104 million and $100 million as of December 31, 2022 and 2021. The Company incurred $75 million and paid $71 million of claims adjustment expenses in 2022 of which $20 million of the paid amount was attributable to insured or covered events of prior years. The Company did not increase or decrease the provision for insured events of prior years. Estimated anticipated salvage and subrogation related to the liability for unpaid claims / losses is not material and therefore does not reduce the liability.

The liability for unpaid accident and health claims and claim adjustment expenses represents the Company's best estimate with a margin; however, there may be future adjustments to this estimate and related assumptions. Such adjustments, reflecting any variety of new and adverse trends, could possibly be significant and result in increase in liabilities. As of December 31, 2022 and 2021, the Company had no significant changes in methodologies and assumptions used in calculating the liability. The Company updates its experience study annually for recent company claim experience used to set the liability for unpaid claims.

NOTE 13 – ASO PLANS

The net gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during the years ended December 31, 2022 and December 31, 2021:

	2022		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 33.3	$ -	$ 33.3
Total net other income or expenses (including interest paid to or received from plans)	7.0	-	7.0
Net gain from operations	$ 26.3	$ -	$ 26.3
Total claim payment volume	700	-	700

	2021		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 10.3	$ -	$ 10.3
Total net other income or expenses (including interest paid to or received from plans)	2.2	-	2.2
Net gain from operations	8.1	-	8.1
Total claim payment volume	639	-	639

NOTE 14 – LEASES

The Company has lease agreements for the rental of real estate that are classified as operating leases. Rental expense for these properties was $35 million for year ended December 31, 2022 and $34 million for the year ended December 31, 2021.

The Company's major office facility leases are primarily used for administrative and business support operations are as follows:

- On April 1, 2021, the Company signed a five-year lease agreement for its Appleton home office facility. The company began using the space in the second quarter of 2021 and is obligated to pay approximately $0.6 million in annual base rent plus operating expenses and taxes.
- On September 13, 2017, the Company signed a seventeen-year five-month lease agreement for its New York home office facility. The Company began using the building in the second quarter of 2019 and is obligated to pay approximately $15 million in annual base rent plus operating expenses and taxes.
- On March 8, 2017, the Company signed a fifteen-year lease agreement for its New Jersey home office facility. The Company began using the building in the first quarter of 2018 and is obligated to pay approximately $3 million in annual base rent plus operating expenses and taxes.
- On August 11, 2016, the Company signed a ten-year lease agreement for its Spokane home office facility. The Company began using the building in March 2017 and is obligated to pay approximately $1 million in annual base rent which includes operating expenses and taxes.
- On January 26, 2015, the Company signed a twenty-year lease agreement with GLICA Bethlehem, LLC. The Company began using the building in June 2016 and is obligated to pay approximately $5 million in annual base rent plus operating expenses and taxes.

The following is a schedule by year of the minimum rental payments due under the leases:

		(In millions)
Year ending December 31,		
2023		34
2024		31
2025		29
2026		27
2027		25
Total	$	146

The minimum aggregate sublease income is as follows:

		(In millions)
Year ending December 31,		
2023		4
2024		3
2025		2
2026		2
2027		2
Total	$	13

The Company guarantees the leases for some of its agents. The fair value of the guarantees as of December 31, 2022 is estimated to be $1 million. The remaining estimated lease obligations that are guaranteed as of December 31, 2022 is $26 million.

NOTE 15 – COMMITMENTS

Commitments to fund private equities of $1,812 million, private placement debt of $980 million, mortgages of $272 million, investment tax credits of $188 million, mortgage debts funds of $153 million, real estate equity of $119 million, and real estate funds of $72 million in the normal course of business totaled $3,596 million as of December 31, 2022. Commitment to fund private equities of $998 million, mortgages of $276 million, private placements of $152 million, investment tax credits of $139 million, real estate funds of $59 million, and real estate equity of $43 million in the normal course of business totaled $1,667 million as of December 31, 2021.

NOTE 16 – LITIGATION

The Company is engaged in various disputes, litigations, inquiries from governmental authorities and other proceedings arising out of the Company's business. These matters could result in losses, monetary damages, fines penalties or changes in the business operations of the Company. Due to the uncertainties inherent in these disputes, it is difficult to determine the ultimate loss the Company will experience. The Company evaluates each matter and establishes an accrual where a loss is probable and the amount can be reasonably estimated. In the opinion of Management, based on current information at December 31, 2022, any losses resulting from such disputes would not have a material adverse effect on the financial position of the Company.

The Company also evaluates these matters for a reasonably possible range of loss. Due to the uncertainties inherent in these matters, such as timing of discovery and court decisions, the Company is not able to ascertain a reasonably possible range of loss for each matter. In the opinion of Management, as of December 31, 2022, the aggregate range of reasonably possible loss for those matters it is able to provide an estimate for is not material to the Company's financial position.

NOTE 17 – LINES OF CREDIT

The Company became a member of the FHLBNY on February 13, 2018. Membership allows the Company access to the FHLBNY's financial services, including the ability to obtain collateralized loans and to issue collateralized funding agreements. The Company's strategy is to utilize these funds as a source to improve spread lending liquidity and as a source of backup liquidity. FHLBNY borrowings and funding agreements are currently collateralized by qualifying mortgage loans but can also be collateralized with qualifying corporate bonds or U.S. Treasury securities, the fair value of which must be maintained at certain specified levels relative to outstanding borrowings. FHLBNY membership requires the Company to own member stock in the amount of 12.5 bps of the Company's assets which is remeasured annually based on the prior years December 31 balance. This capital is locked up for five years should the Company decide to end its membership. Borrowings require the purchase of activity-based stock in an amount equal to 4.5% of outstanding borrowings. All FHLBNY stock purchased by the Company is classified as restricted general account investments and is included in "Common stocks," in the Statutory Basis Balance Sheet and the carrying value of these investments was $40 million and $35 million as of December 31, 2022 and December 31, 2021, respectively. The Company's capacity to borrow is limited to 5% of admitted assets which is the regulatory limit on the amount of collateral that a New York domiciled insurance company can pledge for a loan. As of December 31, 2022 and December 31, 2021, that limit was approximately $3,800 million and $3,607 million, respectively. As of December 31, 2022 and December 31 2021, the Company had pledged assets with a fair value of $864 million and $781 million supporting outstanding advances totaling $663 million and $567 million, which are included in "Policyholder dividends payable and other contract liabilities," in the Statutory Basis Balance Sheet, respectively. The maximum amount borrowed at any time during 2022 was $921 million and during 2021 was $641 million.

NOTE 18 – POLICYHOLDERS' SURPLUS

There were no special contingency reserves included in policyholder's surplus at December 31, 2022 or December 31, 2021. The Company holds other reserves totaling $4 million and $4 million at December 31, 2022 and December 31, 2021, respectively as required by New York State law for aviation business and Arkansas permanent surplus requirements. Surplus at December 31, 2022 and December 31, 2021 is as follows:

	2022	2021
	(In millions)	
Accumulated earnings	$ 10,924	$ 10,526
Unrealized loss - common stock	(420)	(336)
Asset valuation reserve	(1,449)	(1,444)
Nonadmitted asset values	(214)	(161)
Total unassigned surplus	8,841	8,585
State required segregated surplus	4	4
Surplus	$ 8,845	$ 8,589

NOTE 19 – SURPLUS NOTES

The Company has issued various Surplus Notes ("the Notes") to unrelated third parties pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by The Bank of New York Mellon as fiscal agent. Interest on each of the Notes is scheduled to be paid semiannually on the interest paid dates listed in the table below. All of the Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Notes are not part of the legal liabilities of the Company. The Notes do not repay principal prior to maturity, and each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the company (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding the accrued interest as of the date on which the Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at an adjusted treasury rate plus varying basis points. The Surplus Note issuances were not structured in a manner where typical cashflows have been reduced or eliminated.

The following table summarizes the Notes issued by the Company:

							Interest Paid Dates		Interest Paid	
Date Issued	Interest Rate	Principal Balance	Cash Proceeds Received	Maturity Date	Face (Par) Value of Note	Carrying Value of Note			Current Year 12/31/2022	Interest Paid Life-to-date 12/31/2022
10/6/2009[(1)]	7.375%	400.0	392.4	9/30/2039	233.1	231.7	March 31	September 30	17.2	324.6
6/19/2014	4.875%	450.0	444.6	6/19/2064	450.0	448.7	June 19	December 19	22.0	186.5
1/24/2017 [(1)]	4.850%	350.0	343.6	1/24/2077	579.3	522.4	January 24	July 24	28.1	149.0
1/22/2020	3.700%	300.0	293.9	1/22/2070	300.0	296.7	January 22	July 22	11.1	27.8
Total Surplus Notes		$ 1,500.0	$1,474.5		$ 1,562.4	$ 1,499.5			$ 78.4	$ 687.9

(1) The Company completed an exchange in which it issued additional 1/24/2017 Notes ("2017 Notes") in exchange for redeemed 10/6/2009 Notes ("2009 Notes"). They were settled predominately on December 27, 2017 with a minimal amount settling on January 8, 2018. The 2009 Notes had a principal balance of $166.9 million (carrying value $165.7 million) and the additional 2017 Notes had a principal balance of $229.3 million (carrying value $170.5 million). Of the $63.6 million discount at the time of the exchange, $4.8 million pertaining to inducement for note holders to exchange their notes was recorded as an expense on the transaction date along with an increase to the carrying value of the 2017 Notes. The remaining $58.8 million will be charged to the Statutory Basis Statements of Operations over the life of the 2017 Notes.

NOTE 20 – PANDEMIC SUPPORT PROGRAM

In May 2020, the Company introduced the Pandemic Support Program to fully insured dental and/or vision customers. One element of the program provides a one-month premium credit to customers which was applied in August 2020 or to the first bill following renewal. As of December 31, 2022 and December 31, 2021, the Company recognized reductions in premium of $0.1 million and $47 million respectively, related to the premium credits.

NOTE 21 – SUBSEQUENT EVENTS

The Company considers events occurring after the balance sheet date but prior to February 21, 2023, the issuance of the financial statements, to be subsequent events requiring disclosure. There were no subsequent events for the year ended December 31, 2022.

Guardian Life Insurance Company of America
Annual Statement for the Year Ended December 31, 2022
Schedule 1 - Selected Financial Data

The following is a summary of certain financial data included in other exhibits and schedules subjected to audit procedures by independent auditors and utilized by actuaries in the determination of reserves.

		2022 Annual Statement References
Investment Income Earned		Exhibit of Net Investment Income
Government Bonds	$ 22,352,073	
Bonds Exempt From US Tax		
Other Bonds (unaffiliated)	1,897,822,479	
Bonds of Affiliates	962,592	
Preferred Stocks (unaffiliated)		
Preferred Stocks of Affiliates		
Common Stocks (unaffiliated)	3,786,066	
Common Stocks of Affiliates	3,868,000	
Mortgages Loans	229,681,780	
Real Estate	74,641,803	
Contract Loans	273,354,404	
Cash/Short-term Investments	22,726,497	
Derivative Instruments	(689,097)	
Other Invested Assets	276,208,805	
Aggregate Write-Ins for Investment Income	100,350	
Gross Investment Income	$ 2,804,815,750	
Real Estate Owned - Book Value less Encumbrances	$ 249,686,170	Schedule A - Part 1
Mortgage Loans - Book Value:		
Farm Mortgages	$ -	Schedule B - Part 1
Residential Mortgages	-	
Commercial Mortgages	5,993,792,369	
Total Mortgage Loans	$ 5,993,792,369	
Mortgage Loans by Standing - Book Value:		
Good Standing	5,993,792,369	Schedule B, Part 1
Good Standing with Restructured Terms	-	Schedule B, Part 1
Interest overdue more than 90 days, not in foreclosure	-	Schedule B, Part 1
Foreclosure in Process	-	Schedule B, Part 1
Other Long Term Assets - Statement Value	5,436,218,773	Schedule BA, Part 1
Bonds and Stocks of Parents, Subsidiaries and Affiliates - Book Value		Schedule D - Summary by Country
Bonds	$ 51,055,889,562	
Preferred Stocks	-	
Common Stocks	$ 1,258,357,999	

Schedule 1 - Selected Financial Data - Continued

			2022 Annual Statement References
Bonds and Short Term Investments by Class & Maturity			Schedule D, Part 1A Sec 1
Bonds by Maturity - Statement Value			
Due within one year or less	$	2,739,539,684	
Over 1 year through 5 years		11,555,281,345	
Over 5 years through 10 years		12,434,123,979	
Over 10 years through 20 years		7,890,822,871	
Over 20 years		17,829,815,538	
No Maturity Date		-	
Total by Maturity	$	52,449,583,417	
Bonds by Class - Statement Value			
Class 1	$	28,561,725,905	
Class 2		20,612,767,781	
Class 3		1,146,527,133	
Class 4		1,809,707,290	
Class 5		301,862,377	
Class 6		16,992,931	
Total by Class	$	52,449,583,417	
Total Bonds Publicly Traded		33,392,294,814	
Total Bonds Privately Placed		19,057,288,603	
Preferred Stocks - Statement Value		-	Schedule D, Part 2, Sec. 1
Common Stocks - Market Value		1,258,357,999	Schedule D, Part 2, Sec. 2
Short Term Investments - Book Value		60,621,929	Schedule DA, Part 1
Options, Caps Floors, Collars, Swaps and Forwards		144,776,443	Schedule DB, Part A,
Futures Contracts		21,564,250	Schedule DB, Part B,
Cash on Deposit		(44,085,970)	Schedule E, Part 1
Life Insurance In Force			Exhibit of Life Insurance
Industrial		-	
Ordinary		407,667,450	
Credit Life		-	
Group Life		348,804,367	
Amount of Accidental Death Insurance In Force Under			
Ordinary Policies		944,190	Exhibit of Life Insurance
Life Insurance Policies with Disability Provisions In Force			Exhibit of Life Insurance
Industrial		-	
Ordinary		209,384,339	
Credit Life		-	
Group Life		348,636,914	
Supplementary Contracts In Force			Exhibit of Number of Policies,
Ordinary - Not Involving Life Contingencies		-	Contracts,Certificates,Income Payable,
Amount on Deposit		340,056,799	Account Values In Force for Supplementary
Income Payable		81	Contracts, Annuities, A&H and Other Policies
Ordinary - Involving Life Contingencies			
Income Payable		314	

Schedule 1 - Selected Financial Data - Continued

		2022 Annual Statement References
Group - Not Involving Life Contingencies		
Amount on Deposit	25,136,112	
Income Payable	-	
Group - Involving Life Contingencies		
Amount on Deposit	-	
Income Payable	-	
Annuities - Ordinary		Exhibit of Number of Policies,
Immediate - Amount of Income Payable	349,195	Contracts,Certificates,Income Payable,
Deferred - Fully Paid Account Balance	48,521,828	Account Values In Force for Supplementary
Deferred - Not Fully Paid - Account Balance	111,485,886	Contracts, Annuities, A&H and Other Policies
Annuities - Group		
Amount of Income Payable	30,404	Exhibit of Number of Policies,
Fully Paid Account Balance	-	Contracts,Certificates,Income Payable,
Not Fully Paid - Account Balance	-	Account Values In Force for Supplementary Contracts, Annuities, A&H and Other Policies
Accident and Health Insurance - Premiums In Force		
Ordinary	-	
Group	3,986,334,709	
Credit	-	
Other	592,743,932	
Deposit Funds and Dividend Accumulations		Exhibit of Number of Policies,
Deposit Funds - Account Balance	22,137,890	Contracts,Certificates,Income Payable,
Dividend Accumulations - Account Balance	86,888,937	Account Values In Force for Supplementary Contracts, Annuities, A&H and Other Policies
Claim Payments 2022		Schedule O, Part 1
Group Accident and Health Year - Ended December 31, 2015		Section A
2022	1,862,102	
2021	1,980,547	
2020	1,689,509	
2019	1,895,504	
2018	1,872,430	
Prior	869,898	
Other Accident & Health		Section B
2022	58,401	
2021	85,355	
2020	104,414	
2019	117,890	
2018	126,681	
Prior	972,674	
Credit Accident & Health	-	Section C
2022	-	
2021	-	
2020	-	
2019	-	
2018	-	
Prior	-	

Schedule 1 - Selected Financial Data - Continued

		2022 Annual Statement References
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section D
2022	-	
2021	-	
2020	-	
2019	-	
2018	-	
Prior	-	
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section E
2022	-	
2021	-	
2020	-	
2019	-	
2018	-	
Prior	-	
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section F
2022	-	
2021	-	
2020		
2019	-	
2018	-	
Prior	-	
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section G
2022	-	
2021	-	
2020	-	
2019	-	
2018	-	
Prior	-	

The Guardian Life Insurance Company of America
Investments of Reporting Entities
December 31, 2022

Section 2 Investment Risk Interrogatories

Answer the following interrogatories by stating the applicable U.S dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of the annual statement.

75,998,514,695

2. Ten largest exposures to a single issurer/borrower/investment.

	Issuer	Description of Exposure		Amount	Percentage of Total Admitted Assets
2.01	GUARDIAN INVESTOR SERVICES	AFFILIATED LLC	$	1,106,134,996	1.5%
2.02	GUARDIAN INS & ANNUITY CO.	AFFILIATED STOCK	$	554,073,706	0.7%
2.03	HPS CSL II Fund Prvt	BONDS	$	396,693,000	0.5%
2.04	FIRST COMMONWEALTH	AFFILIATED STOCK	$	365,541,114	0.5%
2.05	SHELL INTERNATIONAL FIN	BONDS	$	281,680,021	0.4%
2.06	UNION PACIFIC CORP	BONDS	$	278,980,958	0.4%
2.07	SIMON PROPERTY GROUP	BONDS	$	273,214,984	0.4%
2.08	COCA-COLA CO	BONDS	$	270,827,549	0.4%
2.09	BAFC 2004-2	BONDS	$	259,836,411	0.3%
2.10	MICROSOFT CORP	BONDS	$	256,048,666	0.3%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating:

	Bonds		Amount	% of Total Admitted Assets	Preferred Stocks		Amount	% of Total Admitted Assets
3.01	NAIC-1	$	28,561,725,905	37.6%	P/RP-1	$	-	-%
3.02	NAIC-2	$	20,612,767,781	27.1%	P/RP-2	$		-%
3.03	NAIC-3	$	1,146,527,133	1.5%	P/RP-3	$		-%
3.04	NAIC-4	$	1,809,707,290	2.4%	P/RP-4	$		-%
3.05	NAIC-5	$	301,862,377	0.4%	P/RP-5	$		-%
3.06	NAIC-6	$	16,992,931	-%	P/RP-6	$	-	-%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assts?
Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$	9,666,052,069	12.7%
4.03	Foreign-currency-denominated investments	$	1,947,356,821	2.6%
4.04	Insurance liabilities denominated in that same foreign currency	$	-	-%

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

		1	2
5.01	Countries rated NAIC-1	$ 8,884,573,406	11.7%
5.02	Countries rated NAIC-2	$ 657,125,763	0.9%
5.03	Countries rated NAIC-3 or below	$ 124,352,900	0.2%

6. Largest foreign investment exposures to a single country, categorized by NAIC sovereign rating:

		1	2
	Countries rated NAIC-1		
6.01	Country: UNITED KINGDOM	$ 2,098,878,314	2.8%
6.02	Country: CAYMAN ISLANDS	$ 1,352,029,545	1.8%
	Countries rated NAIC-2:		
6.03	Country: MEXICO	$ 372,130,379	0.5%
6.04	Country: PANAMA	$ 83,430,714	0.1%
	Countries rated NAIC-3 or below		
6.05	Country: COLOMBIA	$ 24,107,472	-%
6.06	Country: BRAZIL	$ 16,868,426	-%

7. Aggregate unhedged foreign currency exposure: $ - -%

8. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating:

		1	2
8.01	Countries rated NAIC-1	$	-%
8.02	Countries rated NAIC-2	$	-%
8.03	Countries rated NAIC-3 or below	$ -	-%

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

		1	2
	Countries rated NAIC-1:		
9.01	Country:	$	-%
9.02	Country:	$	-%
	Countries rated NAIC-2:		
9.03	Country:	$	-%
9.04	Country:	$	-%
	Countries rated NAIC-3 or below		
9.05	Country:	$ -	-%
9.06	Country:	$ -	-%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	Issuer	NAIC		3	4
10.01	HPS CSL II Fund Prvt	2.C PL	$	396,693,000	0.5%
10.02	SHELL INTERNATIONAL FIN	1.E FE	$	281,680,021	0.4%
10.03	Park Avenue Institutional Advi	1.A FE	$	164,750,000	0.2%
10.04	VODAFONE GRP	2.B FE	$	149,432,037	0.2%
10.05	CREDIT SUISSE GROUP	2.B FE	$	140,809,255	0.2%
10.06	SIEMENS FINANCIERINGSMAT	1.E FE	$	128,914,556	0.2%
10.07	AERCAP IRELAND CAP/GLOBA	2.C FE	$	118,656,362	0.2%
10.08	MITSUBISHI UFJ FIN GRP	1.G FE	$	114,767,391	0.2%
10.09	COMMONWEALTH BANK AUST	2.A FE	$	114,248,207	0.2%
10.10	STATOILHYDRO ASA SPON ADR	1.D FE	$	97,319,579	0.1%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure.

