

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to
Commission file number 033-37587

Pruco Life Insurance Company

(Exact Name of Registrant as Specified in its Charter)

Arizona
(State or Other Jurisdiction of
Incorporation or Organization)

22-1944557
(I.R.S Employer Identification Number)

213 Washington Street, Newark, NJ 07102
(973) 802-6000
(Address and Telephone Number of Registrant's Principal Executive Offices)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of the Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of March 26, 2025, 250,000 shares of the registrant's Common Stock (par value \$10) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required to be furnished pursuant to Part III of this Form 10-K is set forth in, and is hereby incorporated by reference herein from, Prudential Financial, Inc.'s Definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 13, 2025, to be filed by Prudential Financial, Inc. with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the year ended December 31, 2024.

**Pruco Life Insurance Company meets the conditions set
forth in General Instruction (I) (1) (a) and (b) of Form 10-K
and is therefore filing this Form with the reduced disclosure.**

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FORWARD-LOOKING STATEMENTS

Certain of the statements included in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Pruco Life Insurance Company and its subsidiaries. There can be no assurance that future developments affecting Pruco Life Insurance Company and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) losses on investments or financial contracts due to deterioration in credit quality or value, or counterparty default; (2) losses on insurance products due to mortality experience or policyholder behavior experience that differs significantly from our expectations when we price our products; (3) changes in interest rates and equity prices that may (a) adversely impact the profitability of our products, the value of separate accounts supporting these products or the value of assets we manage, (b) result in losses on derivatives we use to hedge risk or increase collateral posting requirements and (c) limit opportunities to invest at appropriate returns; (4) guarantees within certain of our products which are market sensitive and may decrease our earnings or increase the volatility of our results of operations or financial position; (5) liquidity needs resulting from (a) derivative collateral market exposure, (b) asset/liability mismatches, (c) the lack of available funding in the financial markets or (d) unexpected cash demands due to severe mortality calamity or lapse events; (6) financial or customer losses, or regulatory and legal actions, due to inadequate or failed processes or systems, external events, and human error or misconduct such as (a) disruption of our systems and data, (b) an information security breach, (c) a failure to protect the privacy of sensitive data, (d) reliance on third-parties or (e) labor and employment matters; (7) changes in the regulatory landscape, including related to (a) financial sector regulatory reform, (b) changes in tax laws, (c) fiduciary rules and other standards of care, (d) state insurance laws and developments regarding group-wide supervision, capital and reserves, and (e) privacy and cybersecurity regulation; (8) technological changes which may adversely impact companies in our investment portfolio or cause insurance experience to deviate from our assumptions; (9) ratings downgrades; (10) market conditions that may adversely affect the sales or persistency of our products; (11) competition; and (12) reputational damage. Pruco Life Insurance Company does not intend, and is under no obligation, to update any particular forward-looking statement included in this document. See “Risk Factors” included in this Annual Report on Form 10-K for discussion of certain risks relating to our business and investment in our securities.

Part 1

Item 1. Business

Overview

Pruco Life Insurance Company ("Pruco Life") is a wholly-owned subsidiary of The Prudential Insurance Company of America, ("Prudential Insurance"), which in turn is a direct wholly-owned subsidiary of Prudential Financial, Inc. ("Prudential Financial"). See Note 1 to the Consolidated Financial Statements for additional information.

Pruco Life has one wholly-owned insurance subsidiary, Pruco Life Insurance Company of New Jersey ("PLNJ"). Pruco Life and its subsidiary are together referred to as the "Company", "we" or "our" and all financial information is shown on a consolidated basis.

PLNJ is a stock life insurance company organized in 1982 under the laws of the state of New Jersey. It is licensed to sell life insurance and annuities in New Jersey and New York only.

Prudential Insurance may make capital contributions to the Company, as needed, to enable it to comply with its reserve and capital requirements and fund expenses in connection with its business. Prudential Insurance is under no obligation to make such contributions and its assets do not back the benefits payable under the Company's policyholders' contracts.

In August 2024, the Company entered into an agreement with Wilton Reassurance Company and Wilton Reinsurance Bermuda Limited (collectively, "Wilton Re") to coinsure a closed block of guaranteed universal life ("GUL") policies. To effectuate this transaction the Company recaptured all risks associated with the subject GUL policies from Prudential Arizona Reinsurance Universal Company ("PAR U") and subsequently established yearly renewable term ("YRT") reinsurance for the subject GUL business with Prudential Insurance. The transaction was completed in December 2024 with an effective date of October 1, 2024. See Note 11 to the Consolidated Financial Statements for additional information.

Effective January 2024, the Company entered into an agreement with Somerset Reinsurance Ltd. ("Somerset Re") to coinsure a closed block of GUL policies to Prudential Universal Reinsurance Entity Company ("PURE"), a wholly-owned subsidiary of The Prudential Insurance Company of America ("Prudential Insurance"), with retrocession by PURE of such liabilities on a modified coinsurance basis, to Somerset Re. This transaction is effective as of January 1, 2024, whereby, the Company recaptured all risks associated with the subject GUL policies from PAR U, Prudential Universal Reinsurance Company ("PURC") and Gibraltar Universal Life Reinsurance Company ("GUL Re") and subsequently established YRT reinsurance for the subject GUL business with Prudential Insurance. See Note 11 to the Consolidated Financial Statements for additional information.

In May 2023, the Company entered into an agreement with AuguStar Life Insurance Company (formerly known as The Ohio National Life Insurance Company), an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately \$10 billion of account values of Prudential Defined Income ("PDI") traditional variable annuity contracts with guaranteed living benefits. The transaction was completed on June 30, 2023 with an effective date of April 1, 2023. See Note 11 to the Consolidated Financial Statements for additional information.

Effective April 1, 2022, Prudential Financial completed the sale of Prudential Annuities Life Assurance Corporation ("PALAC") to Fortitude Group Holdings, LLC ("Fortitude"). As such, PALAC is no longer an affiliate of Prudential Financial or the Company. Fortitude subsequently renamed the company Fortitude Life Insurance & Annuity Company ("FLIAC").

The Company sells variable annuities, indexed variable annuities and fixed annuities, variable life, term life and universal life insurance primarily through affiliated and unaffiliated distributors in the United States.

Products	
Annuities We offer a variety of products to serve different retirement needs and goals: <u>Indexed Variable Annuities</u> - The Prudential FlexGuard® Premium Deferred Index-Linked and Variable Annuity, offers the contractholder an opportunity to allocate funds to variable subaccounts and index-based strategies. The strategies provide an interest component linked to, but not an investment in, the selected index, and its performance over the elected term, subject to certain contractual minimums and maximums, and also provides varying levels of downside protection at pre-determined levels and durations. The product also allows for additional deposits and provides a Return of Purchase Payment ("ROP") death benefit at no additional charge. - The Prudential FlexGuard® Income Single Premium Deferred Index-Linked and Indexed Variable Annuity, launched in 2021, offers similar investment and crediting features as The Prudential FlexGuard® product, with focus on income protection by providing a protected income benefit for an additional fee. Crediting strategies are limited during the income phase. <u>Fixed Annuities</u> - Prudential PruSecure® Fixed Index Annuity, Prudential SurePath® Fixed Index Annuity and Prudential SurePath® Income Fixed Index Annuity, all single premium fixed indexed annuities, offer flexibility to allocate account balances between an index-based strategy and a fixed rate strategy. The index-based strategy provides interest or an interest component linked to, but not an investment in, the selected index, and its performance over the elected term (i.e., 1, 3 or 5 years for PruSecure® and 1 or 3 years for SurePath® and SurePath® Income), subject to certain contractual minimums and maximums. The fixed rate strategy, not associated with an index, offers a guaranteed growth at a set interest rate for one year and can be renewed annually. Additionally, SurePath® Income offers a benefit that provides for guaranteed lifetime withdrawal payments. - The Prudential Fixed Annuity with Daily Advantage Income Benefit® ("DAI"), a single premium fixed annuity, provides principal protection as well as a guaranteed lifetime withdrawal income payment for an additional fee. The lifetime income amount increases daily without exposure to the equity market until the contractholder begins taking withdrawals.	Life Insurance We offer a variety of products, consisting of base contracts and riders (such as our accelerated death benefit rider), that serve different protection needs and goals, including: <u>Variable Life</u> - permanent coverage for life with potential to accumulate policy cash value based on underlying investment options - Our variable life policies offer flexibility in payment options and the potential to accumulate cash value through a suite of underlying investment options or a fixed rate option. - Indexed variable life policies provide index-linked investment options (index strategies) in addition to a suite of underlying investment options or a fixed rate option. Index strategies credit interest to the cash value that is linked to, but not an investment in, the performance of an external index, subject to certain parameters such as cap, step, participation, and buffer rates, as well as contractual minimums/maximums. <u>Term Life</u> - coverage for a specified number of years with a guaranteed tax-advantaged death benefit - Most of our term life policies offer an income tax-free death benefit and guaranteed premiums that will stay the same during the level-premium period. - Most of our term life policies also offer a conversion option that allows the policyholder to convert the policy into a permanent policy that can potentially cover the insured for life. <u>Universal Life</u> - permanent coverage for life with the potential to accumulate policy cash value - Our universal life policies offer flexibility in payment options and the potential to accumulate cash value in an account that earns interest based on a crediting rate determined by the Company, subject to contractual minimums. - Indexed universal life policies provide interest credited to the cash value that is linked to, but not an investment in, the performance of an external index subject to certain cap and participation rates as well as contractual minimums/maximums. <u>Other</u> - Final Expense Insurance - a whole life product that provides coverage in smaller face amounts, typically used for funeral expenses.

Annuities Products (continued) Fixed Annuities • The Prudential WealthGuardSM Multi-Year Guaranteed Annuity ("MYGA"), a single premium fixed rate deferred annuity launched in August 2023, provides tax-deferred growth and guaranteed rate of return over an initial guaranteed rate period (i.e., 3, 5, or 7 years). • Prudential SimplyIncomeSM Single Premium Immediate Annuity, a single premium immediate group annuity available within an employer-based retirement plan that provides guaranteed income payments. Traditional Variable Annuities • The Prudential Premier® Investment Variable Annuity ("PPI") offers tax-deferred asset accumulation, annuitization options and an optional death benefit that guarantees the contractholder's beneficiary a return of total purchase payments made to the contract, adjusted for any partial withdrawals, upon death. • The Prudential MyRock® Advisor Variable Annuity, a fee-based variable annuity that offers an optional Dynamic Income Benefit ("IB") rider that provides longevity protection through a preset withdrawal percentage applied to a variable income base. In addition, the product offers either a basic death benefit or an ROP death benefit. Both the IB and the ROP are available for an additional fee. Other • Third-Party Stable Value Bank Owned Life Insurance ("BOLI") Contract - Wrap of assets backing a third-party BOLI Contract, which earns fee revenue in exchange for a guaranteed minimum interest rate.	
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Marketing and Distribution

Our distribution efforts for our annuity products, which are supported by a network of internal and external wholesalers, are executed through a diverse group of distributors including:

- Third-party distribution through:
 - Broker-dealers;
 - Banks and wirehouses;
 - Independent financial planners; and
 - Independent Marketing Organizations (“IMO”) (specifically for SurePath® and SurePath® Income).
- Financial professionals, including those associated with Prudential Advisors, Prudential's proprietary nationwide sales organization. In August 2023, the Company and LPL Financial Holdings Inc. (“LPL”) announced a strategic relationship, through which the Company will move retail brokerage and investment advisory assets from Prudential Advisors’ current third-party custodian to LPL, and leverage LPL’s broker-dealer and registered investment advisory services. The transition was executed in the fourth quarter of 2024.

We primarily distribute our individual life products through the following three channels:

- Third-party distribution through:
 - Independent brokers
 - Banks and wirehouses; and
 - General agencies and producer groups
- Financial professionals associated with Prudential Advisors, Prudential's proprietary nationwide sales organization.
- Trusted Partnerships, via embedded digital solutions through:
 - Credit Unions;
 - Mortgage originators;
 - Affinities; and
 - Digital marketing affiliates/paid media efforts.

Revenues and Profitability

Our revenues primarily come in the form of:

- Fee income from asset management fees and service fees, which represent administrative service and distribution fees from many of our proprietary and non-proprietary mutual funds. The asset management fees are determined as a percentage of the average assets allocated to our proprietary mutual funds in our variable annuity and variable universal life products (net of sub-advisory expenses related to non-proprietary sub-advisors).
- Policy charges and fee income representing mortality, expense and other fees for various insurance-related options and features based on asset-based fees of the separate accounts, account value, premium, or guaranteed value, as applicable.
- Investment income (which contributes to the net spread over interest credited on certain products and related expenses).
- Premiums that are fixed in accordance with the terms of the policies.

Our profitability is substantially impacted by our ability to appropriately price our products. We price our products based on our assumptions of future:

- An evaluation of the risks assumed and consideration of applicable risk management strategies, including hedging and reinsurance costs.
- Assumptions regarding investment returns and contractholder behavior, including persistency, benefit utilization and the timing and efficiency of withdrawals for contracts with living benefit features, as well as other assumptions.
- Our life-related product assumptions of future mortality and morbidity, policyholder behavior, interest rates and investment returns, expenses, premium payment patterns, performance and cost of ceded reinsurance, separate account fund performance and product-generated tax deductions.

Competition

We are among the industry's largest providers of individual annuities and we compete with many providers of retirement savings and accumulation products, including large, well established insurance and financial services companies, and private equity firms. We believe our competitive advantage lies primarily in our innovative product features and our risk management strategies as well as brand recognition, financial strength, the breadth of our distribution platform and our customer service capabilities. We periodically adjust product offerings, prices and features based on the market and our strategy, with a goal of achieving customer and enterprise value.

In our life insurance business, we compete with many large, well-established life insurance companies in a mature market. We compete primarily based on price, service (including the speed and ease of underwriting), distribution channel relationships, brand recognition and financial strength. We periodically adjust product offerings, prices and features based on the market and our strategy, with a goal of achieving customer and enterprise value.

Seasonality of Key Financial Items

The following chart summarizes our key areas of seasonality in our results of operations:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Annuities		Impact of annual assumption update(1)		Higher expenses(2)
Life Insurance	Lowest underwriting gains	Impact of annual assumption update(1)	Highest underwriting gains	Higher expenses(2)

(1) Impact of annual reviews and update of actuarial assumptions and other refinements.

(2) Expenses are typically higher than the quarterly average in the fourth quarter.

Reinsurance

We regularly enter into third-party reinsurance agreements as either the ceding entity or the assuming entity. We also enter into affiliated reinsurance agreements as both the ceding and assuming entity for capital management purposes. As a ceding entity, exposure to the risks reinsured is reduced by transferring certain rights and obligations of the underlying insurance product to a counterparty. Conversely, as an assuming entity, exposure to the risks reinsured is increased by assuming certain rights and obligations of the underlying insurance products from a counterparty.

We enter into reinsurance agreements as the ceding entity for a variety of reasons but primarily to reduce exposure to loss, reduce risk volatility, provide additional capacity for future growth and for capital management purposes for certain of our variable annuity, term and universal life products. Under ceded reinsurance, we remain liable to the underlying policyholder if a third-party reinsurer is unable to meet its obligations. We evaluate the financial condition of reinsurers, monitor the concentration of counterparty risk and maintain collateral, as appropriate, to mitigate this exposure.

We entered into a reinsurance agreement with a third-party reinsurer that grants us the ability to reinsure a portion of our fixed indexed annuity products (specifically PruSecure® and SurePath®), which includes the business assumed from FLIAC. Under generally accepted accounting principles in the United States of America ("U.S. GAAP"), this agreement is accounted for under deposit accounting. For additional information on our reinsurance agreements see Note 11 to the Consolidated Financial Statements.

For policies sold through 2017, we have reinsured the majority of our mortality risk which generally have maximum retained mortality risk amount of \$100,000. For the new business going forward, Pruco Life retains the mortality risk not ceded to third-party or affiliated reinsurers, which may be up to \$20 million on a single life and then down to \$10 million per life for new business starting in 2020. See Note 11 to the Consolidated Financial Statements for more information related to these reinsurance arrangements.

Regulation

Overview

Our businesses are subject to comprehensive regulation and supervision. The purpose of these regulations is primarily to protect our customers and the overall financial system. Many of the laws and regulations to which we are subject are regularly re-examined. Existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations or profitability, increase compliance costs, or increase potential regulatory exposure. In recent years we have experienced, and expect to continue to experience, extensive changes in the laws and regulations, and regulatory frameworks, applicable to our businesses. We cannot predict how current or future initiatives will further impact existing laws, regulations and regulatory frameworks.

State insurance laws regulate all aspects of our business. Insurance departments in the District of Columbia, Guam and all states monitor our insurance operations. The Company is domiciled in Arizona and its principal insurance regulatory authority is the Arizona Department of Insurance ("AZDOI"). Our subsidiary PLNJ is domiciled in New Jersey and its principal insurance regulatory authority is the New Jersey Department of Banking and Insurance ("NJDOBI"). Generally, our insurance products must be approved by the insurance regulators in the state in which they are sold. Our insurance products are substantially affected by federal and state tax laws.

The primary regulatory frameworks applicable to Prudential Financial and the Company are described further below under the following section headings:

- Dodd-Frank Wall Street Reform and Consumer Protection Act
- ERISA
- Fiduciary Rules and other Standards of Care
- U.S. State Insurance Holding Company Regulation
- U.S. Insurance Operations
 - State Insurance Regulation
 - U.S. Federal and State Securities Regulation Affecting Insurance Operations
 - Other Consumer Protection Regulation
- SECURE Act and other retirement product regulation
- Derivatives Regulation
- Privacy, Data Protection and Cybersecurity Regulation
- Artificial Intelligence
- Anti-Money Laundering and Anti-Bribery Laws
- Unclaimed Property Laws
- Taxation
- International and Global Regulatory Initiatives

Dodd-Frank Wall Street Reform and Consumer Protection Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) increased the potential for federal regulation of our businesses. Under Dodd-Frank, the Financial Stability Oversight Council (“FSOC” or the “Council”) may designate a financial company as a non-bank systemically important financial institution (a “SIFI”) subject to supervision by the Board of Governors of the Federal Reserve System (“FRB”) if the FSOC determines that either (i) material financial distress at the entity, or (ii) the nature, scope, size, scale, concentration, interconnectedness, or mix of the entity’s activities, could pose a threat to domestic financial stability. In November 2023, the FSOC adopted revisions to SIFI designation guidance and the accompanying analytical framework for assessing risks from companies and activities, which will make it easier to designate financial companies as SIFIs going forward. Prudential is not currently designated as a SIFI.

We cannot predict what actions the FSOC will take with respect to designating Prudential or whether interpretive guidance, new legislation or other initiatives aimed at revising Dodd-Frank and regulation of the financial system will impact the Company.

ERISA

The Employee Retirement Income Security Act (“ERISA”) is a comprehensive federal statute that applies to U.S. employee benefit plans sponsored by private employers and labor unions. Plans subject to ERISA include pension and profit sharing plans and welfare plans, including health, life and disability plans. ERISA provisions include reporting and disclosure rules, standards of conduct that apply to plan fiduciaries and prohibitions on transactions known as “prohibited transactions,” such as conflict-of-interest transactions and certain transactions between a benefit plan and a party in interest. ERISA also provides for civil and criminal penalties and enforcement. Prudential Financial’s insurance, investment management and retirement businesses provide services to employee benefit plans subject to ERISA, including services where Prudential Financial may act as an ERISA fiduciary. In addition to ERISA regulation of businesses providing products and services to ERISA plans, Prudential Financial becomes subject to ERISA’s prohibited transaction rules for transactions with those plans, which may affect Prudential Financial’s ability to enter transactions, or the terms on which transactions may be entered, with those plans, even in businesses unrelated to those giving rise to party in interest status.

Fiduciary Rules and Other Standards of Care

The Company and our distributors are subject to rules regarding the standard of care applicable to sales of our products and the provision of advice to our customers, including, among others, the U.S. Department of Labor (“DOL”) fiduciary rule, the Securities and Exchange Commission (“SEC”) Regulation Best Interest, and the National Association of Insurance Commissioners (“NAIC”) and Japanese Financial Services Agency (“FSA”) Standard of Care regulations.

DOL Fiduciary Rule

The DOL “fiduciary” rule is a set of regulations establishing a uniform standard of care for investment professionals who provide advice to retirement savers. The rule is designed to ensure that investment professionals who are “fiduciaries” under the rule act in the best interest of their clients. The rule provides, among other things, that fiduciaries may not recommend investments that they own or in which they have a financial interest. The rule also requires fiduciaries to provide clients with certain information about their investment recommendations, including information about fees and risks. Compliance with the DOL fiduciary rule has resulted in increased costs.

In April 2024, the DOL adopted a final rule, which had been proposed in October 2023, titled the “Retirement Security Rule,” and issued final amendments to several prohibited transaction class exemptions (“PTEs”) available to investment advice fiduciaries. Key aspects of the final rule include, among other things: (1) a broader definition of “investment advice fiduciary,” which includes financial service providers who give compensated investment advice to individual retirement account owners, participants in workplace plans such as 401(k)s, and plan officials responsible for administering plans and managing plan assets; and (2) when relying on the amended PTEs, the requirement to comply with various conditions such as providing clients with certain information about their investment recommendations and complying with a best interest standard of care. The amended PTEs allow fiduciaries to engage in certain transactions that would otherwise be prohibited, provided they meet certain conditions designed to protect retirement investors.

The final rule and amended PTEs were scheduled to become effective in September 2024, with a one-year phase in period for certain conditions of the amended PTEs; however, there are pending legal challenges to the rule which could, among other things, delay its implementation in whole or in part. In July 2024, two United States District Courts issued orders staying the effective date of the rule during the pendency of the suits and any appeals.

SEC Regulation Best Interest

In June 2019, the SEC adopted a package of rulemakings and interpretative guidance that, among other things, requires broker-dealers to act in the best interest of retail customers when recommending securities transactions or investment strategies to them. The guidance also clarifies the SEC's views of the fiduciary duty that investment advisers owe to their clients. The best interest standards became effective on June 30, 2020. The standards apply to recommendations to purchase certain of our products and have resulted in increased compliance costs.

NAIC Standard of Care

In February 2020, the NAIC adopted revisions to the model suitability rule applicable to the sale of annuities. The revised model regulation provides that the insurance salesperson must act "without placing the producer's or the insurer's financial interest ahead of the consumer's interest." The model rule will become applicable to us as it is adopted in each state. In addition, certain state regulators and legislatures have adopted or are considering adopting.

U.S. State Insurance Holding Company Regulation

We are subject to the Arizona insurance holding company law which requires us to register with the insurance department and to furnish annually financial and other information about the operations of the Company. Generally, all transactions with affiliates that affect the Company must be fair and reasonable and, if material, require prior notice and approval or non-disapproval by the AZDOI. Similar laws are applicable to PLNJ in New Jersey.

Change of Control

Most states have insurance laws that require regulatory approval of a direct or indirect change of control of an insurer or an insurer's holding company. Laws such as these that apply to us prevent any person from acquiring control of Prudential Financial or of its insurance subsidiaries unless that person has filed a statement with specified information with the insurance regulators and has obtained their prior approval. Under most states' statutes, acquiring 10% or more of the voting stock of an insurance company or its parent company is presumptively considered a change of control, although such presumption may be rebutted. As of January 2022, New Jersey has recognized an additional presumption of control upon the holding or controlling of enough proxies to elect 10% or more of the board of directors of a New Jersey-domiciled insurance company or its parent company. Accordingly, any person who acquires "control" of Prudential Financial, either by the acquisition of voting securities or, in the case of New Jersey, by the accumulation of proxies without the prior approval of the applicable insurance regulator of the states in which our U.S. insurance companies are domiciled will be in violation of these states' laws and may be subject to injunctive action requiring the disposition or seizure of those securities or proxies by the relevant insurance regulator or prohibiting the voting of those securities or proxies and to other actions determined by the relevant insurance regulator. In addition, many state insurance laws require prior notification to state insurance departments of a change in control of a non-domiciliary insurance company doing business in that state.

Group-Wide Supervision

The New Jersey Department of Banking and Insurance ("NJDOBI") acts as the group-wide supervisor of Prudential Financial pursuant to New Jersey legislation that authorizes group-wide supervision of internationally active insurance groups ("IAIGs"). The law, among other provisions, authorizes NJDOBI to examine Prudential Financial and its subsidiaries, including by ascertaining the financial condition of the insurance companies for purposes of assessing enterprise risk. In accordance with this authority, NJDOBI receives information about Prudential Financial's operations beyond those of its New Jersey domiciled insurance subsidiaries.

Additional areas of focus regarding group-wide supervision of insurance holding companies include the following:

- *Examination.* State insurance departments conduct periodic examinations of the books and records, financial reporting, policy filings and market conduct of insurance companies domiciled in their states, generally once every three to five years under guidelines promulgated by the NAIC. As group-wide supervisor, NJDOBI, along with our other insurance regulators, has expanded the periodic examinations to cover Prudential and all of its subsidiaries. In 2023, AZDOI and NJDOBI, along with the insurance regulators of Connecticut and Indiana, concluded a global consolidated group-wide examination of Prudential Financial and its subsidiaries for the five-year period ended December 31, 2021, with no reportable findings or statutory violations.
- *Group Capital Calculation.* The NAIC has developed and implemented a group capital calculation that uses a risk-based capital ("RBC") aggregation methodology to serve as an additional tool to help state regulators assess potential risks within and across insurance groups.

- *College of Supervisors.* Several of our domestic and foreign regulators participate in an annual supervisory college facilitated by NJDOBI. The purpose of the supervisory college is to promote ongoing supervisory coordination, facilitate the sharing of information among regulators and enhance each regulator's understanding of the Company's risk profile.

We cannot predict what, if any, additional requirements and compliance costs any new group-wide standards will impose on Prudential Financial.

U.S. Insurance Operations

Generally, our insurance products must be approved by the insurance regulators in the state in which they are sold. Our insurance products are substantially affected by federal and state tax laws.

State Insurance Regulation

State insurance authorities have broad administrative powers with respect to all aspects of the insurance business including: (1) licensing to transact business; (2) licensing agents; (3) admittance of assets to statutory surplus; (4) regulating premium rates for certain insurance products; (5) approving policy forms; (6) regulating unfair trade and claims practices; (7) establishing reserve requirements and solvency standards; (8) fixing maximum interest rates on life insurance policy loans and minimum accumulation or surrender values; (9) regulating the type, amounts and valuations of investments permitted; (10) regulating reinsurance transactions, including the role of captive reinsurers; and (11) other matters.

State insurance laws and regulations, including the NAIC's Insurance Holding Company Act Model #440, require the Company to file financial statements with the domestic regulators for each insurer, in accordance with accounting practices and procedures prescribed or permitted by the department. The Company's operations and accounts are subject to financial examination by the domiciliary department at any time. In accordance with Model #440, other states typically defer to the primary domestic supervisor on financial statements and oversight, so long as that domestic supervisor's state is accredited.

Financial Regulation

Dividend Payment Limitations. The Arizona insurance law regulates the amount of dividends that may be paid by the Company. See Note 12 to the Consolidated Financial Statements for a discussion of dividend restrictions.

Risk-Based Capital. We are subject to RBC requirements that are designed to enhance regulation of insurers' solvency. The RBC calculation, which regulators use to assess the sufficiency of an insurer's statutory capital, measures the risk characteristics of a company's assets, liabilities and certain off-balance sheet items. In general, RBC is calculated by applying factors to various asset, premium, claim, expense and reserve items. Within a given risk category, these factors are higher for those items with greater underlying risk and lower for items with lower underlying risk. Insurers that have less statutory capital than required are considered to have inadequate capital and are subject to varying degrees of regulatory action depending upon the level of capital inadequacy.

The RBC framework is subject to periodic reexamination or revision. Due to the ongoing nature of the NAIC's activities regarding RBC, we cannot determine the ultimate timing of proposed changes or their impact to the Company.

Generator of Economic Scenarios ("Generator"). In 2017, the American Academy of Actuaries notified the NAIC that it did not have the resources to maintain its Generator used in regulatory reserve and capital calculations. In 2020, the NAIC selected a third-party vendor to provide, maintain, and support the Generator prescribed for life and annuity statutory reserve and capital calculations. NAIC expects implementation to occur no earlier than 2026. Due to the ongoing nature of the NAIC's activities regarding the Generator, we cannot predict what impact a new Generator may ultimately have on our businesses.

Insurance Reserves. State insurance laws require us to analyze the adequacy of our reserves annually. Our appointed actuary must submit an opinion that our reserves, when considered in light of the assets we hold with respect to those reserves, make adequate provision for our contractual obligations and related expenses.

Principle-Based Reserving for Life Insurance Products. In 2016, the NAIC adopted a principle-based reserving ("PBR") approach for life insurance products. Principle-based reserving replaces the reserving methods for life insurance products for which the former formulaic basis for reserves may not accurately reflect the risks or costs of the liability or obligations of the insurer. PBR will not affect reserves for policies in force prior to January 1, 2017. We use captive reinsurance subsidiaries to finance the portion of statutory reserves for term and universal life policies that we consider to be non-economic for policies written prior to the implementation of PBR. See "Management's Discussion and Analysis of Financial Condition and Results of Operation Liquidity and Capital Resources Capital Financing Activities Term and Universal Life Reserve Financing" for a discussion of our life product reserves and reserve financing.

Variable Annuities Framework Change. In 2019, the NAIC adopted final revisions to the Valuation Manual ("VM-21") and risk-based capital instructions to implement a new variable annuity statutory framework for 2020. Changes include: (i) providing more economic reflection of hedging in liability valuations; (ii) eliminating the Standard Scenario and replacing it with the Standard Projection; and (iii) standardizing capital market assumptions and aligning frameworks for total asset requirements and reserves. There was no material impact to our target capital levels from the revised framework. The NAIC may update prescribed assumptions and/or methodologies and will be considering whether the calculation should be a binding requirement or disclosure only.

New York Life Insurance Product Reserves. As a result of an agreement with the NY DFS regarding PLNJ's reserving methodologies for certain life insurance products, PLNJ holds additional statutory reserves on a New York basis, which reduces PLNJ's New York statutory surplus. PLNJ is not domiciled in New York, and these changes do not impact statutory reserves reported in New Jersey, its state of domicile, and therefore do not impact PLNJ's RBC ratio; however, the agreed reserve methodology may require PLNJ to hold additional New York statutory reserves in the future. New York's version of PBR, which became effective in January 2020, allows for modifications to the NAIC valuation model and New York's modifications might require us to increase our New York statutory reserves.

Reinsurance. The NAIC is working on several initiatives related to the use of reinsurance, including asset adequacy testing. Due to the ongoing nature of this work, we cannot predict what, if any, impact these initiatives will have on our businesses.

Interest Maintenance Reserve. In August 2023, the NAIC adopted a temporary change in the statutory accounting treatment of net negative interest maintenance reserves ("IMR") that permits an insurer to admit net negative IMR up to 10% of their adjusted statutory surplus, provided such insurer's RBC ratio remains above 300% of its Authorized Control Level RBC. This change is currently scheduled to expire on January 1, 2026.

Market Conduct Regulation

State insurance laws and regulations include numerous provisions governing the marketplace activities of insurers, including provisions governing the form and content of disclosure to consumers, illustrations, advertising, sales practices and complaint handling, as well as underwriting and claims activity. State regulatory authorities generally enforce these provisions through periodic market conduct examinations. We have been subject to market conduct examinations relating to our marketplace activities, including with respect to the policies and procedures we use to locate guaranteed group annuity customers and establish related reserves. Market conduct examinations by state regulatory authorities have resulted and may in the future result in us increasing statutory reserves, changing operational processes and procedures, and being subject to fines or other discipline.

Insurance Guaranty Association Assessments

Each state has insurance guaranty association laws under which insurers doing business in the state are members and may be assessed by state insurance guaranty associations for certain obligations of insolvent insurance companies to policyholders and claimants. Typically, states assess each member insurer in an amount related to the member insurer's proportionate share of the line of business written by all member insurers in the state. The majority of state guaranty association laws provide a tax offset for a percentage of the assessment against future years' premium taxes. For the year ended December 31, 2024, we paid \$34 million in assessments pursuant to state insurance guaranty association laws. While we cannot predict the amount and timing of future assessments on the Company under these laws, we have established estimated reserves totaling approximately \$6 million as of December 31, 2024, for future assessments relating to insurance companies that are currently subject to insolvency proceedings.

U.S. Federal and State Securities Regulation Affecting Insurance Operations

Our variable life insurance and variable annuity products generally are “securities” within the meaning of federal securities laws and may be required to be registered under the federal securities laws and subject to regulation by the SEC and the Financial Industry Regulatory Authority (“FINRA”). Federal securities regulation affects investment advice, sales and related activities with respect to these products.

In certain states, our variable life insurance and variable annuity products are considered “securities” within the meaning of state securities laws. As securities, these products may be subject to filing and certain other requirements. Also, sales activities with respect to these products generally are subject to state securities regulation. Such regulation may affect investment advice, sales and related activities for these products.

SECURE Act

The Setting Every Community up for Retirement Enhancement (“SECURE”), enacted in 2020, together with SECURE 2.0, which was enacted in 2022 as part of the 2023 Consolidated Appropriations Act (collectively, the “SECURE Act”), is intended to help promote retirement plan coverage and increase retirement plan savings, as well as facilitate access to guaranteed lifetime income solutions. The SECURE Act addresses coverage issues by making it easier for small businesses to participate in pooled employer plans and requires coverage of certain long-term, part-time workers. The SECURE Act addresses savings issues by raising the cap on amounts contributed through auto-enrollment, increasing the maximum age for required minimum withdrawals and removing the age cap for making Individual Retirement Account (“IRA”) contributions. The SECURE Act also made it easier for employers to include guaranteed lifetime income as part of their plan by providing an annuity provider selection safe harbor, as well as providing for the portability of participant investments in annuity products.

Derivatives Regulation

Prudential Financial and its subsidiaries use derivatives for various purposes, including hedging interest rate, foreign currency, equity market and other exposures. Dodd-Frank established a framework for regulation of the over-the-counter derivatives markets. This framework sets out requirements regarding the clearing and reporting of derivatives transactions, as well as collateral posting requirements. Affiliated swaps entered into between Prudential Financial subsidiaries are generally exempt from most of these requirements.

We continue to monitor regulatory developments and the potential hedging cost impacts of margin requirements, and increased capital requirements for derivatives transactions. Additionally, the need to post cash and certain collateral may also require the liquidation of higher yielding assets for cash, resulting in a negative impact on investment income.

Privacy, Data Protection and Cybersecurity Regulation

We are subject to U.S. federal laws, regulations and directives that require financial institutions and other businesses to protect the security and confidentiality of personal, proprietary, or other non-public information, including intellectual property, health-related and customer information, which they may handle and process, and to notify their customers and other appropriate individuals of their policies and practices relating to the collection, use and disclosure of such information. In addition, we are subject to international data protection and privacy laws, regulations, and directives concerning the safeguarding and protection of personal information, including as such laws relate to the cross border transfer or use of personal information. These laws, regulations and directives also:

- require protections regarding or limiting the use and disclosure of certain sensitive personal information such as national identifier numbers (e.g., social security numbers) or racial or ethnic origin;
- require notice to affected individuals, regulators and others if there is a breach of the confidentiality, integrity, or availability of certain personal or confidential information;
- require financial institutions and creditors to implement effective programs to detect, prevent, and mitigate identity theft;
- regulate the process by which financial institutions make telemarketing calls and send e-mail, text, or fax messages to consumers and customers;
- require oversight of third-parties that have access to, and handle, personal or confidential information;
- provide individuals with certain rights over their personal information, such as the right to know what personal information is being collected and whether the information is being sold or shared, and the right to obtain portable copies of or request the deletion or correction of their personal information; and
- prescribe the permissible uses of certain personal information, including customer information and consumer report information.

Regulatory and legislative activity in the areas of privacy, data protection and information and cybersecurity continues to increase worldwide. Financial regulators in the U.S. and international jurisdictions in which Prudential Financial operates continue to focus on data privacy and cybersecurity, including in rulemaking and examinations of regulated entities, and have communicated heightened expectations. For example, the E.U.'s General Data Protection Regulation ("GDPR"), which became effective in May 2018, and the U.K.'s Data Protection Act 2018, confer additional privacy rights on individuals in the E.U. and U.K. and establish significant penalties for violations. Prudential business units (regardless of whether they are located in the E.U.) may be subject to the GDPR when personal data is processed in relation to the offer of goods and services to individuals within the E.U. or if we were to monitor the activities of individuals within the E.U. The E.U.'s Digital Operational Resilience Act came in force in January 2023 and became effective from January 2025. Internationally, a number of countries such as Brazil, India, and Japan have enacted GDPR-like regulations, while others, such as Argentina, are considering such regulations or, in the case of China, have enacted other privacy and data security regulations.

In addition, in the U.S., certain lawmakers in Congress have proposed a number of sweeping privacy laws and amendments to the Gramm-Leach-Bliley Act of 1999 took effect in June 2023. In California, the California Consumer Privacy Act (the "CCPA") became effective in 2020 and confers numerous privacy rights on individuals, including expanded privacy protections and control over the collection, use and sharing of their personal information, and corresponding obligations on businesses, including requirements to make certain disclosures to California consumers regarding personal information, among other privacy protective measures. Failure to comply with the CCPA risks regulatory fines, and the CCPA grants a private right of action and statutory damages for any unauthorized access and exfiltration, theft, or disclosure of certain types of personal information resulting from a violation of the duty to maintain reasonable security procedures and practices. The California Privacy Rights Act (the "CPRA"), which became operative in January 2023 and amends the CCPA, imposes additional rights and obligations including expanding consumers rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA, the CPRA and their regulations. Additionally, privacy laws in the United States continue to evolve, with states such as Colorado, Connecticut, Utah, and Virginia recently enacting comprehensive privacy and information security laws and regulations similar in scope to the CCPA and CPRA, and which, to the extent they apply, impose compliance obligations applicable to our business. Additional U.S. states are considering similar legislation, and there are ongoing discussions regarding a National Privacy Law. New laws similar to the GDPR and the CCPA are expected to be enacted in coming years in various countries and jurisdictions in which we operate.

In October 2017, the NAIC adopted the Insurance Data Security Model Law. The model law requires that, among other things, insurance companies establish a cybersecurity program and includes specific technical safeguards as well as requirements regarding governance, incident planning, data management, system testing, vendor oversight and regulator notification. The NY DFS adopted a regulation similar to the NAIC effective March 2017, and in November 2023, finalized amendments taking effect from December 2023 through November 2025 to expand their cybersecurity regulation, and include additional and new requirements regarding certification, governance, audit requirements, technology and business continuity, security control and training requirements, and notification obligations. More than 20 U.S. states have either enacted the NAIC Insurance Data Security Model Law or are anticipated to enact it or similar laws in the near future and we expect more states to follow. Such enactments, especially if inconsistent between states or with existing laws and regulations could raise compliance costs or increase the risk of noncompliance, with the attendant risk of being subject to regulatory enforcement actions and penalties, as well as reputational harm. In February 2023, the NAIC released updated model privacy legislation that expressly supersedes the NAIC Insurance Information and Privacy Protection Model Act #670 and the Privacy of Consumer Financial and Health Information Regulation #672, with states beginning to adopt the updated model law in 2024.

The Company is monitoring regulatory guidance and rulemaking in these areas, and may be subject to increased compliance costs and regulatory requirements. For additional information on our cybersecurity risk management and governance, see "Item 1C. Cybersecurity."

Artificial Intelligence

Regulatory standards relating to the use of artificial intelligence (“AI”) are evolving in the countries where we do business, and may increase risks associated with bias, unfair discrimination, transparency, and information security. For example, the E.U. is in the process of introducing new regulations applicable to certain AI technologies and to the data used to train, test and deploy them. U.S. state regulators have also shown increasing concern about the use of AI and the potential for discrimination and bias in insurance practices. For example, in July 2024, the New York Department of Financial Services adopted Insurance Circular Letter No. 7 Re: Use of Artificial Intelligence Systems and External Consumer Data and Information Sources in Insurance Underwriting and Pricing, which imposes obligations on insurers using AI or external consumer data and information sources. In May 2024, Colorado passed Senate Bill 24-205 (“the Colorado AI Law”), which becomes effective on February 1, 2026, regulates certain AI systems, and imposes obligations on AI system deployers and developers doing business in Colorado. The application of existing law and introduction of new or revised laws and regulations may require changes in our operations, increased compliance costs and reduce benefits from our adoption of artificial intelligence technologies.

Anti-Money Laundering and Anti-Bribery Laws

Our business is subject to various anti-money laundering and financial transparency laws and regulations that seek to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. In addition, under current U.S. law and regulations we may be prohibited from dealing with certain individuals or entities in certain circumstances and we may be required to monitor customer activities, which may affect our ability to attract and retain customers. We are also subject to various laws and regulations relating to corrupt and illegal payments to government officials and others, including the U.S. Foreign Corrupt Practices Act and the U.K.’s Anti-Bribery Law. The obligation of financial institutions, including the Company, to identify their clients, to monitor for and report suspicious transactions, to monitor dealings with government officials, to respond to requests for information by regulatory authorities and law enforcement agencies, and to share information with other financial institutions, has required the implementation and maintenance of internal practices, procedures and controls.

Unclaimed Property Laws

We are subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of unclaimed or abandoned funds, and we are subject to audit and examination for compliance with these requirements. For additional discussion of these matters, see Note 16 to the Consolidated Financial Statements.

Taxation

U.S. Taxation

Prudential Financial and certain domestic subsidiaries, including the Company, file a consolidated federal income tax return that includes both life insurance companies and non-life insurance companies. The principal differences between the Company’s actual income tax expense and the applicable statutory federal income tax rate are generally deductions for non-taxable investment income, including the Dividends Received Deduction (“DRD”) and certain tax credits. The applicable statutory federal income tax rate is 21%. A future increase in the applicable statutory federal income tax rate above 21% would adversely impact the Company’s tax position. In addition, as discussed further below, the tax attributes of our products may impact both the Company’s and our customers’ tax positions. See “Income Taxes” in Note 2 to the Consolidated Financial Statements and Note 12 to the Consolidated Financial Statements for a description of the Company’s tax position. As discussed further below, new tax legislation and other potential changes to the tax law may impact the Company’s tax position and the attractiveness of our products.

The United States Tax Cuts and Jobs Act of 2017 (“Tax Act of 2017”) changed the taxation of businesses and individuals by lowering tax rates and broadening the tax base through the acceleration of taxable income and the deferral or elimination of certain deductions, as well as changing the system of taxation of earnings of foreign subsidiaries. The most significant changes for the Company were: (1) the reduction of the corporate tax rate from 35% to 21%; (2) revised methodologies for determining deductions for tax reserves and the DRD; and (3) an increased capitalization and amortization period for acquisition costs related to certain products.

The Inflation Reduction Act of 2022 (the “Inflation Reduction Act”), among other provisions, imposes a 15% alternative minimum tax on corporations (“CAMT”) with average applicable financial statement income over \$1 billion for any three-year period ending with 2022 or later. This provision is effective in taxable years beginning after December 31, 2022. On September 12, 2024, the U.S. Department of the Treasury and the Internal Revenue Service (IRS) issued proposed regulations providing guidance on the implementation of the CAMT. The proposed regulations address various aspects of the tax, including definitions, adjustments to financial statement income, and applicable reporting requirements. The Company will continue to monitor regulatory updates and assess their potential effects on our tax obligations. The impact of the alternative minimum tax, if any, will vary from year to year based on the relationship of our GAAP income to our taxable income. Prudential Financial and the controlled group of corporations of which the Company is a member has determined that it is an “applicable corporation” to determine if CAMT exceeds the regular federal income tax payable. Prudential Financial has amended its Tax Allocation Agreement, which covers all insurance companies within the US consolidated tax group, to allocate all impacts of the CAMT solely to Prudential Financial. Accordingly, none of the insurance companies in the Prudential Group will be subject to any CAMT impact for reporting purposes.

U.S. federal tax law generally permits tax deferral on the inside build-up of investment value of certain retirement savings, annuities and life insurance products until there is a contract distribution and, in general, excludes from taxation the death benefit paid under a life insurance contract. The Tax Act of 2017 did not change these rules, though it is possible that some individuals with overall lower effective tax rates could be less attracted to the tax deferral aspect of the Company’s products. The general reduction in individual tax rates and elimination of certain individual deductions may also impact the Company, depending on whether current and potential customers have more or less after-tax income to save for retirement and manage their mortality and longevity risk through the purchase of the Company’s products. Congress from time to time may enact other changes to the tax law that could make our products less attractive to consumers, including legislation that would modify the tax favored treatment of retirement savings, life insurance and annuities products. Such legislation could be in the form of a direct change to the tax favored aspects of life insurance, retirement savings or annuities, or an indirect change, such as a wealth tax or mark to market tax structure, which could make holding our products less attractive.

The products we sell have different tax characteristics and, in some cases, generate tax deductions and credits for the Company. Changes in either the U.S. or foreign tax laws may negatively impact the deductions and credits available to the Company, including the ability of the Company to claim foreign tax credits with respect to taxes withheld on our investments supporting separate account products. These changes would increase the Company’s actual tax expense and reduce its consolidated net income.

The profitability of any particular product is significantly dependent on the unique characteristics of the product and our ability to continue to generate taxable income, which is taken into consideration when pricing a product and is a component of our capital management strategies. Accordingly, changes in tax law, our ability to generate taxable income, or other factors impacting the availability or value of the tax characteristics generated by our products, could impact product pricing, increase our tax expense or require us to reduce our sales of these products or implement other actions that could be disruptive to our businesses.

International and Global Regulatory Initiatives

The Group of Twenty nations (“G20”), the Financial Stability Board (“FSB”) and related bodies have developed proposals to address issues such as financial group supervision, capital and solvency standards, systemic risk, corporate governance including executive compensation, climate-related financial risks, and a host of related issues. The International Association of Insurance Supervisors (“IAIS”), the global standard setting body for the insurance sector contributes to the work of G20 and FSB through the development of standards that are intended to promote effective and globally consistent supervision and maintain fair, safe and stable insurance markets. As a standard setting body, the IAIS does not have direct authority to require insurance companies to comply with the standards it develops. However, the Company and its businesses could become subject to them if they were adopted by their respective regulators, which could impact the manner in which Prudential Financial deploys its capital, structures and manages its businesses, and otherwise operates both within the U.S. and abroad.

Human Capital Resources

The Company has no employees. Services to the Company are primarily provided by employees of Prudential Insurance as described under “Expense Charges and Allocations” in Note 15 to the Consolidated Financial Statements.

Item 1A. Risk Factors

You should carefully consider the following risks. Additional risks to which we are subject include, but are not limited to, the factors mentioned under “Forward-Looking Statements” above and the risks of our businesses described elsewhere in this Annual Report on Form 10-K. Many of these risks are interrelated and could occur under similar business and economic conditions, and the occurrence of certain of them may in turn cause the emergence or exacerbate the effect of others. Such a combination could materially increase the severity of the impact of these risks on our businesses, results of operations, financial condition and liquidity.

Overview

The Company uses an integrated risk management framework to manage and oversee its risks. The Company’s risks include investment, insurance, market, liquidity, operational, and model risk as well as strategic risks that may cause the Company’s core business model to change, either through a shift in the businesses in which it is engaged or a change in execution. The Company’s strategic risks include regulatory and technological changes and other external factors. The Company’s risks are further discussed below.

Investment Risk

Our investment portfolios are subject to the risk of loss due to default or deterioration in credit quality or value.

We are exposed to investment risk through our investments, which primarily consist of public and private fixed maturity securities, commercial mortgage and other loans, equity securities and alternative assets including private equity, hedge funds and real estate. We are also exposed to investment risk through a potential counterparty default.

Investment risk may result from: (1) economic conditions; (2) adverse capital market conditions, including disruptions in individual market sectors or a lack of buyers in the marketplace; (3) volatility; (4) credit spread changes; (5) benchmark interest rate changes; and (6) declines in value of underlying collateral. These factors may impact the credit quality, liquidity and value of our investments and derivatives, potentially resulting in higher capital charges and unrealized or realized losses. Also, certain investments we hold, regardless of market conditions, are relatively illiquid and our ability to promptly sell these assets for their full value may be limited. Additionally, our valuation of investments may include methodologies, inputs and assumptions which could result in changes to investment valuations that may materially impact our results of operations or financial condition. For information about the valuation of our investments, see Note 5 to the Consolidated Financial Statements.

Our investment portfolio is subject to credit risk, which is the risk that an obligor (or guarantor) is unable or unwilling to meet its contractual payment obligations on its fixed maturity security, loan or other obligations. Credit risk may manifest in an idiosyncratic manner (i.e., specific to an individual borrower or industry) or through market-wide credit cycles. Financial deterioration of the obligor increases the risk of default and may increase the capital charges required under such regimes as the NAIC RBC, or other constructs to hold the investment and in turn, potentially limit our overall capital flexibility. Credit defaults (as well as credit impairments, realized losses on credit-related sales, and increases in credit related reserves) may result in losses which adversely impact earnings, capital and our ability to appropriately match our liabilities and meet future obligations.

Our Company is subject to counterparty risk, which is the risk that the counterparty to a transaction could default or deteriorate in creditworthiness before or at the final settlement of a transaction. In the normal course of business, we enter into financial contracts to manage risks (such as derivatives to manage market risk and reinsurance treaties to manage insurance risk), improve the return on investments (such as securities lending and repurchase transactions) and provide sources of liquidity or financing (such as credit agreements, securities lending agreements and repurchase agreements). Reinsurance treaties may also be used to further strategic goals of the Company by facilitating the acquisition or divestiture of a block of business if an entity purchase or sale is not practical. These transactions expose the Company to counterparty risk. Counterparties include commercial banks, investment banks, broker-dealers and insurance and reinsurance companies. In the event of a counterparty deterioration or default, the magnitude of the losses (e.g., replacement costs) will depend on current market conditions and the feasibility (dependent on the complexity) and time requirement of entering a replacement transaction with a new counterparty. Highly bespoke transactions (e.g., strategic reinsurance) may not be replicable with any degree of certainty, possibly causing us to recapture liabilities and reestablish or strengthen reserves and capital, which could reduce capital flexibility. Losses are likely to be higher under stressed conditions.

Our investment portfolio is subject to equity risk, which is the risk of loss due to deterioration in market value of public equity or alternative assets. We include public equity and alternative assets (including private equity, hedge funds and real estate) in our portfolio constructions, as these asset classes can provide returns over longer periods of time, aligning with the long-term nature of certain of our liabilities. Public equity and alternative assets have varying degrees of price transparency. Equities traded on stock exchanges (public equities) have significant price transparency, as transactions are often required to be disclosed publicly. Assets with less price transparency include private equity (joint ventures/limited partnerships) and direct real estate. As these investments typically do not trade on public markets and indications of realizable market value may not be readily available, valuations can be infrequent and/or more volatile. A sustained decline in public equity and alternative markets may reduce the returns earned by our investment portfolio through lower-than-expected dividend income, property operating income, and capital gains, thereby adversely impacting earnings, capital, and product pricing assumptions. These assets may also produce volatility in earnings as a result of uneven distributions on the underlying investments.

Insurance Risk

We have significant liabilities for policyholders' benefits which are subject to insurance risk. Insurance risk is the risk that actual experience deviates adversely from our insurance assumptions, including mortality, morbidity, and policyholder behavior assumptions. We provide a variety of insurance products, on both an individual and group basis, that are designed to help customers protect against a variety of financial uncertainties. Our insurance products protect customers against their potential risk of loss by transferring those risks to the Company, where those risks can be managed more efficiently through pooling and diversification over a larger number of independent exposures. During this transfer process, we assume the risk that actual losses experienced in our insurance products deviates significantly from what we expect. More specifically, insurance risk is concerned with the deviations that impact our future liabilities. Our profitability may decline if mortality experience, morbidity experience or policyholder behavior experience differ significantly from our expectations when we price our products. In addition, if we experience higher-than-expected surrenders, withdrawals or claims, our liquidity position may be adversely impacted, and we may incur losses on investments if we are required to sell assets in order to fund surrenders, withdrawals or claims. If it is necessary to sell assets at a loss, our results of operations and financial condition could be adversely impacted. For a discussion of the impact of changes in insurance assumptions on our financial condition, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Accounting Policies and Pronouncements—Application of Critical Accounting Estimates—Insurance Liabilities”.

Certain of our insurance products are subject to mortality risk, which is the risk that actual deaths experienced deviate adversely from our expectations. Mortality risk is a biometric risk that can manifest in the following ways:

- ***Mortality calamity*** is the risk that mortality rates in a single year deviate adversely from what is expected as the result of pandemics, natural or man-made disasters, military actions or terrorism. A mortality calamity event will reduce our earnings and capital and we may be forced to liquidate assets before maturity in order to pay the excess claims. Mortality calamity risk is more pronounced in respect of specific geographic areas (including major metropolitan centers, where we have concentrations of customers, including under group and individual life insurance, concentrations of employees or significant operations,) and in respect of countries and regions in which we operate that are subject to a greater potential threat of military action or conflict. Ultimate losses would depend on several factors, including the rates of mortality and morbidity among various segments of the insured population, the collectability of reinsurance, the possible macroeconomic effects on our investment portfolio, the effect on lapses and surrenders of existing policies, as well as sales of new policies and other variables.
- ***Mortality trend*** is the risk that mortality improvements in the future deviate adversely from what is expected. Mortality trend is a long-term risk that could emerge gradually over time. Longevity products, such as annuities, experience adverse impacts due to higher-than-expected mortality improvement. Mortality products, such as life insurance, experience adverse impacts due to lower-than-expected mortality improvement. If this risk were to emerge, the Company would update assumptions used to calculate reserves for in-force business, which may result in additional assets needed to meet the higher expected annuity claims or earlier expected life claims. An increase in reserves due to revised assumptions has an immediate impact on our results of operations and financial condition; however, economically the impact is generally long-term as the excess outflow is paid over time.
- ***Mortality base*** is the risk that actual base mortality deviates adversely from what is expected in pricing and valuing our products. Base mortality risk can arise from a lack of credible data on which to base the assumptions.

Certain of our insurance products are subject to policyholder behavior risk, which is the risk that actual policyholder behavior deviates adversely from what is expected.

- *Lapse calamity* is the risk that lapse rates over the short-term deviate adversely from what is expected, for example, surrenders of certain insurance products may increase following a downgrade of our financial strength ratings or adverse publicity. Only certain products are exposed to this risk. Products that offer a cash surrender value that resides in the general account, such as non-participating whole life products, could pose a potential short-term lapse calamity risk. Surrender of these products can impact liquidity, and it may be necessary in certain market conditions to sell assets to meet surrender demands. Lapse calamity can also impact our earnings and capital through its impact on estimated future profits.
- *Policyholder behavior risk* is the risk that the behavior of our customers or policyholders deviates adversely from what is expected. Policyholder behavior risk arises through product features which provide some degree of choice or flexibility for the policyholder, which can impact the amount and/or timing of claims. Such choices include surrender, lapse, partial withdrawal, policy loan, utilization, and premium payment rates for contracts with flexible premiums. While some behavior is driven by macro factors such as market movements, policyholder behavior at a fundamental level is driven primarily by policyholders' individual needs, which may differ significantly from product to product depending on many factors including the features offered, the approach taken to market each product, and competitor pricing. For example, persistency (the probability that a policy or contract will remain in force) within our annuities business may be significantly impacted by the value of guaranteed minimum benefits contained in many of our variable annuity products being higher than current account values in light of poor market performance as well as other factors. Many of our products also provide our customers with wide flexibility with respect to the amount and timing of premium deposits and the amount and timing of withdrawals from the policy's value. Results may vary based on differences between actual and expected premium deposits and withdrawals for these products, especially if these product features are relatively new to the marketplace. The pricing of certain of our variable annuity products that contain certain living benefit guarantees is also based on assumptions about utilization rates, or the percentage of contracts that will utilize the benefit during the contract duration, including the timing of the first withdrawal. Results may vary based on differences between actual and expected benefit utilization. We may also be impacted by customers seeking to sell their benefits. In particular, the development of a secondary market for life insurance, including life settlements or "viaticals" and investor owned life insurance, and third-party investor strategies in our annuities business, could adversely affect the profitability of existing business and our pricing assumptions for new business. Policyholder behavior risk is generally a long-term risk that emerges over time. An increase in reserves due to revised assumptions has an immediate impact on our results of operations and financial condition; however, from an economic or cash flow perspective, the impact is generally long-term as the excess outflow is paid over time.