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11

11.02	Total admitted assets held in Canadian investments	$	-	-%
11.03	Canadian-currency-denominated investments	$	-	-%
11.04	Canadian-denominated insurance liabilities	$	-	-%
11.05	Unhedged Canadian currency exposure	$	-	-%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2		3
12.02	Aggregate statement value of investments with contractual sales restrictions			
	Largest three investments with contractual sales restrictions:			
		$	-	-%
12.03		$	-	-%
12.04		$	-	-%
12.05		$	-	-%

13. Amounts and percentages of admitted assets held in the largest ten equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer	2	3
13.02		$	0.0%
13.03		$	0.0%
13.04		$	0.0%
13.05		$	
13.06		$	0.0%
13.07		$	0.0%
13.08		$	-%
13.09		$	-%
13.10		$	-%
13.11		$	-%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01. Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 14.01 is yes, responses are not required for the remainder of Interrogatory 14.

	1		2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities Largest three investments held in nonaffiliated, privately placed equities:	$	3,242,082,145	4.3%
14.03	HarbourVest Partners	$	240,112,643	0.3%
14.04	Foundry Group	$	208,534,108	0.3%
14.05	57 Stars	$	164,018,193	0.2%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

	1		2	3
15.02				
		$		-%
15.03		$		-%
15.04		$		-%
15.05		$		-%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 16.01 is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	Type (Residential, Commercial, Agriculature)		2	3
16.02	COMMERCIAL	$	298,267,102	0.4%
16.03	COMMERCIAL	$	195,000,000	0.3%
16.04	COMMERCIAL	$	194,700,000	0.3%
16.05	COMMERCIAL	$	163,179,355	0.2%
16.06	COMMERCIAL	$	157,500,000	0.2%
16.07	COMMERCIAL	$	148,099,999	0.2%
16.08	COMMERCIAL	$	135,022,547	0.2%
16.09	COMMERCIAL	$	132,650,000	0.2%
16.10	COMMERCIAL	$	130,000,000	0.2%
16.11	COMMERCIAL	$	112,000,000	0.1%

Amount and percentages of the reporting entity's total admitted assets held in the following categories of mortgage loans:

			Loans	
16.12	Construction Loans	$	294,118,828	0.4%
16.13	Mortgage loans over 90 days past due	$	-	-%
16.14	Mortgage loans in the process of foreclosure	$	-	-%
16.15	Mortgage loans foreclosed	$	-	-%
16.16	Restructured mortgage loans	$	-	-%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as

		Residential			Commercial		Agriculature	
	Loan-to-Value	1	2	3	4	5	6	
17.01	above 95%	$ -	-%	$	-%	$ -	-%	
17.02	91% to 95%	$ -	-%	$	-%	$ -	-%	
17.03	81% to 90%	$ -	-%	$	-%	$ -	-%	
17.04	71% to 80%	$ -	-%	$ 348,134,168	0.5%	$ -	-%	
17.05	below 70%	$ -	-%	$ 5,645,658,208	7.4%	$ -	-%	

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 18.01. is yes, responses are not required for the remainder of Interrogatory 18

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	-%
18.03		$	-%
18.04		$	-%
18.05		$	-%
18.06		$	-%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans: 0 0.00%

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loadns:		
	Largest three investments held in mezzanine real $	$ -	-%
19.03		$ -	-%
19.04		$ -	-%
19.05		$ -	-%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year-end		At End of Each Quarter		
		1	2	1st Qtr 3	2nd Quarter 4	3rd Quarter 5
20.01	Securities lending (do not include assets held as collateral for such transactions)	$ -	-%	$ -	$ -	$ -
20.02	Repurchase agreements	$ -	-%	$ -	$ -	$ -
20.03	Reverse repurchase agreements	$ -	-%	$ -	$	$ -
20.04	Dollar repurchase agreements	$ -	-%	$ -	$ -	$ -
20.05	Dollar reverse repurchase agreements	$ -	-%	$ -	$ -	$ -

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floor:

	Owned		Written	
	1	2	3	4
21.01 Hedge	$ -	-%	$ -	-%
21.02 Income generation	$ -	-%	$ -	-%
21.03 Other	$ -	-%	$ -	-%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$ 29,900,020	0.0%	$ 27,274,608	$ 29,950,253	$ 30,303,067
22.02 Income generation	$ -	0.0%	$ -	$ -	$
22.03 Replications	$ -	0.0%	$ -	0 -	$ -
22.04 Other	$ -	0.0%	$ -	$ -	$ -

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for future contracts:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
23.01 Hedging	$ 15,558,108	0.0%	$ 69,154,023	$ 14,669,923	$ 17,277,170
23.02 Income generation	$ -	0.0%	$ -	$ -	$ -
23.03 Replications	$ -	0.0%	$ -	$ -	$ -
23.04 Other	$ -	0.0%	$ -	$ -	$ -

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA
As of December 31, 2022

Appendix A-001
Section SI01. Summary Investment Schedule

Investment Categories	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement				
	Amount	Percentage	Amount		Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:							
1.1 US Treasury Securities	1,143,634,790	1.6%	$ 1,143,634,790			$ 1,143,634,790	1.6%
1.2 US Government agency and corporate obligations (excluding mortgage-backed securities):	336,078,197	0.5%	336,078,197			336,078,197	0.5%
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	183,577,868	0.3%	183,577,868			183,577,868	0.3%
1.4 Securities issued by states, territories and possessions and political subdivisions in the US:	101,607,589	0.1%	101,607,589			101,607,589	0.1%
1.5 Long-Term Bonds U.S. special revenue and special assessment obligations, etc. non-guaranteed	1,026,491,812	1.5%	1,026,491,812			1,026,491,812	1.5%
1.6 Long-Term Bonds (Schedule D, Part 1): Industrial and miscellaneous	46,205,114,088	66.4%	46,205,114,088			46,205,114,088	66.4%
1.7 Long-Term Bonds (Schedule D, Part 1): Hybrid securities	5,003,251	0.0%	5,003,251			5,003,251	0.0%
1.8 Long-Term Bonds (Schedule D, Part 1): Parent, subsidiaries and affiliates	164,750,000	0.2%	164,750,000			164,750,000	0.2%
1.9 Long-Term Bonds (Schedule D, Part 1): SVO identified funds		-%	-			-	-%
1.10 Long-Term Bonds (Schedule D, Part 1): Unaffiliated Bank loans	1,889,631,953	2.7%	1,889,631,953			1,889,631,953	2.7%
1.11 Long-Term Bonds (Schedule D, Part 1): Total long-term bonds	**51,055,889,548**	73.4%	**51,055,889,548**	**A**		**51,055,889,548**	73.4%
2. Other debt and other fixed income securities (excluding short term):							
2.01 Preferred stocks (Schedule D, Part 2, Section 1): Industrial and miscellaneous (Unaffiliated)	-	-%	-			-	-%
2.02 Preferred stocks (Schedule D, Part 2, Section 1): Parent, subsidiaries and affiliates	-	-%	-			-	-%
2.03 Preferred stocks (Schedule D, Part 2, Section 1): Total preferred stocks	-	-%	-			-	-%
3. Equity interests:							
3.01 Common stocks (Schedule D, Part 2, Section 2): Industrial and miscellaneous Publicly traded (Unaffiliated)	197,558	0.0%	197,558			197,558	0.0%
3.02 Common stocks (Schedule D, Part 2, Section 2): Industrial and miscellaneous Other (Unaffiliated)	39,498,160	0.1%	39,498,160			39,498,160	0.1%
3.03 Common stocks (Schedule D, Part 2, Section 2): Parent, subsidiaries and affiliates Publicly traded		-%	-			-	-%
3.04 Common stocks (Schedule D, Part 2, Section 2): Parent, subsidiaries and affiliates Other	1,187,914,486	1.7%	1,181,300,336			1,181,300,336	1.7%
3.05 Common stocks (Schedule D, Part 2, Section 2): Mutual funds	30,747,795	0.0%	30,747,795			30,747,795	0.0%
3.06 Common stocks (Schedule D, Part 2, Section 2): Unit investment trusts		-%	-			-	-%
3.07 Common stocks (Schedule D, Part 2, Section 2): Closed-end funds		-%	-			-	-%
3.08 Common stocks (Schedule D, Part 2, Section 2): Total common stocks	**1,258,357,999**	1.8%	**1,251,743,849**	**B**		**1,251,743,849**	1.8%
4. Mortgage loans:							
4.01 Mortgage loans (Schedule B): Farm mortgages	-	-%	-			-	-%
4.02 Mortgage loans (Schedule B): Residential mortgages	-	-%	-			-	-%
4.03 Mortgage loans (Schedule B): Commercial mortgages	5,993,792,375	8.6%	5,993,792,375			5,993,792,375	8.6%
4.04 Mortgage loans (Schedule B): Mezzanine real estate loans	-	-%	-			-	-%
4.05 Mortgage loans (Schedule B): Total mortgage loans	**5,993,792,375**	8.6%	**5,993,792,375**	**C**		**5,993,792,375**	8.6%
5. Real Estate Investments:							
5.01 Real estate (Schedule A): Properties occupied by company	-	-%	-			-	-%
5.02 Real estate (Schedule A): Properties held for production of income	249,686,164	0.4%	249,686,164			249,686,164	0.4%
5.03 Real estate (Schedule A): Properties held for sale	-	-%	-			-	-%
5.04 Real estate (Schedule A): Total real estate	**249,686,164**	0.4%	**249,686,164**	**D**		249,686,164	0.4%
6. Cash						-	
6.01 Cash, cash equivalents and short-term investments: Cash (Schedule E, Part 1)	(44,085,970)	-0.1%	(44,085,970)			(44,085,970)	-0.1%
6.02 Cash, cash equivalents and short-term investments: Cash equivalents (Schedule E, Part 2)	1,333,071,941	1.9%	1,333,071,941			1,333,071,941	1.9%
6.03 Cash, cash equivalents and short-term investments: Short-term investments (Schedule DA)	60,621,929	0.1%	60,621,929			60,621,929	0.1%
6.04 Cash, cash equivalents and short-term investments: Total cash, cash equivalents and short-term investments	**1,349,607,900**	1.9%	**1,349,607,900**	**E**		**1,349,607,900**	1.9%
7 Contract loans	4,011,606,427	5.8%	4,010,523,058	**F**		4,010,523,058	5.8%
8 Derivatives (Schedule DB)	155,701,842	0.2%	155,701,842	**G**		155,701,842	0.2%
9 Other invested assets (Schedule BA)	5,438,894,935	7.8%	5,436,218,773	**H**		5,436,218,773	7.8%
10 Receivables for securities	19,018,615	0.0%	19,018,615			19,018,615	0.0%
11 Securities Lending (Schedule DL, Part 1)	-	-%	-			-	-%
12 Other invested assets (Page 2, Line 11)	37,141,135	0.1%	37,141,135			37,141,135	0.1%
13. Total Invested Assets	**$ 69,569,696,940**	**100%**	**$ 69,559,323,259**			**$ 69,559,323,259**	**100%**

* Gross Investment Holdings as valued in compliance with NAIC Accounting Practices & Procedures Manual

The Guardian Life Insurance Company of America
Statutory Basis Balance Sheets
(In Millions)

	As of December 31, 2021	2020
Admitted Assets		
Bonds	$ 50,112	$ 47,972
Common stocks	1,308	1,317
Mortgage loans	5,330	4,816
Real estate (net of encumbrances: 2021 - $319; 2020 - $291)	290	280
Policy loans	3,765	3,810
Other invested assets	4,438	3,407
Receivable for securities	10	75
Cash, cash equivalents and short-term investments	791	422
Total invested assets	66,044	62,099
Due and accrued investment income	484	518
Premiums deferred and uncollected	1,153	1,157
Current federal and foreign income tax recoverable and interest thereon	33	111
Net deferred tax asset	683	728
Reinsurance recoverable from affiliate	3,381	3,176
Other assets	349	256
Total admitted assets	$ 72,127	$ 68,045
Liabilities		
Reserves for policy benefits	$ 51,774	$ 48,948
Policyholder dividends payable and other contract liabilities	6,734	6,691
Interest maintenance reserve	779	703
General expenses due or accrued	1,350	1,364
Asset valuation reserve	1,444	1,132
Other liabilities	1,457	1,447
Total liabilities	63,538	60,285
Policyholder's surplus		
Policyholders' surplus	7,091	6,263
Surplus notes	1,498	1,497
Total Policyholder's surplus	8,589	7,760
Total liabilities and policyholders' surplus	$ 72,127	$ 68,045

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America
Statutory Basis Statements of Operations
(In Millions)

	For the Years Ended December 31,	
	2021	**2020**
Revenues		
Premiums, annuity considerations and fund deposits	$ 9,445	$ 8,951
Net investment income	2,704	2,368
Other income	390	362
Total revenues	12,539	11,681
Benefits and Expenses		
Benefit payments to policyholders and beneficiaries	5,347	5,154
Net increase to policy benefit reserves	2,826	2,354
Commissions and operating expenses	2,881	2,744
Total benefits and expenses	11,054	10,252
Income from operations before policyholder dividends and taxes	1,485	1,429
Policyholder dividends	(1,114)	(1,036)
Income from operations before taxes and realized capital losses	371	393
Income tax (expense)/benefit	(9)	100
Income from operations before net realized capital losses	362	493
Net realized capital losses	(139)	(346)
Net income	$ 223	$ 147

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America
Statutory Basis Statements of Changes in Policyholders' Surplus
(In Millions)

	For the Years Ended December 31,	
	2021	**2020**
Beginning of year balance	$ 7,760	$ 7,616
Adjustments to surplus:		
Net income	223	147
Change in net unrealized capital gains, net of tax	676	(111)
Change in reserve on account of change in valuation basis	-	(62)
Change in asset valuation reserve	(312)	(61)
Change in surplus notes	1	298
Change in net deferred taxes	55	79
Change in non-admitted assets	38	(48)
Change in pension funded status	148	(97)
Other changes, net	-	(1)
Net adjustments to unassigned surplus	829	144
End of year balance	$ 8,589	$ 7,760

See notes to statutory basis financial statements.

The Guardian Life Insurance Company of America
Statutory Basis Statements of Cash Flows
(In Millions)

	For the Years Ended December 31, 2021	2020
Cash flows from operating activities:		
Premiums and other income received	$ 9,468	$ 8,916
Investment income	2,790	2,347
Other income	32	89
Benefits and loss related payments	(5,479)	(5,064)
Commissions, expenses and taxes paid	(2,728)	(2,440)
Dividends paid	(1,041)	(974)
Other, net	244	(124)
Net cash provided by operating activities	3,286	2,750
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Bonds	10,403	11,769
Common stocks	132	720
Mortgage loans	708	408
Real estate	-	99
Other investments	367	376
Proceeds from investments sold or matured	11,610	13,372
Cost of investments acquired:		
Bonds	12,499	17,342
Common stocks	119	513
Mortgage loans	1,223	345
Real estate	28	9
Other investments	588	880
Cost of investments acquired	14,457	19,089
Net increase in policy loans, net of repayments	(44)	10
Net cash used in investing activities	(2,803)	(5,727)
Cash from financing and miscellaneous activities:		
Cash provided:		
Surplus note	1	298
Net deposits on deposit-type contracts and other insurance liabilities	(115)	2,323
Net cash provided by financing and miscellaneous activities	(114)	2,621
Net increase(decrease) in cash, cash equivalents, short-term invesments	369	(356)
Cash, cash equivalents and short-term investments, beginning of year	422	778
Cash, cash equivalents and short-term investments, end of year	$ 791	$ 422
Non-cash Transactions		
Exchange or Conversion of bonds	$ 770	$ 1,313
Donated securities - Surplus Note Investment	30	5
Total Non-cash Transactions	$ 800	$ 1,318

See notes to statutory basis financial statements.

NOTE 1 – ORGANIZATION

The Guardian Life Insurance Company of America ("Guardian" or the "Company") provides financial services to customers throughout the United States. The Company provides a full range of insurance, investment, securities brokerage and other financial products and services including individual life and disability insurance, group life and health insurance, annuities, pension and retirement related investments along with asset management and administration services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The accompanying statutory basis financial statements have been prepared on the basis of accounting practices prescribed or permitted by the New York State Department of Financial Services (the "Department"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Insurance companies domiciled in New York are required to prepare statutory basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP"), subject to certain deviations prescribed or permitted by the Department.

The Department recognizes only statutory accounting practices prescribed or permitted by the state of New York for determining and reporting the financial condition and results of operations of an insurance company ("New York SAP"). The NAIC promulgates the NAIC SAP, which include accounting guidelines referred to as Statements of Statutory Accounting Principles ("SSAPs"). The Department adopted NAIC SAP with certain modifications, through the passage of Regulation 172, effective January 1, 2001, as amended.

A reconciliation of the Company's Net Income and Surplus at December 31, 2021 and 2020 between NAIC SAP and practices prescribed by the State of New York is shown below:

	2021	2020
Statutory Net Income, New York basis	$ 223	$ 147
State Prescribed Practices:		
Deferred premiums asset impact (1)	(6)	(8)
Admission of unearned reinsurance premium asset (2)	3	3
Statutory Net Income, NAIC SAP basis	$ 220	$ 142

	2021	2020
Statutory Surplus, New York basis	$ 8,589	$ 7,760
State Prescribed Practices:		
Deferred premiums asset impact (1)	139	145
Admission of unearned reinsurance premium asset (2)	(58)	(61)
Statutory Surplus, NAIC SAP basis	$ 8,670	$ 7,844

1) Department Circular Letter No. 11
2) Department Regulation 172

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial statements prepared on a New York SAP basis vary from financial statements prepared in accordance with GAAP primarily because on a statutory basis: 1) costs related to acquiring business, principally commissions and certain policy issue expenses, are charged to income in the year incurred; 2) life insurance and annuity reserves are based on statutory mortality and interest requirements, without consideration of withdrawals and company experience; 3) life insurance enterprises are required to establish a formula-based asset valuation reserve ("AVR") by a direct charge to surplus to offset potential investment losses; 4) realized gains and losses resulting from changes in interest rates on fixed income investments are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold; 5) bonds are carried principally at amortized cost; 6) certain reinsurance transactions are accounted for as reinsurance for statutory purposes and as financing transactions under GAAP, and assets and liabilities are reported net of reinsurance for statutory purposes and gross of reinsurance for GAAP; 7) certain "non-admitted assets" (furniture and office equipment, leasehold improvements, capitalized internally developed non-operating system software, and prepaid pension costs) must be excluded under statutory reporting through a charge to surplus; 8) investments in common stock of the Company's wholly-owned and majority owned subsidiaries are accounted for using the equity method, where earnings of such subsidiaries are recognized in surplus, that is, only when dividends are distributed is income recognized; 9) gross deferred tax assets and changes in deferred tax assets ("DTAs") and liabilities ("DTLs"), except those relating to changes in unrealized gains and losses, are recognized as a separate component of surplus. Deferred tax assets not meeting certain criteria are non-admitted; 10) investments in Other invested assets, where the Company has a controlling financial interest, are accounted for using the equity method for statutory purposes and consolidated under GAAP; and 11) if in the aggregate, the Company has a net negative cash balance, it is reported as a negative asset for statutory purposes and recorded as a liability under GAAP. The effect on the financial statements of the Company from the differences between New York SAP and GAAP are material and disclosed in Note 19.

Use of Estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As a provider of life insurance products, the Company's operating results in any given period depend on estimates of policy reserves required to provide for future policyholder benefits. The development of policy reserves for insurance and investment contracts requires management to make estimates and assumptions regarding mortality, lapse, expense and investment experience. Such estimates are primarily based on historical experience and, in many cases, state insurance laws that require specific mortality, morbidity, and investment assumptions to be used by the Company and may preclude the use of lapse and expense assumptions. Actual future results could differ from these estimates. Management monitors actual experience, and where circumstances warrant, revises its assumptions and the related reserve estimates. The Company regularly invests in mortgage loans, mortgage-backed securities and other securities subject to prepayment and/or call risk. Significant changes in prevailing interest rates and/or geographic conditions may adversely affect the timing and amount of cash flows on such investments, as well as their related values. In addition, the amortization of market premium and accretion of market discount for mortgage-backed securities is based on historical experience and estimates of future payment experience underlying mortgage loans. Actual prepayment timing could differ from original estimates resulting in adjustments to asset values and amortization or accretion recorded in future periods.

Admitted Assets:
Assets are stated at "admitted asset" values, which are values required by or permitted to be reported to the Department in accordance with its rules and regulations. Certain assets designated as "non-admitted assets" (approximately $161 million and $199 million at December 31, 2021 and December 31, 2020, respectively), consisting principally of deferred tax assets, leasehold improvements, electronic data processing equipment and computer software, and prepaid pension costs are charged directly to unassigned surplus.

Investments:
See Note 3 and Note 4 regarding the accounting policy, reported statement value and estimated fair value of the Company's investment in bonds, common stocks, mortgage loans, real estate and derivatives.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Short-Term Investments and Restricted Cash:
Cash includes amounts on deposit with banks. Cash equivalents are stated at amortized cost and consist of investments having maturities of three months or less at time of purchase. Certain short-term investments are stated at amortized cost and consist primarily of investments having maturities greater than three months from date of purchase, but less than one year to maturity. Fair values for such investments approximate carrying value, because of the relatively short period of time between their origination and expected maturity and collectability.

The Company had no restricted cash and no restricted cash equivalents as of December 31, 2021 and 2020.

Policy Loans:
Policy loans are stated at unpaid principal balance, have no defined maturity date and reduce the amount payable at death or at surrender of the contract.

Other Invested Assets:
Other invested assets consist primarily of joint ventures, limited liability companies (LLCs), including subsidiaries, and other forms of partnerships. These investments are valued at the Company's share of equity in the partnerships' LLC or joint ventures' net assets. All distributions are recorded as income or return of capital based on information received from the partnerships. The change in equity is recorded as unrealized gains (losses) on the Company's books and recorded directly to surplus. Other invested assets also include investments in surplus notes which are carried at amortized cost.