Our ability to reprice products is limited, and may not compensate for deviations from our expected insurance assumptions. Although some of our products permit us to increase premiums or adjust other charges and credits during the life of the policy or contract, the adjustments permitted under the terms of the policies or contracts may not be sufficient to maintain profitability or may cause the policies or contracts to lapse. Many of our products do not permit us to increase premiums or adjust other charges and credits or limit those adjustments during the life of the policy or contract. Even if permitted under the policy or contract, other factors may impact our decision whether to raise premiums or adjust other charges sufficiently, or at all. Accordingly, significant deviations in actual experience from our pricing assumptions could have an adverse effect on the profitability of our products.

Market Risk

The profitability of many of our insurance and annuity products are subject to market risk. Market risk is the risk of loss from changes in interest rates and equity prices.

The profitability of many of our insurance and annuity products depends in part on the value of the separate accounts supporting these products, which can fluctuate substantially depending on market conditions.

Derivative instruments that we use to hedge and manage interest rate and equity market risks associated with our products and businesses, and other risks might not perform as intended or expected resulting in higher-than-expected realized losses and stresses on liquidity and/or regulatory capital. Market conditions can limit availability of hedging instruments, require us to post additional collateral, and further increase the cost of executing product related hedges and such costs may not be recovered in the pricing of the underlying products being hedged.

Market risk may limit opportunities for investment of available funds at desired returns, including due to the prevailing interest rate environment, or other factors, with possible negative impacts on our overall results. Limited opportunities for attractive investments may lead to holding cash for long periods of time and an increased use of derivatives for duration management and other portfolio management purposes. The increased use of derivatives or portfolio rebalancing may increase the volatility of our U.S. GAAP results and our statutory capital.

Our investments, results of operations and financial condition may also be adversely affected by developments in the global economy, and in the U.S. economy (including as a result of actions by the Federal Reserve with respect to interest rate and monetary policy, and adverse political developments). Global or U.S. economic activity and financial markets may in turn be negatively affected by adverse developments or conditions in specific geographical regions.

For a discussion of the impact of changes in market conditions on our financial condition see Item 7A “Quantitative and Qualitative Disclosures About Market Risk”.

Our insurance and annuity products, and our investment returns, are subject to interest rate risk, which is the risk of loss arising from asset/liability duration mismatches within our general account investments. The risk of mismatch in asset/liability duration is mainly driven by the specific dynamics of product liabilities. Some product liabilities are expected to have only modest risk related to interest rates because cash flows can be matched by available assets; however, other product liabilities generate long-term cash flows (i.e., 30 years or more), resulting in significant interest rate risk, since these cash flows cannot be matched by assets for sale in the marketplace, exposing the Company to future reinvestment risk. In addition, certain of our products provide for recurring premiums which may be invested at interest rates lower than the rates included in our pricing assumptions. Market-sensitive cash flows exist with other product liabilities including products whose cash flows can be linked to market performance through secondary guarantees, minimum crediting rates, and/or changes in insurance assumptions.

Our exposure to interest rates can manifest over years as in the case of earnings compression or in the short term by creating volatility in both earnings and capital. For example, some of our products expose us to the risk that changes in interest rates will reduce the spread between the amounts that we are required to pay under contracts and the rate of return we are able to earn on our general account investments supporting these contracts. When interest rates decline or remain low, we must invest in lower-yielding instruments, potentially reducing net investment income and constraining our ability to offer certain products. This risk is increased as more policyholders may retain their policies in a low rate environment. Since many of our policies and contracts have guaranteed minimum crediting rates or limit the resetting of crediting rates, the spreads could decrease or go negative.

Alternatively, when interest rates rise, we may not be able to replace the assets in our general account with the higher-yielding assets as quickly as needed to fund the higher crediting rates necessary to keep these products and contracts competitive. It is possible that fewer policyholders may retain their policies and annuity contracts as they pursue higher crediting rates, which could expose the Company to losses and liquidity stress.

Our mitigation efforts with respect to interest rate risk are primarily focused on maintaining an investment portfolio with diversified maturities that has a key rate duration profile that is approximately equal to the key rate duration profile of our liability and surplus benchmarks; however, these benchmarks are based on estimates of the liability cash flow profiles which are complex and could be inaccurate, especially when markets are volatile. In addition, there are practical and capital market limitations on our ability to accomplish this matching. Due to these and other factors we may need to liquidate investments prior to maturity at a loss in order to satisfy liabilities or be forced to reinvest funds in a lower rate environment.

Guarantees within certain of our products, in particular our variable annuities and to a lesser extent certain individual life products, are market sensitive and may decrease our earnings or increase the volatility of our results of operations or financial position. Certain of our products, particularly our variable annuity products, include guarantees of minimum surrender values or income streams for stated periods or for life, which may be in excess of account values. Certain of our products, particularly our variable annuity and variable life products, include minimum death benefits or “no-lapse guarantees” that guarantee a death benefit as long as the “no-lapse guarantee” premium is paid. Certain of our products, particularly certain index-linked annuity and individual life products, include interest crediting guarantees based on the performance of an index. Downturns in equity markets, increased equity volatility, increased credit spreads, or (as discussed above) reduced interest rates could result in an increase in the valuation of liabilities associated with such guarantees, resulting in increases in reserves and reductions in net income. We use a variety of hedging and risk management strategies, including product features, to mitigate these risks in part and we may periodically change our strategies over time. These strategies may, however, not be fully effective. In addition, we may be unable or may choose not to fully hedge these risks. Hedging instruments may not effectively offset the costs of guarantees or may otherwise be insufficient in relation to our obligations. Hedging instruments also may not change in value correspondingly with associated liabilities due to equity market or interest rate conditions, non-performance risk or other reasons. We may choose to hedge these risks on a basis that does not correspond to their anticipated or actual impact upon our results of operations or financial position under U.S. GAAP. Changes from period to period in the valuation of these policy benefits, and in the amount of our obligations effectively hedged, will result in volatility in our results of operations and financial position under U.S. GAAP and our statutory capital levels. Estimates and assumptions we make in connection with hedging activities may fail to reflect or correspond to our actual long-term exposure from our guarantees. Further, the risk of increases in the costs of our guarantees not covered by our hedging and other capital and risk management strategies may become more significant due to changes in policyholder behavior driven by market conditions or other factors. The above factors, individually or collectively, may have a material adverse effect on our results of operations, financial condition or liquidity.

Our valuation of the liabilities for the minimum benefits contained in many of our variable annuity products requires us to consider the market perception of our risk of non-performance, and a decrease in our own credit spreads resulting from ratings upgrades or other events or market conditions could cause the recorded value of these liabilities to increase, which in turn could adversely affect our results of operations and financial position.

We are subject to counterparty risk associated with reinsurance transactions. To mitigate this risk, we may use coinsurance with funds withheld or modified coinsurance. With these reinsurance arrangements, we retain assets on our balance sheet whose related investment performance accrues to third-party reinsurers. The composition of these assets is subject to investment guidelines specific to the reinsurance treaties and may differ from those we would normally invest in. Under GAAP, funds withheld and modified coinsurance reinsurance most often create embedded derivatives for the ceding company and the reinsurer, which are measured at fair value. The valuation of these embedded derivatives is sensitive to market factors, including credit spreads of the assets held by the ceding insurer, and can generate significant volatility in net income depending on market conditions. Changes in the fair value of embedded derivatives are included in “Realized investment gains (losses), net” on the Consolidated Statements of Operations, whereas changes in the fair value of assets are recorded primarily in “Accumulated other comprehensive income”.

Liquidity Risk

As a financial services company, we are exposed to liquidity risk, which is the risk that the Company is unable to meet near-term obligations as they come due.

Liquidity risk is a manifestation of events that are driven by other risk types (market, insurance, investment, operational). A liquidity shortfall may arise in the event of insufficient funding sources or an immediate and significant need for cash or collateral. In addition, it is possible that expected liquidity sources may be unavailable or inadequate to satisfy the liquidity demands described below.

The Company has four primary sources of liquidity exposure and associated drivers that trigger material liquidity demand. Those sources are:

- **Derivative collateral market exposure:** Abrupt changes to interest rate, equity, and/or currency markets may increase collateral requirements to counterparties and create liquidity risk for the Company.
- **Asset liability mismatch:** There are liquidity risks associated with liabilities coming due prior to the matching asset cash flows. Structural maturities mismatch can occur in activities such as securities lending, where the liabilities are effectively overnight open transactions used to fund longer term assets.
- **Wholesale funding:** We depend upon the financial markets for funding. These sources might not be available during times of stress, or may only be available on unfavorable terms, which can result in a decrease in our profitability and a significant reduction in our financial flexibility.

- *Insurance cash flows:* We face potential liquidity risks from unexpected cash demands due to severe mortality calamity, customer withdrawals or lapse events. If such events were to occur, the Company may face unexpectedly high levels of claim payments to policyholders.

For a discussion of the Company's liquidity and sources and uses of liquidity see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Liquidity".

Operational Risk

Our operations are exposed to the risk of loss resulting from inadequate or failed processes or systems, human error or misconduct, and as a result of external events.

An operational risk failure may result in one or more actual or potential impacts to the Company. Operational risk may be elevated as a result of significant changes to how the Company operates, including organizational changes and transformation efforts underway that increase execution risk.

Operational Risk Types

- *People* - Internal fraud, breaches of employment law, unauthorized activities; loss or lack of key personnel, inadequate training; inadequate supervision.
- *Processes* - Processing failure; failure to safeguard or retain documents/records; errors in valuation/pricing models and processes; project management or execution failures; improper sales practices; improper administration of our products.
- *Technology* - Failures during the development and implementation of new systems; systems failures.
- *External Events* - External crime; cyber-attack; outsourcing risk; vendor risk; natural and other disasters; changes in laws/regulations.
- *Legal and Regulatory* - Legal and regulatory compliance failures.

Potential Impacts

- *Financial losses* - The Company experiences a financial loss. This loss may originate from various causes including, but not limited to, transaction processing errors and fraud.
- *Client service impacts* - The Company may not be able to service customers. This may result if the Company is unable to continue operations during a business continuation event or if systems are compromised due to malware or virus.
- *Regulatory fines or sanctions* - When the Company fails to comply with applicable laws or regulations, regulatory fines or sanctions may be imposed. In addition, possible restrictions on business activities may result.
- *Legal actions* - Failure to comply with laws and regulations also exposes the Company to litigation risk. This may also result in financial losses.
- *Reputational harm* - Failure to meet regulator, customer, investor and other stakeholder expectations may cause reputational harm.

Liabilities we may incur as a result of operational failures are described further under "Contingent Liabilities" in Note 16 to the Consolidated Financial Statements. In addition, certain pending regulatory and litigation matters affecting us, and certain risks to our businesses presented by such matters, are discussed in Note 16 to the Consolidated Financial Statements. We may become subject to additional regulatory and legal actions in the future.

Key Enterprise Operational Risks - Key enterprise operational risks include, among others, the following:

We are subject to business continuation risk, which is the risk that our operations, systems or data, or those of third- parties on whom we rely, may be disrupted. We may experience a disruption in business continuity as a result of, among other things, the following:

- Severe pandemic, epidemic, or other public health crises, either naturally occurring or resulting from intentionally manipulated pathogens;
- Geo-political risks, including armed conflict and civil unrest;
- Terrorist events;
- Significant natural or accidental disasters;
- Cyber-attacks, both systemic (e.g., affecting the internet, cloud services, and/or other financial services industry infrastructure) and targeted (e.g., failures in or breach of our systems or that of third-parties on whom we rely);
- Insider threats;
- Physical infrastructure outages; and
- Workforce unavailability resulting from any of the above events, among others.

We depend heavily on our telecommunication, information technology and other operational systems and on the integrity and continuing availability of data we use to run our businesses and service our customers. These systems, and any available backups, may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond our control.

Further, we face the risk of operational and technology failures experienced by others, including clearing agents, exchanges and other financial intermediaries and vendors and other third-parties to which we outsource the provision of services or business operations.

We, or third-parties on whom we rely, may not adequately maintain information security. There continues to be significant and increased cyber-attack activity against businesses, including but not limited to Prudential and others in the financial services sector and no organization, regardless of measures implemented to safeguard the systems and detect threats, is fully immune to cyber-attacks. Our cybersecurity risk remains heightened because of, among other things, the rapidly evolving nature and pervasiveness of cyber threats, our brand and reputation, our size and scale, our geographic presence and our role in the financial services industry and the broader economy. See “Item 1C. Cybersecurity” for additional information about cybersecurity risk management and governance. Risks related to cyber-attack arise in various areas, including:

- Protecting sensitive information is a constant need; however, some risks cannot be fully mitigated using administrative, technological, or physical controls, or otherwise.
- Employees, customers, third-party service providers on whom we rely, or other users of our systems continue to be a key avenue for malicious external parties to gain access to our network, systems, data, or that of our customers. Many attacks leverage social engineering schemes (such as phishing, vishing, or smishing) to coax an internal user to click on a malicious attachment or link to introduce malware into companies’ systems or steal the user’s username and password. Such social engineering schemes are becoming increasingly sophisticated and may involve emerging technologies such as deepfakes. Senior-level executives are increasingly becoming the targets of such attacks. Fraudulent schemes to solicit information via call centers, remote help desks and interactive voice response systems continue to increase in both volume and sophistication.
- Cyber-attacks involving the encryption and/or threat to disclose personal or confidential information (i.e., ransomware) or disruptions of communications (i.e., denial of service) for the purposes of, among other things, extortion or other motives persist and are on the rise.
- Financial services companies and their third-party service providers (including their downstream service providers) are increasingly being targeted by hackers and fraudulent actors seeking to monetize personal or confidential information to extort money, or for other malicious purposes. Such campaigns have targeted online applications and services.

- Nation-state sponsored or affiliated organizations, or politically motivated actors, are engaged in cyber-attacks, not only for monetization purposes, but also to gain information about foreign citizens, businesses and governments, or to influence or cause disruptions in commerce or political affairs. In light of recent geopolitical events, including conflicts in Europe and the Middle East, state-sponsored or affiliated parties and/or their supporters may launch retaliatory cyber-attacks, and may attempt to cause supply chain and other third-party service provider disruptions, or take other geopolitically motivated retaliatory actions that may disrupt our business operations, and/or result in the compromise of our systems or data.
- Increasingly, malicious actors can be in companies' systems for an extended period of time before being detected. Even if the malicious actors are discovered quickly, it could take considerable additional time for us to determine the scope of compromise, and the extent, amount, and type of information compromised, if any, and to fully contain the malicious actors, remediate and recover.
- Employees, third-party service providers or other individuals purportedly acting on behalf of the Company may fail (as a result of human error or misconduct) to comply with applicable policies and procedures, and/or circumvent controls or safeguards for unauthorized purposes. Our increased adoption of remote working increases these risks, as our interaction with employees and external service providers occur on information systems, networks and environments over which we have less control and which may be more difficult to monitor.
- We rely on third-parties to provide services, as described further below. While we maintain certain standards for all vendors that provide us services, our vendors, and in turn, their own service providers, have become subject to security breaches, including as a result of their failure to perform in accordance with their contractual obligations.
- Hardware, software or applications developed by, obtained from, or implemented in accordance with specifications provided by third-parties may contain vulnerabilities in design, maintenance or manufacturing that could be exploited to compromise the Company's information security.
- Continuing use of remote or flexible work arrangements, including remote access tools and mobile technology (including use of personal devices), have expanded potential attack surfaces.
- The proliferation of third-party financial data aggregators and emerging technologies, including the development and use of artificial intelligence, increase our information security risks and exposure.

The development and adoption of artificial intelligence ("AI"), including generative artificial intelligence ("Generative AI"), and its use and anticipated use by us or by third-parties on whom we rely, may increase the operational risks discussed above or create new operational risks that we are not currently anticipating. AI technologies offer potential benefits in areas such as customer service personalization and process automation, and we expect to use AI and Generative AI to help deliver products and services and support critical functions. We also expect third-parties on whom we rely to do the same. There are significant risks involved in developing and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our efficiency or profitability. AI and Generative AI may be misused by us or by such third-parties, and that risk is increased by the relative newness of the technology, the speed at which it is being adopted, and the lack of laws, regulations or standards governing its use. Such misuse could expose the Company to legal or regulatory risk, damage customer relationships or cause reputational harm. Further, our ability to continue to develop and efficiently deploy AI technologies depends on access to specific third-party equipment and other physical infrastructure, such as processing hardware and network capacity, as to which we cannot control the availability or pricing, especially in a highly competitive environment. Our competitors may also adopt AI or Generative AI more quickly or more effectively than we do, which could cause competitive harm. Because the Generative AI technology is so new, some of the potential risks of Generative AI are currently unknowable, however, specific risks relating to AI and Generative AI could include, among others:

- **Reputational Damage:** Malicious actors could use AI to create deepfakes of the Company's executives or manipulate financial documents, leading to loss of customer trust and significant reputational damage. Moreover, the use of AI trained on inaccurate data sets could result in inaccurate or biased decisions.
- **Fraudulent Activity:** AI could be used to create forged documents or impersonate individuals to commit financial fraud, leading to financial losses and regulatory scrutiny.
- **Misinformation and Disinformation:** The ability to generate realistic and convincing synthetic media could be used to spread misinformation and disinformation, impacting public opinion and undermining trust in the financial system.
- **Privacy Concerns:** AI could be used to create synthetic identities or manipulate personal data, raising privacy concerns related to data breaches and other potential violations of consumer rights and data protection regulations.
- **Cybersecurity Threats:** AI could be used to create sophisticated phishing attacks or bypass security measures, increasing the risk of cyberattacks and data breaches.

We, or third-parties on whom we rely, may not adequately ensure the integrity, confidentiality, or availability of personal and confidential information. In the course of our ordinary business, we collect, store and disclose to various third-parties (e.g., service providers, reinsurers, etc.) substantial amounts of personal and confidential information, including in some instances sensitive personal information, including health-related information. We are subject to the risk that the integrity, confidentiality, or availability of this information may be compromised, including as a result of an information security breach described above, or that such events occurring at third-parties may not be disclosed to us in a timely manner. And we may have insufficient recourse against such third-parties from which such breaches originate. We have experienced cybersecurity events resulting in, among other things the compromise of personal and confidential information, including sensitive health information, of our customers and other stakeholders. See “Business—Regulation—Privacy and Cybersecurity Regulation” for a discussion of the applicable laws and regulations (including those requiring notice, disclosure or remediation) relating to cybersecurity events.

We may incur significant costs and other negative consequences resulting from cyber-attacks or other information security breaches. Any compromise or perceived compromise of the security of our systems or data or that of one of our vendors could damage our reputation, cause the deterioration or termination of relationships with among others, customers, distributors, government-run health insurance exchanges, marketing partners and insurance carriers, reduce demand for our services, result in the loss of business opportunities, and subject us to significant liability and expense as well as regulatory action, penalties and lawsuits, which would harm our business, operating results and financial condition. We may also incur significant costs in connection with our response, recovery, remediation, modification of protective measures, and compliance efforts, including costs associated with mitigating the impact of any errors, interruptions, delays or cessations of service. Additionally, our failure to timely or accurately communicate cyber incidents to relevant parties could result in regulatory, operational and reputational risk. To the extent we maintain cyber insurance, liabilities or losses arising from certain cyber incidents may not be covered or fully covered under such policies, including if our insurer denies coverage as to any particular claim in the future, and may not take into account reputational damage, the costs of which are impossible to quantify, and the amount of insurance may not be adequate. In addition, our insurance coverage with respect to cyber incidents may increase in cost or cease to be available on commercially reasonable terms, or at all, in the future.

Third-parties (outsourcing providers, vendors and suppliers and joint venture partners) present added operational risk to our enterprise. The Company's business model relies heavily on the use of third-parties to deliver contracted services in a broad range of areas. This presents the risk that the Company is unable to meet legal, regulatory, financial or customer obligations because third-parties fail to deliver contracted services, or that the Company is exposed to reputational damage because third-parties operate in a poorly controlled manner. We use affiliates and third-party vendors located outside the U.S. to provide certain services and functions, which also exposes us to business disruptions and political risks as a result of risks inherent in conducting business outside of the United States. In our investments in which we hold a minority interest, or that are managed by third-parties, we lack management and operational control over operations, which may subject us to additional operational, compliance and legal risks and prevent us from taking or causing to be taken actions to protect or increase the value of those investments. In those jurisdictions where we are constrained by law from owning a majority interest in jointly owned operations, our remedies in the event of a breach by a joint venture partner may be limited (e.g., we may have no ability to exercise a “call” option).

Affiliate and third-party distributors of our products present added regulatory, competitive and other risks to our enterprise. Our products are sold primarily through captive/affiliated distributors and third-party distributing firms. Our captive/affiliated distributors are made up of sales personnel who are generally compensated based on commissions. The third-party distributing firms are rarely dedicated to us exclusively and may frequently recommend and/or market products of our competitors. Accordingly, we must compete for their services. Our sales could be adversely affected if we are unable to attract, retain or motivate third-party distributing firms or if we do not adequately provide support, training, compensation, and education to this sales network regarding our products, or if our products are not competitive and not appropriately aligned with consumer needs. While third-party distributing firms have an independent regulatory accountability, regulators have been clear with expectations that product manufacturers retain significant sales practices accountability.

The Company and our distributors are subject to rules regarding the standard of care applicable to sales of our products and the provision of advice to our customers, and in recent years many of these rules have been revised or re-examined. In addition, there have been a number of investigations regarding the marketing practices of brokers and agents selling annuity and insurance products and the payments they receive. Furthermore, sales practices and investor protection have increasingly become areas of focus in regulatory examinations. These investigations and examinations have resulted in enforcement actions against us and companies in our industry and brokers and agents marketing and selling those companies' products. Enforcement actions could result in penalties and the imposition of corrective action plans and/or changes to industry practices, which could adversely affect our ability to market our products. If our products are distributed in an inappropriate manner, or to customers for whom they are unsuitable, or distributors of our products otherwise engage in misconduct, we may suffer reputational and other harm to our business and be subject to regulatory action, penalties or damages. Our business may also be harmed if captive/affiliate distributors engage in inappropriate conduct in connection with the sale of third-party products.

Many of our distribution personnel are independent contractors or franchisees. From time to time, their status has been challenged in courts and by government agencies, and various legislative or regulatory proposals have been introduced addressing the criteria for determining the status of independent contractors' classification as employees for, among other things, employment tax purposes or other employment benefits. The costs associated with potential changes with respect to these independent contractor and franchisee classifications have impacted our results previously and could have a material adverse effect on our business in the future.

See Note 16 to the Consolidated Financial Statements for additional information regarding litigation and regulatory matters relating to the distribution of products.

Although we distribute our products through a wide variety of distribution channels, we do maintain relationships with certain key distributors. We periodically negotiate the terms of these relationships, and there can be no assurance that such terms will remain acceptable to us or such third-parties. An interruption in certain key relationships could materially affect our ability to market our products and could have a material adverse effect on our business, operating results and financial condition. Distributors may elect to reduce or terminate their distribution relationships with us, including for such reasons as adverse developments in our business, competitiveness of product offerings, adverse rating agency actions or concerns about market-related risks. We are also at risk that key distribution partners may merge, change their business models in ways that affect how our products are sold, or terminate their distribution contracts with us, or that new distribution channels could emerge and adversely impact the effectiveness of our distribution efforts. An increase in bank and broker-dealer consolidation activity could increase competition for access to distributors, result in greater distribution expenses and impair our ability to market products through these channels. Consolidation of distributors and/or other industry changes may also increase the likelihood that distributors will try to renegotiate the terms of any existing selling agreements to terms less favorable to us. Finally, we also may be challenged by new technologies and marketplace entrants that could interfere with our existing relationships.

Model Risk

As a financial services company, we are exposed to model risk, which is the risk of financial loss or reputational damage or adverse regulatory impacts caused by model errors or limitations, incorrect implementation of models, or misuse of or overreliance upon models. Models are utilized by our businesses and corporate areas primarily to project future cash flows associated with pricing products, calculating reserves and valuing assets, as well as in evaluating risk and determining capital requirements, among other uses. Because models are used across the Company, model risk impacts all risk types. As our businesses continue to grow and evolve, the number and complexity of models we utilize expands, increasing our exposure to error in the design, implementation or use of models, including the associated input data and assumptions. Furthermore, model risk will be elevated during periods of transformation or due to new or changing laws or regulations.

Strategic Risk

We are subject to the risk of events that can cause our fundamental business model to change, either through a shift in the businesses in which we are engaged or a change in our execution. In addition, other risks may become strategic risks. For example, we have considered and must continue to consider the impact of the interest rate environment on new product development and continued sales of interest sensitive products.

Changes in the regulatory landscape may be unsettling to our business model. New laws and regulations are being considered in the U.S. and our other countries of operation at an increasing pace, as there has been greater scrutiny on financial regulation over the past several years. Proposed or unforeseen changes in law or regulation, or changes in the way existing laws or regulations are enforced, may adversely impact our business. See “Business—Regulation” for a discussion of certain recently enacted and pending proposals by international, federal and state regulatory authorities and their potential impact on our business, including in the following areas:

- Financial sector regulatory reform.
- U.S. federal, state and local tax laws, including CAMT.
- Fiduciary rules and other standards of care.
- Our regulation under U.S. state insurance laws and developments regarding group-wide supervision and capital standards, accounting rules, RBC factors for invested assets and reserves for life insurance, variable annuities and other products.
- Privacy, data, artificial intelligence and cybersecurity regulation.

Changes in accounting rules applicable to our business may also have an adverse impact on our results of operations or financial condition. For a discussion of accounting pronouncements and their potential impact on our business, see Note 2 to the Consolidated Financial Statements.

Changes in technology and other external factors may be unsettling to our business model. We believe the following aspects of technological and other changes would significantly impact our business model. There may be other unforeseen changes in technology and the external environment, including the regulatory response to technological change, which may have a significant impact on our business model.

- *Interaction with customers.* Technology is moving rapidly and as it does, it puts pressure on existing business models. Some of the changes we can anticipate are increased choices about how customers want to interact with the Company or how they want the Company to interact with them. Evolving customer preferences and changing privacy regulations may drive a need to redesign products and change the way we interact with customers. Our distribution channels may change to become more automated, at the place and time of the customer’s choosing. Such changes clearly have the potential to disrupt our business model.
- *Investment Portfolio.* Technology may have a significant impact on the companies in which the Company invests. For example, environmental concerns spur scientific inquiry which may reposition the relative attractiveness of wind or sun power over oil and gas. The transportation industry may favor alternative modes of conveyance of goods which may shift trucking or air transport out of favor. Consumers may change their purchasing behavior to favor online activity which would change the role of malls and retail properties.
- *Medical Advances.* The Company is exposed to the impact of medical advances. The unequal availability of detailed information (e.g., genetic testing) to consumers and insurers can create asymmetrical information and create anti-election risks. Also, technologies that extend lives will challenge our actuarial assumptions particularly related to mortality and longevity risk.

The following items are examples of other factors which could have a meaningful impact on our business.