Other Assets:
Other assets consist primarily of receivables from subsidiaries (see Note 11), receivables related to reinsurance ceded (see Note 9), amounts receivable relating to Administrative Services Only ("ASO") uninsured plans, premium tax offsets, and electronic data processing equipment.

Investment Reserves:
In compliance with statutory requirements, the Company maintains the AVR and the IMR. The AVR is intended to stabilize policyholders' surplus against market fluctuations in the value of equities and credit related declines in the value of bonds, mortgage loans and equity investments. Changes in the AVR are recorded directly to surplus. The IMR defers net after-tax realized capital gains (losses) which result from changes in the overall level of interest rates for fixed income investments and amortizes these net capital gains (losses) into income over the remaining stated life of the investments sold. The Company uses the group method of calculating the IMR.

Insurance Revenue and Expense Recognition:
Life premiums are recognized as income when due under the policy provisions. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Benefit payments to policyholders and beneficiaries include death benefits, disability benefits, matured endowments and surrender benefits and are charged to expense when incurred.

Reserves for Policy Benefits:
See Note 5 regarding the methods and assumptions used to establish the Company's reserves for future insurance policy benefits.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Expenses Due or Accrued:
General expenses due or accrued consist primarily of liabilities for defined benefit pension plans, certain health care, dental and life insurance benefits for retired employees ("post retirement benefits") and accrued home office expenses.

Other Liabilities:
Other liabilities consist primarily of liabilities for employees and agents, commissions payable, unearned investment income, amounts withheld or retained by the company as agent or trustee, miscellaneous reinsurance liabilities, assessments, and tax reserves liabilities.

Federal Income Taxes:
The provision for federal income taxes is based on income from operations currently taxable. Realized gains and losses are reported net of the applicable federal income taxes. Deferred federal income tax assets are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with increases or decreases reflected as adjustments to surplus (See Note 8). The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit.

Dividends to Policyholders:
The liability for dividends to policyholders principally consists of dividends expected-to-be paid during the subsequent year and are determined by means of formulas that reflect the relative contribution of each group of policies to the results of operations. Policyholder dividends are approved annually by the Board of Directors.

Other Contract Liabilities
Other contract liabilities include liabilities for deposit type contracts such as funding agreements (see Note 5), claims in the course of settlement, claims incurred but not reported, and premiums received in advance.

Benefit Plans:
See Note 7 regarding the Company's employee benefit plans.

Reinsurance:
The Company enters into reinsurance agreements in the normal course of its insurance business to reduce overall risk (see Note 9 for reinsurance ceded and Note 10 for reinsurance assumed). The Company remains liable for reinsurance ceded if the reinsurer fails to meet its obligation on the business it has assumed. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. The Company does not have any reinsurance agreements that contain risk-limiting features that are subject to disclosure under SSAP 61R Life, Deposit-Type and Accident and Health Reinsurance.

Net Investment Income and Capital Gains:
Net investment income includes interest and dividends received or accrued on investments. It also includes amortization of any purchase premium or accretion of any discount using the interest method, adjusted retrospectively or prospectively for any change in estimated yield to maturity. Investment income due and accrued that is deemed uncollectible is charged against net investment income in the period such determination is made. Net investment income is reduced by investment management expenses, interest expense on the Company's outstanding surplus notes and real estate depreciation.

Realized investment gains and losses are reported in income based upon specific identification of the assets sold. Realized losses include valuation adjustments for other-than-temporary declines in investments. Unrealized investment gains and losses on financial instruments carried at fair value represent changes in the reported fair value and are recorded directly to surplus.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments:

Under state insurance guaranty fund laws, insurers doing business in a state can be assessed, up to prescribed limits, for certain obligations of insolvent insurance companies to policyholders and claimants. Amounts assessed to each company are typically related to its proportion of business written in each state. The Company's policy is to accrue assessments when the entity for which the insolvency relates has met its state of domicile's statutory definition of insolvency, the amount of the loss is reasonably estimable and the related premium upon which the assessment is based is written. In most states, the definition is met with a declaration of financial insolvency by a court of competent jurisdiction. In certain states there must also be a final order of liquidation.

On March 1, 2017, the Commonwealth Court of Pennsylvania entered into an order of liquidation for Penn Treaty Network America Insurance Company, and its subsidiary American Network Insurance Company ("Penn Treaty"), providers of long-term care insurance. As a result of the liquidation, the Company used the most current cost estimate provided by the National Organization of Life and Health Guaranty Associations (NOLHGA) to determine the estimated fund assessments and premium tax offsets.

As of December 31, 2021 and December 31, 2020, the liability balance, included in other liabilities, for assessments was $3 million and $3 million (undiscounted of $3 million and $3.2 million) offset by a discounted premium tax offset of $7 million and $9 million (undiscounted of $9 million and $12 million) using a discount rate of 3.5% as of December 31, 2021 and December 31, 2020, respectively. The Company expects the majority of the remainder of the assessments to be paid out as claims arise and the Company expects the majority of the premium tax offsets to be utilized over the next 2 years.

The below table provide additional information on the Penn Treaty fund assessment liability and premium tax offset recoverables:

	Liability			Recoverables		
Name of the Insolvency	Number of Jurisdictions	Range of Years	Weighted average number of years	Number of Jurisdictions	Range of Years	Weighted average number of years
Penn Treaty	50	1 - 3 years	2 years	40	1 - 20 years	6-7 years

NOTE 3 – INVESTMENTS

Investments are valued in accordance with methods prescribed by the Securities Valuation Office of the NAIC ("SVO"). The Company obtains the fair value of financial instruments held in its portfolio that are either carried at fair value on the face of the financial statements or disclosed in the notes to the financial statements at fair value, from a number of sources. These sources include published market quotes for active market exchange traded instruments, third party pricing vendors, investment banks which are lead market makers in certain markets, broker quotes and the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Unrealized gains and losses on investments carried at fair value are recorded directly in unassigned surplus. The investment portfolio is reviewed for investments that may have experienced a decline in value considered to be other-than-temporary. The Company considers several factors in determining whether other-than-temporary declines exist: duration and extent to which the fair value of the security has been less than cost; financial condition of the issuer; the near term prospects for recovery of the fair value of a security; discounted estimated future cash flows; and the intent and ability of the Company to hold the security to allow for an anticipated recovery in value. Impairments that are considered other-than-temporary are included in net realized capital losses.

The Company's investment portfolio includes securities with a 5GI NAIC designation. There were no securities that had a 5GI NAIC designation with an aggregated book adjusted carrying value and aggregate fair value as of December 31, 2021 and December 31, 2020.

Valuation methods for the various types of investments held are as follows:

Bonds - Bonds are stated principally at amortized cost with bond premiums and discounts amortized using the scientific interest method. Those bonds which are rated 6 by the NAIC are reported at the lower of amortized cost or fair value. SVO Identified Funds (Bond Exchange Traded Funds ("ETFs")) are carried at fair value. Mortgage-backed bonds are carried at amortized cost using the interest method considering anticipated prepayments at the date of purchase. Significant changes in future anticipated cash flows from the original purchase assumptions are accounted for using the retrospective and prospective adjustment method utilizing the Public Securities Association standard prepayment rates. There were eighty four securities that were sold, redeemed or disposed of as the result of a call or tender offer with an aggregate amount of $76 million in investment income from prepayment penalties and acceleration fees as of December 31, 2021. There were thirty three securities that were sold, redeemed or disposed of as a result of a call or tender offer with an aggregate amount of $8 million in investment income from prepayment penalties and acceleration fees as of December 31, 2020.

Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from issuers or broker-dealers through information services or internal estimates and are consistent with current interest rates and the economic environment. There were thirty four securities that were sold, redeemed or disposed of as a result of a call or tender offer with an aggregate amount of $655 million and $30 million in investment income from prepayment penalties as of December 31, 2021. There were twenty three securities that were sold, redeemed or disposed of as a result of a call or tender offer with an aggregate amount of $362 million and $14 million in investment income from prepayment penalties as of December 31, 2020.

The Company changes from the retrospective method to the prospective method when an other-than-temporary impairment has been recorded on a structured loan-backed security.

Common stocks - Common stocks of unaffiliated companies are stated at fair value, which is based on quoted market price. For common stocks without quoted market prices, fair value is estimated using independent pricing services or internally developed pricing models. Investments in subsidiaries are included in common stocks and are valued at equity in the underlying net assets. Undistributed earnings or losses of subsidiaries and unrealized appreciation or depreciation on common stocks are reflected as unrealized capital gains and losses directly in surplus.

Foreign Currency Translation - All of the Company's insurance operations are conducted in the United States of America on a U.S. dollar-denominated basis. The Company does make bond, equity and other investments that are denominated in foreign currencies or issued by entities doing business in other countries. Investments denominated in a foreign currency are translated to U.S. dollars at each reporting date using then-current market foreign exchange rates. Translation gains or losses relating to fluctuations in market exchange rates are reported as a change in unrealized capital gains and losses until the related investment security is sold or matures, at which time a realized capital gain or loss is reported. Transactions denominated in a foreign currency, such as receipt of foreign-denominated interest or dividends, are translated to U.S. dollars based on the actual exchange rate at the time of the transaction.

NOTE 3 – INVESTMENTS (CONTINUED)

The amortized cost basis and estimated fair value of bonds and the cost basis and estimated fair value of common stocks at December 31, 2021 and December 31, 2020 is as follows:

	Amortized Cost/ Cost*	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2021		(In millions)		
U.S. Government	$ 1,365	$ 76	$ (25)	$ 1,416
All other Government	279	-	(1)	278
States, Territories, and Possessions	184	59	-	243
U.S. Political Subdivisions	103	23	-	126
U.S. Special Revenue	1,121	269	-	1,390
Industrial and Miscellaneous	47,041	3,916	(309)	50,648
Hybrid	23	2	-	25
Total Bonds	$ 50,116	$ 4,345	$ (335)	$ 54,126
Common stocks - unaffiliated	$ 111	2	(2)	$ 111
Investment in subsidiaries	1,538	24	(365)	1,197
Total Common Stocks	$ 1,649	$ 26	$ (367)	$ 1,308

* Includes unrealized FX adjustments. NAIC 6 bonds are carried at lower of cost or fair value which is $4 million below amortized cost at December 31, 2021.

	Amortized Cost/ Cost*	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
December 31, 2020		(In millions)		
U.S. Government	$ 1,658	$ 111	$ (10)	$ 1,759
All other Government	155	-	-	155
States, Territories, and Possessions	225	75	-	300
U.S. Political Subdivisions	173	34	-	207
U.S. Special Revenue	1,469	335	-	1,804
Industrial and Miscellaneous	44,282	5,945	(97)	50,130
Hybrid	5	2	-	7
Total Bonds	$ 47,967	$ 6,502	$ (107)	$ 54,362
Common stocks - unaffiliated	$ 110	4	(2)	$ 112
Investment in subsidiaries	1,553	31	(379)	1,205
Total Common Stocks	$ 1,663	$ 35	$ (381)	$ 1,317

*Includes unrealized FX adjustments. Bond ETFs are carried at fair value which is $6 million above amortized cost and NAIC 6 bonds are carried at lower of cost or fair value which is $1 million below amortized cost at December 31, 2020.

NOTE 3 – INVESTMENTS (CONTINUED)

The Company invests in high quality securities that are diversified by asset class, issuer and industry. At December 31, 2021 approximately 2.7% of the portfolio is invested in securities issued or backed by the United States Government or its agencies. No other single issuer accounts for more than 1.0% of the portfolio at December 31, 2021.

The amortized cost and estimated fair value of debt securities at December 31, 2021 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations.

	2021	
	Amortized Cost	Estimated Fair Value
	(In millions)	
Due in one year or less	$ 1,148	$ 1,157
Due after one year through five years	7,865	8,131
Due after five years through ten years	11,427	11,860
Due after ten years	22,612	25,393
Sinking fund bonds, mortgage backed securities and asset backed securities	7,064	7,585
Total	$ 50,116	$ 54,126

In addition to the information disclosed above, short-term investments with a carrying value of $67 million are due in one year or less. Carrying value approximates fair value for these investments.

The net change in unrealized capital gains (losses) included in surplus for year ended December 31, 2021 and 2020 is summarized as follows:

	2021	2020
	(In millions)	
Changes in net unrealized capital gains (losses) attributable to:		
Bonds (NAIC 6 rated)	$ (2)	$ (1)
Private Equity	689	72
Common stocks unaffiliated	(2)	(50)
Common stocks affiliated	7	(105)
Foreign currency translation, net of currency swaps	-	6
Other	125	(25)
Total change in net unrealized capital (losses) gains	817	(103)
Tax benefit	(141)	(8)
Total change in net unrealized gains, net of tax	$ 676	$ (111)

Proceeds from sales of bonds amounted to $7,221 million and $9,909 million for the years ended December 31, 2021 and 2020, respectively. Gross gains of $325 million and $717 million and gross losses of $141 million and $253 million were realized on sales of bonds for the years ended December 31, 2021 and 2020, respectively. These amounts are pre-tax and pre-IMR. Bond sales, maturities and all other cash dispositions amounted to $10,403 million and $11,769 million for the years ended December 31, 2021 and 2020, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

Proceeds from sales of investments in common stock amounted to $132 million and $720 million for the years ended December 31, 2021 and 2020, respectively. Gross gains of $3 million and $32 million and gross losses of $4 million and $74 million were realized on sales of common stock for the years ended December 31, 2021 and 2020, respectively. These amounts are pre-tax.

There were no bond modifications treated as troubled debt restructuring during 2021. During 2020 the Company had one private placement bond modification that was recorded as troubled debt restructuring. The Company recorded a $6 million realized loss. The carrying value of the bond was $28 million on December 31, 2020.

Unrealized Losses:

The Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2021 and December 31, 2020 are shown below:

December 31, 2021	Less than 12 Months		12 Months or More		Total	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 587	$ (4)	$ 179	$ (21)	$ 766	$ (25)
All other Government	261	(1)	-	-	261	(1)
Industrial and Miscellaneous	10,918	(258)	868	(51)	11,786	(309)
Total Bonds	$ 11,766	$ (263)	$ 1,047	$ (72)	$ 12,813	$ (335)
Common stocks - unaffiliated	4	-	32	(2)	36	(2)
Total temporarily impaired securities	$ 11,770	$ (263)	$ 1,079	$ (74)	$ 12,849	$ (337)

NOTE 3 – INVESTMENTS (CONTINUED)

December 31, 2020	Less than 12 Months		12 Months or More		Total	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government	$ 506	$ (10)	$ 1	$ -	$ 507	$ (10)
All other Government	97	-	-	-	97	-
Industrial and Miscellaneous	2,378	(72)	619	(25)	2,997	(97)
Total Bonds	$ 2,981	$ (82)	$ 620	$ (25)	$ 3,601	$ (107)
Common stocks - unaffiliated	-	-	33	(2)	33	(2)
Total temporarily impaired securities	$ 2,981	$ (82)	$ 653	$ (27)	$ 3,634	$ (109)

The Company's investment portfolio includes individual securities that are in an unrealized loss position and have not been recognized as other-than-temporary impairments. There were four hundred and seventeen securities in an unrealized loss position for greater than 12 months with a book value of $1,153 million and a fair value of $1,079 million as of December 31, 2021. There were three hundred and ninety four securities in an unrealized loss position for greater than 12 months with a book value of $680 million and a fair value of $653 million as of December 31, 2020.

In reaching the conclusion that these impairments are not other-than-temporary, management considered many factors including: duration and severity of impairment, discounted cash flow analysis, investment sector stability, creditworthiness, financial condition of issuer, and intent and ability to hold to allow for recovery in value.

NOTE 3 – INVESTMENTS (CONTINUED)

Mortgage Loans:

Mortgage loans are carried at amortized cost. Valuation reserves are established for potential declines in the value of the mortgage loans. As of December 31, 2021 and December 31, 2020 there were no valuation reserves established for any of the Company's mortgage loans. Other-than-temporary impairments on loans are charged to net realized capital losses and are not adjusted for subsequent recoveries in value. There were no other-than-temporary impairments on mortgage loans for the years ended December 31, 2021 and 2020, respectively.

The Company's $5,330 million and $4,816 million of investments in mortgage loans on real estate on December 31, 2021 and December 31, 2020 consist of loans collateralized by commercial real estate properties. Of these amounts $2,910 million and $2,692 million were mortgage loans in which the Company was a participant at December 31, 2021 and December 31, 2020. The Company had no co-lender loan exposure as of December 31, 2021 and $50 million as of December 31, 2020, respectively. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Texas ($1,295 million or 24.30% and $672 million or 12.61%) at December 31, 2021. The largest concentrations of commercial real estate mortgage loans are for properties located in California and Texas ($1,136 million or 23.59% and $603 million or 12.53%) at December 31, 2020. The Company estimates the fair value of mortgage loans on real estate to be $5,516 million and $5,078 million at December 31, 2021 and December 31, 2020, respectively and are classified as Level 3 as discussed in Note 4. Fair value was determined based upon the present value of the scheduled future cash flows of each loan based on the average term to maturity discounted at the appropriate U.S. Treasury rate, adjusted for the current market spread for a similar quality mortgage. Mortgage quality is determined by the loan's Loan to Value ratio, Debt Service Coverage ratio, location and property type. The minimum and maximum range of lending rates on new mortgage loans were between 3.30% and 4.50% originated during 2021. The maximum percentage of any single mortgage loan to the value of the security for loans that originated in 2021 was 74% at origination date.

Management monitors its mortgage loan portfolio on an ongoing basis for events or circumstances that could indicate that it will not receive all of its contractually due principal and interest payments in accordance with the loan agreements. In May and November of each year, the entire portfolio is screened based on debt service coverage, loan to value ratio, delinquency over 90 days and if there are indications that balloon payments due at maturity will not be made to determine if any other than temporary impairments might need to be recorded.

Interest received on impaired loans that were previously modified in a troubled debt restructuring is either applied against the principal or reported as revenue according to management's judgment as to the collectability of principal. There were no mortgages with interest more than 180 days past due at December 31, 2021 or December 31, 2020, respectively.

There were no restructured mortgage loans as of December 31, 2021 or December 31, 2020.

There were no taxes, assessments, or any amounts advanced not included in the mortgage loan total as of December 31, 2021 and 2020.

NOTE 3 – INVESTMENTS (CONTINUED)

The following table set forth the credit quality indicators as of December 31, 2021 and December 31, 2020, based upon the recorded investment gross of allowance for credit losses.

Mortgage Loans
(In millions)

	Debt Service Coverage Ratio - December 31, 2021						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 1,002	$ 60	$ 42	$ 96	$ -	$ -	$ 1,200
50% - 59.99%	1,736	110	234	28	-	-	2,108
60% - 69.99%	1,032	282	222	265	102	-	1,903
70% - 79.99%	-	60	59	-	-	-	119
80% - 89.99%	-	-	-	-	-	-	-
90% - 100%	-	-	-	-	-	-	-
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 3,770**	**$ 512**	**$ 557**	**$ 389**	**$ 102**	**$ -**	**$ 5,330**

Mortgage Loans
(In millions)

	Debt Service Coverage Ratio - December 31, 2020						
	Greater than 2.0X	1.8X to 2.0X	1.5X to <1.8X	1.2X to <1.5X	1.0X to <1.2X	Less than 1.0X	Grand Total
Loan-to-Value Ratio							
0% - 49.99%	$ 1,419	$ 91	$ 21	$ 87	$ 19	$ -	$ 1,637
50% - 59.99%	1,324	228	239	73	10	-	1,874
60% - 69.99%	813	216	136	133	7	-	1,305
70% - 79.99%	-	-	-	-	-	-	-
80% - 89.99%	-	-	-	-	-	-	-
90% - 100%	-	-	-	-	-	-	-
Greater than 100%	-	-	-	-	-	-	-
Total	**$ 3,556**	**$ 535**	**$ 396**	**$ 293**	**$ 36**	**$ -**	**$ 4,816**

NOTE 3 – INVESTMENTS (CONTINUED)

Real Estate:
Real estate investments are reported in the financial statements at cost, less any valuation adjustment, encumbrances and accumulated depreciation of buildings and other improvements using a straight line method over a 40 year period for the buildings and the estimated useful life of the improvements. An investment in real estate is considered impaired when the projected undiscounted net cash flow from the investment is less than depreciated cost. When the Company determines that an investment in real estate is impaired, a valuation adjustment is recorded to reduce the carrying value to estimated fair value, after encumbrances, based on appraisal of the property. The valuation adjustment is included in realized capital losses.

The Company had accumulated depreciation totaling $140 million and $122 million at December 31, 2021 and December 31, 2020, respectively. The Company recorded depreciation expense of $18 million for 2021 and $20 million for 2020. There was two properties with carrying value of $64 million, above its combined fair value of $56 million at December 31, 2021. There were four properties with a combined carrying value of $70 million, above their combined fair value of $56 million at December 31, 2020. There were no other-than-temporary impairments taken on real estate in 2021 and 2020.

The Company continually monitors its investment portfolios for performance, credit issues and risk exposures. By using a variety of measurements and credit analysis derived from both internal and external sources, the Company tracks the risk exposure the portfolios have to market events such as credit deterioration in the sub-prime and other below prime mortgage market. Sub-prime investments can include high loan to value pools, and pools where the borrowers have very impaired credit but the average loan to value is low. The Company has minimal exposure and recorded no impairments in 2021 or 2020 on its sub-prime or other below prime mortgage-backed security holdings. The Company does hold $583 million and $490 million of Non-Agency Residential Mortgage-backed securities ("RMBS") with sub-prime exposure and other below-prime mortgage exposure, representing 0.88% and 0.79% of the Company's invested assets, as of December 31, 2021 and 2020, respectively.