- *A downgrade in our financial strength or credit ratings could potentially, among other things, adversely impact our business prospects, results of operations, financial condition and liquidity.* For a discussion of our ratings and the potential impact of a ratings downgrade on our business, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital.” We cannot predict what additional actions rating agencies may take, or what actions we may take in response to the actions of rating agencies, which could adversely affect our business. Our ratings could be downgraded at any time and without notice by any rating agency. Credit rating agencies continually review their methodologies, including capital and earnings assessment models, as well as their ratings for the companies that they follow, including us. The credit rating agencies also evaluate the industry as a whole and may change our credit rating based on their overall view of our industry. In addition, a sovereign downgrade could result in a downgrade of Pruco Life.
- *The changing competitive landscape may adversely affect the Company.* In our business we face intense competition from insurance companies and diversified financial institutions, both for the ultimate customers for our products and, in many businesses, for distribution through non-affiliated distribution channels. Technological advances, changing customer expectations, including related to digital offerings, access to customer data or other changes in the marketplace may present opportunities for new or smaller companies without established products or distribution channels to meet consumers’ increased expectations more efficiently than us. Fintech and insurtech companies and companies in other industries with greater access to customers and data have the potential to disrupt industries globally, and many participants have been partially funded by industry players.

- *Climate change may increase the severity and frequency of calamities, or adversely affect our investment portfolio or investor sentiment.* Climate change may increase the frequency and severity of weather-related disasters and pandemics. In addition, climate change regulation may affect the prospects of companies and other entities whose securities we hold, or our willingness to continue to hold their securities. It may also impact other counterparties, including reinsurers, and affect the value of investments. We cannot predict the long-term impacts on us from climate change or related regulation. Climate change may also influence investor sentiment with respect to the Company and investments in our portfolio.
- *We may fail to meet expectations relating to environmental, social, and governance standards and practices.* Certain existing or potential investors, customers and regulators evaluate our business or other practices according to a variety of environmental, social and governance (“ESG”) standards and expectations. Certain of our regulators have proposed or adopted, or may propose or adopt, ESG rules or standards that would apply to our business. Our practices may be judged by ESG standards that are continually evolving and not always clear. Prevailing ESG standards and expectations may also reflect contrasting or conflicting values or agendas. We may fail to meet our commitments or targets, and our policies and processes to evaluate and manage ESG standards in coordination with other business priorities may not be completely effective or satisfy investors, customers, regulators, or others. We may face adverse regulatory, investor, customer, media, or public scrutiny leading to business, reputational, or legal challenges.
- *Market conditions and other factors may adversely impact product sales or increase expenses. Examples include:*
 - A change in market conditions, such as higher inflation and higher interest rates, could cause a change in consumer sentiment and behavior adversely affecting sales and persistency of our savings and protection products. Conversely, low inflation and low interest rates could cause persistency of these products to vary from that anticipated and adversely affect profitability. Similarly, changing economic conditions and unfavorable public perception of financial institutions can influence customer behavior, including increasing claims or surrenders in certain products.
 - Lapses and surrenders of certain insurance products may increase if a market downturn, increased market volatility or other market conditions result in customers becoming dissatisfied with their investments or products.
- *Our reputation may be adversely impacted if any of the risks described in this section are realized.* Reputational risk could manifest from any of the risks as identified in the Company’s risk identification process. Failure to effectively manage risks across a broad range of risk issues exposes the Company to reputational harm. If the Company were to suffer a significant loss in reputation, both policyholders and counterparties could seek to exit existing relationships. Additionally, large changes in credit worthiness, especially credit ratings, could impact access to funding markets while creating additional collateral requirements for existing relationships. The mismanagement of any such risks may potentially damage our reputational asset. Our business is anchored in the strength of our brand, our alignment to our values, and our proven commitment to keep our promises to our customers. Any negative public perception, founded or otherwise, can be widely and rapidly shared over social media or other means, and could cause damage to our reputation.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

Because of the size and scope of our business, we are subject to numerous and evolving cybersecurity risks, any of which, if it materializes, could affect our business strategy, results of operations, or financial condition. See “Item 1A. Risk Factors—Operational Risk” for a discussion of such risks.

Cybersecurity risk management is integrated within our risk management framework. We conduct risk identification through several processes at the business unit, corporate, senior management, and Board levels. This framework includes escalation points to Prudential's risk committees, allowing cyber risk and control matters to be elevated to the Board of Directors or its Audit Committee for oversight.

In order to respond to the threat of security breaches and cyber-attacks, Prudential Financial has developed an information security program designed to protect and preserve the confidentiality, integrity, and continued availability of information owned by, or in the care of, the Company. This information security program provides for the coordination of various corporate functions and governance groups, including global technology, risk, legal, compliance and corporate audit, and serves as a framework for the execution of responsibilities across businesses and operational roles. Among other things, the information security program establishes security standards for our technological resources and includes training for employees, contractors and third-parties. Employees with access to our Company's systems are subject to comprehensive annual training on responsible information security, data security, and cybersecurity practices and how to protect data against cyber threats.

As part of the information security program, we conduct periodic exercises with independent outside advisors to assess the effectiveness of our program and our internal response preparedness. We regularly engage with the broader cybersecurity community and monitor cyber threat information.

To address risks associated with third-parties, Prudential Financial has established an enterprise-wide Third-Party Risk Management Program. This program's features include, among other things, identifying, assessing and managing cybersecurity risks throughout the life of our third-party relationships.

We also maintain an incident response plan, which specifies escalation and evaluation processes for cyber events. This plan is executed in close coordination with our corporate functions, including a dedicated cyber and privacy law function, external affairs, and risk management, and is designed to ensure, among other things, appropriate and timely reporting and disclosure.

During the period covered by this Report, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. See "Item 1A. Risk Factors—Operational Risk" for a discussion of risks related to cybersecurity.

Governance

Prudential Financial's information security program is overseen by the Chief Information Security Officer ("CISO") and Information Security Office, as well as the Head of Global Technology and Operations ("HGTO"). The CISO and Information Security Office are responsible for monitoring for, and informing management of, cybersecurity incidents impacting Prudential's systems. We believe that Prudential Financial's employees responsible for managing cybersecurity risk have the skills and knowledge to assess and manage the Company's material risks from cybersecurity threats, and their qualifications include degrees and certifications typical for cybersecurity professionals. We expect these employees to, among other things, understand computer systems, networks, and security technologies and be proficient in a variety of security tools and techniques. The CISO has served in various roles in information technology and information security for over 25 years, including serving as the head of information technology risk at two large public companies. The CISO holds a graduate degree in technology management and has attained the professional certifications of Certified Information Systems Security Professional and Certified Information Privacy Professional.

Prudential Financial's Audit Committee of the Board of Directors which is responsible for oversight of certain risk issues, including cybersecurity, receives reports from the CISO, the HGTO and Operational Risk Management throughout the year. At least annually, Prudential Financial's Board and the Audit Committee also receive updates about the results of program reviews, including exercises and response readiness assessments led by outside advisors who provide a third-party independent assessment of our technical program and internal response preparedness. To the extent cybersecurity controls are related to internal control over financial reporting, such controls are considered in the context of Prudential Financial's annual external integrated audit.

Prudential Financial's Audit Committee regularly briefs the full Board of Directors on these matters, and the full Board of Directors also receives periodic briefings on cyber threats in order to enhance our directors' literacy on cyber issues.

Item 2. Properties

Office space is provided by Prudential Insurance, as described under "Expense Charges and Allocations" in Note 15 to the Consolidated Financial Statements.

Item 3. Legal Proceedings

See Note 16 to the Consolidated Financial Statements under "Litigation and Regulatory Matters" for a description of certain pending litigation and regulatory matters affecting us, and certain risks to our business presented by such matters.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company is a wholly-owned subsidiary of Prudential Insurance. There is no public market for the Company's common stock.

Item 6. [Reserved]

Part II. Item 6 is no longer required pursuant to certain amendments to Regulation S-K that eliminated Item 301.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following analysis of our consolidated financial condition and results of operations in conjunction with the "Forward-Looking Statements" included below the Table of Contents, "Risk Factors", and the Consolidated Financial Statements included in this Annual Report on Form 10-K.

Overview

The Company sells variable annuities, indexed variable annuities, fixed annuities, universal life insurance, variable life insurance and term life insurance primarily through affiliated and unaffiliated distributors in the United States.

In August 2024, the Company entered into an agreement with Wilton Reassurance Company and Wilton Reinsurance Bermuda Limited (collectively, "Wilton Re") to coinsure a closed block of guaranteed universal life ("GUL") policies. The Company recaptured all risks associated with the subject GUL policies from Prudential Arizona Reinsurance Universal Company ("PAR U") and subsequently established yearly renewable term ("YRT") reinsurance for the subject GUL business with The Prudential Insurance Company of America ("Prudential Insurance"). The transaction was completed in December 2024 with an effective date of October 1, 2024. See Note 11 to the Consolidated Financial Statements for additional information.

Effective January 2024, the Company entered into an agreement with Somerset Reinsurance Ltd. ("Somerset Re") to coinsure a closed block of GUL policies to Prudential Universal Reinsurance Entity Company ("PURE"), a wholly-owned subsidiary of Prudential Insurance, with retrocession by PURE of such liabilities on a modified coinsurance basis, to Somerset Re. This transaction is effective as of January 1, 2024, whereby, the Company recaptured all risks associated with the subject GUL policies from PAR U, Prudential Universal Reinsurance Company ("PURC") and Gibraltar Universal Life Reinsurance Company ("GUL Re") and subsequently established YRT reinsurance for the subject GUL business with Prudential Insurance. See Note 11 to the Consolidated Financial Statements for additional information.

In May 2023, the Company entered into an agreement with AuguStar Life Insurance Company (formerly known as The Ohio National Life Insurance Company), an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately \$10 billion of account values of Prudential Defined Income ("PDI") traditional variable annuity contracts with guaranteed living benefits. The transaction was completed on June 30, 2023 with an effective date of April 1, 2023. See Note 11 to the Consolidated Financial Statements for additional information.

Effective April 1, 2022, Prudential Financial completed the sale of Prudential Annuities Life Assurance Corporation ("PALAC") to Fortitude Group Holdings, LLC ("Fortitude"). As such, PALAC is no longer an affiliate of Prudential Financial or the Company. Fortitude subsequently renamed the company Fortitude Life Insurance & Annuity Company ("FLIAC").

Revenues and Expenses

The Company earns revenues principally from insurance premiums, mortality and expense fees, asset administration fees from insurance and investment products, and from net investment income on the investment of general account and other funds. The Company receives premiums primarily from the sale of individual life insurance and annuity products. The Company earns mortality and expense fees, and asset administration fees, primarily from the sale and servicing of universal life insurance and separate account products including variable life insurance and variable annuities. The Company's operating expenses principally consist of insurance benefits provided and reserves established for anticipated future insurance benefits, general business expenses, reinsurance premiums, commissions and other costs of selling and servicing the various products sold and interest credited on general account liabilities.

Industry Trends

Our business is impacted by financial markets, economic conditions, regulatory oversight, and a variety of trends that affect the industries where we compete.

Financial and Economic Environment. Interest rates in the U.S. experienced a prolonged period of historically low levels, followed by a sharp rise in 2022 and sustained higher levels in 2023 and 2024. We expect that a continued level of higher interest rates will benefit our results over time. We continue to monitor current market conditions and the impact to our business from slowing or negative economic growth. In addition, we are subject to financial impacts associated with movements in equity markets and the evolution of the credit cycle as discussed in "Item 1A. Risk Factors".

Demographics. Individual customer demographics continue to evolve and new opportunities present themselves in different consumer segments such as the millennial and multicultural markets. Consumer expectations and preferences are changing. We believe existing and potential customers are increasingly looking for cost-effective solutions that they can easily understand and access through technology-enabled devices. At the same time, income protection, wealth accumulation and the needs of retiring baby boomers are continuing to shape the insurance industry. A persistent retirement security gap exists in terms of both savings and protection.

Regulatory Environment. See "Business—Regulation" for a discussion of regulatory developments that may impact the Company and the associated risks.

Competitive Environment. See "Business" for a discussion of the competitive environment and the basis on which we compete.

Impact of Changes in the Interest Rate Environment

Market interest rates are a key driver of our liquidity and capital positions, cash flows, results of operations and financial position. Changes in interest rates can affect these in several ways, including favorable or adverse impacts to:

- investment-related activity, including: investment income returns, net investment spread results, new money rates, mortgage loan prepayments and bond redemptions;
- the valuation of fixed income investments and derivative instruments;
- collateral posting requirements, hedging costs and other risk mitigation activities;
- customer account values and assets under management, including their impacts on fee-related income;
- insurance reserve levels, including market risk benefits ("MRBs"), and market experience true-ups;
- policyholder behavior, including surrender or withdrawal activity; and
- product offerings, design features, crediting rates and sales mix.

For additional information regarding interest rate risks, see "Risk Factors—Market Risk".

Accounting Policies & Pronouncements

Application of Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") requires the application of accounting policies that often involve a significant degree of judgment. Management, on an ongoing basis, reviews the estimates and assumptions used in the preparation of the Company's financial statements. If management determines that modifications to assumptions and estimates are appropriate given current facts and circumstances, the Company's results of operations and financial position as reported in the Consolidated Financial Statements could change significantly.

The following sections discuss the accounting policies applied in preparing our financial statements that management believes are most dependent on the application of estimates and assumptions and require management's most difficult, subjective or complex judgments.

Insurance Liabilities

Future Policy Benefits

Future Policy Benefit Reserves, including Unpaid Claims and Claim Adjustment Expenses

We establish reserves for future policy benefits to, or on behalf of, policyholders, using methodologies prescribed by U.S. GAAP. The reserving methodologies used include the following:

- For some long-duration contracts, we utilize a net premium valuation methodology in measuring the liability for future policy benefits. Under this methodology, the Company accrues a liability for future policy benefits when premium revenue is recognized. The liability is based on the present value of expected future benefits to be paid to or on behalf of policyholders and related non-level claim settlement expenses less the present value of expected future net premiums (portion of the gross premium required to provide for all benefits and related non-level claim settlement expenses using current best estimate assumptions). A net-to-gross (“NTG”) ratio is calculated as the ratio of the present value of expected policy benefits and non-level claim settlement expenses divided by the present value of expected gross premiums. The NTG ratio is applied to gross premiums, as premium revenue is recognized, to determine net premiums that are subtracted from the present value of expected benefits and non-level claim settlement expenses to determine the liability for future policy benefits, which cannot be less than zero. The NTG ratio at the cohort measurement unit level cannot exceed 100%, and if it exceeds 100%, the excess benefit expenses are recorded as a charge to current period earnings. The result of the net premium valuation methodology is that the liability at any point in time represents an accumulation of the portion of premiums received to date expected to fund future benefits (i.e., net premiums received to date), less any benefits and expenses already paid. The liability does not necessarily reflect the full policyholder obligation the Company expects to pay at the conclusion of the contract since a portion of that obligation would be funded by net premiums received in the future and would be recognized in the liability at that time. The insurance cash flow projections are updated quarterly to reflect actual experience and are generally updated annually to reflect changes in best estimate future insurance assumptions using a retrospective unlocking method with the impact recorded through current period earnings. At the time of an experience or best estimate assumption unlocking, a revised NTG ratio is calculated using actual historical cash flow experience and updated, if any, best estimate future cash flow projections, discounted using the locked-in discount rate. The revised NTG ratio is then applied to prior period cashflows to derive a cumulative catch-up adjustment as of the beginning of the quarter. The revised NTG ratio is then used going forward to accrue the reserve, until the next unlocking. The liability is also remeasured each quarter using a current discount rate, based on an upper medium grade fixed-income instrument yield, with the impact recorded through accumulated other comprehensive income. Expense assumptions included in the liability only include claim related expenses and exclude acquisition costs and non-claim related costs such as costs relating to investments, general administration, policy maintenance, product development, market research, and general overhead.
- For limited-payment contracts, in addition to the liability calculated using the net premium valuation method described above, a deferred profit liability (“DPL”) is established for the amount of gross premiums received in excess of expected net premiums and is amortized into premium income in relation to the discounted expected benefit payments for annuity contracts. The DPL is subject to a retrospective unlocking adjustment consistent with the liability for future policy benefits.
- For certain contract features, such as no-lapse guarantees, a liability is established when associated assessments (which include investment margin on policyholders’ account balances deposited to fixed and indexed funds and policy charges for administration, mortality, expense, surrender, and other charges) are recognized. This liability is established using current best estimate assumptions and is based on the ratio of the present value of total expected excess payments (e.g., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio). The liability equals the current benefit ratio multiplied by cumulative assessments recognized to date, plus interest, less cumulative excess payments to date. The liability does not necessarily reflect the full policyholder obligation the Company expects to pay at the conclusion of the contract since a portion of that excess payment would be funded by assessments received in the future and would be recognized in the liability at that time. The reserves are subject to adjustments based on annual reviews of assumptions and quarterly adjustments for experience as described below, including market performance. These adjustments reflect the impact on the benefit ratio of using actual historical experience from the issuance date to the balance sheet date plus updated estimates of future experience. The updated benefit ratio is then applied to all prior periods’ assessments to derive an adjustment to the reserve recognized through a benefit or charge to current period earnings.

- For universal life type contracts and participating contracts, the Company performs premium deficiency tests using best estimate assumptions, at a minimum, on an annual basis, and on a quarterly basis for business whose profitability is closely tied to equity market performance. If the current net reserves are less than the best estimate liability, the existing net reserves are adjusted by first reducing the associated deferred sales inducements ("DSI") by the amount of the deficiency or to zero through a charge to current period earnings. If the deficiency is more than the DSI for insurance contracts, the net reserves are increased by the excess through a charge to current period earnings. Since investment yields are used as the discount rate, the premium deficiency test is also performed using a discount rate based on the market yield (i.e., assuming what would be the impact if any unrealized gains (losses) were realized as of the testing date). In the event that by using the market yield a deficiency occurs, an adjustment is established for the deficiency and is included in "Accumulated other comprehensive income (loss)" ("AOCI").

Annual assumptions review and quarterly adjustments

The assumptions used in establishing reserves are generally based on the Company's experience, industry experience and/or other factors, as applicable. We update our actuarial assumptions, such as mortality, morbidity, retirement and policyholder behavior assumptions, annually unless a material change in our own experience or in industry experience made available to us is observed in an interim period that we feel is indicative of a long-term trend. Generally, we do not expect trends to change significantly in the short-term and, to the extent these trends may change, we expect such changes to be gradual over the long-term.

We perform an annual comprehensive review of the assumptions used for estimating future premiums, benefits, and other cash flows, including reviews related to mortality, morbidity, lapse, surrender, and other contractholder behavior assumptions, and economic assumptions, including expected future rates of returns on investments. The Company generally looks to relevant Company experience as the primary basis for these assumptions. If relevant Company experience is not available or does not have sufficient credibility, the Company may look to experience of similar blocks of business, either elsewhere within the Company or within the industry. As part of this review, we may update these assumptions and make refinements to our models based upon emerging experience, future expectations and other data, including any observable market data we feel is indicative of a long-term trend. The impact on our results from operations of changes in these assumptions can be offsetting and we are unable to predict their movement or impact over time.

The quarterly adjustments for market performance referred to above reflect the impact of changes to our estimate of future rates of returns on investments to reflect actual fund performance and market conditions. A portion of returns on investments for our variable life contracts are dependent upon the total rate of return on assets held in separate account investment options. This rate of return influences the fees we earn and expected claims to be paid on variable life contracts, as well as other sources of profit. Returns that are higher than our expectations for a given period produce higher-than-expected account balances, which increase the future fees we expect to earn on variable life contracts and decrease expected claims to be paid on variable life contracts. The opposite occurs when returns are lower than our expectations.

The weighted average rate of return assumptions used in developing estimated market returns consider many factors specific to each product type, including asset durations, asset allocations and other factors. With regard to equity market assumptions, the near-term future rate of return assumption used in evaluating liabilities for future policy benefits for certain of our products, primarily our domestic variable life insurance products, is generally updated each quarter and is derived using a reversion to the mean approach, a common industry practice. Under this approach, we consider historical equity returns and adjust projected equity returns over an initial future period of five years (the "near-term") so that equity returns converge to the long-term expected rate of return. If the near-term projected future rate of return is greater than our near-term maximum future rate of return of 15.0%, we use our maximum future rate of return. If the near-term projected future rate of return is lower than our near-term minimum future rate of return of 0%, we use our minimum future rate of return. As of December 31, 2024, our variable life insurance businesses assume an 8.0% long-term equity expected rate of return and a 2.9% near-term mean reversion equity expected rate of return.

With regard to interest rate assumptions used in evaluating liabilities for future policy benefits for certain of our products, we update the long-term and near-term future rates used to project fixed income returns annually and quarterly, respectively. As a result of our 2024 annual reviews and update of assumptions and other refinements, we increased our long-term expectation of the 10-year U.S. Treasury rate by 25 basis points and now grade to a rate of 3.50% over ten years. As part of our quarterly market experience updates, we update our near-term projections of interest rates to reflect changes in current rates. For additional information regarding discount rates used to establish the liability for future policy benefits, see Note 2 to the Consolidated Financial Statements.

The following paragraph provides additional details about the reserves we have established:

The reserves for future policy benefits as of December 31, 2024, primarily relate to term life and universal life products. For term life contracts, the future policy benefit reserves are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in determining these expected future benefits and expenses include mortality, lapse, and interest rate assumptions. For universal life products, which include universal life contracts that contain no-lapse guarantees, reserves for future policy benefits are established using current best estimate assumptions and are based on the benefit ratio, as described above. The primary assumptions used in establishing these reserves generally include mortality, lapse, and premium pattern, as well as interest rate and equity market return assumptions. Reserves also include claims reported but not yet paid, and claims incurred but not yet reported.

Policyholders' Account Balances

Policyholders' account balances liability represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is primarily associated with the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance, as applicable. The liability also includes provisions for benefits under non-life contingent payout annuities. Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products. The changes in the fair value of the embedded derivatives, including changes in non-performance risk ("NPR") are recorded in net income. For additional information regarding the valuation of these embedded derivatives, see Note 5 to the Consolidated Financial Statements.

Market Risk Benefits ("MRBs")

Market risk benefit liabilities (or assets) represent contracts or contract features that provide protection to the contractholder and exposes the Company to other than nominal capital market risk. MRBs are primarily related to deferred annuities with guaranteed minimum benefits including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum income and withdrawal benefits ("GMIWB"). The liability (or asset) for MRBs is estimated using a fair value measurement methodology. The fair value of these MRBs is based on assumptions a market participant would use in valuing market risk benefits. On a quarterly basis, the fair value of these MRBs is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefits. The changes in the fair value of market risk benefits are recorded in net income, net of related hedges, in "Change in value of market risk benefits, net of related hedging gains (losses)", except for the portion of the change attributable to changes in the Company's own NPR which is recorded in other comprehensive income ("OCI") for the direct and assumed businesses. However, the change in NPR for the ceded MRBs is recorded in net income. For additional information regarding the valuation of these MRB features, see Note 5 to the Consolidated Financial Statements.

Inclusive of Policyholders' Account Balances and Market risk benefits, the Company estimates that a hypothetical change to its own credit risk of plus 50 and minus 50 basis points would result in an increase and a decrease to OCI of \$570 million and \$615 million, respectively, and an increase and a decrease to net income of \$230 million and \$270 million, respectively.

Sensitivities for Insurance Assets and Liabilities

The following table summarizes the impact that could result on each of the listed financial statement balances from changes in certain key assumptions. The information below is for illustrative purposes and includes only the hypothetical direct impact on December 31, 2024 balances of changes in a single assumption and not changes in any combination of assumptions. Additionally, the illustration of the insurance assumption impacts below reflects a parallel shift in the insurance assumptions; however, these may be non-parallel in practice. Changes in current assumptions could result in impacts to financial statement balances that are in excess of the amounts illustrated. A description of the estimates and assumptions used in the preparation of each of these financial statement balances is provided above. Changes to the insurance cash flow assumptions are reflected in net income through the retrospective unlocking method for traditional long duration, limited-payment and universal life type products.

The impacts presented within this table exclude the impacts of our asset liability management strategy, which seeks to offset the changes in the balances presented within this table and is primarily composed of investments and derivatives. See further below for a discussion of the estimates and assumptions involved with the application of U.S. GAAP accounting policies for these instruments and “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” for hypothetical impacts on related balances as a result of changes in certain significant assumptions. The impacts presented within this table are also net of reinsurance, including the impacts from the recently completed transactions with Somerset Re and Wilton Re. See Note 11 to the Consolidated Financial Statements for additional information regarding these reinsurance agreements.

	Increase (Decrease) in Net Income due to changes in Future Policy Benefits, Market Risk Benefits(1), and Policyholders' Account Balances, Net of Reinsurance	
	(in millions)	
Hypothetical change in current assumptions:		
Long-term interest rate:		
Increase by 25 basis points	\$	5
Decrease by 25 basis points	\$	(5)
Long-term equity expected rate of return:		
Increase by 50 basis points	\$	0
Decrease by 50 basis points	\$	0
Mortality:		
Increase by 1%	\$	55
Decrease by 1%	\$	(60)
Lapse(2):		
Increase by 10%	\$	85
Decrease by 10%	\$	(75)

(1) "Market risk benefits" impact reflects the net impact of market risk benefit assets and liabilities prior to hedging.

(2) Assumes the same shock across all products; however, we would not expect lapse rates of different products to move uniformly.

Other Accounting Policies

Valuation of Investments, Including Derivatives, Measurement of Allowance for Credit Losses, and the Recognition of Other-than-Temporary Impairments

Our investment portfolio consists of public and private fixed maturity securities, commercial mortgage and other loans, equity securities, other invested assets and derivative financial instruments. Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, values of securities, credit spreads, market volatility, expected returns, and liquidity. Derivative financial instruments that are generally used include swaps, futures, forwards and options and may be exchange-traded or contracted in the over-the-counter (“OTC”) market. We are also party to financial instruments that contain derivative instruments that are “embedded” in the financial instruments. Management believes the following accounting policies related to investments, including derivatives, are most dependent on the application of estimates and assumptions. Each of these policies is discussed further within other relevant disclosures related to investments and derivatives, as referenced below:

- Valuation of investments, including derivatives;
- Measurement of the allowance for credit losses on fixed maturity securities classified as available-for-sale, commercial mortgage loans, and other loans; and
- Recognition of other-than-temporary impairments ("OTTI") for equity method investments.

We present at fair value in the statements of financial position our debt security investments classified as available-for-sale, investments classified as trading, and certain fixed maturities, equity securities and certain investments within “Other invested assets,” such as derivatives. For additional information regarding the key estimates and assumptions surrounding the determination of fair value of fixed maturity and equity securities, as well as derivative instruments, embedded derivatives and other investments, see Note 5 to the Consolidated Financial Statements.

For our investments classified as available-for-sale, the impact of changes in fair value is recorded as an unrealized gain or loss in AOCI, a separate component of equity. For our investments classified as trading and equity securities, the impact of changes in fair value is recorded within "Other income (loss)". Our commercial mortgage and other loans are carried primarily at unpaid principal balances, net of unamortized deferred loan origination fees and expenses and unamortized premiums or discounts and a valuation allowance for losses.

In addition, an allowance for credit losses is measured each quarter for available-for-sale fixed maturity securities, and for commercial mortgage and other loans. For additional information regarding our policies in respect to the measurement of credit losses, see Note 2 to the Consolidated Financial Statements.

For equity method investments, the carrying value of these investments is written down or impaired to fair value when a decline in value is considered to be other-than-temporary.

Taxes on Income

Our effective tax rate is based on income, non-taxable and non-deductible items, tax credits, statutory tax rates and tax planning opportunities available in the various jurisdictions in which we operate. Inherent in determining our annual tax rate are judgments regarding business plans, planning opportunities and expectations about future outcomes. The Dividend Received Deduction ("DRD") is a major reason for the difference between the Company's effective tax rate and the U.S. federal statutory rate. The DRD is an estimate that incorporates the prior and current year information, as well as the current year's equity market performance. Both the current estimate of the DRD and the DRD in future periods can vary based on factors such as, but not limited to, changes in the amount of dividends received that are eligible for the DRD, changes in the amount of distributions received from underlying fund investments, changes in the account balances of variable life and annuity contracts, and the Company's taxable income before the DRD.

An increase or decrease in our effective tax rate by one percentage point would have resulted in a decrease or increase in our 2024 "Income tax expense (benefit)" of \$10 million.

Contingencies

A contingency is an existing condition that involves a degree of uncertainty that will ultimately be resolved upon the occurrence of future events. Accruals for contingencies are required to be established when the future event is probable and its impact can be reasonably estimated, such as in connection with an unresolved legal matter. The initial reserve reflects management's best estimate of the probable cost of ultimate resolution of the matter and is revised accordingly as facts and circumstances change and, ultimately, when the matter is brought to closure.

Adoption of New Accounting Pronouncements

There were no new critical accounting estimates resulting from new accounting pronouncements adopted during 2024. See Note 2 to the Consolidated Financial Statements for accounting pronouncements issued but not yet adopted and newly adopted accounting pronouncements.

Changes in Financial Position

2024 to 2023 Annual Comparison

Total assets increased \$25.2 billion from \$213.3 billion at December 31, 2023 to \$238.5 billion at December 31, 2024. Significant components were:

- Total investments increased \$13.9 billion primarily driven by new sales of general account annuity products;
- Reinsurance recoverables and deposit receivables increased \$8.0 billion primarily driven by the reinsurance of the Company's GUL block to PURE and Wilton Re; and
- Other assets increased \$1.4 billion primarily driven by deferred losses associated with the reinsurance of the Company's GUL block to Wilton Re and additional term quota share reinsurance to Prudential Arizona Reinsurance Captive Company.

Partially offset by:

- Separate account assets decreased \$1.0 billion primarily driven by net outflows, partially offset by favorable equity market performance.

Total liabilities increased \$25.0 billion from \$208.8 billion at December 31, 2023 to \$233.8 billion at December 31, 2024. Significant components were:

- Policyholder account balances increased \$16.6 billion primarily driven by new sales of general account annuity products;
- Reinsurance and funds withheld payables increased \$5.9 billion primarily driven by the YRT reinsurance agreements with Prudential Insurance to reinsure the mortality risk for the totality of GUL policies reinsured to PURE and Wilton Re; and
- Other liabilities increased \$1.8 billion primarily driven by deferred gains associated with the reinsurance of the Company's GUL block to PURE and GUL mortality risk ceded to Prudential Insurance.

Partially offset by:

- Separate account liabilities decreased \$1.0 billion, corresponding to the decrease in Separate account assets, as discussed above.

Total equity increased \$0.2 billion primarily driven by net income during the year, partially offset by unrealized losses from rising interest rates and changes to direct NPR spreads.

Results of Operations

Income (loss) from Operations before Income Taxes

2024 to 2023 Annual Comparison

Income (loss) from operations before income taxes increased \$495 million from \$478 million in 2023 to \$973 million in 2024. This includes a favorable comparative gain of \$1,060 million from our annual reviews and update of assumptions and other refinements. Excluding the impact of our annual reviews and update of assumptions and other refinements, income decreased \$565 million primarily driven by:

- Higher Policyholders' benefits driven by the reinsurance recapture of the Company's guaranteed universal life insurance policies.

Partially offset by:

- Higher Policy charges and fee income driven by the reinsurance recapture of the Company's guaranteed universal life insurance policies.
- Lower amortization of deferred policy acquisition costs driven by the reinsurance recapture of the Company's guaranteed universal life insurance policies.

Revenues, Benefits and Expenses

2024 to 2023 Annual Comparison

Revenues increased \$7,927 million from \$3,272 million in 2023 to \$11,199 million in 2024. This includes a favorable comparative net increase of \$1,023 million from our annual reviews and update of assumptions and other refinements, as mentioned above. Excluding the impact of our annual reviews and update of assumptions and other refinements, the increase was \$6,904 million primarily driven by the items mentioned above in Income (loss) from operations before income taxes.

Benefits and expenses increased \$7,432 million from \$2,794 million in 2023 to \$10,226 million in 2024. This includes a favorable comparative net decrease of \$37 million from our annual reviews of assumptions and other refinements, as mentioned above. Excluding the impact of our annual reviews and update to our assumptions and other refinements, the increase was \$7,469 million primarily driven by the items mentioned above in Income (loss) from operations before income taxes.

Risks and Risk Mitigants

Variable Annuity Risks and Risk Mitigants. The primary risk exposures of our variable annuity contracts relate to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including capital markets assumptions such as equity market returns, interest rates and market volatility, along with actuarial assumptions such as contractholder mortality, the timing and amount of annuitization and withdrawals, and contract lapses. For these risk exposures, achievement of our expected returns is subject to the risk that actual experience will differ from the assumptions used in the original pricing of these products. Prudential Financial manages our exposure to certain risks driven by fluctuations in capital markets primarily through a combination of Product Design Features and an Asset Liability Management Strategy ("ALM"), as discussed below. The Company also manages these risk exposures through external reinsurance for certain of our variable annuity products.

Effective July 1, 2021, the Company recaptured the risks related to its variable annuity base contracts, along with the living benefit guarantees, that had previously been reinsured to FLIAC from April 1, 2016 through June 30, 2021. The recapture does not impact PLNJ, which will continue to reinsure its new and in force business to Prudential Insurance. The product risks related to the previously reinsured business that were being managed in FLIAC, were transferred to the Company. In addition, the living benefit hedging program related to the previously reinsured living benefit riders are being managed within the Company. For more information on this transaction, see Note 11 to the Consolidated Financial Statements.

Fixed Annuity Risks and Risk Mitigants. Effective December 1, 2021, the Company entered into a reinsurance agreement with FLIAC under which the Company assumed all of its fixed indexed annuities and fixed annuities with a guaranteed lifetime withdrawal income feature from FLIAC. The primary risk exposure of these fixed annuity products relates to investment risks we bear for providing customers a minimum guaranteed interest rate or an index-linked interest rate required to be credited to the customer's account value, which include interest rate fluctuations and/or sustained periods of low interest rates, and credit risk related to the underlying investments. We manage these risk exposures primarily through our investment strategies and product design features, which include credit rate resetting subject to the minimum guaranteed interest rate, as well as surrender charges applied during the early years of the contract that help to provide protection for premature withdrawals. In addition, a portion of our fixed annuity products has a market value adjustment provision that affords protection of lapse in the case of rising interest rates. We also manage these risk exposures through external and affiliated reinsurance for certain of our fixed annuity products. For information on our external reinsurance agreements, see Note 11 to the Consolidated Financial Statements.

Indexed Variable Annuity Risks and Risk Mitigants. Effective December 1, 2021, the Company entered into a reinsurance agreement with FLIAC under which the Company assumed all of its indexed variable annuities from FLIAC. The primary risk exposure of these indexed variable annuity products relates to the investment risks we bear in order to credit to the customer's account balance the required crediting rate based on the performance of the elected indices at the end of each term. We manage this risk primarily through our investment strategies including derivatives and product design features, which include credit rate resetting subject to contractual minimums as well as surrender charges applied during the early years of the contract that help to provide protection for premature withdrawals. In addition, our indexed variable annuity strategies have an interim value provision that provides protection from lapse in the case of rising interest rates.

Product Design Features:

A portion of the variable annuity contracts that we offer include an asset transfer feature. This feature is implemented at the contract level, and transfers assets between certain variable investment sub-accounts selected by the annuity contractholder and, depending on the benefit feature, a fixed-rate account in the general account or a bond fund sub-account within the separate account. The objective of the asset transfer feature is to reduce our exposure to equity market risk and market volatility. The asset transfer feature associated with our highest daily living benefit products uses a designated bond fund sub-account within the separate account. The transfers are based on a static mathematical formula used with the particular benefit which considers a number of factors, including, but not limited to, the impact of investment performance on the contractholder's total account value. Other product design features we utilize include, among others, asset allocation restrictions, minimum issuance age requirements and certain limitations on the amount of contractholder purchase payments, as well as a required minimum allocation to our general account for certain of our products. We continue to introduce products that diversify our risk profile and have incorporated provisions in product design allowing frequent revisions of key pricing elements for certain of our products. In addition, there is diversity in our fee arrangements, as certain fees are primarily based on the benefit guarantee amount, the contractholder account value and/or premiums, which helps preserve certain revenue streams when market fluctuations cause account values to decline.

Asset Liability Management Strategy (including fixed income instruments and derivatives):

We employ an ALM strategy that utilizes a combination of both traditional fixed income instruments and derivatives to meet expected liabilities associated with our annuity guarantees. The MRB liability that we hedge consists of expected living and death benefit claims under various market conditions, which are managed using fixed income instruments, derivatives, or a combination thereof. For our Prudential Defined Income variable annuity, we utilize fixed income instruments to meet expected liabilities. For the portion of our ALM strategy executed with derivatives, we enter into a range of exchange-traded and OTC equity, interest rate and credit derivatives, including, but not limited to: equity and treasury futures; total return, credit default and interest rate swaps; and options including equity options, swaptions, and floors and caps. The intent of this strategy is to more efficiently manage the capital and liquidity associated with these products while continuing to mitigate fluctuations in net income due to movements in capital markets. To achieve this, we periodically review and recalibrate the ALM strategy by optimizing the mix of derivatives and fixed income instruments to achieve expected outcomes. As part of our periodic review of our variable annuities ALM strategy, and in accordance with our Risk Appetite Framework ("RAF"), the Company simplified its hedging approach in the first quarter of 2023 and collapsed the aggregate amount of equity hedging into one program.

Under our ALM strategy, we expect differences in the U.S. GAAP net income impact between the changes in value of the fixed income instruments (either designated as available-for-sale or designated as trading) and derivatives as compared to the changes in the MRB liability these assets support. These differences can be primarily attributed to two distinct areas:

- *Different accounting treatment between liabilities and assets supporting those liabilities.* Under U.S. GAAP, changes in the fair value of the derivative instruments and fixed income instruments designated as trading, and MRB, excluding the changes in the Company's NPR spreads, are immediately reflected in net income, while changes in the fair value of fixed income instruments that are designated as available-for-sale are recorded as unrealized gains (losses) in other comprehensive income.
- *General hedge results.* For the derivative portion of the ALM strategy, the net hedging impact (the extent to which the changes in value of the hedging instruments offset the change in value of the portion of the MRBs we are hedging) may be impacted by a number of factors, including: cash flow timing differences between our hedging instruments and the corresponding portion of the MRBs we are hedging, basis differences attributable to actual underlying contractholder funds to be hedged versus hedgeable indices, rebalancing costs related to dynamic rebalancing of hedging instruments as markets move, certain elements of the MRBs that may not be hedged (including certain actuarial assumptions), and implied and realized market volatility on the hedge positions relative to the portion of the MRBs we seek to hedge.

Income Taxes

The differences between income taxes expected at the U.S. federal statutory income tax rate of 21% applicable for 2024, 2023 and 2022, and the reported income tax expense (benefit) are provided in the following table:

	Years Ended December 31,		
	2024	2023	2022
	(\$ in millions)		
Expected federal income tax expense (benefit) at federal statutory rate(1)	\$ 204	\$ 100	\$ (208)
Non-taxable investment income	(43)	(43)	(46)
Tax credits	(29)	(43)	(48)
State taxes (net of federal benefit)	5	12	3
Other	(2)	0	2
Reported income tax expense (benefit)	\$ 135	\$ 26	\$ (297)
Effective tax rate(1)	13.9 %	5.5 %	29.9 %

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

Effective Tax Rate

The effective tax rate is the ratio of “Income tax expense (benefit)” divided by “Income (loss) from operations before income taxes and equity in earnings of operating joint ventures.” Our effective tax rate for fiscal years 2024, 2023 and 2022 was 13.9%, 5.5% and 29.9%, respectively. For a detailed description of the nature of each significant reconciling item, see Note 12 to the Consolidated Financial Statements.

Unrecognized Tax Benefits

The Company’s liability for income taxes includes the liability for unrecognized tax benefits and interest that relate to tax years still subject to review by the Internal Revenue Service or other taxing authorities. The completion of review or the expiration of the U.S. Federal statute of limitations for a given audit period could result in an adjustment to the liability for income taxes. The Company had no unrecognized benefit as of December 31, 2024, 2023 and 2022. We do not anticipate any significant changes within the next twelve months to our total unrecognized tax benefits related to tax years for which the statute of limitations has not expired.

Income Tax Expense vs. Income Tax Paid in Cash

Income tax expense recorded under U.S. GAAP routinely differs from the income taxes paid in cash in any given year. Income tax expense recorded under U.S. GAAP is based on income reported in our Consolidated Statements of Operations for the current period and it includes both current and deferred taxes. Income taxes paid during the year include tax installments made for the current year as well as tax payments and refunds related to prior periods.

For additional information regarding income tax related items, see “Business—Regulation” and Note 12 to the Consolidated Financial Statements.

Liquidity and Capital Resources

Overview

Liquidity refers to the ability to generate sufficient cash resources to meet the payment obligations of the Company. Capital refers to the long-term financial resources available to support the operations of our business, fund business growth, and provide a cushion to withstand adverse circumstances. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of our business, general economic conditions and our access to the capital markets and the alternative sources of liquidity and capital described herein.

Effective and prudent liquidity and capital management is a priority across the organization. Management monitors the liquidity of the Company on a daily basis and projects borrowing and capital needs over a multi-year time horizon. We use a Risk Appetite Framework (“RAF”) to ensure that all risks taken by the Company align with our capacity and willingness to take those risks. The RAF provides a dynamic assessment of capital and liquidity stress impacts and is intended to ensure that sufficient resources are available to absorb those impacts. We believe that our capital and liquidity resources are sufficient to satisfy the capital and liquidity requirements of the Company.

Our businesses are subject to comprehensive regulation and supervision by domestic and international regulators. These regulations currently include requirements (many of which are the subject of ongoing rule-making) relating to capital and liquidity management. For information on these regulatory initiatives and their potential impact on us, see “Business—Regulation” and “Risk Factors”.

Capital

We manage to regulatory capital levels consistent with our “AA” ratings targets. We utilize the risk-based capital (“RBC”) ratio as a primary measure of capital adequacy. RBC is calculated based on statutory financial statements and risk formulas consistent with the practices of the National Association of Insurance Commissioners (“NAIC”). RBC considers, among other things, risks related to the type and quality of the invested assets, insurance-related risks associated with an insurer’s products and liabilities, interest rate risks and general business risks. RBC ratio calculations are intended to assist insurance regulators in measuring an insurer’s solvency and ability to pay future claims. The reporting of RBC measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities, but is available to the public. The Company’s capital levels substantially exceed the minimum level required by applicable insurance regulations. Our regulatory capital levels may be affected in the future by changes to the applicable regulations, proposals for which are currently under consideration by both domestic and international insurance regulators.

The regulatory capital level of the Company can be materially impacted by interest rate and equity market fluctuations, changes in the values of derivatives, the level of impairments recorded, and credit quality migration of the investment portfolio, among other items. In addition, the reinsurance of business or the recapture of business subject to reinsurance arrangements due to defaults by, or credit quality migration affecting, the reinsurers or for other reasons could negatively impact regulatory capital levels. The Company’s regulatory capital level is also affected by statutory accounting rules, which are subject to change by each applicable insurance regulator.

Captive Reinsurance Companies

Prudential Financial and the Company use captive reinsurance companies for our individual life business to more effectively manage our reserves and capital on an economic basis and to enable the aggregation and transfer of risks. The captive reinsurance companies assume business from affiliates only. To support the risks they assume, our captives are capitalized to a level we believe is consistent with the “AA” financial strength rating targets of Prudential Financial’s insurance subsidiaries. All of the captive reinsurance companies are wholly-owned subsidiaries of Prudential Financial and are located domestically, typically in the state of domicile of the direct writing insurance subsidiary that cedes the majority of business to the captive. In addition to state insurance regulation, the captives are subject to internal policies governing their activities. In the normal course of business, Prudential Financial contributes capital to the captives to support business growth and other needs. Prudential Financial has also entered into support agreements with several of the captives in connection with financing arrangements.

Prudential Financial’s life insurance subsidiaries are subject to a regulation entitled “Valuation of Life Insurance Policies Model Regulation,” commonly known as “Regulation XXX,” and a supporting guideline entitled “The Application of the Valuation of Life Insurance Policies Model Regulation,” commonly known as “Guideline AXXX.” The regulation and supporting guideline require insurers to establish statutory reserves for term and universal life insurance policies with long-term premium guarantees at a level that exceeds what our actuarial assumptions for this business would otherwise require. Prudential Financial uses captive reinsurance companies to finance the portion of the reserves for this business that we consider to be non-economic as described below under “—Financing Activities—Term and Universal Life Reserve Financing.”

Liquidity

Our liquidity is managed to ensure stable, reliable and cost-effective sources of cash flows to meet all of our obligations. Liquidity is provided by a variety of sources, as described more fully below, including portfolios of liquid assets. Our investment portfolios are integral to the overall liquidity of the Company. We use a projection process for cash flows from operations to ensure sufficient liquidity to meet projected cash outflows, including claims. The impact of Prudential Funding, LLC’s (“Prudential Funding”), a wholly-owned subsidiary of Prudential Insurance, financing capacity on liquidity (as described below) is considered in the internal liquidity measures of the Company.

Liquidity is measured against internally-developed benchmarks that take into account the characteristics of both the asset portfolio and the liabilities that they support. We consider attributes of the various categories of liquid assets (e.g., type of asset and credit quality) in calculating internal liquidity measures to evaluate our liquidity under various stress scenarios, including company-specific and market-wide events. We continue to believe that cash generated by ongoing operations and the liquidity profile of our assets provide sufficient liquidity under reasonably foreseeable stress scenarios.

The principal sources of the Company's liquidity are premiums and certain annuity considerations, investment and fee income, investment maturities, sales of investments and internal borrowings. The principal uses of that liquidity include benefits, claims, and payments to policyholders and contractholders in connection with surrenders, withdrawals and net policy loan activity. Other uses of liquidity include commissions, general and administrative expenses, purchases of investments, the payment of dividends and returns of capital to the parent company, hedging and reinsurance activity and payments in connection with financing activities.

In managing liquidity, we consider the risk of policyholder and contractholder withdrawals of funds earlier than our assumptions when selecting assets to support these contractual obligations. We use surrender charges and other contract provisions to mitigate the extent, timing and profitability impact of withdrawals of funds by customers.

Liquid Assets

Liquid assets include cash and cash equivalents, short-term investments, U.S. Treasury fixed maturities, fixed maturities that are not designated as held-to-maturity, and public equity securities. As of December 31, 2024 and 2023, the Company had liquid assets of \$45.3 billion and \$32.3 billion, respectively. The portion of liquid assets comprised of cash and cash equivalents and short-term investments was \$3.8 billion and \$2.5 billion as of December 31, 2024 and 2023, respectively. As of December 31, 2024, \$32.6 billion, or 93%, of the fixed maturity investments in the Company's general account portfolios were rated high or highest quality based on NAIC or equivalent rating.

Financing Activities

Term and Universal Life Reserve Financing

For business written prior to the implementation of principle-based reserving, Regulation XXX and Guideline AXXX require domestic life insurers to establish statutory reserves for term and universal life insurance policies with long-term premium guarantees that are consistent with the statutory reserves required for other individual life policies with similar guarantees. Many market participants believe that these levels of reserves are excessive relative to the levels reasonably required to maintain solvency for moderately adverse experience. The difference between the statutory reserve and the amount necessary to maintain solvency for moderately adverse experience is considered to be the non-economic portion of the statutory reserve.

The Company uses affiliated captive reinsurance companies to finance the portion of the statutory reserves required to be held under Regulation XXX and Guideline AXXX that is considered to be non-economic. The financing arrangements involve the reinsurance of term and universal life business to our affiliated captive reinsurers and the issuance of surplus notes by those affiliated captives that are treated as capital for statutory purposes. These surplus notes are subordinated to policyholder obligations, and the payment of principal and interest on the surplus notes can only be made with prior insurance regulatory approval.

Under the agreements, the affiliated captive receives in exchange for the surplus notes one or more credit-linked notes issued by a special-purpose affiliate of the Company with an aggregate principal amount equal to the surplus notes outstanding. The affiliated captive holds the credit-linked notes as assets supporting Regulation XXX or Guideline AXXX non-economic reserves, as applicable. The captive can redeem the principal amount of the outstanding credit-linked notes for cash upon the occurrence of, and in an amount necessary to remedy, a specified liquidity stress event affecting the captive. Under the agreements, the external counterparties have agreed to fund any such payments under the credit-linked notes in return for the receipt of fees. To date, no such payments under the credit-linked notes have been required. Under these transactions, because valid rights of set-off exist, interest and principal payments on the surplus notes and on the credit-linked notes are settled on a net basis, and the surplus notes are reflected in the Company's total consolidated borrowings on a net basis. As a result of reinsurance transactions executed with Somerset Re and Wilton Re, we have eliminated Credit-Linked Note Structures supporting Guideline AXXX for our remaining business. In November, we restructured a series of internal captive reinsurance arrangements resulting in the consolidation of Credit-Linked Note Structures supporting Regulation XXX.

As of December 31, 2024, the affiliated captive reinsurance companies have entered into agreements with external counterparties providing for the issuance of up to an aggregate of \$8,000 million of surplus notes by our affiliated captive reinsurers in return for the receipt of credit-linked notes ("Credit-Linked Note Structures"), of which \$7,560 million of surplus notes was outstanding, as compared to an aggregate issuance capacity of \$15,700 million, of which \$13,820 million was outstanding as of December 31, 2023.

As of December 31, 2024, our affiliated captive reinsurance companies had outstanding an aggregate of \$200 million of debt issued for the purpose of financing Regulation XXX non-economic reserves. In addition, as of December 31, 2024, for purposes of financing Guideline AXXX reserves, one of our affiliated captives had approximately \$3,982 million of surplus notes outstanding that were issued to affiliates.

The Company has introduced updated versions of its individual life products in conjunction with the requirement to adopt principle-based reserving by January 1, 2020. These updated products are currently priced to support the principle-based statutory reserve level without the need for reserve financing.

Prudential Funding, LLC

Prudential Financial and Prudential Funding borrow funds in the capital markets primarily through the direct issuance of commercial paper. The borrowings serve as an additional source of financing to meet our working capital needs. Prudential Funding operates under a support agreement with Prudential Insurance whereby Prudential Insurance has agreed to maintain Prudential Funding's positive tangible net worth at all times.

Hedging activities associated with living benefit guarantees

The hedging portion of our risk management strategy associated with our living benefit guarantees is being managed within the Company. For the portion of the risk management strategy executed through hedging, we enter into a range of exchange-traded, cleared and other OTC equity and interest rate derivatives in order to hedge certain living benefit guarantees accounted for as embedded derivatives against changes in certain capital market risks above a designated threshold. The portion of the risk management strategy comprising the hedging portion requires access to liquidity to meet the Company's payment obligations relating to these derivatives, such as payments for periodic settlements, purchases, maturities and terminations. These liquidity needs can vary materially due to, among other items, changes in interest rates, equity markets, mortality and policyholder behavior.

The hedging portion of the risk management strategy may also result in derivative-related collateral postings to (when we are in a net pay position) or from (when we are in a net receive position) counterparties. The net collateral position depends on changes in interest rates and equity markets related to the amount of the exposures hedged. Depending on market conditions, the collateral posting requirements can result in material liquidity needs when we are in a net pay position.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk is defined as the risk of loss from changes in interest rates, equity prices and foreign currency exchange rates resulting from asset/liability mismatches where the change in the value of our liabilities is not offset by the change in value of our assets.

For additional information regarding the potential impacts of interest rate and other market fluctuations, as well as general economic and market conditions on our businesses and profitability, see "Item 1A. Risk Factors" above. For additional information regarding our liquidity and capital resources, which may be impacted by changing market risks, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" above.

Market Risk Management

Management of market risk, which we consider to be a combination of both investment risk and market risk exposures, includes the identification and measurement of various forms of risk, the establishment of risk thresholds and the creation of processes intended to maintain risks within these thresholds while optimizing returns on the underlying assets or liabilities. As an indirect wholly-owned subsidiary of Prudential Financial, the Company benefits from the risk management strategies implemented by Prudential Financial.

Our risk management process utilizes a variety of tools and techniques, including:

- Measures of price sensitivity to market changes (e.g., interest rates, equity index prices, foreign exchange);
- Asset/liability management;
- Stress scenario testing;
- Hedging programs and affiliated reinsurance; and
- Risk management governance, including policies, limits, and a committee that oversees investment and market risk.

Market Risk Mitigation

Risk mitigation takes three primary forms:

- **Asset/Liability Management:** Managing assets to liability-based measures. For example, investment policies identify target durations for assets based on liability characteristics and asset portfolios are managed within ranges around them. This mitigates potential unanticipated economic losses from interest rate movements.

- Hedging: Using derivatives to offset risk exposures. For example, for our variable annuities business, potential living benefit claims resulting from more severe market conditions are hedged using derivative instruments.
- Management of portfolio concentration risk. For example, ongoing monitoring and management of key rate, currency and other concentration risks support diversification efforts to mitigate exposure to individual markets and sources of risk.

Market Risk Related to Interest Rates

We perform liability-driven investing and engage in careful asset/liability management. Asset/liability mismatches create the risk that changes in liability values will differ from the changes in the value of the related assets. Additionally, changes in interest rates may impact other items including, but not limited to, the following:

- Net investment spread between the amounts that we are required to pay and the rate of return we are able to earn on investments for certain products supported by general account investments;
- Asset-based fees earned on assets under management or contractholder account values;
- Net exposure to the guarantees provided under certain products; and
- Our capital levels.

In order to mitigate the impact that an unfavorable interest rate environment has on our net interest margins, we employ a proactive asset/liability management program, which includes strategic asset allocation and derivative strategies within a disciplined risk management framework. These strategies seek to match the characteristics of our products, and to approximate the interest rate sensitivity of the assets with the estimated interest rate sensitivity of the product liabilities. Our asset/liability management program also helps manage duration gaps, currency and other risks between assets and liabilities through the use of derivatives. We adjust this dynamic process as products change, as customer behavior changes and as changes in the market environment occur. As a result, our asset/liability management process has permitted us to manage interest rate risk successfully through several market cycles.

We use duration and convexity analyses to measure price sensitivity to interest rate changes. Duration measures the relative sensitivity of the fair value of a financial instrument to changes in interest rates. Convexity measures the rate of change in duration with respect to changes in interest rates. We use asset/liability management and derivative strategies to manage our interest rate exposure by matching the relative sensitivity of asset and liability values to interest rate changes, or by controlling the “duration mismatch” of assets and liability duration targets. In certain markets, capital market limitations that hinder our ability to acquire assets that approximate the duration of some of our liabilities are considered in setting duration targets. We consider risk-based capital and tax implications as well as current market conditions in our asset/liability management strategies.

The Company also mitigates interest rate risk through a market value adjusted (“MVA”) provision on certain of the Company’s annuity products’ fixed investment options. This MVA provision limits interest rate risk by subjecting the contractholder to an MVA when funds are withdrawn or transferred to variable investment options before the end of the guarantee period. In the event of rising interest rates, which generally make the fixed maturity securities underlying the guarantee less valuable, the MVA could be negative. In the event of declining interest rates, which generally make the fixed maturity securities underlying the guarantee more valuable, the MVA could be positive. The resulting increase or decrease in the value of the fixed option, from calculation of the MVA, is designed to offset the decrease or increase in the market value of the securities underlying the guarantee.

We assess the impact of interest rate movements on the value of our financial assets, financial liabilities and derivatives using hypothetical test scenarios that assume either upward or downward 100 basis point parallel shifts in the yield curve from prevailing interest rates, reflecting changes in either credit spreads or the risk-free rate. The following table sets forth the net estimated potential loss in fair value on these financial instruments from a hypothetical 100 basis point upward shift as of December 31, 2024 and 2023. This table is presented on a gross basis and excludes offsetting impacts to certain insurance liabilities that are not considered financial liabilities under U.S. GAAP. This scenario results in the greatest net exposure to interest rate risk of the hypothetical scenarios tested at those dates. While the test scenario is for illustrative purposes only and does not reflect our expectations regarding future interest rates or the performance of fixed income markets, it is a near-term, reasonably possible hypothetical change that illustrates the potential impact of such events. These test scenarios do not measure the changes in value that could result from non-parallel shifts in the yield curve which we would expect to produce different changes in discount rates for different maturities. As a result, the actual loss in fair value from a 100 basis point change in interest rates could be different from that indicated by these calculations. The estimated changes in fair values do not include separate account assets.