Subprime:
The Company continually monitors its investment portfolios for performance, credit issues and risk exposures. By using a variety of measurements and credit analysis derived from both internal and external sources, the Company tracks the risk exposure the portfolios have to market events such as credit deterioration in the sub-prime and other below prime mortgage market. Sub-prime investments can include high loan to value pools, and pools where the borrowers have very impaired credit but the average loan to value is low. The Company has minimal exposure and recorded no impairments in 2021 or 2020 on its sub-prime or other below prime mortgage-backed security holdings. The Company does hold $583 million and $490 million of Non-Agency Residential Mortgage-backed securities ("RMBS") with sub-prime exposure and other below-prime mortgage exposure, representing 0.88% and 0.79% of the Company's invested assets, as of December 31, 2021 and 2020, respectively.

Restricted Assets and Special Deposits:
The Company had admitted restricted assets of $832 million and $887 million at December 31, 2021 and 2020, respectively. Of these amounts, there were deposits with states as required by certain insurance laws of $4 million in 2021 and $4 million in 2020 and pledged as collateral for futures trading of $49 million and $43 million in 2021 and 2020, respectively. These amounts are included in Bonds in the Statutory Basis Balance Sheets. There were $35 million and $33 million of the Federal Home Loan Bank of New York ("FHLBNY") stock purchased by the Company in 2021 and 2020, respectively which are classified as restricted general account investments within "Common stocks". Also, as of December 31, 2021 and December 31 2020, respectively the Company pledged mortgage loans with a carrying value of $744 million and $807 million that support outstanding funding agreements with the FHLBNY. Total admitted restricted assets were 1.15% and 1.30% of the Company's total admitted assets at December 31, 2021 and 2020, respectively. There were no non-admitted restricted assets in 2021 or 2020.

Investment in Subsidiaries:
Investments in subsidiaries are accounted for using the equity method. Under the equity method, insurance subsidiaries are recorded at their underlying audited statutory surplus. Non-insurance subsidiaries are recorded at their underlying audited GAAP equity. Undistributed earnings or losses of subsidiaries are reflected as unrealized capital gains and losses directly in surplus. Dividends or distributions received from subsidiaries are recognized in net investment income when declared to the extent they are not in excess of undistributed accumulated earnings.

NOTE 3 – INVESTMENTS (CONTINUED)

Investment in affiliated limited liability subsidiaries are included in Other invested assets while investment in all other subsidiaries are included in Common stocks on the Statutory Basis Balance Sheets and totaled $1,952 million and $1,843 million at December 31, 2021 and December 31, 2020, respectively.

The Company's major subsidiaries are as follows:

Guardian Insurance and Annuity Company ("GIAC") is a stock life insurance company organized primarily for the sale of variable deferred annuities, fixed deferred and immediate annuity contracts, and variable life insurance policies.

Berkshire Life Insurance Company of America ("BLICOA") is a stock life company whose primary business is the sale and administration of disability insurance business.

Park Avenue Life Insurance Company ("PALIC") primary business is the administration of life insurance business (principally term and universal life products). Although PALIC is licensed in 48 states and the District of Columbia, it does not currently write new business.

First Commonwealth, Inc. ("FCW") provides dental, vision and hearing care coverage for government and commercial customers. During 2021, the Company entered a strategic partnership with Cressey & Company LP to accelerate the growth of Avesis, a FCW subsidiary. In conjunction with this partnership, Cressey obtained a minority stake in Avesis.

Guardian Investor Services ("GIS") is a wholly-owned non-insurance limited liability company that provides investment advisory services and related services to the mutual funds, variable investment trusts, private investment unit trust, institutional and other clients through Park Avenue Institutional Advisers ("PAIA"), wholly-owned subsidiary of GIS. GIS provides absence management services to organizations and also holds investments in real estate operating entities and joint ventures, residual interests in collateralized loan obligation securities and investments in early stage companies. During 2020, GIS recorded a loss on an affiliated entity of $151 million.

NOTE 3 – INVESTMENTS (CONTINUED)

Selected financial information for the Company's significant subsidiaries is highlighted below:

	2021	2020
	(In millions)	
GIAC (Statutory basis)		
Total assets	$ 14,208	$ 14,237
Total liabilities	13,659	13,710
Net loss	$ (83)	$ (100)
BLICOA (Statutory basis)		
Total assets	$ 4,681	$ 4,411
Total liabilities	4,460	4,198
Net (loss)/income	$ (4)	$ 15
PALIC (Statutory basis)		
Total assets	$ 199	$ 215
Total liabilities	153	162
Net income	$ 5	$ 5
FCW (GAAP basis)		
Total assets	$ 659	$ 637
Total liabilities	203	191
Net income	$ 39	$ 83
GIS (GAAP basis)		
Total assets	$ 3,780	$ 2,968
Total liabilities	3,066	2,362
Net income/(loss)	$ 119	$ (184)

NOTE 3 – INVESTMENTS (CONTINUED)

Investment in Subsidiaries

The following table provides additional information on non-insurance subsidiaries.

December 31, 2021

Description of SCA Investment (Per SSAP No 97)	% of SCA Ownership	Gross Amount	Non-admitted Amount	Admitted Asset Amount	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)	Code
				(In millions)						
Managed Dental Care of California	100%	$ 4	$ -	$ 4	12/31/2020	Sub-2	Y	$ 3	no	I
First Commonwealth	100%	373	-	373	12/31/2020	Sub-2	Y	446	no	I
Innovative Underwriters	100%	7	7	-	n/a	Sub-2	n/a	-	n/a	I
Guardian Investors Services, LLC	100%	688	-	688	n/a	n/a	n/a	-	n/a	I
Park Avenue Securities, LLC	100%	67	-	67	n/a	n/a	n/a	-	n/a	I
Aggregate Total		**$1,139**	**$ 7**	**$ 1,132**				**$ 449**		

December 31, 2020

Description of SCA Investment (Per SSAP No 97)	% of SCA Ownership	Gross Amount	Non-admitted Amount	Admitted Asset Amount	Date of Filing to NAIC	Type of NAIC Filing (Sub-1, Sub-2, or Resubmission of Disallowed Filing)	NAIC Response Received (yes/no)	NAIC Valuation (Amount)	NAIC Disallowed Entity's Valuation Method, Resubmission Required (yes/no)	Code
				(In millions)						
Managed Dental Care of California	100%	$ 3	$ -	$ 3	12/31/2019	Sub-2	Y	$ 3	no	I
First Commonwealth	100%	406	-	406	12/31/2019	Sub-2	Y	452	no	I
Innovative Underwriters	100%	7	7	-	-	Sub-2	n/a	-	n/a	I
Guardian Investors Services, LLC	100%	594	-	594	-	n/a	n/a	-	n/a	I
Park Avenue Securities, LLC	100%	44	-	44	-	n/a	n/a	-	n/a	I
Aggregate Total		**$1,054**	**$ 7**	**$ 1,047**				**$ 455**		

NOTE 3 – INVESTMENTS (CONTINUED)

NET INVESTMENT INCOME

Net investment income, including accrual of discounts and amortization of premiums, arose from the following sources for the years ended December 31, 2021 and December 31, 2020:

	2021	2020
	(In millions)	
Bonds	$ 1,903	$ 1,751
Unaffiliated common stocks	5	8
Affiliated common stocks	43	97
Mortgage loans	227	204
Real estate	63	61
Policy loans	271	277
Cash, Cash Equivalent and Short-Term Investments	1	6
Private Equity	400	166
Other	32	31
Gross investment income	2,945	2,601
Less investment expenses	(241)	(233)
Net investment income	$ 2,704	$ 2,368

NET REALIZED CAPITAL (LOSSES) GAINS

Net realized capital losses were derived from the following sources for the years ended December 31, 2021 and December 31, 2020:

	2021	2020
	(In millions)	
Bonds	$ 158	$ 447
Common stocks (unaffiliated & affiliated)	(1)	(43)
Real estate	-	9
Other invested assets	(86)	(287)
Derivatives and hedging losses gains	6	15
Other	-	(1)
Total net realized capital gains	77	140
Capital gains tax (expense)	(71)	(115)
Transfer (to) IMR (net of tax)	(145)	(371)
Net realized capital losses	$ (139)	$ (346)

The net realized capital loss amount above includes other-than-temporary impairment losses of $129 million and $323 million for the years ended December 31, 2021 and December 31, 2020, respectively. Of the $129 million for 2021, $27 million relates to impairments that reduced surplus which were driven primarily by $27 million in bonds. The remaining $102 million relates primarily to $64 million in investment tax credit investments and $38 million for private equities. Of the $323 million for 2020, $16 million relates to impairments that reduce surplus which were driven primarily by $16 million in bonds. The remaining $307 million relates primarily to $141 million in investment tax credit investments, $126 million in an affiliated entity and $40 million for private equities.

NOTE 3 – INVESTMENTS (CONTINUED)

Derivative Financial Instruments:

The Company enters into derivative transactions in order to mitigate ("hedge") certain risks pertaining to its assets, liabilities and surplus from fluctuations in interest rates, foreign currency exchange rates and market volatility. Derivatives are either exchange traded or contracted over-the-counter. The majority of the Company's over-the-counter derivatives are bilateral contracts between the Company and a single counterparty. The Company's remaining over-the-counter derivatives are cleared and settled through central clearing counterparties.

Derivatives that are designated as hedges for accounting purposes and meet the qualifications for hedge accounting are reported on a basis consistent with the asset or liability being hedged (i.e. at amortized cost). Derivatives that are used to mitigate risk but are not designated as hedges for accounting purposes or do not meet the qualifications for hedge accounting treatment are reported at fair value.

To qualify for hedge accounting the hedge relationship must be designated and formally documented at inception. This documentation details the risk management objective and strategy for the hedge, the derivative used in the hedge, the asset or liability being hedged, and the methodology for assessing hedge effectiveness. The hedge must also be "highly effective" with an assessment of its effectiveness performed both at inception and on an ongoing basis over the life of the hedge.

Derivative transactions expose the Company to the risk that the counterparty may not be able to fulfill its obligations under the terms set forth in the contract. The Company manages this counterparty risk by entering into transactions with counterparties that maintain a minimum credit rating, by performing ongoing review of a counterparties' credit standing, by adhering to established limits for credit exposure to any single counterparty and requiring collateral posting subject to thresholds and minimum transfer amounts in accordance with counterparty agreements to support credit risk associated with counterparty exposures which further reduces the Company's exposure to default by the counterparty. The Company is required to establish a margin account for all of its futures contracts. All of the futures contracts that the Company has entered into are exchange traded. Margin payments are required for futures contract and contract gains or losses are settled daily in cash, therefore the futures contracts are carried at zero value on the Company's balance sheets. The contract amount of futures contracts represents the extent of the Company's involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract. The Company does not offset the statement values for derivatives executed with the same counterparty, even if a master netting arrangement is in place. The Company also does not offset the right to claim collateral against the obligation to return such collateral.

The Company has no embedded credit derivatives that expose it to the possibility of being required to make future payments and does not have any derivative contracts with financing premiums.

Hedging – Designated As Hedging Instruments

The Company designates and accounts for its foreign currency swaps as cash flow hedges and certain equity index futures, treasury futures and S&P equity options as fair value hedges.

Foreign currency swaps are used to mitigate the foreign exchange risk for investments in specifically identified private placement bonds denominated in foreign currencies over a period of up to 15 years. Foreign currency swaps obligate the Company and a counterparty to exchange the foreign currency denominated interest and principal payments receivable on foreign denominated bonds for U.S. dollar payments based on currency exchange rates specified at the inception of the transaction. Foreign exchange gains or losses on these contracts are reported as a change in unrealized gains or losses until the maturity or sale of the hedged foreign currency bond at which time a realized capital gain or loss is recognized.

Equity index futures are used to mitigate the change in value of the liability the Company has to participants in its deferred compensation plans that allocate their plan account balances to equity funds offered under the plan. Equity index futures obligate the Company to pay or receive from a counterparty a cash amount based on a specified equity market index at a predefine price as of a future date applied to the notional amount of the contracts. The change in the fair value of the futures contracts is recorded in current period earnings as income or expense which offsets the operating gain or loss from the change in value of its deferred compensation liability. If the hedge is deemed to be ineffective for any period of time, the change in the fair value of the futures contracts for that time period is recorded in surplus as an unrealized gain or loss.

NOTE 3 – INVESTMENTS (CONTINUED)

Treasury futures are used to mitigate the portion of the change in fair value related to a change in interest rates on specifically identified assets acquired by the Company and held in its general account to support the Funding Agreements ("FA") and the specifically identified portion of a liability incurred by the Company pertaining to FA that are issued by the Company to back Medium Term Notes ("MTN") issued by a special purpose entity.

The Company enters into short positions (sells) treasury futures contracts prior to the issuance of the FA-MTN in order to lock-in the interest rate component of the return of the designated assets at their date of acquisition. When the FA-MTN is issued the Company enters into long position (purchases) treasury futures contracts in order to mitigate the change in the fair value of the designated net liability due to the effects of interest rate changes. The change in the fair value of the futures contracts is recorded in current period earnings as income or expense which offsets the operating gain or loss incurred by the Company on the change in value of its FA liability.

Treasury futures obligate the Company to take or receive delivery of certain Treasury Bonds at a specified price at a future date.

S&P equity options are used by the Company as a risk management strategy to reduce the projected dividend liability exposure on its Index Participation Feature ("IPF") which is a rider on certain whole life contracts. The Company uses a combination of short positions (sell) and long positions (purchases) of over-the-counter European call options on the S&P 500 index with expiration of one year to mitigate the dividend liability exposure based on the future return on S&P 500 index for the annual period of the monthly segment being hedged between the guaranteed floor rate and the cap rate on the participating balances. The change in the fair value of the options contracts is recorded in current period earnings as income or expense which offsets the operating gain or loss incurred by the Company on the change in the amount of the dividend liability.

Hedging – Not Designated As Hedging Instruments

The Company enters into other derivative transactions that mitigate economic risks but are not designated as a hedge for accounting purposes or do not qualify for hedge accounting treatment. These derivative instruments are reported at fair value on the balance sheet as either other invested assets or other liabilities. Changes in the fair value of these instruments are reported as a change in unrealized capital gains or losses until the maturity or termination of the contract, at which time a realized capital gain or loss is recorded.

Treasury futures are used to mitigate the key rate duration mismatch between the designated segment of the general account asset portfolio and the custom composite benchmarks for that segment designed to incorporate certain interest rate characteristics of the liabilities that those assets support. Treasury futures obligate the Company to take or receive delivery of certain Treasury Bonds at a specified price at a future date.

Equity index futures are used to mitigate market fluctuations of the Company's portfolio of unaffiliated common stock and other mark to market assets and to minimize the volatility associated with certain liabilities. Equity index futures obligate the Company to pay or receive from a counterparty a cash amount based on a specified equity market index at a predefine price as of a future date applied to the notional amount of the contracts.

NOTE 3 – INVESTMENTS (CONTINUED)

Credit default swaps index ("CDX") are used to reduce the credit risk exposure on a specified portfolio of corporate bonds. The Company purchases CDX contracts in which it receives payments if there is a credit event on one or more of the specified securities contained in the index. These payments would be used to offset any credit losses recorded on the portfolio of bonds being hedged.

Replications

The Company purchased treasury futures as part of a replication transaction used to manage interest rate exposure. Statutory accounting guidance requires a cash instrument (high quality bond) with the same par value as the notional amount of the derivative and at least the same duration as the treasury futures to be held by the Company in order to cover the change in value of the treasury futures. The combining of the treasury futures and the cash instrument creates the replication (synthetic bond). If the replicated asset and cash instrument are carried at amortized cost so is the derivative. Otherwise, the derivative is carried at fair value. Synthetic bonds had an amortized cost of $6,959 million and $1,824 million at December 31, 2021 and December 31, 2020, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

The following tables provide additional information regarding derivatives that are designated as hedging instruments and those that are not designated as hedging instruments:

December 31, 2021	Notional Amount	Statement Value		Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income	Gain/(loss) from Operations
		Assets	Liabilities				
				(in millions)			
Derivatives designated as hedging instruments:							
Foreign currency swaps	$ 1,787	$ 36	$ 43	$ 76	$ (1)	$ -	$ -
Equity index futures	291	-	-	-	-	-	51
Treasury futures	1,615	-	-	-	-	-	-
S&P equity options	123	6	-	-	-	-	4
Derivatives not designated as hedging instruments:							
Treasury futures	1,510	-	-	(7)	3	-	-
Equity index futures	-	-	-	-	-	-	-
Credit default swap index	-	-	-	-	4	-	-
Total derivatives	$ 5,326	$ 42	$ 43	$ 69	$ 6	$ -	$ 55

December 31, 2020	Notional Amount	Statement Value		Change in Unrealized Capital Gains (Losses)	Net Realized Capital Gains (Losses)	Net Investment Income	Gain/(loss) from Operations
		Assets	Liabilities				
				(in millions)			
Derivatives designated as hedging instruments:							
Foreign currency swaps	$ 1,484	$ 14	$ 97	$ (90)	$ (1)	$ -	$ -
Equity index futures	243	-	-	-	-	-	32
Treasury futures	1,304	-	-	-	4	-	-
S&P equity options	48	2	-	-	-	-	1
Derivatives not designated as hedging instruments:							
Treasury futures	1,040	-	-	3	1	-	-
Equity index futures	-	-	-	-	(3)	-	-
Credit default swap index	-	-	-	-	13	-	-
Total derivatives	$ 4,119	$ 16	$ 97	$ (87)	$ 14	$ -	$ 33

Repurchase Agreements:

The Company periodically enters into repurchase agreements whereby securities will be resold at a predefined price. There were no repurchase agreements as of December 31, 2021 and December 31, 2020, respectively.

NOTE 3 – INVESTMENTS (CONTINUED)

Reverse Repurchase Agreements:
The Company periodically enters into reverse repurchase arrangements whereby certain securities are loaned, primarily with major brokerage firms. The Company's policy requires a minimum of 95% of the fair value of the loaned securities as collateral, calculated on a daily basis, in the form of either cash or securities. Collateral assets received and related liabilities due counterparties are included in the Statutory Basis Balance Sheets as "Other Liabilities". There were no open reverse repurchase agreements on December 31, 2021 or December 31, 2020.

Securities Lending
There were no securities on loan at December 31, 2021 or December 31, 2020.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statutory guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions based on internally developed data in the absence of observable market information. The guidance requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs when determining the fair value of an asset or liability. The statement classifies all assets and liabilities carried or disclosed at fair value in one of the following three categories:

Level 1 – inputs are quoted market prices available in active markets for identical assets or liabilities on the reporting date.

Level 2 – inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – inputs are unobservable where there is little or no market activity for the asset or liability and the Company makes estimates and assumptions based on internally derived information.

The estimated fair values presented below have been determined using available information and valuation methodologies. The estimated fair value for financial instruments held by the Company was determined by management after considering the following sources of information: published market quotes for active exchange traded instruments, third party pricing vendors, quotes from investment banks that are lead market makers in certain markets, independent broker quotations, or the use of internal valuation models that use market observable inputs when available and Company derived inputs when external inputs are not available or deemed to be inaccurate. Considerable judgment is applied in interpreting data to develop the estimates of fair value. Accordingly, such amounts are management's estimate of the value that would be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies from period to period based on available information and market conditions could have a material effect on the estimated fair values.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize the Company's financial instruments carrying amount and estimated fair value/Net Asset Value ("NAV") hierarchy levels for the period ending December 31, 2021 and December 31, 2020:

	December 31, 2021					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	$ 1,415	$ 48,221	$ 4,490	$ 54,126	$ -	$ 50,112
Common Stock (unaffiliated)	-	-	35	35	76	111
Mortgage Loans	-	-	5,516	5,516	-	5,330
Policy Loans	-	-	3,765	3,765	-	3,765
Derivative instruments	-	-	36	36	-	42
Surplus Notes investments	-	826	-	826	-	689
Receivable for securities	-	-	10	10	-	10
Cash, cash equivalents and short-term investments	-	791	-	791	-	791
Due and accrued investment income	-	484	-	484	-	484
Total Assets	$ 1,415	$ 50,322	$ 13,852	$ 65,589	$ 76	$ 61,334
Liabilities						
Deposit type contracts	$ -	$ 4,060	$ -	$ 4,060	$ -	$ 4,177
Derivative instruments	-	-	44	44	-	43
Total Liabilities	$ -	$ 4,060	$ 44	$ 4,104	$ -	$ 4,220

	December 31, 2020					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	$ 1,757	$ 48,133	$ 4,472	$ 54,362	$ -	$ 47,972
Common Stock (unaffiliated)	-	-	34	34	78	112
Mortgage Loans	-	-	5,078	5,078	-	4,816
Policy Loans	-	-	3,810	3,810	-	3,810
Derivative instruments	-	-	26	26	-	16
Surplus Notes investments	-	881	-	881	-	717
Receivable for securities	-	75	-	75	-	75
Cash, cash equivalents and short-term investments	-	403	19	422	-	422
Due and accrued investment income	-	518	-	518	-	518
Total Assets	$ 1,757	$ 50,010	$ 13,439	$ 65,206	$ 78	$ 58,458
Liabilities						
Deposit type contracts	$ -	$ 4,345	$ -	$ 4,345	$ -	$ 4,275
Derivative instruments	-	-	60	60	-	97
Total Liabilities	$ -	$ 4,345	$ 60	$ 4,405	$ -	$ 4,372

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Bonds and common stocks:
Estimated fair values for bonds, other than private placement securities and common stock are valued based on quoted prices from active markets when available (Level 1).

When the Company cannot obtain a quoted market price directly it relies on values provided by a third party pricing vendor. This is the pricing source for the majority of the Company's marketable securities. Prices received from a third party vendor are generally considered to be Level 2.

Pricing vendors utilize pricing models developed for individual asset classes which incorporate available market data. These market inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data which include market research publications. The pricing vendor may obtain broker quotes for securities when sufficient information is not available to fully evaluate a security. For broker-quoted only securities, quotes from market makers or broker-dealers are obtained from sources recognized to be market participants.

Portfolio managers review the values assigned by the pricing vendor for reasonableness. In doing so, they compare the prices received from the pricing vendor to prices of similar securities, price ranges in that asset class or industry or prices from internally generated position reports. If there is a discrepancy with the price received from the vendor, the portfolio manager may communicate this difference to the pricing vendor and present the vendor with additional market data regarding that security in order to ensure the pricing vendor has sufficient information needed to accurately price the security. The pricing vendor will then independently validate and evaluate that data and determine if a price change is warranted.

In the rare instance when a portfolio manager finds a difference in his or her assessment of fair value and the vendor price, after performing the preceding procedures, the portfolio manager may request replacement of the vendor price by a supportable value that is believed to be more representative of the security price. Any replacement of the vendor price is subject to an internal approval process.

The fair values of private placement bonds are determined by using an internal pricing model or for a small amount of securities, assigned individual broker prices. There were one hundred and forty one private placement bonds that were individually priced. These assigned individual prices are usually obtained from an external broker ("hand priced") and are considered to be Level 3.

The significant inputs used for the internal pricing model consist of (i) a broker supplied price matrix, (ii) treasury rates and (iii) credit ratings from certain nationally recognized securities rating organizations ("NRSRO") ("external ratings") or a credit rating assigned internally by the Company's Private Placement Investment Management Group ("internal ratings").

Private placement bonds with an applicable external credit rating of BB or above, for which the corresponding matrix price is used, are classified as Level 2. A private placement bond with an applicable external credit rating of below BB is classified as Level 3 due to the limited amount of market data available for these securities.

Bonds are carried at amortized cost unless they are rated 6 by the NAIC SVO in which case they are reported at the lower of amortized cost or fair value. There were four bonds rated 6 by the NAIC SVO and carried at fair value of $6 million on December 31, 2021 and there were two bonds rated 6 by the NAIC SVO and carried at fair value of $3 million on December 31, 2020. In addition, there were no Bond ETFs carried at fair value on December 31, 2021. There was one Bond ETFs carried at fair value of $215 million on December 31, 2020.

Unaffiliated common stocks are reported at fair value.

Mortgage Loans
The estimated fair value of the mortgage loan portfolio is derived primarily using a loan value matrix using significant unobservable inputs. The inputs used in the matrix include (1) the weighted average cash flow and average term to maturity for each individual loan; (2) a base spread over the U.S. Treasury rate and (3) an internally computed credit rating that is used to derive the appropriate credit spread. Mortgage loans were carried at amortized cost on December 31, 2021 and December 31, 2020 and are classified as Level 3.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Policy Loans
See Note 2 for information regarding policy loans, for which the Company considers the unpaid principal balance to approximate fair value and are classified as Level 3.

Derivatives:
Derivative instruments are valued through the use of quoted market prices for exchange-traded derivatives (Level 1), third party pricing model and a third party pricing service for over-the-counter ("OTC") traded derivatives (Level 2) and by using internally developed estimates and assumptions when no quoted market price or third party vendor price is available (Level 3).

The third party pricing model used to determine fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that are assumed to be consistent with what market participants would use when pricing the instruments. The significant inputs to the pricing models for most over-the-counter derivatives are inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Significant observable inputs include: interest rates, foreign currency exchange rates, interest rate curves, credit curves and volatility.

The methodology used by the third party pricing service for derivative investments is the same as that described above under the bonds and common stocks section.

Surplus Note Investments
The Company invests in surplus note issuances of other mutual insurance companies. These bond-like instruments are classified as Level 2 financial instruments and are valued based on prices obtained from independent pricing services or internally developed pricing models using observable inputs. Typical market-observable inputs include benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Receivables for securities
These receivables are amounts due from financial institutions for securities that were sold by the Company but the proceeds from the sale have not yet been received by the Company. Due to the short-term of the period in which the Company expects to receive these amounts it considers the carrying value of these balances to approximate fair value and are classified as Level 2.

Cash, cash equivalents and short-term investments
See Note 2 for information regarding cash, cash equivalents and short-term investments include cash deposit balances, short-term commercial paper, and other highly liquid debt instruments. Cash amounts are classified as level 1. All remaining cash equivalents and short-term investments are classified as Level 2 except for the outstanding balance on the line of credit with a subsidiary which is classified as Level 3.

Due and accrued investment income
Due and accrued investment income is either investment income earned and legally due to be paid to the Company as of the reporting date or investment income earned as of the reporting date but not legally due to be paid to the Company until after the reporting date. The Company expects to receive these amounts shortly after they become due and is required to non-admit any balance that is over 90 days past due or charge it against income in the period that it is deemed uncollectible. Therefore, the Company considers these amounts short-term in nature and that the carrying value approximates fair value. This amount is classified as Level 2.

Deposit type contracts
Deposit type contracts are made up of funding agreements backing medium term notes for which fair values are based on market prices for the notes when available. For funding agreements with no available market price, fair values are estimated using discounted cash flow calculations based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For all other deposit funds, the fair value is estimated to be equal to the account value since they can be withdrawn at any time and without prior notice.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize the Company's financial instruments carried at fair value by their fair value/NAV hierarchy levels for the period ending December 31, 2021 and December 31, 2020:

	December 31, 2021					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	-	6	-	6	-	6
Derivative Instruments	-		6	6		6
Common Stock	-	-	35	35	76	111
Total Assets	$ -	$ 6	$ 41	$ 47	$ 76	$ 123
Liabilities						
Derivative instruments	$ -	$ -	$ 50	$ 50	$	$ 50
Total Liabilities	$ -	$ -	$ 50	$ 50	$ -	$ 50

	December 31, 2020					
	Level 1	Level 2	Level 3	Total Fair Value	NAV	Carrying Amount
Assets			(In millions)			
Bonds	-	218	-	218	-	218
Derivative Instruments	-		2	2		2
Common Stock	-	-	34	34	78	112
Total Assets	$ -	$ 218	$ 36	$ 254	$ 78	$ 332
Liabilities						
Derivative instruments	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	$ -	$ -	$ -	$ -	$ -	$ -

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarizes changes to the Company's financial instruments carried at fair value and classified as level 3 in the fair value hierarchy for the year ended December 31, 2021 and December 31, 2020.

	As of December 31, 2021			
Level 3 Roll Forward	Bonds	Common Stock (unaffiliated)	Derivative Instruments	Total
		(In Millions)		
Fair Value , beginning of period	$ -	$ 34	$ 2	$ 36
Total gains or (losses) (realized or unrealized):				
Included in net income	-	-	-	-
Included in surplus	-	-	3	3
Purchases, sales, issuances, and settlements:				
Purchases	-	12	4	16
Sales	-	(11)	(3)	(14)
Issuances	-	-	-	-
Settlements	-	-	-	-
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Fair value, end of period	$ -	$ 35	$ 6	$ 41

During 2021, there were no transfers into or out of Level 3.

	As of December 31, 2020			
Level 3 Roll Forward	Bonds	Common Stock (unaffiliated)	Derivative Instruments	Total
		(In Millions)		
Fair Value , beginning of period	$ -	$ 13	$ 2	$ 15
Total gains or (losses) (realized or unrealized):				
Included in net income	-	-	-	-
Included in surplus	-	-	-	-
Purchases, sales, issuances, and settlements:				
Purchases	-	28	2	30
Sales	-	-	(2)	(2)
Issuances	-	(7)	-	(7)
Settlements	-	-		-
Transfers into Level 3		-		-
Transfers out of Level 3	-	-		-
Fair value, end of period	$ -	$ 34	$ 2	36

During 2020, there were no transfers into or out of Level 3.

NOTE 5 – RESERVES FOR POLICY BENEFITS

Reserves for policy benefits represent the estimated net present value of future policy benefits, less future policy premiums, established using actuarial methods based on mortality and morbidity experience tables and valuation interest rates prescribed by the Department. Actual future experience will generally differ from assumptions used to determine these reserves.

Reserves for future policy benefits on life insurance issued in 1988 and later are calculated principally on the New Jersey Reserve Method or the Commissioners Reserve Valuation Method using the 1980 Commissioners' Standard Ordinary ("CSO"), the 2001 CSO, and the 2017 CSO mortality tables. Reserves for term policies and riders issued in 2019 and later, and Universal Life with Secondary Guarantees issued in 2020 and later use the valuation methods specified in Valuation Manual ("VM") -20. Reserves on life policies issued before 1988 are calculated principally on the Net Level Premium Reserve Method using the American Experience, 1941, 1958 and 1980 CSO mortality tables. Annuity contract reserves are principally calculated using the 1983 Group Mortality table and the various Individual Annuity mortality tables. Assumed interest rates principally range from 2.5% to 5.5 % for direct business.

The reserves for Group Life Waiver and Long Term Disability ("LTD") reported claims are determined on a seriatim basis. Life waiver of premium reserves are determined primarily using the 1970 Inter-company Group Life Disability Table for claims incurred on or before December 31, 2008 and the 2005 Group Term Life Waiver Reserve Valuation Table for claims incurred on or after January 1, 2009. The interest rate is 4.0% for claims incurred on or before December 31, 2012, 3.5% for claims incurred between January 1, 2013 and December 31, 2020, and 3.0% for claims incurred on or after January 1, 2021. Long term disability reserves are determined using the 2012 Group Long Term Disability Valuation Table for claims incurred on or after January 1, 2017 and Table 95a for claims incurred on or before December 31, 2016 for the first 24 months after disablement, and the 1987 Commissioners' Group Disability Table for greater than 24 months of disablement. The interest rates range from 2.0% to 5.0%, depending on the year of incurral. Short Term Disability ("STD"), Dental, and Medical claims incurred but not yet reported ("IBNR") reserves are estimated based on the Company's historical experience. Dental and Medical reserves include reasonable allowances for potential adverse deviation.

The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium paid beyond the date of death. The larger of legally computed reserves and cash surrender values on a policy-by-policy basis are held as liabilities. Plans, except for second-to-die plans, charge additional premiums for substandard lives based upon actual issue age. Second-to-die plans develop substandard reserves using the rated up age. Mean reserves are based on appropriate multiples of standard rates of mortality. As of December 31, 2021, the Company had $12 billion of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of New York. The reserves to cover the above insurance totaled $44 million. The Tabular Interest, the Tabular Less Actual Reserve Released and the Tabular Cost have been determined by formula. For the determination of Tabular Interest on funds not involving life for each valuation rate of interest, the tabular interest is calculated as the product of such valuation rate of interest times the average of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year of valuation.

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

At December 31, 2021 and December 31, 2020 the withdrawal characteristics of the Company's annuity reserves and deposit type contract liabilities without life or disability contingencies were as follows:

	As of December 31, 2021				
	General Account	Separate Account with Guarantees	Separate Account Non Guaranteed	Total	% of Total
A. Individual Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 165	$ -	$ -	$ 165	91.7%
(2) Not subject to discretionary withdrawal	$ 15	$ -	$ -	$ 15	8.3%
(3) Total (gross: direct + assumed)	$ 180	$ -	$ -	$ 180	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 180	$ -	$ -	$ 180	100.0%
(6) Amount included in A(1)b above that will move to A(1)e for the first time whin the year after the statement date	$ 180	$ -	$ -	$ 180	
B. Group Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ -	$ -	$ -	$ -	0.0%
(2) Not subject to discretionary withdrawal	$ 7	$ -	$ -	$ 7	100.0%
(3) Total (gross: direct + assumed)	$ 7	$ -	$ -	$ 7	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 7	$ -	$ -	$ 7	100.0%
(6) Amount included in B(1)b above that will move to B(1)e for the first time whin the year after the statement date	$ 7	$ -	$ -	$ 7	
C. Deposit-Type Contracts (no life contingencies):					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ 9	$ -	$ -	$ 9	0.2%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ 9	$ -	$ -	$ 9	0.2%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 480	$ -	$ -	$ 480	10.7%
(2) Not subject to discretionary withdrawal	$ 3,978	$ -	$ -	$ 3,978	89.1%
(3) Total (gross: direct + assumed)	$ 4,467	$ -	$ -	$ 4,467	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 4,467	$ -	$ -	$ 4,467	100.0%
(6) Amount included in C(1)b above that will move to C(1)e for the first time whin the year after the statement date	$ 4,467	$ -	$ -	$ 4,467	
Total annuity actuarial reserves and deposit liabilities:	$ 4,654	$ -	$ -	$ 4,654	
Reconcilliation of total annuity actuarial reserves and deposit liabilities:					
Life and Accident & Health Annual Statement	$ 4,654	$ -	$ -	$ 4,654	
Separate Accounts Annual Statement	-	-	-	-	
Total annuity actuarial reserves and deposit liabilities:	$ 4,654	$ -	$ -	$ 4,654	

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

	As of December 31, 2020				
	General Account	Separate Account with Guarantees	Separate Account Non Guaranteed	Total	% of Total
A. Individual Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	0.0%
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 169	$ -	$ -	$ 169	92.3%
(2) Not subject to discretionary withdrawal	$ 14	$ -	$ -	$ 14	7.7%
(3) Total (gross: direct + assumed)	$ 183	$ -	$ -	$ 183	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 183	$ -	$ -	$ 183	100.0%
(6) Amount included in A(1)b above that will move to A(1)e for the first time whin the year after the statement date	$ 183	$ -	$ -	$ 183	
B. Group Annuities:					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ -	$ -	$ -	$ -	0.0%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ -	$ -	$ -	$ -	0.0%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ -	$ -	$ -	$ -	0.0%
(2) Not subject to discretionary withdrawal	$ 8	$ -	$ -	$ 8	100.0%
(3) Total (gross: direct + assumed)	$ 8	$ -	$ -	$ 8	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 8	$ -	$ -	$ 8	100.0%
(6) Amount included in B(1)b above that will move to B(1)e for the first time whin the year after the statement date	$ 8	$ -	$ -	$ 8	
C. Deposit-Type Contracts (no life contingencies):					
(1) Subject to discretionary withdrawal:					
a. With market value adjustment	$ 10	$ -	$ -	$ 10	0.2%
b. At book value less current surrender charge of 5% or more	-	-	-	-	0.0%
c. At fair value	-	-	-	-	-
d. Total with market value adjustment or at fair value (Total of a through c)	$ 10	$ -	$ -	$ 10	0.2%
e. At book value without adjustment (with minimal or no charge or adjustment)	$ 460	$ -	$ -	$ 460	10.0%
(2) Not subject to discretionary withdrawal	$ 4,112	$ -	$ -	$ 4,112	89.7%
(3) Total (gross: direct + assumed)	$ 4,582	$ -	$ -	$ 4,582	100.0%
(4) Reinsurance ceded	-	-	-	-	-
(5) Total (net) (3)- (4)	$ 4,582	$ -	$ -	$ 4,582	100.0%
(6) Amount included in C(1)b above that will move to C(1)e for the first time whin the year after the statement date	$ 4,582	$ -	$ -	$ 4,582	
Total annuity actuarial reserves and deposit liabilities:	$ 4,773	$ -	$ -	$ 4,773	
Reconcilliation of total annuity actuarial reserves and deposit liabilities:					
Life and Accident & Health Annual Statement	$ 4,773	$ -	$ -	$ 4,773	
Separate Accounts Annual Statement	-	-	-	-	
Total annuity actuarial reserves and deposit liabilities:	$ 4,773	$ -	$ -	$ 4,773	

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

At December 31, 2021 and December 31, 2020 the withdrawal characteristics of the Company's life actuarial reserves were as follows:

	As of December 31, 2021		
	General Account		
	Account Value	Cash Value	Reserve
A. Subject to discretionary withdrawal, surrender values, or policy loans:			
(1) Term Policies with Cash Value	$ -	$ -	$ -
(2) Universal Life	1,119	1,094	1,125
(3) Universal Life with Secondary Guarantees	117	86	358
(4) Indexed Universal Life	-	-	-
(5) Indexed Universal Life with Secondary Guarantees	-	-	-
(6) Indexed Life	-	-	-
(7) Other Permanent Cash Value Life Insurance	-	42,309	43,548
(8) Variable Life	-	-	6
(9) Variable Universal Life	-	-	-
(10) Miscellaneous Reserves	-	-	-
B. Not subject to discretionary withdrawal or no cash values:			
(1) Term Policies without Cash Value	-	-	1,681
(2) Accidental Death Benefits	-	-	5
(3) Disability - Active Lives	-	-	169
(4) Disability - Disabled Lives	-	-	406
(5) Miscellaneous Reserves	-	-	763
C. Total (gross: direct + assumed)	1,236	43,489	48,061
D. Reinsurance ceded	-	-	1,217
E. Total (net) (C) - (D)	$ 1,236	$ 43,489	$ 46,844

	As of December 31, 2020		
	General Account		
	Account Value	Cash Value	Reserve
A. Subject to discretionary withdrawal, surrender values, or policy loans:			
(1) Term Policies with Cash Value	$ -	$ -	$ -
(2) Universal Life	1,082	1,053	1,089
(3) Universal Life with Secondary Guarantees	104	75	325
(4) Indexed Universal Life	-	-	-
(5) Indexed Universal Life with Secondary Guarantees	-	-	-
(6) Indexed Life	-	-	-
(7) Other Permanent Cash Value Life Insurance	-	39,649	40,958
(8) Variable Life	-	-	-
(9) Variable Universal Life	-	-	10
(10) Miscellaneous Reserves	-	-	-
B. Not subject to discretionary withdrawal or no cash values:			
(1) Term Policies without Cash Value	-	-	1,674
(2) Accidental Death Benefits	-	-	5
(3) Disability - Active Lives	-	-	163
(4) Disability - Disabled Lives	-	-	416
(5) Miscellaneous Reserves	-	-	715
C. Total (gross: direct + assumed)	1,186	40,777	45,356
D. Reinsurance ceded	-	-	1,212
E. Total (net) (C) - (D)	$ 1,186	$ 40,777	$ 44,144

NOTE 5 – RESERVES FOR POLICY BENEFITS (CONTINUED)

Note Program

Funding agreements are investment contracts whose reserve liabilities are equal to the account value and are established by contract deposits, increased by interest credited and decreased by contract coupon payments and maturities. Contract holders do not have the right to terminate the contract prior to the contractually stated maturity date. Credited interest rates vary by contract and can be fixed or floating. Under the note program, the Company created a special purpose entity ("SPE"), which is an investment vehicle or trust, for the purpose of issuing medium-term notes to investors. Proceeds from the sale of the medium-term notes issued by the SPE are used to purchase funding agreements from the Company. The medium-term notes are secured by the funding agreements with the note issuer granting a security interest in the funding agreement to the indenture trustee for the notes. The payment terms of any particular series of notes are matched by the payment terms of the funding agreement securing the series. The Company has a $5.0 billion Global Medium-Term Note Program. The amounts outstanding were $3.4 billion and $3.6 billion at December 31, 2021 and December 31, 2020, respectively, and are included in the Statutory Basis Balance Sheets as "Policyholder dividends payable and other contract liabilities". During 2021, notes totaling $800 million matured and new notes totaling $600 million were issued.

NOTE 6 – PREMIUM AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Gross deferred and uncollected life insurance premiums represent premiums due to be received from policy owners through the next policy anniversary date. Net deferred and uncollected life insurance premiums represent only the portion of gross premiums related to mortality charges and interest. Deferred and uncollected life insurance premiums at December 31, 2021 and December 31, 2020 were as follows:

	2021		2020	
	(In millions)		(In millions)	
Type	**Gross**	**Net**	**Gross**	**Net**
Ordinary new business	$ 78	$ 77	$ 62	$ 62
Ordinary renewal	762	618	751	629
Group life	117	301	181	356
Totals	$ 957	$ 996	$ 994	$ 1,047

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS

Defined Benefit Plans:

The Company sponsors non-contributory defined benefit pension plans covering all eligible employees. These include tax-qualified plans, as well as nonqualified plans that provide benefits to certain participants in excess of ERISA limits for qualified plans. The Company's policy is to fully fund the obligations of qualified plans in accordance with ERISA requirements.

In addition to pension benefits, the Company provides postretirement benefits for retired employees. Substantially all of the employees and representatives may become eligible for these benefits if they reach retirement age while working for the Company.

In accordance with NAIC SAP, the costs associated with these required benefits are expensed over the period that the participant provides services to the Company, including recognition of assets and liabilities based on the funded status of the related plans. Pension assets are then non-admitted and thereby excluded from surplus.

On September 30, 2020, the Company announced the decision to freeze future pension benefit accruals for all Home Office employees who have not reached the Rule of 75 as of December 31, 2020. The Rule of 75 is determined using 75 "points" when combining an employee's age plus years of service as of December 31, 2020. The announcement of the plan change resulted in a plan curtailment as defined in Statement of Statutory Accounting Principle No. 102, Accounting for Pensions, A Replacement of SSAP No. 89 ("SSAP 102"). A curtailment is an event that significantly reduces the expected years of future service or eliminates the future accrual or defined benefits for a significant number of employees. A curtailment was measured as of September 30, 2020, which is the date the changes were communicated to Plan participants, in accordance with the practical expedient described in SSAP 102. The curtailment resulted in a reduction in projected benefit obligations ("PBO") of $84 million which was offset against the Plan's unrecognized losses and recognized as a gain in surplus.

On June 30, 2020, the Company announced the decision to eliminate the post-Medicare HRA subsidy for all Home Office employees that retire after December 31, 2020. The announcement of the plan change resulted in a plan amendment as defined in Statement of Statutory Accounting Principle No. 92, Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14 ("SSAP 92"). The plan was remeasured as of June 30, 2020, which is the month end closest to the date the changes were communicated to Plan participants, in accordance with the practical expedient described in SSAP 92. The amendment resulted in a reduction in PBO of $67 million which offset existing unrecognized prior service costs of $14 million with the remaining $53 million recognized as a new prior service credit and recognized as a gain in surplus.