	December 31, 2024			December 31, 2023		
	Notional	Fair Value	Hypothetical Change in Fair Value	Notional	Fair Value	Hypothetical Change in Fair Value
(in millions)						
Financial assets with interest rate risk:						
Fixed maturities(1)		\$ 36,320	\$ (1,848)		\$ 27,435	\$ (1,679)
Policy loans		1,541	0		1,473	0
Commercial mortgage and other loans		7,535	(274)		5,918	(240)
Derivatives:						
Futures	\$ 3,321	(6)	31	\$ 1,752	4	152
Swaps	203,928	(11,543)	(1,182)	183,388	(11,460)	(1,612)
Options	146,242	(391)	12	78,986	(733)	(175)
Forwards	1,147	30	0	2,203	(13)	0
Synthetic GICs	3,959	0	3	311	0	0
Indexed universal life contracts		(1,313)	179		(1,223)	169
Indexed annuity contracts(2)		(11,312)	159		(6,475)	(652)
Total embedded derivatives(3)		(12,625)	338		(7,698)	(483)
Financial liabilities with interest rate risk(4):						
Policyholders' account balances-investment contracts		10,811	6		6,353	4
Insurance liabilities with interest rate risk:						
Benefit reserves (traditional and limited-payment contracts)(5)		7,514	570		7,729	632
Market risk benefits(2)(6)		2,488	1,506		3,707	2,048
Net estimated potential loss			\$ (838)			\$ (1,353)

(1) Includes assets classified as "Fixed maturities, available-for-sale, at fair value" and "Fixed maturities, trading, at fair value." Changes in fair value of fixed maturities classified as available-for-sale are included in AOCI. Excludes financial assets that are considered Funds Withheld, where the economic benefits and investment risk associated with the Funds Withheld assets ultimately inure to the reinsurer. Prior period amounts have been updated to conform to current period presentation.

(2) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

(3) Excludes any offsetting impact of derivative instruments purchased to hedge changes in the embedded derivatives. Amounts reported gross of reinsurance.

(4) Excludes approximately \$76 billion and \$62 billion as of December 31, 2024 and 2023, respectively, of certain insurance reserve and deposit liabilities that are not considered financial liabilities. We believe that the interest rate sensitivities of these insurance liabilities would serve as an offset to the net interest rate risk of the financial assets and liabilities, including investment contracts.

(5) Changes in fair value of benefit reserves (traditional and limited-payment contracts) are included in AOCI.

(6) Amounts reported gross of reinsurance.

Under U.S. GAAP, the fair value of the MRBs and embedded derivatives for certain features associated with indexed universal life, and indexed annuity contracts, reflected in the table above, includes the impact of the market's perception of our NPR. For additional information regarding the key estimates and assumptions used in our determination of fair value, including NPR, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Policies & Pronouncements—Application of Critical Accounting Estimates—Market Risk Benefits" above.

Market Risk Related to Equity Prices

We have exposure to equity price risk through our investments in equity securities, equity-based derivatives, MRBs and embedded derivatives associated with index-linked crediting features of universal life and annuity contracts. Changes in equity prices may impact other items including, but not limited to, the following:

- Asset-based fees earned on assets under management or contractholder account value; and
- Net exposure to the guarantees provided under certain products.

We manage equity price risk against benchmarks in respective markets. We benchmark our return on equity holdings against a blend of market indices, mainly the S&P 500 and Russell 2000 for U.S. equities. We benchmark foreign equities against the Tokyo Price Index, and the MSCI EAFE, a market index of European, Australian, and Far Eastern equities. We target price sensitivities that approximate those of the benchmark indices. For equity investments within the separate accounts, the investment risk is borne by the separate account contractholder rather than by the Company.

We estimate our equity risk from a hypothetical 10% decline in equity benchmark market levels. The following table sets forth the net estimated potential loss in fair value from such a decline as of December 31, 2024 and 2023. While these scenarios are for illustrative purposes only and do not reflect our expectations regarding future performance of equity markets or of our equity portfolio, they represent near-term reasonably possible hypothetical changes that illustrate the potential impact of such events. These scenarios consider only the direct impact on fair value of declines in equity benchmark market levels and not changes in asset-based fees recognized as revenue, or changes in assumptions such as market volatility or mortality, utilization or persistency rates in our variable annuity contracts that could also impact the fair value of our living benefit features. In addition, these scenarios do not reflect the impact of basis risk, such as potential differences in the performance of the investment funds underlying the variable annuity products relative to the market indices we use as a basis for developing our hedging strategy. The impact of basis risk could result in larger differences between the change in fair value of the equity-based derivatives and the related living benefit features in comparison to these scenarios. In calculating these amounts, we exclude separate account equity securities.

	December 31, 2024			December 31, 2023		
	Notional	Fair Value	Hypothetical Change in Fair Value	Notional	Fair Value	Hypothetical Change in Fair Value
	(in millions)					
Equity securities		\$ 2,624	\$ (262)		\$ 830	\$ (83)
Equity-based derivatives(1)	\$ 141,934	707	(1,582)	\$ 64,716	(337)	(719)
Indexed universal life contracts		(1,313)	23		(1,223)	21
Indexed annuity contracts(2)		(11,312)	2,345		(6,475)	1,424
Total embedded derivatives(1)(3)		(12,625)	2,368		(7,698)	1,445
Market risk benefits(2)(4)		2,488	(836)		3,707	(1,008)
Net estimated potential loss			\$ (312)			\$ (365)

(1) The notional and fair value of equity-based derivatives and the fair value of embedded derivatives are also reflected in amounts under "Market Risk Related to Interest Rates" above and are not cumulative.

(2) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

(3) Excludes any offsetting impact of derivative instruments purchased to hedge changes in the embedded derivatives. Amounts reported gross of reinsurance.

(4) Amounts reported gross of reinsurance.

Market Risk Related to Foreign Currency Exchange Rates

The Company is exposed to foreign currency exchange rate risk in its domestic general account investment portfolios. This risk arises primarily from investments that are denominated in foreign currencies. We manage this risk by hedging substantially all domestic foreign currency-denominated fixed-income investments into U.S. dollars. We generally do not hedge all of the foreign currency risk of our investments in equity securities of unaffiliated foreign entities.

Derivatives

We use derivative financial instruments primarily to reduce market risk from changes in interest rates, equity prices and foreign currency exchange rates, including their use to alter interest rate or foreign currency exposures arising from mismatches between assets and liabilities. Our derivatives primarily include swaps, futures, options and forward contracts that are exchange-traded or contracted in the OTC market.

Our derivatives also include interest rate guarantees we provide on our synthetic GIC products. Synthetic GICs simulate the performance of traditional insurance-related GICs but are accounted for as derivatives under U.S. GAAP due to the fact that the policyholders own the underlying assets, and we only provide a book value “wrap” on the customers’ funds, which are held in a client-owned trust. Additionally, our derivatives include embedded derivative instruments associated with the index-linked features of certain universal life and annuity products. For additional information regarding our derivative activities, see Note 4 to the Consolidated Financial Statements.

Market Risk Related to Variable Annuity Products

The primary risk exposures of our variable annuity contracts relate to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including capital markets assumptions such as equity market returns, interest rates, market volatility and actuarial assumptions. We manage our exposure to certain risks driven by fluctuations in capital markets primarily through a combination of product design features, such as an automatic rebalancing feature and/or inclusion in our ALM strategy. In addition, we may also utilize external reinsurance as a form of additional risk mitigation. Our guaranteed living and death benefit features on variable annuities are accounted for as MRBs and recorded at fair value. The market risk sensitivities associated with U.S. GAAP values of both the MRBs and the related derivatives used to hedge the changes in fair value of these MRBs are provided under “Market Risk Related to Interest Rates” and “Market Risk Related to Equity Prices” above.

For additional information regarding our risk management strategies, including our ALM strategy and product design features, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations” above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**PRUCO LIFE INSURANCE COMPANY
CONSOLIDATED FINANCIAL STATEMENTS INDEX**

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Management's Annual Report on Internal Control Over Financial Reporting

Management of Pruco Life Insurance Company (together with its consolidated subsidiaries, the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Management conducted an assessment of the effectiveness, as of December 31, 2024, of the Company's internal control over financial reporting, based on the framework established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment under that framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

Our internal control over financial reporting is a process designed by or under the supervision of our principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This Annual Report does not include an attestation report of the Company's registered public accounting firm, PricewaterhouseCoopers LLP, regarding the internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

March 26, 2025

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Pruco Life Insurance Company

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Pruco Life Insurance Company and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Guaranteed Benefit Features Associated with Certain Annuity and Life Products Included in the Market Risk Benefits and the Liability for Future Policy Benefits

As described in Notes 2, 5, 8 and 10 to the consolidated financial statements, the Company issues certain annuity and life contracts which contain guaranteed benefit features. Certain of the guarantees associated with variable annuity contracts are accounted for as market risk benefits. The market risk benefits represent contracts or contract features that expose the Company to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits. The benefits are accounted for using a fair value measurement methodology. The fair value of market risk benefits is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future fees attributable to the market risk benefits, based on assumptions a market participant would use in valuing the market risk benefits. On a quarterly basis, changes in the fair value of market risk benefits are recorded in net income, net of related hedges, except for the portion of the change attributable to changes in the Company's non-performance risk which is recorded in other comprehensive income. This methodology could result in either a liability or asset balance, given changing capital market conditions and various actuarial assumptions. As of December 31, 2024, the fair value of the obligations associated with these guarantees accounted for as market risk benefit assets was \$2.64 billion and for market risk benefit liabilities was \$4.28 billion. As there is no observable active market for the transfer of these obligations, the valuations are calculated using internally-developed models with option pricing techniques. The models are based on a risk neutral valuation framework and incorporate premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows. The significant inputs to the valuation models for these market risk benefits include capital market assumptions, such as interest rate levels and volatility assumptions, the Company's market-perceived non-performance risk under the contract, as well as actuarially determined assumptions, including contractholder behavior, such as lapse rates, benefit utilization rates, withdrawal rates and mortality rates (collectively, the significant market risk benefit assumptions). For certain life insurance products that include certain other contract features, including no-lapse guarantees, additional insurance reserves are established when associated assessments are recognized. The liability for no-lapse guarantee features is included within the additional insurance reserves balance in Note 8. As of December 31, 2024, the additional insurance reserve was \$16.35 billion, recorded within the liability for future policy benefits. As disclosed by management, this liability is established using current best estimate assumptions, including mortality rates, lapse rates, and premium pattern rates, as well as interest rate and equity market return assumptions (collectively, the significant additional insurance reserve assumptions), and is based on the ratio of the present value of total expected excess payments (i.e., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio). The liability equals the current benefit ratio multiplied by cumulative assessments recognized to date, plus interest, less cumulative excess payments to date.

The principal considerations for our determination that performing procedures relating to the valuation of guaranteed benefit features associated with certain annuity and life products that are accounted for as market risk benefits and those that are included in the liability for future policy benefits is a critical audit matter are (i) the significant judgment by management when determining the valuation model for the benefit features accounted for as market risk benefits due to the lack of an observable market for these guarantees and when developing the aforementioned significant assumptions for the guaranteed benefit features accounted for as market risk benefits and additional insurance reserves, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's model for market risk benefits recorded at fair value and the aforementioned assumptions used by management in the valuation of the liabilities for the guaranteed benefit features accounted for as market risk benefits and additional insurance reserves, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of guaranteed benefit features associated with certain annuity and life products included in market risk benefits and the liability for future policy benefits, including controls over the model for the benefit features accounted for as market risk benefits and development of the assumptions used in the valuation of the liabilities for the guaranteed benefit features accounted for as market risk benefits and additional insurance reserves. These procedures also included, among others, (i) testing management's process for determining the valuation of guaranteed benefit features associated with certain annuity and life products included in market risk benefits and the liability for future policy benefits, (ii) the use of professionals with specialized skill and knowledge to assist in evaluating (a) the appropriateness of management's model for market risk benefits recorded at fair value and (b) the reasonableness of the aforementioned assumptions used in the valuation based on industry knowledge and data as well as historical Company data and experience. The procedures also included testing the completeness and accuracy of data used to develop the aforementioned assumptions and testing that the aforementioned assumptions are accurately reflected in the models.

/s/ PricewaterhouseCoopers LLP

New York, New York
March 26, 2025

We have served as the Company's auditor since 1996.

PRUCO LIFE INSURANCE COMPANY
Consolidated Statements of Financial Position
December 31, 2024 and 2023 (in thousands, except share amounts)

	December 31, 2024	December 31, 2023
ASSETS		
Fixed maturities, available-for-sale, at fair value (allowance for credit losses: 2024 – \$40,414; 2023 – \$2,008) (amortized cost: 2024 – \$36,980,933; 2023 – \$27,538,066)	\$ 34,986,160	\$ 26,131,780
Fixed maturities, trading, at fair value (amortized cost: 2024 – \$4,415,277; 2023 – \$3,476,746)	3,845,045	2,796,446
Equity securities, at fair value (cost: 2024 – \$2,650,542; 2023 – \$824,270)	2,623,820	844,950
Policy loans	1,541,480	1,472,677
Short-term investments (net of allowance for credit losses: 2024 – \$49; 2023 – \$0)	517,386	380,366
Commercial mortgage and other loans (net of \$37,715 and \$37,689 allowance for credit losses at December 31, 2024 and 2023, respectively)	7,759,323	6,122,721
Other invested assets (includes \$68,623 and \$85,025 of assets measured at fair value at December 31, 2024 and 2023, respectively)	1,582,094	1,222,985
Total investments	52,855,308	38,971,925
Cash and cash equivalents	3,325,698	2,139,792
Deferred policy acquisition costs(1)	7,807,060	7,144,736
Accrued investment income	466,394	333,838
Reinsurance recoverables and deposit receivables (includes \$645,193 and \$192,642 of embedded derivatives at fair value at December 31, 2024 and 2023, respectively)(1)(2)	48,247,817	40,256,800
Receivables from parent and affiliates	678,028	332,583
Deferred sales inducements	322,351	351,424
Income tax assets(1)	2,120,654	1,742,585
Market risk benefit assets	2,637,363	2,367,243
Other assets(2)	1,850,800	440,276
Separate account assets	118,143,256	119,188,485
TOTAL ASSETS	\$ 238,454,729	\$ 213,269,687
LIABILITIES AND EQUITY		
LIABILITIES		
Policyholders' account balances(1)	\$ 69,628,318	\$ 52,986,700
Future policy benefits	25,113,767	23,205,205
Market risk benefit liabilities(1)	4,281,244	5,156,858
Cash collateral for loaned securities	121,372	218,310
Reinsurance and funds withheld payables(1)(2)	8,611,141	2,738,979
Short-term debt to affiliates	0	180,411
Payables to parent and affiliates	3,653,848	2,667,696
Other liabilities(2)	4,199,803	2,424,179
Separate account liabilities	118,143,256	119,188,485
Total liabilities	233,752,749	208,766,823
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 16)		
EQUITY		
Common stock (\$10 par value; 1,000,000 shares authorized; 250,000 shares issued and outstanding)	2,500	2,500
Additional paid-in capital	4,923,299	5,052,602
Retained earnings / (accumulated deficit)(1)	272,519	(551,471)
Accumulated other comprehensive income (loss)(1)	(601,877)	(30,961)
Total Pruco Life Insurance Company equity	4,596,441	4,472,670
Noncontrolling interests	105,539	30,194
Total equity	4,701,980	4,502,864
TOTAL LIABILITIES AND EQUITY	\$ 238,454,729	\$ 213,269,687

- (1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.
(2) Prior period amounts have been reclassified to conform to current period presentation.

See Notes to Consolidated Financial Statements

PRUCO LIFE INSURANCE COMPANY
Consolidated Statements of Operations and Comprehensive Income (Loss)
Years Ended December 31, 2024, 2023 and 2022 (in thousands)

	2024	2023	2022
REVENUES			
Premiums (includes \$(2,690), \$6,978 and \$(1,250) of gains (losses) from change in estimates on deferred profit liability amortization for the year ended December 31, 2024, 2023 and 2022, respectively)	\$ 393,127	\$ 328,897	\$ 265,208
Policy charges and fee income	7,382,797	1,536,606	1,230,601
Net investment income	2,422,017	1,675,522	884,001
Asset administration fees	223,563	232,950	284,182
Other income (loss)(1)	759,756	751,363	(636,273)
Realized investment gains (losses), net(1)	451,417	(1,147,099)	289,929
Change in value of market risk benefits, net of related hedging gains (losses)(1)	(433,955)	(106,773)	(700,581)
TOTAL REVENUES	11,198,722	3,271,466	1,617,067
BENEFITS AND EXPENSES			
Policyholders' benefits	8,352,333	503,789	458,373
Change in estimates of liability for future policy benefits	(20,643)	3,952	55,099
Interest credited to policyholders' account balances(1)	1,037,731	621,645	445,215
Amortization of deferred policy acquisition costs(1)	(372,201)	539,510	521,269
General, administrative and other expenses(1)	1,228,443	1,124,923	1,129,700
TOTAL BENEFITS AND EXPENSES	10,225,663	2,793,819	2,609,656
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURE	973,059	477,647	(992,589)
Income tax expense (benefit)(1)	135,149	26,468	(296,687)
INCOME (LOSS) FROM OPERATIONS BEFORE EQUITY IN EARNINGS OF OPERATING JOINT VENTURE	837,910	451,179	(695,902)
Equity in earnings of operating joint venture, net of taxes	(425)	(433)	(75,137)
NET INCOME (LOSS)	\$ 837,485	\$ 450,746	\$ (771,039)
Less: Income (loss) attributable to noncontrolling interests	13,495	488	0
NET INCOME (LOSS) ATTRIBUTABLE TO PRUCO LIFE INSURANCE COMPANY	\$ 823,990	\$ 450,258	\$ (771,039)
Other comprehensive income (loss), before tax:			
Foreign currency translation adjustments	(4,595)	2,419	(9,337)
Net unrealized investment gains (losses)	(335,093)	691,952	(2,254,037)
Interest rate remeasurement of future policy benefits	58,676	(60,978)	310,353
Gain (loss) from changes in non-performance risk on market risk benefits(1)	(441,138)	(659,927)	1,440,305
Total	(722,150)	(26,534)	(512,716)
Less: Income tax expense (benefit) related to other comprehensive income (loss)(1)	(151,234)	(5,638)	(106,197)
Other comprehensive income (loss), net of taxes	(570,916)	(20,896)	(406,519)
Comprehensive income (loss)	266,569	429,850	(1,177,558)
Less: Comprehensive income (loss) attributable to noncontrolling interests	13,495	488	0
Comprehensive income (loss) attributable to Pruco Life Insurance Company	\$ 253,074	\$ 429,362	\$ (1,177,558)

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

See Notes to Consolidated Financial Statements

PRUCO LIFE INSURANCE COMPANY
Consolidated Statements of Equity
Years Ended December 31, 2024, 2023 and 2022 (in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Pruco Life Insurance Company Equity	Noncontrolling Interests	Total Equity
Balance, December 31, 2021(1)	\$ 2,500	\$ 6,042,491	\$ (230,690)	\$ 396,454	\$ 6,210,755	\$ 0	\$ 6,210,755
Contributed capital		17,861			17,861		17,861
Contributed (distributed) capital-parent/child asset transfers		(22,438)			(22,438)		(22,438)
Comprehensive income (loss):							
Net income (loss)(1)			(771,039)		(771,039)		(771,039)
Other comprehensive income (loss), net of tax				(406,519)	(406,519)	0	(406,519)
Total comprehensive income (loss)			(771,039)	(406,519)	(1,177,558)	0	(1,177,558)
Balance, December 31, 2022(1)	2,500	6,037,914	(1,001,729)	(10,065)	5,028,620	0	5,028,620
Return of capital		(1,400,000)			(1,400,000)		(1,400,000)
Contributed capital		412,382			412,382		412,382
Contributions from noncontrolling interests						29,706	29,706
Contributed (distributed) capital-parent/child asset transfers		2,306			2,306		2,306
Comprehensive income (loss):							
Net income (loss)(1)			450,258		450,258	488	450,746
Other comprehensive income (loss), net of tax(1)				(20,896)	(20,896)	0	(20,896)
Total comprehensive income (loss)			450,258	(20,896)	429,362	488	429,850
Balance, December 31, 2023(1)	2,500	5,052,602	(551,471)	(30,961)	4,472,670	30,194	4,502,864
Return of capital		(550,000)			(550,000)		(550,000)
Contributed capital		415,696			415,696		415,696
Contributions from noncontrolling interests						250,422	250,422
Distributions to noncontrolling interests						(188,572)	(188,572)
Contributed (distributed) capital-parent/child asset transfers		5,001			5,001		5,001
Comprehensive income (loss):							
Net income (loss)			823,990		823,990	13,495	837,485
Other comprehensive income (loss), net of tax				(570,916)	(570,916)	0	(570,916)
Total comprehensive income (loss)			823,990	(570,916)	253,074	13,495	266,569
Balance, December 31, 2024	\$ 2,500	\$ 4,923,299	\$ 272,519	\$ (601,877)	\$ 4,596,441	\$ 105,539	\$ 4,701,980

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

See Notes to Consolidated Financial Statements

PRUCO LIFE INSURANCE COMPANY
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022 (in thousands)

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)(1)	\$ 837,485	\$ 450,746	\$ (771,039)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Policy charges and fee income	53,496	69,986	131,936
Interest credited to policyholders' account balances(1)	1,037,731	621,645	445,215
Realized investment (gains) losses, net(1)	(451,417)	1,147,099	(289,929)
Change in value of market risk benefits, net of related hedging (gains) losses(1)	433,955	106,773	700,581
Change in:			
Future policy benefits and other insurance liabilities	2,689,669	2,241,530	3,743,780
Reinsurance related-balances(1)(2)	(1,124,001)	(678,725)	(1,786,851)
Accrued investment income	(116,571)	(110,760)	(58,762)
Net payables to (receivables from) parent and affiliates	(36,204)	(120,565)	80,370
Deferred policy acquisition costs(1)	(950,022)	(581,925)	(468,074)
Income taxes(1)	(228,166)	(40,796)	(335,921)
Derivatives, net	1,461,192	(282,729)	(651,654)
Other, net(2)	(126,696)	(362,384)	1,085,312
Cash flows from (used in) operating activities	3,480,451	2,459,895	1,824,964
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale/maturity/prepayment of:			
Fixed maturities, available-for-sale	4,240,000	1,736,809	1,688,079
Fixed maturities, trading	802,378	97,693	907,941
Equity securities	961,421	189,237	242,292
Policy loans	188,153	182,973	169,723
Ceded policy loans	(113,148)	(119,787)	(112,164)
Short-term investments	1,303,977	456,983	632,069
Commercial mortgage and other loans	731,440	167,888	196,672
Other invested assets	99,852	19,693	60,349
Notes receivable from parent and affiliates(2)	722	4,500	833
Payments for the purchase/origination of:			
Fixed maturities, available-for-sale	(13,766,055)	(7,544,596)	(7,009,578)
Fixed maturities, trading	(1,819,224)	(857,717)	(425,267)
Equity securities	(2,373,486)	(678,847)	(281,684)
Policy loans	(255,811)	(1,162,959)	(144,764)
Ceded policy loans	125,795	151,019	71,402
Short-term investments	(1,441,031)	(690,173)	(558,161)
Commercial mortgage and other loans	(2,392,198)	(1,341,450)	(1,076,351)
Other invested assets	(460,721)	(190,826)	(166,345)
Notes receivable from parent and affiliates(2)	(367,700)	(44)	(62)
Derivatives, net	171,230	(55,091)	(366,805)
Other, net	(3,264)	(4,808)	57,687
Cash flows from (used in) investing activities	(14,367,670)	(9,639,503)	(6,114,134)

	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES:			
Policyholders' account deposits	17,265,165	12,101,043	9,996,128
Ceded policyholders' account deposits	(1,169,002)	(1,189,331)	(1,216,195)
Policyholders' account withdrawals	(3,980,496)	(3,695,248)	(3,727,579)
Ceded policyholders' account withdrawals	764,421	625,238	638,392
Net change in securities sold under agreement to repurchase and cash collateral for loaned securities	(96,928)	131,577	83,762
Contributed capital	0	405,000	0
Return of capital	(550,000)	(1,400,000)	0
Contributed (distributed) capital - parent/child asset transfers	6,332	2,919	(11,478)
Net change in all other financing arrangements (maturities 90 days or less)	0	(584)	584
Repayments of debt (maturities longer than 90 days)	(180,411)	(121,772)	0
Drafts outstanding	(84,531)	(885)	63,579
Contributions from noncontrolling interests(2)	250,422	29,706	0
Distributions to noncontrolling interests	(188,572)	0	0
Other, net(2)	36,725	34,110	(59,327)
Cash flows from (used in) financing activities	12,073,125	6,921,773	5,767,866
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,185,906	(257,835)	1,478,696
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,139,792	2,397,627	918,931
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,325,698	\$ 2,139,792	\$ 2,397,627
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid (refunded), net	\$ 363,208	\$ 67,203	\$ 39,201
Interest paid	\$ 2,644	\$ 4,533	\$ 7,863

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

(2) Prior period amounts have been updated to conform to current period presentation.

Significant Non-Cash Transactions During The Year

2024

"Cash flows from (used in) operating activities" and "Cash flows from (used in) investing activities" for the year ended December 31, 2024, excludes certain non-cash activities in the amount of \$(7,469) million primarily related to reinsurance recoverables and \$6,722 million related to invested asset transfers, respectively. These transactions are associated with the unaffiliated reinsurance agreement with Wilton Reassurance Company and Wilton Reinsurance Bermuda Limited (collectively, "Wilton Re"), effective October 1, 2024. Associated with the transaction with Wilton Re, "Cash flows from (used in) operating activities" and "Cash flows from (used in) investing activities" for the year ended December 31, 2024, exclude largely offsetting affiliated non-cash activities in the amount of \$7,218 million, primarily related to reinsurance recoverables and payables, and \$(6,722) million related to invested asset transfers, respectively. These are related to the recapture of the risks associated with the business that had previously been reinsured with Prudential Arizona Reinsurance Universal Company ("PAR U"). See Note 11 for additional information.

"Cash flows from (used in) operating activities" for the year ended December 31, 2024 excludes certain non-cash activities in the amount of \$(102) million related to the affiliated reinsurance transaction with Prudential Arizona Reinsurance Captive Company ("PARCC"), effective October 1, 2024. See Note 11 for additional information.

"Cash flows from (used in) operating activities" for the year ended December 31, 2024 excludes certain non-cash activities in the amount of \$1,129 million related to the affiliated reinsurance transaction with Prudential Universal Reinsurance Entity Company ("PURE") and The Prudential Insurance Company of America ("Prudential Insurance"), effective January 1, 2024. See Note 11 for additional information.

"Cash flows from (used in) investing activities" and "Cash flows from (used in) financing activities" for the year ended December 31, 2024 excludes non-cash activities related to invested asset transfers in the amount of \$416 million, related to capital contributions the Company received from Prudential Insurance. See Note 15 for additional information.

2023

"Cash flows from (used in) operating activities" for the year ended December 31, 2023 excludes certain non-cash activities in the amount of \$475 million related to the novated indexed variable annuities under the reinsurance agreement with Fortitude Life Insurance & Annuity Company ("FLIAC"). See Note 11 for more details regarding this transaction.

2022

"Cash flows from (used in) operating activities" for the year ended December 31, 2022 excludes certain non-cash activities in the amount of \$531 million related to the Company entering into an affiliated reinsurance agreement with Lotus Reinsurance Company Ltd. ("Lotus Re") on January 1, 2022 and \$4,656 million related to the indexed variable annuities novated to the Company in connection with the reinsurance agreement with FLIAC. See Note 11 for more details regarding these transactions. The Company also received \$18 million of non-cash assets from Prudential Insurance. See Note 15 for additional information.