Components of Net Periodic Benefit Expense

The components of net periodic pension and postretirement benefits expense including the amount of unrecognized items amortized into expense for the years ended December 31 are as follows:

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
	(In millions)			
Service cost	$ 52	$ 94	$ 3	$ 5
Interest cost	91	101	6	7
Expected return on plan assets	(172)	(169)	(10)	(9)
Amortization of transition amount	-	-	5	5
Amortization of actuarial net loss	81	91	(10)	(9)
Amortization of prior service costs	-	-	-	-
Net periodic expense	$ 52	$ 117	$ (6)	$ (1)

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Changes in the projected benefit obligations and plan assets during the years ended December 31, 2021 and December 31, 2020 were as follows (in millions):

	Pension Benefits		Postretirement Benefits	
Change in benefit obligation	**2021**	**2020**	**2021**	**2020**
Benefit obligation, at beginning of period	$ 3,380	$ 3,002	$ 219	$ 265
Service cost	52	94	3	5
Interest cost	91	101	6	7
Actuarial (gain) loss	(99)	420	(8)	22
Plan amendments	-	-	-	(67)
Curtailments	-	(84)	-	-
Benefits paid	(207)	(153)	(14)	(13)
Benefit obligation, at end of period	$ 3,217	$ 3,380	$ 206	$ 219

	Pension Benefits		Postretirement Benefits	
Change in fair value of plan assets	**2021**	**2020**	**2021**	**2020**
Plan assets, at beginning of period	$ 2,537	$ 2,414	$ 144	$ 134
Actual return on plan assets	135	262	11	21
Employer contributions	17	14	1	2
Benefits paid	(207)	(153)	(14)	(13)
Plan assets, at end of period	$ 2,482	$ 2,537	$ 142	$ 144

	Pension Benefits		Postretirement Benefits	
Funded status	**2021**	**2020**	**2021**	**2020**
Funded status at end of period	$ (735)	$ (843)	$ (63)	$ (75)
Unrecognized prior service costs	-	-	-	(49)
Unrecognized actuarial net loss	931	1,074	-	66
Net amount recognized	$ 196	$ 231	$ (63)	$ (58)

	Pension Benefits		Postretirement Benefits	
Recognized as of December 31	**2021**	**2020**	**2021**	**2020**
Prepaid benefit cost	$ -	$ -	$ -	$ -
Less assets non admitted	-	-	-	-
Accrued liability	(735)	(843)	(63)	(75)
Net amount recognized	$ (735)	$ (843)	$ (63)	$ (75)

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Assumptions

Weighted average assumptions used in calculating the benefit obligations were as follows:

	Pension Benefits		Post Retirement Benefits	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Discount rate	3.05%	2.75%	2.93%	2.58%
Rate of compensation increase	3.00%	3.00%	n/a	n/a

Weighted average assumptions used in calculating the net periodic benefit cost were as follows:

	Pension Benefits For the Years Ended		Post Retirement Benefits For the Years Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Discount rate	2.75%	3.50%	2.58%	3.45%
Rate of compensation increase	3.00%	3.00%	n/a	n/a
Expected return on plan assets	7.00%	7.20%	7.00%	7.20%

Assumed health care cost trend rates were as follows:

	As of December 31,	
	2021	2020
Medical & Prescription Pre - Age 65	6.50%, grading to 4.5% over 10 years	6.75%, grading to 4.5% over 10 years

The accumulated benefit obligations ("ABO") for the funded and unfunded pension plans were $2,486 million and $541 million, respectively, at December 31, 2021 and $2,631 million and $548 million, respectively, at December 31, 2020. The accumulated post retirement benefit obligation ("APBO") for the postretirement plans was $206 million at December 31, 2021 and $219 million at December 31, 2020.

For the pension plans with ABO in excess of plan assets, the projected benefit obligations, accumulated benefit obligations, and fair value of plan assets were and $3,217 million, $1,249 million, and $691 million respectively at December 31, 2021 and $3,380 million, $3,178 million, and $2,537 million respectively at December 31, 2020.

With respect to the Company's pension plans, the actuarially calculated funding amount ranges from the minimum amount the Company would be required to contribute to the maximum amount that would be deductible for tax purposes. Contribution amounts in excess of the minimum amounts are deemed voluntary. Amounts in excess of the maximum amount would be subject to an excise tax and may not be deductible under the Internal Revenue Code. The Company made no voluntary contributions in 2021 or 2020.

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

Benefit Payments

The following table discloses the expected benefit payments for the Company's pension and postretirement plans.

	Pension Benefits	Other Benefits
Estimated Future Payments	(In millions)	
2022	184	14
2023	185	14
2024	185	15
2025	188	16
2026 - 2031	1,122	92

Plan Assets

The Company's pension and postretirement plans' asset allocation by major asset class at December 31, 2021 and December 31, 2020, and the target allocation for 2022, are as follows:

	Target Allocation	Percentage of Plan Assets at	
Asset Category	**2022**	**As of December 31, 2021**	**As of December 31, 2020**
U.S. Stocks	0%-50%	27%	16%
International Stocks	0%-10%	4%	4%
Non-convertible Bonds	60%-90%	69%	80%
		100%	100%

NOTE 7 – EMPLOYEE AND REPRESENTATIVE BENEFIT PLANS (CONTINUED)

The investment strategy with respect to the Company's pension plan assets is to preserve capital and to seek investment returns with a goal of fully funding the plan.

The expected rate of return was 7.0 % for the year ended December 31, 2021 and 7.2% for the year ended December 31, 2020. These rates of return are an aggregation of expected returns within each asset category. The return with respect to each asset class considers both historical returns and the future expectations for such returns.

Target allocations of assets are determined with the objective of maximizing returns and minimizing volatility of net assets through adequate asset diversification and partial liability immunization. Adjustments are made to target allocations based on the Company's assessment of the impact of economic factors and market conditions.

The following table summarizes the Master Trust's financial instruments carried at fair value hierarchy levels. The fair values were estimated using the same methodology described in Note 4.

	As of December 31, 2021 (In millions)			
Description	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
U.S. Stocks	$ -	$ 393	$ -	$ 393
International Stocks		90		90
Non-convertible Bonds	4	1,786	-	1,790
Total	$ 4	$ 2,269	$ -	$ 2,273

	As of December 31, 2020 (In millions)			
Description	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair**
U.S. Stocks	$ -	$ 399	$ -	$ 399
International Stocks		94		94
Non-convertible Bonds	9	1,918	-	1,927
Total	$ 9	$ 2,411	$ -	$ 2,420

There were no financial instruments carried at fair value and classified as Level 3 as of December 31, 2021 and 2020.

Defined Contribution Plans

The Company sponsors defined contribution plans. Home office employees are covered by an investment and profit sharing plan pension plans 401(k)/401(a). Employees can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 10% (if not highly paid) of non-matched contributions. In addition, the Company provides a profit sharing allocation in proportion to salary. For home office employees hired on or after January 1, 2018, or home office employees hired before January 1, 2018 that do not meet the Rule of 75 as of December 31, 2020, the Company also makes a non-elective contribution to the Plan based on the age, years of service, and compensation of the participant. Field representatives are covered by a 401(k)/401(a) investment plan in which they can invest up to 3% of their salary matched by an equal amount from the Company. They are also allowed an additional 12% (if not highly paid) of non-matched contributions. The assets for both home office plans and the field representative's plan are held in a trust. Full time agents and general agents are covered by non-contributory plans. The Company contributed $86 million to these plans in 2021 and $35 million in 2020. The Company funds these plans and reflects the funded amounts as a liability.

NOTE 8 – INCOME TAXES

Consolidated Federal Income Tax Return

The Company's federal income tax return is consolidated with the following entities:

- Guardian Insurance & Annuity Company, Inc.,
- Park Avenue Life Insurance Company,
- Sentinel American Life Insurance Company,
- Family Service Life Insurance Company,
- Managed Dental Care of California,
- Managed Dental Guard of Texas,
- Managed Dental Guard of New Jersey,
- Innovative Underwriters Inc.,
- Berkshire Life Insurance Company of America,
- First Commonwealth, Inc. and its subsidiaries,
- Reed Group Ltd,
- GIS Canada Holdings Corp, and
- Guardian Abbey LLC

The Company files a consolidated federal income tax return as parent, with its subsidiaries. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net capital losses, which it may incur, or to recoup its net operating or capital losses carried forward as an offset to future net income or capital gains subject to federal income taxes.

The Internal Revenue Code limits the amount of non-life insurance losses that may offset life insurance company taxable income. The consolidated income tax liability is allocated among the members of the group pursuant to a tax allocation agreement. In accordance with the tax allocation agreement, each qualifying member of the group computes its tax provision and liability on a separate return basis, but may, where applicable, recognize benefits of net operating losses and capital losses utilized in the consolidated group. Subsidiary tax liabilities/benefits are settled subsequent to the filing of the federal income tax return.

The Company does not anticipate any significant changes to its tax contingencies within the next 12 months.

NOTE 8 – INCOME TAXES (CONTINUED)

Deferred income taxes are generally recognized, based on enacted tax rates, when assets and liabilities have different values for financial statement and tax purposes.

The components of the net deferred tax asset recognized in the Company's Statutory Basis Balance Sheets are as follows:

	December 31, 2021		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,646	$ 124	$ 1,770
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,646	124	1,770
Deferred Tax Assets Nonadmitted	-	-	-
Subtotal Net Admitted Deferred Tax Asset	1,646	124	1,770
Deferred Tax Liabilities	827	260	1,087
Net Admitted Deferred Tax Asset	$ 819	$ (136)	$ 683

	December 31, 2020		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 1,552	$ 102	$ 1,654
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	1,552	102	1,654
Deferred Tax Assets Nonadmitted	41	-	41
Subtotal Net Admitted Deferred Tax Asset	1,511	102	1,613
Deferred Tax Liabilities	767	118	885
Net Admitted Deferred Tax Asset	$ 744	$ (16)	$ 728

	Change		
	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 94	$ 22	$ 116
Statutory valuation allowance adjustments	-	-	-
Adjusted Gross Deferred Tax Assets	94	22	116
Deferred Tax Assets Nonadmitted	(41)	-	(41)
Subtotal Net Admitted Deferred Tax Asset	135	22	157
Deferred Tax Liabilities	60	142	202
Net Admitted Deferred Tax Asset	$ 75	$ (120)	$ (45)

A valuation allowance is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's management has concluded that the deferred income tax assets are more likely than not to be realized. Therefore, no valuation allowance has been provided.

NOTE 8 – INCOME TAXES (CONTINUED)

Admission calculation components SSAP No. 101 (Paragraph 11)

The Company follows the guidance in Statement of Statutory Accounting Principles No. 101 - Income Taxes, A Replacement of SSAP No. 10R and SSAP No.10 ("SSAP 101"). SSAP 101 included a similar calculation for limitation of gross deferred tax assets as SSAP 10R for insurers that maintain a minimum of 300% of their authorized control level RBC computed without net deferred tax assets. The Company exceeded the 300% minimum RBC requirement at December 31, 2021 and 2020.

	December 31, 2021		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss	$ -	$ 90	$ 90
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	682	-	682
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the	682	-	682
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	-	-	-
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	963	34	997
Deferred tax assets admitted as the result of application of SSAP No. 101.Total (a. + b. + c.)	$ 1,645	$ 124	$ 1,769

	December 31, 2020		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss	$ -	$ 60	$ 60
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	667	-	667
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the	667	-	667
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	-	-	-
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from a. and b. above) offset by gross deferred tax liabilities.	844	42	886
Deferred tax assets admitted as the result of application of SSAP No. 101.Total	$ 1,511	$ 102	$ 1,613

	Change		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss	$ -	$ 30	$ 30
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2a, above) after application of the threshold limitation. (The Lesser of 2b.i. and 2b.ii. below)	15	-	15
The lesser of:			
i. Adjusted gross deferred tax assets expected to be realized following the	15	-	15
ii. Adjusted gross deferred tax assets allowed per limitation threshold.	N/A	N/A	-
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax	119	(8)	111
Deferred tax assets admitted as the result of application of SSAP No. 101.Total	$ 134	$ 22	$ 156

	2021	2020
Ratio percentage used to determine recovery period and threshold limitation amount	997%	953%
Amount of adjusted capital and surplus used to determine recovery period and threshold	$ 10,024	$ 8,780

NOTE 8 – INCOME TAXES (CONTINUED)

	December 31, 2021	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	$ 1,646	124
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.0%	5.1%
3. Net Admitted Adjusted Gross DTAs amount	1,646	125
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	5.1%

	December 31, 2020	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	$ 1,552	102
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.0%	3.6%
3. Net Admitted Adjusted Gross DTAs amount	1,511	106
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	3.6%

	Change	
	Ordinary	Capital
1. Adjusted Gross DTAs amount	94	22
2. Percentage of adjusted gross DTAs by tax character attributable to the	0.0%	1.5%
3. Net Admitted Adjusted Gross DTAs amount from	135	19
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.0%	1.5%

Does the Company's tax-planning strategies include the use of reinsurance?	Yes		No	X

All DTL were recognized as of December 31, 2021 and December 31, 2020.

Current income taxes incurred consisted of the following major components:

Description	December 31, 2021	December 31, 2020	Change
(In millions)			
Federal income tax (benefit)/expense on operating income	$ 21	$ (80)	$ 101
Prior year overaccrual	(12)	(20)	8
Contingent tax	-	-	-
Current Federal operations income tax expense /(benefit)	$ 9	$ (100)	$ 109
Federal income tax expense/(benefit) on capital gains/(losses)	$ 75	$ 116	$ (41)
Prior year underaccrual	(4)	(1)	(3)
Current Federal capital gain income tax expense/(benefit)	$ 71	$ 115	$ (44)
Federal and foreign income taxes incurred	$ 80	$ 15	$ 65

NOTE 8 – INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2021	2020	Change
		(In millions)	
DTAs Resulting from Book/Income Tax Differences In:			
Ordinary:			
Reserves	$ 679	$ 647	$ 32
Policy acquisition costs	359	297	62
Dividend provision	229	213	16
Liabilities for employees and agents	133	123	10
Pension Accrual	168	193	(25)
Non admitted assets	32	32	-
Leasehold improvement	1	2	(1)
Contract liabilities and unpaid claims	1	-	1
Other	44	45	(1)
Gross ordinary DTA - (admitted and nonadmitted)	$ 1,646	$ 1,552	$ 94
Statutory valuation allowance adjustment - ordinary	-	-	-
Total ordinary DTA - (nonadmitted)	-	41	(41)
Admitted ordinary DTA	1,646	1,511	135
Capital:			
Impaired securities	122	99	23
Other	2	3	(1)
Gross capital DTA - (admitted and nonadmitted)	124	102	22
Total capital DTA - (nonadmitted)	-	-	-
Admitted capital DTA	124	102	22
Total admitted DTA	$ 1,770	$ 1,613	$ 157
DTLs Resulting from Book/Income Tax Differences In:			
Ordinary:			
Deferred and uncollected premiums	$ 242	$ 243	$ (1)
Advanced premium	80	75	5
Reserve transition adjustment (8 Year)	76	96	(20)
Guaranteed dividend	153	141	12
Other invested assets	191	156	35
Reserves 10 year spread	5	6	(1)
Other	80	50	30
Ordinary DTL	$ 827	$ 767	$ 60
Capital:			
Unrealized capital gains	207	65	142
Deferred gain	53	53	-
Capital DTL	260	118	142
Total DTL	$ 1,087	$ 885	$ 202
Net admitted DTA/(DTL)	$ 683	$ 728	$ (45)
The Change in net deferred income taxes is comprised of the following:			
Adjusted gross deferred tax assets	$ 1,770	$ 1,654	$ 116
Total deferred tax liabilities	1,087	885	202
Net deferred tax assets (liabilities)	$ 683	$ 769	$ (86)
Tax effect of net unrealized gains (losses)			141
Change in net deferred income tax			$ 55

Changes in net deferred income tax, including changes attributable to changes in tax rates and changes in tax status, if any, shall be recognized as a separate component of gains and losses in unassigned funds (Surplus).

NOTE 8 – INCOME TAXES (CONTINUED)

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant book to tax adjustments causing this difference were the following:

	December 31, 2021	Effective Tax Rate
	(In millions)	
Net gain from operations after dividends to policyholders and before Federal income tax @21%	$ 78	
Net realized capital gains (losses) @21%	(14)	
Provision calculated at statutory rate	64	21.00%
Tax effect of:		
Interest maintenance reserve	16	5.30%
Tax Exempt Interest	(4)	-1.30%
Affiliated Dividends	(9)	-3.00%
Tax Credit	(61)	-20.00%
Return to Provision	(7)	-2.30%
Pension Adjustment	31	10.20%
Other	(5)	-1.60%
Total statutory income tax expense/(benefit)	$ 25	8.30%
Federal income taxes incurred	80	26.30%
Change in net deferred income taxes	(55)	(18.00%)
Total statutory income tax expense/(benefit)	$ 25	8.30%

Operating Loss and Tax Credit Carryforwards

As of December 31, 2021, the Company does not have any net ordinary loss carryforwards, capital loss carryforwards or tax credit carryforwards.

The following are income taxes incurred in prior years that are available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
		(In millions)	
2021	$ -	$ 76	$ 76
2020	-	110	110
2019	-	98	98
Total	$ -	$ 284	$ 284

As of December 31, 2021, the Company does not have any deposits admitted pursuant to the Internal Revenue Code Section 6603.

NOTE 9 – REINSURANCE CEDED

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 business to reinsurers under various modified coinsurance agreements, coinsurance agreements, and combinations thereof, and yearly renewable term agreements. These agreements provide for reinsurance of selected individual life and disability policies and group life and group health contracts. Under the terms of the modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the Company. The Company retains the primary obligation to the policyholder for reinsured policies. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, the Company evaluates the financial condition of its reinsurers in order to minimize its exposure to losses from reinsurer insolvencies.

The effects of these ceding agreements on the components of gain from operations in the accompanying statutory basis statements of operations are as follows:

	2021	2020
	(In millions)	
Premiums, annuity considerations and fund deposits	$ (474)	$ (413)
Commissions and expense allowances (other income)	70	84
Total revenues	(404)	(329)
Benefit payments to policyholders and beneficiaries	(496)	(427)
Net reductions to policy benefit reserves	15	(3)
Commissions and operating expenses	-	(2)
Total expenses	(481)	(432)
Net gain on operations from reinsurance ceded	$ 77	$ 103

During 2021, the Company entered into a Yearly Renewal Term ("YRT") quota share agreement in which it cedes 50%-90% of the mortality risk on Group Life contracts. Under the agreement, the Company cedes premium, claims and net amount at risk. Profits, after a risk charge, are returned to the Company through an experience refund.

NOTE 10 – REINSURANCE ASSUMED

The Company enters into various modified coinsurance agreements, coinsurance agreements, and combinations thereof and yearly renewable term agreements that provide reinsurance on life insurance, annuities, credit life, disability insurance, and credit accident and health business. Under the terms of the various reinsurance treaties, the Company assumed (net of retrocession) approximately $2.6 billion face amount of life insurance at December 31, 2021 and $2.2 billion at December 31, 2020. Under the terms of modified coinsurance agreements, reserves related to the reinsured business and the corresponding assets are held by the ceding company.

The Company has a coinsurance agreement with BLICOA, an affiliated insurance company, entered into in 2013. Under the agreement, the Company assumed 80% of the net individual disability insurance ("IDI") originally ceded to BLICOA from the Company via the July 1, 2001 coinsurance treaty as well as 80% of the IDI and multi-life ("ML") business written by BLICOA since the 2001 treaty. The reinsurance is on a funds withheld basis with supporting invested assets remaining in BLICOA.

Also, as part of the terms of the agreement, the Company can request that BLICOA pay an amount equal to the Annual Funds Withheld Increase to the Company. In 2021, the Company did not request that BLICOA pay an amount equal to the Annual Funds Withheld Increase it recorded in 2020. In 2020 the Company did not request that BLICOA pay an amount equal to the Annual Funds Withheld Increase it recorded in 2019.

During 2021, BLICOA's disability claim reserves were strengthened with adjustments to the Cost of Living Adjustment ("COLA") assumptions. Under the Company's coinsurance agreement with BLICOA, this reserve strengthening resulted in an increase of $46 million in reserves which was recorded as a change in estimate through the Statutory Basis Statement of Operations. During 2020, BLICOA's disability claim reserves were strengthened with adjustments to the claim termination rate assumptions. Under the Company's coinsurance agreement with BLICOA, this reserve strengthening resulted in an increase of $62 million in reserves which was recorded as a Change in reserve on account of change in valuation basis in the Statutory Basis Statements of Changes in Policyholders' Surplus.

The Company has an Individual Life YRT reinsurance agreement with GIAC, an affiliated insurance company, entered into in 2011. The agreement covers GIAC's current form Secondary Guarantee Universal Life and Survivorship Universal Life plans having policy effective dates of January 1, 2011 and later. Reinsurance under the agreement is assumed on an automatic 90% first dollar quota share basis.

NOTE 10 – REINSURANCE ASSUMED (CONTINUED)

The following tables outline the effects of these assumption agreements on the accompanying Statutory Basis Statements of Operations.