See Notes to Consolidated Financial Statements

PRUCO LIFE INSURANCE COMPANY**Notes to Consolidated Financial Statements****1. BUSINESS AND BASIS OF PRESENTATION**

Pruco Life Insurance Company, ("Pruco Life") is a wholly-owned subsidiary of The Prudential Insurance Company of America ("Prudential Insurance"), which in turn is a direct wholly-owned subsidiary of Prudential Financial, Inc. ("Prudential Financial"). Pruco Life is a stock life insurance company organized in 1971 under the laws of the State of Arizona. It is licensed to sell life insurance and annuities in the District of Columbia, Guam and in all states except New York, and sells such products primarily through affiliated and unaffiliated distributors.

Pruco Life has one wholly-owned insurance subsidiary, Pruco Life Insurance Company of New Jersey, ("PLNJ"). PLNJ is a stock life insurance company organized in 1982 under the laws of the State of New Jersey. It is licensed to sell life insurance and annuities in New Jersey and New York only. Pruco Life and its subsidiaries are together referred to as the "Company", "we" or "our" and all financial information is shown on a consolidated basis.

Prudential Financial Sale of PALAC

Effective April 1, 2022, Prudential Financial completed the sale of Prudential Annuities Life Assurance Corporation ("PALAC") to Fortitude Group Holdings, LLC ("Fortitude"). As such, PALAC is no longer an affiliate of Prudential Financial or the Company. Fortitude subsequently renamed the company Fortitude Life Insurance & Annuity Company ("FLIAC").

Basis of Presentation

The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Consolidated Financial Statements include the accounts of Pruco Life and entities over which the Company exercises control, including majority-owned subsidiaries. Intercompany balances and transactions have been eliminated.

Segment Information

Although there are separate products within Pruco Life, the Company is organized as a single reportable segment and manages the business activities on a consolidated basis. The accounting policies are the same as those described in Note 2.

The Company analyzes operating performance using "Income (loss) from operations before income taxes and equity in earnings of operating joint venture", as determined in accordance with U.S. GAAP. This is the measure of profit or loss used by the Company's chief operating decision maker to evaluate performance and allocate resources. The measure of segment assets is reported as "Total Assets" on the Consolidated Statements of Financial Position. Segment revenue is reported as "Total Revenues" on the Consolidated Statements of Operations and Comprehensive Income (Loss). As the Company has one reportable segment, there are no intersegment revenues. The Company discloses all significant expense categories separately on the Consolidated Statements of Operations and Comprehensive Income (Loss).

The Company's chief operating decision maker is a group of Prudential Financial executives that include the chief financial officer, controller, treasurer, and business leaders, which include the Company's chief executive officer and chief financial officer. Overall business decisions for the Company are made by this group of executives. Such business decisions include the allocation of capital, distribution/sale of products, and allocation/deployment of overall Prudential Financial resources.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates include those used in determining future policy benefits; policyholders' account balances and reinsurance related to the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products; market risk benefits; the valuation of investments including derivatives, the measurement of allowance for credit losses, and the recognition of other-than-temporary impairments; reinsurance recoverables; any provision for income taxes and valuation of deferred tax assets; and accruals for contingent liabilities, including estimates for losses in connection with unresolved legal and regulatory matters.

Reclassifications

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

Revision to Prior Period Financial Statements

In the fourth quarter of 2024, the Company identified misstatements in the previously issued Consolidated Financial Statements for the years ended December 31, 2023 and 2022. Prior period amounts have been revised in the Consolidated Financial Statements and related disclosures to correct this error. Management evaluated these adjustments and concluded they were not material to any previously reported quarterly or annual Consolidated Financial Statements. See Note 17 for a more detailed description of the revisions and for comparisons of amounts previously reported to the revised amounts.

2. SIGNIFICANT ACCOUNTING POLICIES AND PRONOUNCEMENTS**ASSETS**

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

AFS debt securities, where fair value is below amortized cost, are reviewed quarterly to determine whether the amortized cost basis of the security is recoverable. For mortgage-backed and asset-backed AFS debt securities, a credit impairment will be recognized in earnings as an allowance for credit losses and reported in "Realized investment gains (losses), net," to the extent the amortized cost exceeds the net present value of projected future cash flows (the "net present value") for the security. A credit impairment recorded cannot exceed the difference between the amortized cost and fair value of the respective security. The net present value used to measure a credit impairment is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit in the AFS debt security at the date of acquisition. Once the Company has deemed all or a portion of the amortized cost uncollectible, the allowance is removed from the balance sheet by writing down the amortized cost basis of the AFS debt security. Any amount of an AFS debt security's change in fair value not recorded as an allowance for credit losses will be recorded in Other Comprehensive Income (loss) ("OCI").

For all other AFS debt securities, qualitative factors are first considered including, but not limited to, the extent of the decline and the reasons for the decline in value (e.g., credit events, currency or interest-rate related, including general credit spread widening), and the financial condition of the issuer. If analysis of these qualitative factors results in the security needing to be impaired, a credit impairment will be recognized and measured using the same process for mortgage-backed and asset-backed AFS debt securities.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

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

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

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

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

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

Fixed maturities, trading, at fair value ("Trading debt securities") includes debt securities that are carried at fair value. See Note 5 for additional information regarding the determination of fair value. Realized and unrealized gains and losses for these investments are reported in "Other income (loss)," and interest income from these investments is reported in "Net investment income".

Equity securities, at fair value consists of common stock and mutual fund shares carried at fair value. Realized and unrealized gains and losses on these investments are reported in "Other income (loss)," and dividend income is reported in "Net investment income" on the ex-dividend date.

Policy loans represents funds loaned to policyholders up to the cash surrender value of the associated insurance policies and are carried at the unpaid principal balances due to the Company from the policyholders. Interest income on policy loans is recognized in "Net investment income" at the contract interest rate when earned. Policy loans are fully collateralized by the cash surrender value of the associated insurance policies.

Short-term investments primarily consists of highly liquid debt instruments with a maturity of twelve months or less and greater than three months when purchased. These investments are generally carried at fair value or amortized cost that approximates fair value and include certain money market investments, funds managed similar to regulated money market funds, short-term debt securities issued by government sponsored entities and other highly liquid debt instruments.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Commercial mortgage and other loans consist of commercial mortgage loans, agricultural property loans, as well as certain other collateralized loans. Commercial mortgage and other loans held for investment are generally carried at unpaid principal balance, net of unamortized deferred loan origination fees and expenses and net of any current expected credit loss ("CECL") allowance. Certain off-balance sheet credit exposures (e.g., indemnification of serviced mortgage loans, and certain unfunded mortgage loan commitments where the Company cannot unconditionally cancel the commitment) are also subject to a CECL allowance. See Note 16 for additional information.

Commercial mortgage and other loans acquired, including those related to the acquisition of a business, are recorded at fair value when purchased, reflecting any premiums or discounts to unpaid principal balances. Interest income, and the amortization of the related premiums or discounts, are included in "Net investment income" under the effective yield method. Prepayment fees are also included in "Net investment income."

The CECL allowance represents the Company's best estimate of expected credit losses over the remaining life of the assets or off-balance sheet credit exposures. The determination of the allowance considers historical credit loss experience, current conditions, and reasonable and supportable forecasts.

The allowance is calculated separately for commercial mortgage loans, agricultural mortgage loans and other collateralized loans. For commercial mortgage and agricultural mortgage loans, the allowance is calculated using an internally developed CECL model that pools together loans that share similar risk characteristics. Similar risk characteristics used to create the pools include, but are not limited to, vintage, maturity, credit rating, and collateral type.

Key inputs to the CECL model include unpaid principal balances, internal credit ratings, annual expected loss factors, average lives of the loans adjusted for prepayment considerations, current and historical interest rate assumptions, and other factors influencing the Company's view of the current stage of the economic cycle and future economic conditions. Subjective considerations include a review of whether historical loss experience is representative of current market conditions and the Company's view of the credit cycle. Model assumptions and factors are reviewed and updated as appropriate. Information about certain key inputs is detailed below.

Key factors in determining the internal credit ratings for commercial mortgage and agricultural mortgage loans include loan-to-value and debt-service-coverage ratios. Other factors include amortization, loan term, and estimated market value growth rate and volatility for the property type and region. The loan-to-value ratio compares the carrying amount of the loan to the fair value of the underlying property or properties collateralizing the loan, and is commonly expressed as a percentage. Loan-to-value ratios greater than 100% indicate that the carrying amount of the loan exceeds the collateral value. A loan-to-value ratio less than 100% indicates an excess of collateral value over the carrying amount of the loan. The debt service coverage ratio is a property's net operating income as a percentage of its debt service payments. Debt service coverage ratios less than 1.0 indicates that property operations do not generate enough income to cover the loan's current debt payments. A debt service coverage ratio greater than 1.0 indicates an excess of net operating income over the debt service payments. The values utilized in calculating these ratios are developed as part of the Company's periodic review of the commercial mortgage loan and agricultural property loan portfolios, which includes an internal appraisal of the underlying collateral value. The Company's periodic review also includes a quality re-rating process, whereby the internal quality rating originally assigned at underwriting is updated based on current loan, property and market information using a proprietary quality rating system. See Note 3 for additional information related to the loan-to-value ratios and debt service coverage ratios related to the Company's commercial mortgage and agricultural loan portfolios.

Annual expected loss rates are based on historical default and loss experience factors. Using average lives, the annual expected loss rates are converted into life-of-loan loss expectations.

When individual loans no longer have the credit risk characteristics of the commercial or agricultural mortgage loan pools, they are removed from the pools and are evaluated individually for an allowance. The allowance is determined based on the outstanding loan balance less the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

The CECL allowance on commercial mortgage and other loans can increase or decrease from period to period based on the factors noted above. The change in allowance is reported in "Realized investment gains (losses), net". As it relates to unfunded commitments that are in scope of this guidance, the CECL allowance is reported in "Other liabilities", and the change in the allowance is reported in "Realized investment gains (losses), net".

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The CECL allowance for other collateralized loans carried at amortized cost is determined based on probability of default and loss given default assumptions by sector, credit quality and average lives of the loans. Additions to or releases of the allowance are reported in “Realized investment gains (losses), net.”

Once the Company has deemed a portion of the amortized cost to be uncollectible, the uncollectible portion of allowance is removed from the balance sheet by writing down the amortized cost basis of the loan. The carrying amount of the loan is not adjusted for subsequent recoveries in value.

Interest received on loans that are past due is either applied against the principal or reported as net investment income based on the Company’s assessment as to the collectability of the principal. The Company defines “past due” as principal or interest not collected at least 30 days past the scheduled contractual due date. See Note 3 for additional information about the Company’s past due loans.

The Company discontinues accruing interest on loans after the loans become 90 days delinquent as to principal or interest payments, or earlier when the Company has doubts about collectability. When the Company discontinues accruing interest on a loan, any accrued but uncollectible interest on the loan and other loans backed by the same collateral, if any, is charged against interest income in the same period. Generally, a loan is restored to accrual status only after all delinquent interest and principal are brought current and, in the case of loans where the payment of interest has been interrupted for a substantial period, or the loan has been modified, a regular payment performance has been established.

Commercial mortgage and other loans are occasionally restructured. These restructurings generally include one or more of the following: full or partial payoffs outside of the original contract terms; changes to interest rates; extensions of maturity; or additions or modifications to covenants. Additionally, the Company may accept assets in full or partial satisfaction of the debt. Effective January 1, 2023, the Company adopted Accounting Standard Update (“ASU”) 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosure*, on a prospective basis. This ASU eliminates the accounting guidance for Troubled Debt Restructurings (“TDR”) for creditors and requires all loan restructurings to follow the modification guidance in ASC 310-20.

Prior to the adoption of ASU 2022-02, when restructurings occurred, they were evaluated individually to determine whether the restructuring or modification constituted a TDR as defined by authoritative accounting guidance. If the borrower was experiencing financial difficulty and the Company granted a concession, the restructuring, including those that involved a partial payoff or the receipt of assets in full satisfaction of the debt was deemed to be a TDR. If a loan modification was a TDR, the CECL allowance of the loan was remeasured using the modified terms and the loan’s original effective yield.

Post adoption of ASU 2022-02, all restructurings are evaluated under the modification guidance in ASC 310-20. When a loan is modified, the Company evaluates whether the restructuring results in a continuation of the existing loan or a new loan. For modifications that result in a continuation of the existing loan, the CECL allowance of the loan is remeasured using the modified terms, including the loan’s post-modification effective yield, and the allowance is adjusted accordingly.

For modifications that result in a new loan, any CECL allowance is reversed and a direct write-down of the loan is recorded for the amount of the allowance, and any additional loss, net of recoveries, or any gain is recorded for the difference between the fair value of the new loan and the recorded investment in the loan. The new loan is evaluated prospectively for credit impairment based on the CECL allowance process noted above.

Other invested assets consist of the Company’s non-coupon investments in limited partnerships and limited liability companies (“LPs/LLCs”), other than operating joint ventures, as well as derivative assets. LPs/LLCs interests are accounted for using either the equity method of accounting, or at fair value. The Company’s income from investments in LPs/LLCs accounted for using the equity method, other than the Company’s investments in operating joint ventures, is included in “Net investment income”. The carrying value of these investments is written down, or impaired, to fair value when a decline in value is considered to be other-than-temporary. In applying the equity method (including assessment for OTTI), the Company uses financial information provided by the investee, generally on a one to three-month lag. For the investments reported at fair value with changes in fair value reported in current earnings, the associated realized and unrealized gains and losses are reported in “Other income (loss)”.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Realized investment gains (losses) are computed using the specific identification method. Realized investment gains and losses are generated from numerous sources, including the sales of fixed maturity securities, investments in joint ventures and limited partnerships and other types of investments, as well as changes to the allowance for credit losses recognized in earnings. Realized investment gains and losses also reflect fair value changes on commercial mortgage loans carried at fair value, and fair value changes on embedded derivatives and free-standing derivatives that do not qualify for hedge accounting treatment. See “Derivative Financial Instruments” below for additional information regarding the accounting for derivatives.

Cash and cash equivalents includes cash on hand, amounts due from banks, certain money market investments, funds managed similar to regulated money market funds, other debt instruments with maturities of three months or less when purchased, other than cash equivalents that are included in “Fixed maturities, available-for-sale, at fair value,” and receivables related to securities purchased under agreements to resell (see also “Securities sold under agreements to repurchase” below.) The Company also engages in overnight borrowing and lending of funds with Prudential Financial and affiliates which are considered cash and cash equivalents. These assets are generally carried at fair value or amortized cost which approximates fair value.

Deferred policy acquisition costs (“DAC”) represents costs directly related to the successful acquisition of new and renewal insurance and annuity business. Such DAC primarily includes commissions, costs of policy issuance and underwriting, and certain other expenses that are directly related to successfully acquired contracts. In each reporting period, previously capitalized DAC is amortized and included in “Amortization of deferred policy acquisition costs”. Upon the adoption of ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, the carrying amount of DAC for long-duration contracts is no longer subject to recoverability testing.

DAC for most long-duration contracts is amortized on a constant-level basis at a grouped contract level over the expected life of the underlying insurance contracts. Contracts are grouped consistent with the groupings used to estimate the liability for future policy benefits (or other related balances) for the corresponding contracts. Since contracts within a grouping may be of different sizes, contracts within a group are weighted to achieve appropriate amortization and to ensure that DAC is derecognized when a policy is no longer in force. The constant-level basis used to weight contracts within a grouping and amortize DAC is generally defined as follows:

- *Life insurance contracts* – DAC associated with life insurance contracts is generally amortized in proportion to the initial face amount of life insurance in force. This is applicable to traditional and universal life insurance products.
- *Payout annuity contracts* – DAC associated with payout annuity contracts is amortized in proportion to annual benefit payments.
- *Deferred annuity contracts* – DAC associated with fixed and variable deferred annuity contracts is amortized in proportion to deposits.

For single premium immediate annuities without life contingencies, acquisition expenses are deferred and amortized over the expected life of the contracts using the interest method.

Current period DAC amortization reflects the impact of changes in actual insurance in force during the period and changes in future assumptions effected as of the end of the quarter, where applicable. The Company typically updates actuarial assumptions annually in the second quarter, (see “Annual Assumptions Review” below), unless a material change is observed in an interim period that is indicative of a long-term trend. Generally, the Company does not expect trends to change significantly in the short-term and, to the extent these trends may change, the Company expects such changes to be gradual over the long-term.

Assumptions used for DAC are consistent with those used in estimating the liability for future policy benefits (or any other related balance) for the corresponding contract. Determining the level of aggregation and actuarial assumptions used in projecting in force terminations requires judgment. Internal criteria are developed to determine the level of aggregation by considering both qualitative and quantitative materiality thresholds.

The assumptions used in projecting in force terminations are mortality, mortality improvement, and lapse assumptions. These assumptions are generally based on the Company’s experience, industry experience and/or other factors, as applicable. For variable deferred annuity contracts, lapse rates are adjusted at the contract level based on the in-the-moneyness of the living benefits and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates are also generally assumed to be lower for the period where surrender charges apply.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

For some products, policyholders can elect to modify product benefits, features, rights or coverages by exchanging a contract for a new contract or by amendment, endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. These transactions are known as internal replacements. If policyholders surrender traditional life insurance policies in exchange for life insurance policies that do not have fixed and guaranteed terms, the Company immediately charges to expense the remaining unamortized DAC on the surrendered policies. For other internal replacement transactions, except those that involve the addition of a non-integrated contract feature that does not change the existing base contract, the unamortized DAC is immediately charged to expense if the terms of the new policies are not substantially similar to those of the former policies. If the new terms are substantially similar to those of the earlier policies, the DAC is retained with respect to the new policies and amortized over the expected life of the new policies. See Note 6 for additional information regarding DAC.

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

Reinsurance recoverables and deposit receivables includes amounts recoverable under reinsurance agreements and receivables that follow the deposit method of accounting (see “Reinsurance” below).

Market risk benefit assets represents market risk benefits (“MRBs”) in an asset position and are presented separately from MRBs in a liability position. See “Market risk benefit liabilities” below. MRB assets also reflect ceded MRBs resulting from reinsurance of the Company's Prudential Defined Income (“PDI”) traditional variable annuity contracts. See Note 11 for additional information regarding the reinsurance of PDI.

Deferred Sales Inducements (“DSI”) are amounts that are credited to a policyholders’ account balance primarily as an inducement to purchase fixed and/or variable deferred annuity contracts. The Company defers sales inducements and amortizes them over the expected life of the policy using the same methodology, factors and assumptions used to amortize DAC. The Company records amortization of DSI in “Interest credited to policyholders’ account balances.” Unlike DAC, DSI are considered contractual cash flows and, as a result, are subject to periodic recoverability testing. See Note 6 for additional information regarding DSI.

Income tax assets primarily represents the net deferred tax asset and the Company’s estimated taxes receivable for the current year and open audit years.

The Company is a member of the federal income tax return of Prudential Financial and primarily files separate company state and local tax returns. Pursuant to the tax allocation arrangement with Prudential Financial, total federal income tax expense is determined on a separate company basis. Members record tax benefits to the extent tax losses or tax credits are recognized in the consolidated federal tax provision.

Items required by tax regulations to be included in the tax return may differ from the items reflected in the financial statements. As a result, the effective tax rate reflected in the financial statements may be different than the actual rate applied on the tax return. Some of these differences are permanent such as expenses that are not deductible in the Company’s tax return, and some differences are temporary, reversing over time, such as valuation of insurance reserves. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in future years for which the Company has already recorded the tax benefit in the Company’s Consolidated Statements of Operations. Deferred tax liabilities generally represent tax expense recognized in the Company’s financial statements for which payment has been deferred, or expenditures for which the Company has already taken a deduction in the Company’s tax return but have not yet been recognized in the Company’s financial statements.

Deferred income taxes are recognized, based on enacted rates, when assets and liabilities have different values for financial statement and tax reporting purposes. The application of U.S. GAAP requires the Company to evaluate the recoverability of the Company’s deferred tax assets and establish a valuation allowance if necessary to reduce the Company’s deferred tax assets to an amount that is more likely than not expected to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. See Note 12 for a discussion of factors considered when evaluating the need for a valuation allowance.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

U.S. GAAP prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that a company has taken or expects to take on tax returns. The application of this guidance is a two-step process. First, the Company determines whether it is more likely than not, based on the technical merits, that the tax position will be sustained upon examination. If a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. The Company measures the tax position as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate resolution with a taxing authority that has full knowledge of all relevant information. This measurement considers the amounts and probabilities of the outcomes that could be realized upon ultimate settlement using the facts, circumstances, and information available at the reporting date.

The Company accrues a liability for unrecognized tax benefits, interest and penalties which relate to tax years still subject to review by the Internal Revenue Service ("IRS") or other taxing jurisdictions. Audit periods remain open for review until the statute of limitations has passed. Generally, for tax years which produce net operating losses, capital losses or tax credit carryforwards ("tax attributes"), the statute of limitations does not close, to the extent of these tax attributes, until the expiration of the statute of limitations for the tax year in which they are fully utilized. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the liability for income taxes. The Company classifies all interest and penalties related to tax uncertainties as income tax expense. See Note 12 for additional information regarding income taxes.

Other assets consists primarily of deferred reinsurance losses ("DRL") (see "Reinsurance" below) which are amortized over the expected life of the reinsured contracts on a constant-level basis, receivables resulting from sales of securities that had not yet settled at the balance sheet date, premiums due, prepaid tax expenses, and the Company's investments in operating joint ventures. Investments in operating joint ventures are generally accounted for under the equity method. The carrying value of these investments is written down, or impaired, to fair value when a decline in value is considered to be other-than-temporary.

Separate account assets represents segregated funds that are invested for certain policyholders, and other customers. The assets consist primarily of equity securities, fixed maturities, real estate-related investments, real estate mortgage loans, short-term investments and derivative instruments and are reported at fair value. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. Investment risks associated with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with respect to certain accounts. The investment income and realized investment gains or losses from separate account assets generally accrue to the policyholders and are not included in the Company's results of operations. Mortality, policy administration and surrender charges assessed against the accounts are included in "Policy charges and fee income". Asset administration fees charged to the accounts are included in "Asset administration fees". Seed money that the Company invests in separate accounts is reported in the appropriate general account asset line. Investment income and realized investment gains or losses from seed money invested in separate accounts accrue to the Company and are included in the Company's results of operations. See Note 7 for additional information regarding separate account arrangements with contractual guarantees. See also "Separate account liabilities" below.

LIABILITIES

Future policy benefits primarily consists of the present value of expected future payments to or on behalf of policyholders, where the timing and amount of such payments depend on policyholder mortality or morbidity, less the present value of expected future net premiums (where net premiums are gross premiums multiplied by the Net-To-Gross ("NTG") ratio discussed below). The liability for future policy benefits is accrued over time as premium revenue is recognized. See Note 8 for additional information regarding future policy benefits.

The reserving methodology used for non-participating traditional and limited-payment contracts include the following:

- **Cash Flow Assumptions.** In measuring the liability for future policy benefits, the net premium valuation methodology is utilized. Under this methodology, a liability for future policy benefits is established using current best estimate insurance assumptions and interest rate assumptions locked-in at contract issuance date. The NTG ratio is calculated as the ratio of the present value of expected policy benefits and non-level claim settlement expenses divided by the present value of expected gross premiums. The NTG ratio is applied to gross premiums, as premium revenue is recognized, to determine net premiums. The liability is then determined as the present value of expected future policy benefits and non-level claim settlement expenses less the present value of expected future net premiums. For purposes of liability measurement, contracts are grouped into cohorts based primarily on issue year and major product line.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The NTG ratio is generally updated quarterly for actual experience and annually in the second quarter of each year for future cash flow assumption updates during the Company's annual assumptions review process unless a material change is observed in an interim period that is indicative of a long-term trend (see "Annual Assumptions Review" below), with the exception of claim settlement expense assumptions which the Company has made an entity-wide election to lock-in as of contract issuance. The NTG ratio is subject to a retrospective unlocking method whereby the Company updates its best estimate of cash flows expected over the life of the cohort using actual historical experience and updated future cash flow assumptions. These updated cash flows are used to calculate the revised NTG ratio, which is used to derive an updated liability for future policy benefits as of the beginning of the current reporting period, discounted at the original contract issuance discount rate. The updated liability for future policy benefit amount as of the beginning of the quarter is then compared to the carrying amount of the liability as of that same date, before the updates for actual experience or future cash flow assumptions, to determine the current period change in liability estimate. This current period change in the liability is the liability remeasurement gain or loss that is recorded through current period earnings in "Change in estimates of liability for future policy benefits". In subsequent periods, the revised NTG ratio is used to measure the liability for future policy benefits, subject to future revisions.

If a cohort is in a loss position where the liability for future policy benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for expected future policy benefits and non-level claim settlement expenses, the NTG ratio is capped at 100%. In these instances, all changes in expected benefits resulting from both actual experience deviations and changes in future assumptions are recognized immediately. While the liability for future policy benefits cannot be less than zero (i.e., a contra-liability) at the cohort level and thus the balance is floored at zero (i.e., "flooring"), the NTG ratio may be negative. This would be the case whereby conditions have improved such that the present value of future net premiums plus the existing liability for future policy benefits as of the valuation date exceed the present value of expected future policy benefits and non-level claim settlement expenses. In this case, the negative NTG ratio would be applied going forward to gross premiums received, effectively amortizing the gain into income and reducing the liability over time.

In addition, for limited-payment contracts, the liability for future policy benefits also includes a Deferred Profit Liability ("DPL") representing gross premiums received in excess of net premiums and is generally recognized in revenue in a constant relationship with insurance in force for life contracts or with the amount of expected future benefit payments for annuity contracts. The DPL is subject to a retrospective unlocking adjustment consistent with the liability for future policy benefits discussed above. The DPL cannot be less than zero (i.e., a contra-liability) at the cohort level and thus the balance is floored at zero (i.e., "flooring").

For contracts issued prior to January 1, 2021, the modified retrospective transition method was used to transition to ASU 2018-12. Under this method, the transition date of January 1, 2021 serves as the new issue date of the contracts in force for purposes of retrospectively unlocking the NTG ratio and DPL as described above.

- *Discount Rate Assumption.* The locked-in discount rate is generally based on expected investment returns at contract inception for contracts issued prior to January 1, 2021 and the upper medium grade fixed income corporate instrument yield (i.e., global single A) at contract inception for contracts issued on or after January 1, 2021. The discount rate in effect at contract inception is locked-in for the calculation of the NTG ratio and accretion of interest cost on the liability through net income. However, for balance sheet remeasurement purposes, the discount rate is updated using the current single A rate at each reporting period, with the effect on the liability resulting from such update recorded in "Interest rate remeasurement of future policy benefits" in OCI.

The methodology used in constructing the single A discount rate curve for discounting cash flows used to calculate the liability for future policy benefits is intended to be reflective of the characteristics of the applicable insurance liabilities. The single A discount rate curve is developed by reference to upper medium grade (low credit risk) fixed income instrument yields that reflect the duration characteristics of the applicable insurance liabilities. The single A discount curve for the United States is developed using government bond rates plus public corporate A spreads in the observable periods. The definition of upper medium grade is based on Moody's definition which includes the spectrum of A (i.e., A- to A+). Liquidity is considered in defining the observable period and linear extrapolation is performed to the Company's ultimate long-term economic assumptions. See "Annual Assumptions Review" below for further discussion regarding the Company's long-term economic assumption setting process.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The Company's liability for future policy benefits also includes net liabilities for guaranteed benefits related to certain long-duration life contracts, such as no-lapse guarantee contract features (Additional Insurance Reserves or "AIR" liability), for which a liability is established when associated assessments are recognized (which include investment margin on policyholders' account balances deposited to fixed and indexed funds and all policy charges including charges for administration, mortality, expense, surrender, and other charges). This liability is established using current best estimate assumptions and is based on the ratio of the present value of total expected excess payments (i.e., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio). Any adjustments to this liability related to net unrealized gains (losses) on securities classified as available-for-sale are included in AOCI.

For universal life type contracts and participating contracts, the Company performs premium deficiency tests using best estimate assumptions as of the testing date. If the liabilities determined based on these best estimate assumptions are greater than the net reserves (i.e., GAAP reserves including unearned revenue reserves ("URR"), net of reinsurance and any DSI asset), the existing net reserves are adjusted by first reducing assets, such as DSI or deferred reinsurance loss, by the amount of the deficiency or to zero through a charge to current period earnings. If the deficiency is more than these asset balances for insurance contracts, the net reserves are increased by the excess through a charge to current period earnings included in "Policyholders' benefits". Since investment yields are used as the discount rate, the premium deficiency test is also performed using a discount rate based on the market yield (i.e., assuming what would be the impact if any unrealized gains (losses) were realized as of the testing date). In the event that by using the market yield a deficiency occurs, an adjustment is established for the deficiency and is included in AOCI.