Reinsurance Assumed from Affiliates

	2021	2020
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 750	$ 722
Reserve adjustments on reinsurance (other income)	22	20
Total revenues	772	742
Benefit payments to policyholders and beneficiaries	319	317
Net increase to policy benefit reserves	163	160
Commissions and operating expenses	240	238
Total expenses	722	715
Net gain on operations from reinsurance assumed	$ 50	$ 27

Reinsurance Assumed from Non-Affiliates

	2021	2020
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 2	$ 2
Total revenues	2	2
Benefit payments to policyholders and beneficiaries	1	2
Net reductions to policy benefit reserves	(1)	(1)
Commissions and operating expenses	1	1
Total expenses	1	2
Net loss on operations from reinsurance assumed	$ 1	$ -

Total Reinsurance Assumed

	2021	2020
	(In millions)	
Premiums, annuity considerations and fund deposits	$ 752	$ 724
Reserve adjustments on reinsurance (other income)	22	20
Total revenues	774	744
Benefit payments to policyholders and beneficiaries	320	319
Net increase to policy benefit reserves	162	159
Commissions and operating expenses	241	239
Total expenses	723	717
Net gain on operations from reinsurance assumed	$ 51	$ 27

NOTE 11 – RELATED PARTY TRANSACTIONS

In 2021 and 2020, the Company made the following capital contributions to its real estate joint ventures which are an addition to Other invested assets in the Statutory Basis Balance Sheets:

	2021	2020
	(In millions)	
Guardian Springwoods III, LLC	$ 1	$ 8
Troy Court Industrial	1	5
GS-Invreg Wayzata, LLC	13	-
Center Key Land Partners, LLC	32	-
Total	$ 47	$ 13

In 2021 and 2020, the Company made the following capital contributions to its subsidiaries:

	2021	2020
	(In millions)	
GIAC	$ 20	$ 100
BLICOA	15	-
Total	$ 35	$ 100

The capital contributions to GIAC and BLICOA were recorded as an addition to Common stock in the Statutory Basis Balance Sheets.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

In 2021 and 2020, the Company received net returns of capital of $17 million and $2 million, respectively from its real estate joint ventures. These distributions are a reduction to Other invested assets in the Statutory Basis Balance Sheets.

In 2021, the Company received returns of capital from FCW of $35 million and PALIC of $15 million, which was recorded as a reduction to Common Stocks in the Statutory Basis Balance Sheets.

In 2021 and 2020, the Company received the following dividends from its subsidiaries which are recorded as Net investment income in the Statutory Basis Statements of Operations:

	2021	2020
	(In millions)	
Managed Dental Care of California ("MDC")	$ 3	$ 5
Managed Dental Guard of Texas, Inc. (TX)	2	3
FCW	37	89
Innovative Underwriters, Inc.	1	-
	$ 43	$ 97

The Company has expense sharing agreements with its subsidiaries. During 2021 and 2020, the Company had net billings of $413 million and $449 million, respectively under these expense-sharing agreements. Amounts billed to subsidiaries are included in Commissions and operating expenses in the Statutory Basis Statements of Operations. The unpaid net receivable balance due from subsidiaries relevant to these agreements was $38 million and $56 million at December 31, 2021 and December 31, 2020, respectively, and are included in Other assets and Other liabilities in the Statutory Basis Balance Sheets.

The Company (Lender) has a $750 million revolving line of credit agreement with GIAC (Borrower). The terms of the credit agreement state that future drawing, if any,(not at the time overdue) shall bear interest at a rate per annum equal to (a) the Prime Rate plus 1.00% if a PrimeRate Loan or (b) the Eurodollar Rate plus 1.00% if a Eurodollar Rate Loan. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to 0.125% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in quarterly installments on the last day of each March, June, September and December or on the termination of this line of credit. For Value Received, the Borrower, promises to pay on the maturity date or dates determined by the Lender, the principal sum of $750 million or the aggregate unpaid principal sum of all Loans which the Lender actually makes to the Borrower, whichever amount is less, together with interest in arrears payable on each Interest Due Date at a rate computed on the basis of a 360-day year for the actual number of days in each interest period. The line of credit agreement shall have an initial term of 364 days beginning with the date first stated above, and shall automatically renew for successive periods of 364 days, unless the Lender notifies the Borrower of its intention not to renew the line of credit agreement not less than sixty (60) days prior to the expiration of the then existing term. GIAC is in compliance with certain financial covenants imposed by the line of credit agreement. As of December 31, 2021 and 2020, there were no outstanding drawings on the line of credit. Interest income and commitment income of $0.5 million and $0.4 million for the twelve months ended December 31, 2021 and December 31, 2020, respectively, are included in Net investment income in the Statutory Basis Statements of Operations.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Company (Lender) has a $750 million revolving line of credit agreement with GIS (Borrower). The terms of the credit agreement state that future drawing, if any, (not at the time overdue) shall bear interest at a rate per annum equal to (a) the Prime Rate plus 1.00% if a Prime Rate Loan or (b) the Eurodollar Rate plus 1.00% if a Eurodollar Rate Loan. In the event any drawing on the line of credit becomes due, whether by acceleration or otherwise, it shall bear interest at a rate per annum equal to the Prime Rate plus 2.00%. Additionally, a commitment fee equal to 0.125% per annum of the amount of this line of credit shall be paid by Borrower to Lender, such amount to be paid in monthly installments no later than the last day of each month or on the termination of this line of credit. For Value Received, the Borrower, promises to pay on the maturity date or dates determined by the Lender, the principal sum of $350 million, or the aggregate unpaid principal sum of all Loans which the Lender actually makes to the Borrower, whichever amount is less, together with interest in arrears payable on each Interest Due Date at a rate computed on the basis of a 360-day year for the actual number of days in each interest period. The line of credit ag
reement shall have an initial term of 364 days beginning with the date first stated above, and shall automatically renew for successive periods of 364 days, unless the Lender notifies the Borrower of its intention not to renew the line of credit agreement not less than sixty (60) days prior to the expiration of the then existing term. GIS is in compliance with certain financial covenants imposed by the line of credit agreement. As of December 31, 2021, and December 31, 2020, the amount of drawings on the line of credit amounted to $0 million and $19 million respectively and is included in "Cash, cash equivalents, and short-term investments in the Statutory Basis Balance Sheets. Interest income and commitment income of $1 million and $2 million for the twelve months ended December 31, 2021 and December 31, 2020 respectively, are included in Net Investment Income in the Statutory Basis Statements of Operations.

Related Party Commitments:

The Company provides financial guarantees on behalf of some of its subsidiaries and affiliates as listed below. Per the statutory accounting guidance SSAP 5R, a liability has not been recorded on the Company's Statutory Basis Balance Sheets for any of these guarantees.

The Company continues to provide MDC, a subsidiary, a written letter of financial support for $5 million of which $2 million was funded in prior years. This amount was recorded as an additional investment in MDC. The letter was necessary for regulatory purposes in order to guarantee additional capital infusion to its California dental subsidiary as needed. At this time, MDC is not expected to further draw on the remaining $3 million as the subsidiary has $5 million more capital than is required by California.

As of December 31, 2021 and 2020, the Company had no commitments to make capital contributions to its subsidiaries.

Settlement of Intercompany Transactions:

In accordance with NAIC SAP, all transactions between related parties are required to have a written agreement that provides for a timely settlement of amounts owed, including a specific due date. Amounts over ninety days due are to be non-admitted along with any uncollected receivable from a related party that is not part of a written agreement. Written agreements are in place for all intercompany transactions and these written agreements contain specific due dates. As of December 31, 2021, there was no intercompany receivable that was more than 90 days past due.

NOTE 12 – LIABILITY FOR UNPAID CLAIMS AND CLAIM RESERVES

Activity in the liability for unpaid accident and health claims and claim reserves is summarized as follows and is included in Reserves for policy benefits on the Statutory Basis Balance Sheets:

	2021	2020
	(In millions)	
Balance of unpaid claims and claim reserves, net of reinsurance recoverable, at January 1	$ 4,410	$ 4,213
Incurred related to:		
Current year	2,732	2,395
Prior years	(232)	(201)
Affiliated reinsurance	76	93
Total incurred	2,576	2,287
Paid related to:		
Current year	1,761	1,456
Prior years	396	272
Affiliated reinsurance	280	362
Total paid	2,437	2,090
Balance of unpaid claims and claim reserves, net of reinsurance recoverable, at December 31	$ 4,549	$ 4,410

The amount of incurred claims related to prior years was a reduction of $232 million and $201 million for the years ended December 31, 2021 and December 31, 2020, respectively, primarily due to favorable claim experience on the Company's long-term disability reserves, driven by favorable development of both the reported and unreported claim reserves.

Loss / Claim Adjustment Expenses:

The balance in the liability for unpaid accident and health claim adjustment expenses was $100 million as of December 31, 2021 and 2020. The Company incurred $70 million and paid $69 million of claims adjustment expenses in 2021 of which $20 million of the paid amount was attributable to insured or covered events of prior years. The Company did not increase or decrease the provision for insured events of prior years. Estimated anticipated salvage and subrogation related to the liability for unpaid claims / losses is not material and therefore does not reduce the liability.

The liability for unpaid accident and health claims and claim adjustment expenses represents the Company's best estimate with a margin; however, there may be future adjustments to this estimate and related assumptions. Such adjustments, reflecting any variety of new and adverse trends, could possibly be significant and result in increase in liabilities. As of December 31, 2021 and 2020, the Company had no significant changes in methodologies and assumptions used in calculating the liability. The Company updates its experience study annually for recent company claim experience used to set the liability for unpaid claims.

NOTE 13 – ASO PLANS

The net gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during the years ended December 31, 2021 and December 31, 2020:

	2021		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 10.3	$ -	$ 10.3
Total net other income or expenses (including interest paid to or received from plans)	2.2	-	2.2
Net gain from operations	$ 8.1	$ -	$ 8.1
Total claim payment volume	639	-	639

	2020		
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
		(In millions)	
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 11.1	$ -	$ 11.1
Total net other income or expenses (including interest paid to or received from plans)	2.3	-	2.3
Net gain from operations	8.8	-	8.8
Total claim payment volume	546	-	546

NOTE 14 – LEASES

The Company has lease agreements for the rental of real estate that are classified as operating leases. Rental expense for these properties was $34 million for year ended December 31, 2021 and $36 million for the year ended December 31, 2020.

The Company's major office facility leases are primarily used for administrative and business support operations are as follows:

- On December 10, 2020, the Company sold the Appleton facility and recognized a realized gain of $9 million. The Company signed a five-year agreement to lease back the third floor of the location from the new owner. The Company began paying rent on the leased space in April 2021 and is obligated to pay approximately $0.7 million in annual base rent plus operating expenses and taxes.
- On September 13, 2017, the Company signed a seventeen-year five-month lease agreement for its New York home office facility. The Company began using the building in the second quarter of 2019 as a replacement of the prior New York home office facility. The Company is obligated to pay approximately $15 million in annual base rent plus operating expenses and taxes.
- On March 8, 2017, the Company signed a fifteen-year lease agreement for its New Jersey home office facility. The Company began using the building in the first quarter of 2018 and is obligated to pay approximately $3 million in annual base rent plus operating expenses and taxes.
- On August 11, 2016, the Company signed a ten-year lease agreement for its Spokane home office facility. The Company began using the building in March 2017 and is obligated to pay approximately $1 million in annual base rent which includes operating expenses and taxes.
- On January 26, 2015, the Company signed a twenty-year lease agreement with GLICA Bethlehem, LLC. Under the terms of the lease agreement GLICA Bethlehem, LLC built an office building in Bethlehem, PA according to specifications provided by the Company. The Company began using the building in June 2016 and is obligated to pay approximately $5 million in annual base rent plus operating expenses and taxes.

The following is a schedule by year of the minimum rental payments due under the leases:

		(In millions)
Year ending December 31,		
2022		33
2023		32
2024		30
2025		28
2026		26
Total	$	149

The minimum aggregate sublease income is as follows:

		(In millions)
Year ending December 31,		
2022		3
2023		3
2024		3
2025		2
2026		2
Total	$	13

The Company guarantees the leases for some of its agents. The fair value of the guarantees as of December 31, 2021 is estimated to be $1 million. The remaining estimated lease obligations that are guaranteed as of December 31, 2021 is $22 million.

NOTE 15 – COMMITMENTS

Commitments to fund real estate, private equities, mortgage loans, investment tax credits, and private placements in the normal course of business totaled $1,667 million and $1,641 million as of December 31, 2021 and December 31, 2020, respectively.

NOTE 16 – LITIGATION

The Company is engaged in various disputes, litigations, inquiries from governmental authorities and other proceedings arising out of the Company's business. These matters could result in losses, monetary damages, fines, penalties or changes in the business operations of the Company. Due to the uncertainties inherent in these disputes, it is difficult to determine the ultimate loss the Company will experience. The Company evaluates each matter and establishes an accrual where a loss is probable and the amount can be reasonably estimated. In the opinion of Management, based on current information at December 31, 2021, any losses resulting from such disputes would not have a material adverse effect on the financial position of the Company.

The Company also evaluates these matters for a reasonably possible range of loss. Due to the uncertainties inherent in these matters, such as timing of discovery and court decisions, the Company is not able to ascertain a reasonably possible range of loss for each matter. In the opinion of Management, as of December 31, 2021, the aggregate range of reasonably possible loss for those matters it is able to provide an estimate for is not material to the Company's financial position.

NOTE 17 – LINES OF CREDIT

The Company became a member of the FHLBNY on February 13, 2018. Membership allows the Company access to the FHLBNY's financial services, including the ability to obtain collateralized loans and to issue collateralized funding agreements. The Company's strategy is to utilize these funds as a source to improve spread lending liquidity and as a source of backup liquidity. FHLBNY borrowings and funding agreements are currently collateralized by qualifying mortgage loans but can also be collateralized with qualifying corporate bonds or U.S. Treasury securities, the fair value of which must be maintained at certain specified levels relative to outstanding borrowings. FHLBNY membership requires the Company to own member stock in the amount of 12.5 bps of the Company's assets which is remeasured annually based on the prior years December 31 balance. This capital is locked up for five years should the Company decide to end its membership. Borrowings require the purchase of activity-based stock in an amount equal to 4.5% of outstanding borrowings. All FHLBNY stock purchased by the Company is classified as restricted general account investments within "Common stocks," and the carrying value of these investments was $35 million and $33 million as of December 31, 2021 and December 31, 2020, respectively. The Company's capacity to borrow is limited to 5% of admitted assets which is the regulatory limit on the amount of collateral that a New York domiciled insurance company can pledge for a loan. As of December 31, 2021 and December 31, 2020, that limit was approximately $3,607 million and $3,402 million, respectively. As of December 31, 2021 and December 31 2020, the Company had pledged assets with a fair value of $781 million and $853 million supporting outstanding funding agreements totaling $567 million and $500 million, which are included in "Policyholder dividends payable and other contract liabilities," respectively. The $67 million of outstanding funding agreement is due on March 1, 2022 and the remaining $500 million of the outstanding funding agreement is due on April 26, 2025.

NOTE 18 – POLICYHOLDERS' SURPLUS

There were no special contingency reserves included in policyholder's surplus at December 31, 2021 or December 31, 2020. The Company holds other reserves totaling $4 million and $4 million at December 31, 2021 and December 31, 2020, respectively as required by New York State law for aviation business and Arkansas permanent surplus requirements. Surplus at December 31, 2021 and December 31, 2020 is as follows:

	2021	2020
	(In millions)	
Accumulated earnings	$ 10,526	$ 9,433
Unrealized loss - common stock	(336)	(346)
Asset valuation reserve	(1,444)	(1,132)
Nonadmitted asset values	(161)	(199)
Total unassigned surplus	8,585	7,756
State required segregated surplus	4	4
Surplus	$ 8,589	$ 7,760

NOTE 19 – FINANCIAL INFORMATION

The following reconciles the New York SAP net income and surplus of Guardian as reported to regulatory authorities to consolidated GAAP income and GAAP equity:

	2021	2020
	(In millions)	
Statutory net income	$ 223	$ 147
Adjustments to GAAP basis:		
Realized capital gains	447	330
Change in deferred policy acquisition costs	521	(429)
Future policy benefits	(1,059)	(1,058)
Elimination of IMR amortization	(68)	(58)
Establishment of deferred federal and state income taxes	(48)	185
Service fees	1,123	1,102
Policyholder dividends	42	32
Elimination of interest on affiliate reinsurance	(163)	(156)
Other	44	37
Consolidated GAAP income	$ 1,062	$ 132

NOTE 19 – FINANCIAL INFORMATION (CONTINUED)

	2021	2020
	(In millions)	
Statutory surplus	$ 8,589	$ 7,760
Adjustments to GAAP basis:		
Capitalization of deferred policy acquisition costs	2,724	1,798
Deferred software costs	38	26
Future policy benefits	(8,639)	(9,062)
Elimination of IMR	779	703
Elimination of AVR	1,444	1,132
Establishment of additional deferred federal income taxes	(1,732)	(1,924)
Policyholder dividends	545	503
Notes payable	(4,185)	(3,497)
Unrealized gains on investments and GAAP adjustments of affiliates	17,379	19,188
Consolidated GAAP equity	$ 16,942	$ 16,627

NOTE 20 – SURPLUS NOTES

The Company has issued various Surplus Notes ("the Notes") to unrelated third parties pursuant to Rule 144A under the Securities Act of 1933, as amended, and are administered by The Bank of New York Mellon as fiscal agent. Interest on each of the Notes is scheduled to be paid semiannually on the interest paid dates listed in the table below. All of the Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of the Company. Under New York Insurance Law, the Notes are not part of the legal liabilities of the Company. The Notes do not repay principal prior to maturity, and each payment of interest or principal may be made only with the prior approval of the Superintendent and only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance Law. Provided that approval is granted by the Superintendent, the Notes may be redeemed at the option of the Company (in whole or in part) at the "make-whole" redemption price equal to the greater of the principal amount of the Notes to be redeemed, or the sum of the present value of the remaining scheduled interest and principal payments, excluding the accrued interest as of the date on which the Notes are to be redeemed, discounted to the redemption date on a semi-annual basis at an adjusted treasury rate plus varying basis points. The Surplus Note issuances were not structured in a manner where typical cashflows have been reduced or eliminated.

The following table summarizes the Notes issued by the Company:

Date Issued	Interest Rate	Principal Balance	Cash Proceeds Received	Maturity Date	Face (Par) Value of Note	Carrying Value of Note	Interest Paid Dates		Interest Paid Current Year 12/31/2021	Interest Paid Life-to-date 12/31/2021
10/6/2009[1]	7.375%	400.0	392.4	9/30/2039	233.1	231.7	March 31	September 30	17.2	307.0
6/19/2014	4.875%	450.0	444.6	6/19/2064	450.0	448.7	June 19	December 19	22.0	164.5
1/24/2017 [1]	4.850%	350.0	343.6	1/24/2077	579.3	521.3	January 24	July 24	28.1	120.9
1/22/2020	3.700%	300.0	293.9	1/22/2070	300.0	296.7	January 22	July 22	11.1	16.6
Total Surplus Notes		$ 1,500.0	$1,474.5		$ 1,562.4	$ 1,498.4			$ 78.4	$ 609.0

(1) The Company completed an exchange in which it issued additional 1/24/2017 Notes ("2017 Notes") in exchange for redeemed 10/6/2009 Notes ("2009 Notes"). They were settled predominately on December 27, 2017 with a minimal amount settling on January 8, 2018. The 2009 Notes had a principal balance of $166.9 million (carrying value $165.7 million) and the additional 2017 Notes had a principal balance of $229.3 million (carrying value $170.5 million). Of the $63.6 million discount at the time of the exchange, $4.8 million pertaining to inducement for note holders to exchange their notes was recorded as an expense on the transaction date along with an increase to the carrying value of the 2017 Notes. The remaining $58.8 million will be charged to the Statutory Basis Statements of Operations over the life of the 2017 Notes.

NOTE 21 – AFFORDABLE CARE ACT FEE

The health insurance industry assessment mandated by the PPACA Act of 2010 was levied on health insurers beginning in 2014 based on a ratio of an insurer's net health insurance premiums written for the previous calendar year compared to the total premiums written by U.S. health insurance industry for that year. The Consolidated Appropriations Act 2016 imposed a suspension for the 2019 calendar year and repeal after the 2020 fee year. The 2020 assessment of $41 million, based on $2,180 million of dental and vision premiums written in 2019, was paid in September 2020. There was no fee after the 2020 calendar year.

NOTE 22 – PANDEMIC SUPPORT PROGRAM

In May 2020, the Company introduced the Pandemic Support Program to fully insured dental and/or vision customers. One element of the program provides a one-month premium credit to customers which was applied in August 2020 or to the first bill following renewal. As of December 31, 2021 and December 31, 2020, the Company recognized reductions in premium of $47 million and $35 million respectively, related to the premium credits.

NOTE 23 – SUBSEQUENT EVENTS

The Company considers events occurring after the balance sheet date but prior to February 25, 2022, the issuance of the financial statements, to be subsequent events requiring disclosure.

Effective January 1, 2022, the Company entered into an agreement with PAIA whereby PAIA provides investment management of the Company's general account assets. In connection with this agreement, the Company will lease certain Investment department personnel to PAIA to provide the investment management services.

During February 2022, the Company acquired a minority equity stake in HPS Investment Partners through its wholly owned subsidiary GIS.

Guardian Life Insurance Company of America
Annual Statement for the Year Ended December 31, 2021
Schedule 1 - Selected Financial Data

The following is a summary of certain financial data included in other exhibits and schedules subjected to audit procedures by independent auditors and utilized by actuaries in the determination of reserves.

		2021 Annual Statement References
Investment Income Earned		Exhibit of Net Investment Income
Government Bonds	$ 15,610,368	
Bonds Exempt From US Tax		
Other Bonds (unaffiliated)	1,887,844,379	
Bonds of Affiliates		
Preferred Stocks (unaffiliated)		
Preferred Stocks of Affiliates		
Common Stocks (unaffiliated)	5,207,185	
Common Stocks of Affiliates	42,618,800	
Mortgages Loans	226,748,402	
Real Estate	62,943,018	
Contract Loans	270,795,432	
Cash/Short-term Investments	1,608,155	
Derivative Instruments	2,022,385	
Other Invested Assets	423,658,984	
Aggregate Write-Ins for Investment Income	5,685,595	
Gross Investment Income	$ 2,944,742,703	
Real Estate Owned - Book Value less Encumbrances	$ 289,755,272	Schedule A - Part 1
Mortgage Loans - Book Value:		
Farm Mortgages	$ -	Schedule B - Part 1
Residential Mortgages	-	
Commercial Mortgages	5,329,797,620	
Total Mortgage Loans	$ 5,329,797,620	
Mortgage Loans by Standing - Book Value:		
Good Standing	5,329,797,620	Schedule B, Part 1
Good Standing with Restructured Terms	-	Schedule B, Part 1
Interest overdue more than 90 days, not in foreclosure	-	Schedule B, Part 1
Foreclosure in Process	-	Schedule B, Part 1
Other Long Term Assets - Statement Value	4,395,866,697	Schedule BA, Part 1
Bonds and Stocks of Parents, Subsidiaries and Affiliates - Book Value		Schedule D - Summary by Country
Bonds	$ 50,111,955,042	
Preferred Stocks	-	
Common Stocks	$ 1,314,527,421	

Schedule 1 - Selected Financial Data - Continued

			2021 Annual Statement References
Bonds and Short Term Investments by Class & Maturity			Schedule D, Part 1A Sec 1
Bonds by Maturity - Statement Value			
Due within one year or less	$	2,402,983,094	
Over 1 year through 5 years		10,013,628,911	
Over 5 years through 10 years		13,382,623,864	
Over 10 years through 20 years		6,577,190,638	
Over 20 years		18,559,648,123	
No Maturity Date		-	
Total by Maturity	$	50,936,074,630	
Bonds by Class - Statement Value			
Class 1	$	27,340,243,624	
Class 2		20,505,809,054	
Class 3		1,119,641,798	
Class 4		1,737,896,807	
Class 5		206,633,456	
Class 6		25,849,891	
Total by Class	$	50,936,074,630	
Total Bonds Publicly Traded		34,518,111,585	
Total Bonds Privately Placed		16,417,963,045	
Preferred Stocks - Statement Value		-	Schedule D, Part 2, Sec. 1
Common Stocks - Market Value		1,314,527,421	Schedule D, Part 2, Sec. 2
Short Term Investments - Book Value		66,587,823	Schedule DA, Part 1
Options, Caps Floors, Collars, Swaps and Forwards		(50,838,572)	Schedule DB, Part A,
Futures Contracts		47,558,211	Schedule DB, Part B,
Cash on Deposit		(33,527,929)	Schedule E, Part 1
Life Insurance In Force			Exhibit of Life Insurance
Industrial		-	
Ordinary		406,646,787	
Credit Life		-	
Group Life		318,122,039	
Amount of Accidental Death Insurance In Force Under			
Ordinary Policies		953,949	Exhibit of Life Insurance
Life Insurance Policies with Disability Provisions In Force			Exhibit of Life Insurance
Industrial		-	
Ordinary		213,931,524	
Credit Life		-	
Group Life		317,911,208	
Supplementary Contracts In Force			Exhibit of Number of Policies,
Ordinary - Not Involving Life Contingencies		-	Contracts,Certificates,Income Payable,
Amount on Deposit		339,838,576	Account Values In Force for Supplementary
Income Payable		80	Contracts, Annuities, A&H and Other Policies
Ordinary - Involving Life Contingencies			
Income Payable		338	

Schedule 1 - Selected Financial Data - Continued

		2021 Annual Statement References
Group - Not Involving Life Contingencies		
Amount on Deposit	29,780,144	
Income Payable	-	
Group - Involving Life Contingencies		
Amount on Deposit	-	
Income Payable	-	
Annuities - Ordinary		Exhibit of Number of Policies,
Immediate - Amount of Income Payable	385,764	Contracts,Certificates,Income Payable,
Deferred - Fully Paid Account Balance	48,235,309	Account Values In Force for Supplementary
Deferred - Not Fully Paid - Account Balance	115,689,967	Contracts, Annuities, A&H and Other Policies
Annuities - Group		
Amount of Income Payable	38,036	Exhibit of Number of Policies,
Fully Paid Account Balance	-	Contracts,Certificates,Income Payable,
Not Fully Paid - Account Balance	-	Account Values In Force for Supplementary Contracts, Annuities, A&H and Other Policies
Accident and Health Insurance - Premiums In Force		
Ordinary	-	
Group	3,704,955,982	
Credit	-	
Other	572,848,413	
Deposit Funds and Dividend Accumulations		Exhibit of Number of Policies,
Deposit Funds - Account Balance	22,030,343	Contracts,Certificates,Income Payable,
Dividend Accumulations - Account Balance	89,436,771	Account Values In Force for Supplementary Contracts, Annuities, A&H and Other Policies
Claim Payments 2021		Schedule O, Part 1
Group Accident and Health Year - Ended December 31, 2015		Section A
2021	1,736,977	
2020	1,650,881	
2019	1,873,768	
2018	1,852,452	
2017	1,825,673	
Prior	821,072	
Other Accident & Health		Section B
2021	50,380	
2020	77,639	
2019	94,527	
2018	106,594	
2017	116,994	
Prior	926,856	
Credit Accident & Health	-	Section C
2021	-	
2020	-	
2019	-	
2018	-	
2017	-	
Prior	-	

Schedule 1 - Selected Financial Data - Continued

		2021 Annual Statement References
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section D
2021	-	
2020	-	
2019	-	
2018	-	
2017	-	
Prior	-	
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section E
2021	-	
2020	-	
2019	-	
2018	-	
2017	-	
Prior	-	
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section F
2021	-	
2020	-	
2019		
2018	-	
2017	-	
Prior	-	
Other Coverages that use developmental methods to calculate		
Claims Reserves:		Section G
2021	-	
2020	-	
2019	-	
2018	-	
2017	-	
Prior	-	

The Guardian Life Insurance Company of America
Investments of Reporting Entities
December 31, 2021

Section 2 Investment Risk Interrogatories

Answer the following interrogatories by stating the applicable U.S dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of the annual statement.
72,127,284,884.00

2. Ten largest exposures to a single issurer/borrower/investment.

	Issuer	Description of Exposure		Amount	Percentage of Total Admitted Assets
2.01	GUARDIAN INVESTOR SERVICES	AFFILIATED LLC	$	687,805,162	1.0%
2.02	GUARDIAN INS & ANNUITY CO.	AFFILIATED STOCK	$	548,871,387	0.8%
2.03	FIRST COMMONWEALTH	AFFILIATED STOCK	$	373,248,168	0.5%
2.04	UNITED HEALTHCARE	BONDS	$	291,828,961	0.4%
2.05	MICROSOFT CORP	BONDS	$	285,288,522	0.4%
2.06	COCA-COLA CO	BONDS	$	270,944,266	0.4%
2.07	SHELL INTERNATIONAL FIN	BONDS	$	270,217,730	0.4%
2.08	BRISTOL-MYERS SQUIBB CO	BONDS	$	264,036,256	0.4%
2.09	UNION PACIFIC CORP	BONDS	$	262,575,404	0.4%
2.10	BAFC 2004-2	BONDS	$	261,018,755	0.4%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating:

	Bonds		Amount	% of Total Admitted Assets	Preferred Stocks		Amount	% of Total Admitted Assets
3.01	NAIC-1	$	27,340,243,624	37.9%	P/RP-1	$	-	-%
3.02	NAIC-2	$	20,505,809,054	28.4%	P/RP-2	$		-%
3.03	NAIC-3	$	1,119,641,798	1.6%	P/RP-3	$		-%
3.04	NAIC-4	$	1,737,896,807	2.4%	P/RP-4	$		-%
3.05	NAIC-5	$	206,633,456	0.3%	P/RP-5	$		-%
3.06	NAIC-6	$	25,849,891	-%	P/RP-6	$	-	-%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assts?
Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$	8,413,126,612	11.7%
4.03	Foreign-currency-denominated investments	$	1,691,622,173	2.3%
4.04	Insurance liabilities denominated in that same foreign currency	$	-	-%

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

		1	2
5.01	Countries rated NAIC-1	$ 7,932,706,123	11.0%
5.02	Countries rated NAIC-2	$ 544,137,991	0.8%
5.03	Countries rated NAIC-3 or below	$ 131,076,473	0.2%

6. Largest foreign investment exposures to a single country, categorized by NAIC sovereign rating:

		1	2
	Countries rated NAIC-1		
6.01	Country: UNITED KINGDOM	$ 2,046,641,335	2.8%
6.02	Country: AUSTRALIA	$ 1,410,991,344	2.0%
	Countries rated NAIC-2:		
6.03	Country: MEXICO	$ 356,080,954	0.5%
6.04	Country: PANAMA	$ 65,679,067	0.1%
	Countries rated NAIC-3 or below		
6.05	Country: COLOMBIA	$ 20,048,431	-%
6.06	Country: BRAZIL	$ 13,704,592	-%

7.	Aggregate unhedged foreign currency exposure:	$ -	-%

8. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating:

		1	2
8.01	Countries rated NAIC-1	$	-%
8.02	Countries rated NAIC-2	$	-%
8.03	Countries rated NAIC-3 or below	$ -	-%

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

		1	2
	Countries rated NAIC-1:		
9.01	Country:	$	-%
9.02	Country:	$	-%
	Countries rated NAIC-2:		
9.03	Country:	$	-%
9.04	Country:	$	-%
	Countries rated NAIC-3 or below		
9.05	Country:	$ -	-%
9.06	Country:	$ -	-%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	Issuer	NAIC		3	4
10.01	SHELL INTERNATIONAL FIN	1.E FE	$	270,217,730	0.4%
10.02	VODAFONE GRP	2.B FE	$	145,122,519	0.2%
10.03	AERCAP IRELAND CAP/GLOBA	2.C FE	$	144,681,931	0.2%
10.04	CREDIT SUISSE GROUP	2.A FE	$	129,549,990	0.2%
10.05	SIEMENS FINANCIERINGSMAT	1.E FE	$	129,531,951	0.2%
10.06	COMMONWEALTH BANK AUST	1.D FE	$	114,670,718	0.2%
10.07	MITSUBISHI UFJ FIN GRP	1.G FE	$	105,873,970	0.1%
10.08	SUMITOMO MITSUI FINL GRP	1.G FE	$	105,123,923	0.1%
10.09	ROGERS COMMUNICATIONS IN	2.A FE	$	105,004,382	0.1%
10.10	STATOILHYDRO ASA- SPON ADR	1.D FE	$	97,397,698	0.1%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure.

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11

11.02	Total admitted assets held in Canadian investments	$	-	-%
11.03	Canadian-currency-denominated investments	$	-	-%
11.04	Canadian-denominated insurance liabilities	$	-	-%
11.05	Unhedged Canadian currency exposure	$	-	-%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2		3
12.02	Aggregate statement value of investments with contractual sales restrictions			
	Largest three investments with contractual sales restrictions:			
		$	-	-%
12.03		$	-	-%
12.04		$	-	-%
12.05		$	-	-%

13. Amounts and percentages of admitted assets held in the largest ten equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Issuer	2	3
13.02		$	0.0%
13.03		$	0.0%
13.04		$	0.0%
13.05		$	
13.06		$	0.0%
13.07		$	0.0%
13.08		$	-%
13.09		$	-%
13.10		$	-%
13.11		$	-%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01. Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 14.01 is yes, responses are not required for the remainder of Interrogatory 14.

	1		2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities Largest three investments held in nonaffiliated, privately placed equities:	$	2,705,040,445	3.8%
14.03	HarbourVest Partners	$	223,623,886	0.3%
14.04	Foundry Group	$	176,861,059	0.2%
14.05	57 Stars	$	156,322,899	0.2%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

	1		2	3
15.02		$		-%
15.03		$		-%
15.04		$		-%
15.05		$		-%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets?
Yes [ ] No [X]

If response to 16.01 is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	Type (Residential, Commercial, Agriculature)		2	3
16.02	COMMERCIAL	$	195,000,000	0.3%
16.03	COMMERCIAL	$	194,700,000	0.3%
16.04	COMMERCIAL	$	166,384,726	0.2%
16.05	COMMERCIAL	$	148,100,000	0.2%
16.06	COMMERCIAL	$	115,860,000	0.2%
16.07	COMMERCIAL	$	111,500,000	0.2%
16.08	COMMERCIAL	$	111,300,000	0.2%
16.09	COMMERCIAL	$	106,382,150	0.1%
16.10	COMMERCIAL	$	104,000,000	0.1%
16.11	COMMERCIAL	$	100,000,000	0.1%

Amount and percentages of the reporting entity's total admitted assets held in the following categories of mortgage loans:

			Loans	
16.12	Construction Loans	$	180,773,933	-%
16.13	Mortgage loans over 90 days past due	$	-	-%
16.14	Mortgage loans in the process of foreclosure	$	-	-%
16.15	Mortgage loans foreclosed	$	-	-%
16.16	Restructured mortgage loans	$	-	-%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as

		Residential			Commercial			Agriculature	
	Loan-to-Value	1	2		3	4		5	6
17.01	above 95%	$ -	-%	$		-%	$ -		-%
17.02	91% to 95%	$ -	-%	$		-%	$ -		-%
17.03	81% to 90%	$ -	-%	$		-%	$ -		-%
17.04	71% to 80%	$ -	-%	$		-%	$ -		-%
17.05	below 70%	$ -	-%	$	5,329,797,617	7.4%	$ -		-%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 18.01. is yes, responses are not required for the remainder of Interrogatory 18

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1		2	3
18.02		$		-%
18.03		$		-%
18.04		$		-%
18.05		$		-%
18.06		$		-%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans: 0 0.00%

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets?
Yes [X] No [ ]

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loadns: Largest three investments held in mezzanine real	$ -	-%
19.03		$ -	-%
19.04		$ -	-%
19.05		$ -	-%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year-end		At End of Each Quarter			
		1	2	1st Qtr 3	2nd Quarter 4	3rd Quarter 5	
20.01	Securities lending (do not include assets held as collateral for such transactions)	$ -	-%	$ -	$ -	$ -	
20.02	Repurchase agreements	$ -	-%	$ -	$ -	$ -	
20.03	Reverse repurchase agreements	$ -	-%	$ -	$	$ -	
20.04	Dollar repurchase agreements	$ -	-%	$ -	$ -	$ -	
20.05	Dollar reverse repurchase agreements	$ -	-%	$ -	$ -	$ -	

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floor:

	Owned		Written	
	1	2	3	4
21.01 Hedge	$ -	-%	$ -	-%
21.02 Income generation	$ -	-%	$ -	-%
21.03 Other	$ -	-%	$ -	-%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$ 25,805,985	0.0%	$ 23,921,978	$ 20,250,136	$ 24,785,935
22.02 Income generation	$ -	0.0%	$ -	$ -	$
22.03 Replications	$ -	0.0%	$ -	0 -	$ -
22.04 Other	$ 5,481,132	0.0%	$ -	$ -	$ -

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for future contracts:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
23.01 Hedging	$ 75,730,749	0.0%	$ 17,013,675	$ 16,851,591	$ 70,227,396
23.02 Income generation	$ -	0.0%	$ -	$ -	$ -
23.03 Replications	$ -	0.0%	$ -	$ -	$ -
23.04 Other	$ -	0.0%	$ -	$ -	$ -

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA
As of December 31, 2021

Appendix A-001
Section SI01. Summary Investment Schedule

Investment Categories	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement				
	Amount	Percentage	Amount		Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage
1. Bonds:							
1.1 US Treasury Securities	1,363,926,104	2.065%	$ 1,363,926,104			$ 1,363,926,104	2.065%
1.2 US Government agency and corporate obligations (excluding mortgage-backed securities):	280,801,373	0.425%	280,801,373			280,801,373	0.425%
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	184,116,458	0.279%	184,116,458			184,116,458	0.279%
1.4 Securities issued by states, territories and possessions and political subdivisions in the US:	102,857,025	0.156%	102,857,025			102,857,025	0.156%
1.5 Long-Term Bonds U.S. special revenue and special assessment obligations, etc. non-guaranteed	1,120,719,284	1.697%	1,120,719,284			1,120,719,284	1.697%
1.6 Long-Term Bonds (Schedule D, Part 1): Industrial and miscellaneous	45,178,227,845	68.396%	45,178,227,845			45,178,227,845	68.407%
1.7 Long-Term Bonds (Schedule D, Part 1): Hybrid securities	22,803,266	0.035%	22,803,266			22,803,266	0.035%
1.8 Long-Term Bonds (Schedule D, Part 1): Parent, subsidiaries and affiliates		-%	-			-	-%
1.9 Long-Term Bonds (Schedule D, Part 1): SVO identified funds		-%	-			-	-%
1.10 Long-Term Bonds (Schedule D, Part 1): Unaffiliated Bank loans	1,858,503,670	2.814%	1,858,503,670			1,858,503,670	2.814%
1.11 Long-Term Bonds (Schedule D, Part 1): Total long-term bonds	**50,111,955,025**	**75.865%**	**50,111,955,025**	**A**		**50,111,955,025**	75.877%
2. Other debt and other fixed income securities (excluding short term):							
2.01 Preferred stocks (Schedule D, Part 2, Section 1): Industrial and miscellaneous (Unaffiliated)	-	-%	-			-	-%
2.02 Preferred stocks (Schedule D, Part 2, Section 1): Parent, subsidiaries and affiliates	-	-%	-			-	-%
2.03 Preferred stocks (Schedule D, Part 2, Section 1): Total preferred stocks	-	-%	-			-	-%
3. Equity interests:							
3.01 Common stocks (Schedule D, Part 2, Section 2): Industrial and miscellaneous Publicly traded (Unaffiliated)	33,299	0.000%	33,299			33,299	0.000%
3.02 Common stocks (Schedule D, Part 2, Section 2): Industrial and miscellaneous Other (Unaffiliated)	34,900,260	0.053%	34,900,260			34,900,260	0.053%
3.03 Common stocks (Schedule D, Part 2, Section 2): Parent, subsidiaries and affiliates Publicly traded		-%	-			-	-%
3.04 Common stocks (Schedule D, Part 2, Section 2): Parent, subsidiaries and affiliates Other	1,203,250,658	1.822%	1,196,648,233			1,196,648,233	1.812%
3.05 Common stocks (Schedule D, Part 2, Section 2): Mutual funds	76,343,204	0.116%	76,343,204			76,343,204	0.116%
3.06 Common stocks (Schedule D, Part 2, Section 2): Unit investment trusts		-%	-			-	-%
3.07 Common stocks (Schedule D, Part 2, Section 2): Closed-end funds		-%	-			-	-%
3.08 Common stocks (Schedule D, Part 2, Section 2): Total common stocks	**1,314,527,421**	**1.990%**	**1,307,924,996**	**B**		**1,307,924,996**	1.980%
4. Mortgage loans:							
4.01 Mortgage loans (Schedule B): Farm mortgages	-	-%	-			-	-%
4.02 Mortgage loans (Schedule B): Residential mortgages	-	-%	-			-	-%
4.03 Mortgage loans (Schedule B): Commercial mortgages	5,329,797,617	8.069%	5,329,797,617			5,329,797,617	8.070%
4.04 Mortgage loans (Schedule B): Mezzanine real estate loans	-	-%	-			-	-%
4.05 Mortgage loans (Schedule B): Total mortgage loans	**5,329,797,617**	**8.069%**	**5,329,797,617**	**C**		**5,329,797,617**	8.070%
5. Real Estate Investments:							
5.01 Real estate (Schedule A): Properties occupied by company	-	-%	-			-	-%
5.02 Real estate (Schedule A): Properties held for production of income	289,755,271	0.439%	289,755,271			289,755,271	0.439%
5.03 Real estate (Schedule A): Properties held for sale	-	-%	-			-	-%
5.04 Real estate (Schedule A): Total real estate	**289,755,271**	**0.439%**	**289,755,271**	**D**		289,755,271	0.439%
6. Cash						-	
6.01 Cash, cash equivalents and short-term investments: Cash (Schedule E, Part 1)	(33,527,929)	-0.051%	(33,527,929)			(33,527,929)	-0.051%
6.02 Cash, cash equivalents and short-term investments: Cash equivalents (Schedule E, Part 2)	757,531,779	1.147%	757,531,779			757,531,779	1.147%
6.03 Cash, cash equivalents and short-term investments: Short-term investments (Schedule DA)	66,587,823	0.101%	66,587,823			66,587,823	0.101%
6.04 Cash, cash equivalents and short-term investments: Total cash, cash equivalents and short-term investments	**790,591,673**	**1.197%**	**790,591,673**	**E**		**790,591,673**	1.197%
7 Contract loans	3,766,719,724	5.702%	3,765,370,955	**F**		3,765,370,955	5.701%
8 Derivatives (Schedule DB)	42,481,522	0.064%	42,481,522	**G**		42,481,522	0.064%
9 Other invested assets (Schedule BA)	4,398,532,654	6.659%	4,395,866,697	**H**		4,395,866,697	6.656%
10 Receivables for securities	9,986,690	0.015%	9,986,690			9,986,690	0.015%
11 Securities Lending (Schedule DL, Part 1)	-	-%	-			-	-%
12 Other invested assets (Page 2, Line 11)	-	-%	-			-	-%
13. Total Invested Assets	**$ 66,054,347,597**	**100%**	**$ 66,043,730,446**			**$ 66,043,730,446**	**100%**

* Gross Investment Holdings as valued in compliance with NAIC Accounting Practices & Procedures Manual