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

Policyholders' account balances represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is primarily associated with the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance, as applicable. These policyholders' account balances also include provision for benefits under non-life contingent payout annuities and certain unearned revenues. The unearned revenue liability represents policy charges for services to be provided in future periods. The charges are deferred as incurred and are generally amortized over the expected life of the contract using the same methodology, factors, and assumption used to amortize DAC. See Note 9 for additional information regarding policyholders' account balances. Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products. For additional information regarding the valuation of these embedded derivatives, see Note 5.

Market risk benefit liabilities represents contracts or contract features that provide protection to the contractholder and exposes the Company to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits associated with annuities products including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum income and withdrawal benefits ("GMIWB"). The benefits are accounted for using a fair value measurement framework. If a contract contains multiple market risk benefits, the benefits are bundled together and accounted for as a single compound market risk benefit. Market risk benefits in an asset position are presented separately from those in a liability position as there is no legal right of offset between contracts. The fair value of market risk benefits is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefits. The fair value of market risk benefits is based on assumptions a market participant would use in valuing market risk benefits. For additional information regarding the valuation of market risk benefits, see Note 5. On a quarterly basis, changes in the fair value of market risk benefits are recorded in net income, net of related hedges, in "Change in value of market risk benefits, net of related hedging gains (losses)", except for the portion of the change attributable to changes in the Company's non-performance risk ("NPR") which is recorded in OCI. See Note 10 for additional information regarding market risk benefits. See "Reinsurance" below for information regarding the reinsurance of MRBs.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Cash collateral for loaned securities represents liabilities to return cash proceeds from security lending transactions. Securities lending transactions are used primarily to earn spread income. As part of securities lending transactions, the Company transfers U.S. and foreign debt and equity securities, as well as U.S. government and government agency securities, and receives cash as collateral. Cash proceeds from securities lending transactions are primarily used to earn spread income, and are typically invested in cash equivalents, short-term investments or fixed maturities. Securities lending transactions are treated as financing arrangements and are recorded at the amount of cash received. The Company obtains collateral in an amount equal to 102% and 105% of the fair value of the domestic and foreign securities, respectively. The Company monitors the market value of the securities loaned on a daily basis with additional collateral obtained as necessary. Substantially all of the Company's securities lending transactions are with large brokerage firms and large banks. Income and expenses associated with securities lending transactions used to earn spread income are reported as "Net investment income".

Securities sold under agreements to repurchase represents liabilities associated with securities repurchase agreements that are used primarily to earn spread income. As part of securities repurchase agreements, the Company transfers U.S. government and government agency securities to a third-party, and receives cash as collateral. For securities repurchase agreements, the cash received is typically invested in cash equivalents, short-term investments or fixed maturities. Receivables associated with securities purchased under agreements to resell are generally reflected as cash equivalents. As part of securities resale agreements, the Company invests cash and receives as collateral U.S. government securities or other debt securities.

Securities repurchase and resale agreements that satisfy certain criteria are treated as secured borrowing or secured lending arrangements. These agreements are carried at the amounts at which the securities will be subsequently resold or reacquired, as specified in the respective transactions. For securities purchased under agreements to resell, the Company's policy is to take possession or control of the securities either directly or through a third-party custodian. These securities are valued daily, and additional securities or cash collateral is received, or returned, when appropriate to protect against credit exposure. Securities to be resold are the same, or substantially the same, as the securities received. The majority of these transactions are with large brokerage firms and large banks. For securities sold under agreements to repurchase, the market value of the securities to be repurchased is monitored, and additional collateral is obtained where appropriate, to protect against credit exposure. The Company obtains collateral in an amount at least equal to 95% of the fair value of the securities sold. Securities to be repurchased are the same, or substantially the same, as those sold. The majority of these transactions are with highly rated money market funds. Income and expenses related to these transactions executed within the insurance companies used to earn spread income are reported as "Net investment income."

Reinsurance and funds withheld payables represents amounts payable under reinsurance agreements (see "Reinsurance" below). Reinsurance and funds withheld payables may also include derivative instruments for which fair values are determined as described below under "Derivative Financial Instruments".

Other liabilities consists primarily of deferred reinsurance gains ("DRG") (see "Reinsurance" below), accrued expenses, technical overdrafts, payables resulting from purchases of securities that had not yet settled at the balance sheet date. The amortization method for DRG is amortized over the expected life of the reinsured contracts on a constant-level basis.

Separate account liabilities primarily represents the contractholders' account balances in separate account assets and to a lesser extent borrowings of the separate account, and will be equal and offsetting to total separate account assets. See also "Separate account assets" above.

Short-term and long-term debt liabilities are primarily carried at an amount equal to unpaid principal balance, net of unamortized discount or premium and debt issuance costs. Original-issue discount or premium and debt-issue costs are recognized as a component of interest expense over the period the debt is expected to be outstanding, using the interest method of amortization. Interest expense is generally presented within "General, administrative and other expenses" in the Company's Consolidated Statements of Operations. Short-term debt is debt coming due in the next twelve months, including that portion of debt otherwise classified as long-term. The short-term debt caption may exclude short-term debt items for which the Company has the intent and ability to refinance on a long-term basis in the near term. See Note 15 for additional information regarding short-term and long-term debt.

Commitments and contingent liabilities are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable. Management evaluates whether there are incremental legal or other costs directly associated with the ultimate resolution of the matter that are reasonably estimable and, if so, they are included in the accrual. These accruals are generally reported in "Other liabilities".

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

REVENUES, BENEFITS AND EXPENSES

Insurance Revenue and Expense Recognition

Premiums from individual life products, other than universal and variable life contracts, are recognized when due. When premiums are due over a significantly shorter period than the period over which benefits are provided, any gross premium in excess of the net premium (i.e., the portion of the gross premium required to provide for all expected future policy benefits and non-level claim settlement expenses) is generally deferred and recognized into revenue in a constant relationship to insurance in force. Benefits are recorded as an expense when they are incurred. A liability for future policy benefits is recorded when premiums are recognized as described in "Future policy benefits" above.

Premiums from single premium immediate annuities with life contingencies are recognized when due. When premiums are due over a significantly shorter period than the period over which benefits are provided, any gross premium in excess of the net premium is generally deferred and recognized into revenue based on expected future benefit payments. Benefits are recorded as an expense when they are incurred. A liability for future policy benefits is recorded when premiums are recognized as described in "Future policy benefits" above.

Certain individual annuity contracts provide the contractholder a guarantee that the benefit received upon death or annuitization will be no less than a minimum prescribed amount. These benefits are generally accounted for as market risk benefits (see "Market risk benefits" above).

Amounts received from policyholders as payment for universal or variable individual life contracts, deferred fixed or variable annuities and other contracts without life contingencies are reported as deposits to "Policyholders' account balances" and/or "Separate account liabilities." Revenues from these contracts are reflected in "Policy charges and fee income" consisting primarily of fees assessed during the period against the policyholders' account balances for mortality and other benefit charges, policy administration charges and surrender charges. In addition to fees, the Company earns investment income from the investment of deposits in the Company's general account portfolio. Fees assessed that represent compensation to the Company for services to be provided in future periods and certain other fees are generally deferred and amortized into revenue over the life of the related contracts using the same methodology, factors, and assumption used to amortize DAC as described above. Benefits and expenses for these products include claims in excess of related account balances, expenses of contract administration, interest credited to policyholders' account balances and amortization of DAC and DSI.

Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products where changes in the value of the embedded derivatives are recorded through "Realized investment gains (losses), net". For additional information regarding the valuation of these embedded derivatives, see Note 5.

Asset administration fees primarily include asset administration fee income received on contractholders' account balances invested in The Prudential Series Funds, which are a portfolio of mutual fund investments related to the Company's separate account products. Also, the Company receives fee income calculated on contractholder separate account balances invested in the Advanced Series Trust ("AST") (see Note 15). In addition, the Company receives fees from contractholders' account balances invested in funds managed by companies other than affiliates of Prudential Insurance. Asset administration fees are recognized as income when earned.

Other income (loss) includes realized and unrealized gains or losses from investments reported as "Fixed maturities, trading, at fair value", "Equity securities, at fair value", and "Other invested assets" that are measured at fair value as well as interest income related to affiliated cash collateral. See Note 15 for more information related to affiliated cash collateral.

Realized investment gains (losses), net includes realized gains or losses from sales and maturities of investments, changes to the allowance for credit losses, other impairments, fair value changes on mortgage loans where the fair value option has been elected, and derivative gains or losses. The derivative gains or losses include the impact of maturities, terminations and changes in fair value of the derivative instruments, including embedded derivatives, and other hedging instruments. Realized investment gains (losses) from the sales of securities are generally calculated using the specific identification method.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

OTHER ACCOUNTING POLICIES

Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, values of securities or commodities, credit spreads, market volatility, expected returns, and liquidity. Values can also be affected by changes in estimates and assumptions, including those related to counterparty behavior and NPR used in valuation models. Derivative financial instruments generally used by the Company include swaps, futures, forwards and options and may be exchange-traded or contracted in the over-the-counter (“OTC”) market. Certain of the Company’s OTC derivatives are cleared and settled through central clearing counterparties, while others are bilateral contracts between two counterparties. Derivative positions are carried at fair value, generally by obtaining quoted market prices or through the use of valuation models.

Derivatives are used to manage the interest rate and currency characteristics of assets or liabilities. Additionally, derivatives may be used to reduce exposure to risks such as interest rate, credit, foreign currency and equity associated with assets held or expected to be purchased or sold, and liabilities incurred or expected to be incurred. As discussed in detail below and in Note 4, all realized and unrealized changes in fair value of derivatives are recorded in current earnings, with the exception of cash flow hedges. Cash flows from derivatives are reported in the operating, investing or financing activities sections in the Consolidated Statements of Cash Flows based on the nature and purpose of the derivative.

Derivatives are recorded either as assets, within “Other invested assets”, or as liabilities, within “Payables to parent and affiliates”, except for embedded derivatives which are recorded with the associated host contract. The Company nets the fair value of all derivative financial instruments with counterparties for which a master netting arrangement has been executed.

The Company designates derivatives as either (1) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow” hedge); or (2) a derivative that does not qualify for hedge accounting.

To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item. Effectiveness of the hedge is formally assessed at inception and throughout the life of the hedging relationship.

The Company formally documents at inception all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions.

When a derivative is designated as a cash flow hedge and is determined to be highly effective, changes in its fair value are recorded in AOCI until earnings are affected by the variability of cash flows being hedged (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings). At that time, the related portion of deferred gains or losses on the derivative instrument is reclassified and reported in the Consolidated Statements of Operations line item associated with the hedged item.

If it is determined that a derivative no longer qualifies as an effective cash flow hedge or management removes the hedge designation, the derivative will continue to be carried on the balance sheet at its fair value, with changes in fair value recognized currently in “Realized investment gains (losses), net”. The component of AOCI related to discontinued cash flow hedges is reclassified to the Consolidated Statements of Operations line associated with the hedged cash flows consistent with the earnings impact of the original hedged cash flows.

When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, or because it is probable that the forecasted transaction will not occur by the end of the specified time period, the derivative will continue to be carried on the balance sheet at its fair value, with changes in fair value recognized currently in “Realized investment gains (losses), net”. Any asset or liability that was recorded pursuant to recognition of the firm commitment is removed from the balance sheet and recognized currently in “Realized investment gains (losses), net”. Gains and losses that were in AOCI pursuant to the hedge of a forecasted transaction are recognized immediately in “Realized investment gains (losses), net”.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

If a derivative does not qualify for hedge accounting, all changes in its fair value, including net receipts and payments, are included in “Realized investment gains (losses), net” without considering changes in the fair value of the economically associated assets or liabilities.

The Company is a party to financial instruments that contain derivative instruments that are “embedded” in the financial instruments. At inception, the Company assesses whether the economic characteristics of the embedded instrument are clearly and closely related to the economic characteristics of the remaining component of the financial instrument (i.e., the host contract) and whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When it is determined that (1) the embedded instrument possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and (2) a separate instrument with the same terms would qualify as a derivative instrument, the embedded instrument qualifies as an embedded derivative that is separated from the host contract, carried at fair value, and changes in its fair value are included in “Realized investment gains (losses), net”. For certain financial instruments that contain an embedded derivative that otherwise would need to be bifurcated and reported at fair value, the Company may elect to carry the entire instrument at fair value and report it within “Other invested assets” and “Reinsurance recoverable and deposit receivables”, or as liabilities, within “Payables to parent and affiliates” or “Reinsurance and funds withheld payables”.

The Company sells variable annuity contracts that include optional living benefit features that may be treated from an accounting perspective as embedded derivatives. The embedded derivatives related to the living benefit features and the related reinsurance agreements are carried at fair value and included in “Future policy benefits” and “Reinsurance recoverables and deposit receivables”. Additionally, changes in the fair value are determined using valuation models as described in Note 5 and are recorded in “Realized investment gains (losses), net”.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Reinsurance

The Company participates in reinsurance arrangements in various capacities as either the ceding entity or as the reinsurer (i.e., assuming entity). See Note 11 for additional information regarding the Company's reinsurance arrangements. Reinsurance assumed business is generally accounted for consistent with direct business. Amounts currently recoverable under reinsurance agreements are included in "Reinsurance recoverables and deposit receivables" and amounts payable are included in "Reinsurance and funds withheld payables". "Reinsurance recoverables and deposit receivables" also includes deposit receivables where the Company has ceded fixed indexed annuities, including from coinsurance with funds withheld arrangements and receivables from modified coinsurance arrangements where the Company is the cedant, and in certain instances are net of the payables under these arrangements which generally reflect the fair value of the invested assets retained by the cedant. "Reinsurance and funds withheld payables" also includes amounts payable to the reinsurer under coinsurance with funds withheld arrangements where the Company is the cedant, and generally reflect the fair value of the invested assets retained by the Company. The receivables and payables associated with each of these coinsurance with funds withheld and modified coinsurance arrangements each contain an embedded derivative that is bifurcated and accounted for at fair value separately from the host contract, with changes in fair value recorded through "Realized investment gains (losses), net", and are ultimately presented net within "Reinsurance recoverables and deposit receivables". Revenues and benefits and expenses include amounts assumed under reinsurance agreements and are reflected net of reinsurance ceded.

Reinsurance ceded arrangements do not discharge the Company as the primary insurer. Ceded balances would represent a liability of the Company in the event the reinsurers were unable to meet their obligations to the Company under the terms of the reinsurance agreements. Reinsurance recoverables are reported on the Consolidated Statements of Financial Position net of the CECL allowance. The CECL allowance considers the credit quality of the reinsurance counterparty and is generally determined based on the probability of default and loss given default assumptions, after considering any applicable collateral arrangements. The CECL allowance does not apply to reinsurance recoverables with affiliated counterparties under common control. Additions to or releases of the allowance are reported in "Policyholders' benefits". Reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured long-duration contracts under coinsurance arrangements are accounted for over the life of the underlying reinsured contracts using assumptions consistent with those used to account for the underlying contracts. For reinsurance of in force blocks of non-participating traditional and limited-payment contracts, the current value of the direct liability as of inception of the reinsurance agreement is used to calculate the reinsurance recoverable and cost of reinsurance such that there is no immediate other comprehensive income or loss from recognition of the reinsurance recoverable at inception. Consistent with the direct liability, the reinsurance recoverable for non-participating traditional and limited-payment contracts is remeasured each period using current single A rates with the effect on the reinsurance recoverable resulting from such updates recorded in "Interest rate remeasurement of future policy benefits" in OCI. For reinsurance of limited-payment contracts, the Company establishes a cost of reinsurance asset relating to the direct DPL and amortizes this balance through "Premiums" using the same methodology and assumptions used to amortize the direct DPL.

For reinsurance of existing in-force blocks of long-duration contracts that transfer significant insurance risk, the difference between the fair value of the net consideration exchanged and the net liabilities ceded related to the underlying reinsured contracts is considered the net cost of reinsurance at the inception of the reinsurance agreement. This initial net cost of reinsurance is deferred and amortized into income over the remaining life of the reinsured policies on a basis consistent with the methodologies and assumptions used for amortizing DAC. This initial net cost of reinsurance may result in a deferred reinsurance gain which is recorded in "Other liabilities" and amortized through "Other income (loss)", or a deferred reinsurance loss which is recorded in "Other assets" and amortized through "General, administrative and other expenses".

Consistent with direct contracts, reinsurance agreements may also include features that meet the definition of an MRB and, if so, are accounted for at fair value. The fair value of direct or assumed MRBs reflects the Company's NPR, while the fair value of ceded MRBs reflects the counterparty credit risk of the reinsurer. Changes in the fair value of ceded MRBs, including the impact of changes in counterparty credit risk, are recorded in net income in "Change in value of market risk benefits, net of related hedging gains (losses)".

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Coinurance arrangements contrast with the Company's yearly renewable term ("YRT") arrangements, where only mortality risk is transferred to the reinsurer and premiums are paid to the reinsurer to reinsure that risk. The mortality risk that is reinsured under YRT arrangements represents the difference between the stated death benefits in the underlying reinsured contracts and the corresponding reserves or account value carried by the Company on those same contracts. The premiums paid to the reinsurer are based upon negotiated amounts, not on the actual premiums paid by the underlying contractholders to the Company. As YRT arrangements are usually entered into by the Company with the expectation that the contracts will be in force for the lives of the underlying policies, they are considered to be long-duration reinsurance contracts. The cost of reinsurance for universal life products is generally recognized based on the gross assessments of the underlying direct policies. The cost of reinsurance for term insurance products is generally recognized in proportion to direct premiums over the life of the underlying policies.

If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting. Deposits received are included in "Reinsurance and funds withheld payables" and deposits made are included in "Reinsurance recoverables and deposit receivables". As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as "Other income (loss)" or "General, administrative and other expenses", as appropriate.

Annual Assumptions Review

Annually, the Company performs a comprehensive review of the assumptions set for purposes of estimating future premiums, benefits, and other cash flows. Assumptions include those that are economic and those that are insurance related. Insurance related assumptions are based on the Company's best estimates of future rates of mortality, morbidity, lapse, surrender, annuitization, expenses and other items. The Company generally looks to relevant Company experience as the primary basis for these assumptions. If relevant Company experience is not available or does not have sufficient credibility, the Company may look to experience of similar blocks of business, either in the Company or the industry. Mortality rate assumptions are generally based on Company experience, sometimes blending Company experience with an industry table where the Company experience alone is not sufficiently credible. The Company sets mortality and morbidity assumptions that vary by major type of business. Within type of business, rates vary by age and gender. The Company applies an adjustment for future mortality improvement, consistent with observed long-term trends of population mortality over time. Lapse and surrender assumptions are based on Company and industry experience, where available. The Company sets rates that vary by product type, taking into account features specific to the product.

As part of this review, the Company may update these assumptions and make refinements to its models based upon emerging experience, future expectations and other data, including any observable market data it feels is indicative of a long-term trend. These assumptions are generally updated annually, unless a material change is observed in an interim period that the Company feels is also indicative of a long-term trend. Generally, the Company does not expect trends to change significantly in the short-term and, to the extent these trends may change, it expects such changes to be gradual over the long-term.

The Company also performs a comprehensive review of the economic assumptions, including long-term interest rate assumptions and equity return assumptions that impact reserve calculations. The Company generally utilizes relevant economic outlook information and industry surveys as the primary basis for these assumptions, which may be used to project future rates of return on investments.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

RECENT ACCOUNTING PRONOUNCEMENTS

Changes to U.S. GAAP are established by the FASB in the form of ASUs to the FASB Accounting Standards Codification ("ASC"). The Company considers the applicability and impact of all ASUs. ASUs listed below include those that have been adopted during the current fiscal year and/or those that have been issued but not yet adopted as of December 31, 2024, and as of the date of this filing. ASUs not listed below were assessed and determined to be either not applicable or not material.

ASUs adopted as of December 31, 2024

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
<i>ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures</i>	This ASU requires entities, including those with a single operating or reportable segment, to provide more detailed information about significant segment expenses that are regularly provided to the chief operating decision maker. The ASU also clarifies that all of the disclosures required in the guidance apply to all public entities, including those with a single operating or reportable segment.	Effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted, using the retrospective method.	Adoption of the ASU did not have an impact on the Company's Consolidated Financial Statements but resulted in expanded disclosures in the Notes to the Consolidated Financial Statements.

ASUs issued but not yet adopted as of December 31, 2024

Standard	Description	Effective date and method of adoption	Effect on the financial statements or other significant matters
<i>ASU 2024-03—Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses</i>	This ASU requires public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements.	The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted, and should be applied either prospectively or retrospectively.	The Company is currently assessing the impact of the ASU on the Company's Consolidated Financial Statements and Notes to the Consolidated Financial Statements.
<i>ASU 2023-09 Income Taxes (Topic 740) Improvements to Income Tax Disclosures</i>	This ASU requires entities to provide additional information primarily related to the effective tax rate reconciliation and income taxes paid.	Effective for fiscal years beginning after December 15, 2024, and permits early adoption. The Company plans to adopt the ASU for the annual reporting period beginning on January 1, 2025.	The Company is currently assessing the impact of the ASU on the Company's Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

3. INVESTMENTS

Fixed Maturity Securities

The following tables set forth the composition of fixed maturity securities (excluding investments classified as trading), as of the dates indicated:

December 31, 2024					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
(in thousands)					
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 1,199,628	\$ 8,357	\$ 108,744	\$ 0	\$ 1,099,241
Obligations of U.S. states and their political subdivisions	570,253	1,156	30,343	0	541,066
Foreign government securities	362,154	646	52,466	0	310,334
U.S. public corporate securities	14,134,828	60,917	957,316	1	13,238,428
U.S. private corporate securities	6,030,898	35,828	301,451	11,178	5,754,097
Foreign public corporate securities	3,804,503	21,136	126,767	21	3,698,851
Foreign private corporate securities	5,838,939	43,334	511,426	29,214	5,341,633
Asset-backed securities(1)	3,728,073	31,431	8,841	0	3,750,663
Commercial mortgage-backed securities	944,652	4,567	53,444	0	895,775
Residential mortgage-backed securities(2)	367,005	861	11,794	0	356,072
Total fixed maturities, available-for-sale	<u>\$ 36,980,933</u>	<u>\$ 208,233</u>	<u>\$ 2,162,592</u>	<u>\$ 40,414</u>	<u>\$ 34,986,160</u>

(1) Includes credit-tranched securities collateralized by loan obligations, home equity loans, auto loans and education loans.

(2) Includes publicly-traded agency pass-through securities and collateralized mortgage obligations.

December 31, 2023					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
(in thousands)					
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 1,009,937	\$ 38,858	\$ 73,508	\$ 0	\$ 975,287
Obligations of U.S. states and their political subdivisions	789,856	5,288	18,517	0	776,627
Foreign government securities	330,830	1,840	50,684	0	281,986
U.S. public corporate securities	10,159,089	98,047	760,274	950	9,495,912
U.S. private corporate securities	5,207,699	37,435	254,828	812	4,989,494
Foreign public corporate securities	1,809,347	12,658	115,673	238	1,706,094
Foreign private corporate securities	4,902,391	109,806	381,215	0	4,630,982
Asset-backed securities(1)	2,016,028	23,035	11,512	1	2,027,550
Commercial mortgage-backed securities	913,347	4,776	66,345	0	851,778
Residential mortgage-backed securities(2)	399,542	4,016	7,481	7	396,070
Total fixed maturities, available-for-sale	<u>\$ 27,538,066</u>	<u>\$ 335,759</u>	<u>\$ 1,740,037</u>	<u>\$ 2,008</u>	<u>\$ 26,131,780</u>

(1) Includes credit-tranched securities collateralized by loan obligations, auto loans, education loans and home equity loans.

(2) Includes publicly-traded agency pass-through securities and collateralized mortgage obligations.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

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

December 31, 2024						
Less Than Twelve Months		Twelve Months or More		Total		
Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	
(in thousands)						
Fixed maturities, available-for-sale:						
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 377,531	\$ 13,829	\$ 238,723	\$ 94,915	\$ 616,254	\$ 108,744
Obligations of U.S. states and their political subdivisions	226,731	5,019	212,060	25,324	438,791	30,343
Foreign government securities	118,168	2,615	171,166	49,851	289,334	52,466
U.S. public corporate securities	4,320,552	105,145	4,677,336	852,171	8,997,888	957,316
U.S. private corporate securities	1,999,008	41,931	2,379,755	259,489	4,378,763	301,420
Foreign public corporate securities	1,088,644	20,465	716,172	106,294	1,804,816	126,759
Foreign private corporate securities	1,977,169	69,399	2,107,705	440,330	4,084,874	509,729
Asset-backed securities	363,744	5,510	140,090	3,331	503,834	8,841
Commercial mortgage-backed securities	101,821	1,356	489,490	52,088	591,311	53,444
Residential mortgage-backed securities	142,961	1,946	123,853	9,848	266,814	11,794
Total fixed maturities, available-for-sale	<u>\$ 10,716,329</u>	<u>\$ 267,215</u>	<u>\$ 11,256,350</u>	<u>\$ 1,893,641</u>	<u>\$ 21,972,679</u>	<u>\$ 2,160,856</u>

December 31, 2023						
Less Than Twelve Months		Twelve Months or More		Total		
Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	
(in thousands)						
Fixed maturities, available-for-sale:						
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 98,174	\$ 945	\$ 214,889	\$ 72,563	\$ 313,063	\$ 73,508
Obligations of U.S. states and their political subdivisions	83,729	293	218,375	18,224	302,104	18,517
Foreign government securities	10,226	116	233,757	50,568	243,983	50,684
U.S. public corporate securities	782,904	10,009	5,201,353	750,265	5,984,257	760,274
U.S. private corporate securities	707,674	16,613	2,794,697	238,181	3,502,371	254,794
Foreign public corporate securities	92,955	1,063	948,963	114,169	1,041,918	115,232
Foreign private corporate securities	429,212	8,035	2,461,367	373,180	2,890,579	381,215
Asset-backed securities	208,970	1,761	532,814	9,750	741,784	11,511
Commercial mortgage-backed securities	42,621	298	580,931	66,047	623,552	66,345
Residential mortgage-backed securities	35,904	435	124,956	7,046	160,860	7,481
Total fixed maturities, available-for-sale	<u>\$ 2,492,369</u>	<u>\$ 39,568</u>	<u>\$ 13,312,102</u>	<u>\$ 1,699,993</u>	<u>\$ 15,804,471</u>	<u>\$ 1,739,561</u>

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

As of December 31, 2024 and 2023, the gross unrealized losses on fixed maturity, available-for-sale securities without an allowance of \$2,059 million and \$1,634 million, respectively, related to “1” highest quality or “2” high quality securities based on the National Association of Insurance Commissioners (“NAIC”) or equivalent rating and \$102 million and \$106 million, respectively, related to other than high or highest quality securities based on NAIC or equivalent rating. As of December 31, 2024, the \$1,894 million of gross unrealized losses of twelve months or more were concentrated in the Company’s corporate securities within the finance, consumer non-cyclical and utility sectors. As of December 31, 2023, the \$1,700 million of gross unrealized losses of twelve months or more were concentrated in the Company’s corporate securities within the finance, consumer non-cyclical and utility sectors.

In accordance with its policy described in Note 2, the Company concluded that an adjustment to earnings for credit losses related to these fixed maturity securities was not warranted at December 31, 2024. This conclusion was based on a detailed analysis of the underlying credit and cash flows for each security. Gross unrealized losses are primarily attributable to increases in interest rates, general credit spread widening and foreign currency exchange rate movements. As of December 31, 2024, the Company did not intend to sell these securities, and it was not more likely than not that the Company would be required to sell these securities before the anticipated recovery of the remaining amortized cost basis.

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

	December 31, 2024	
	Amortized Cost	Fair Value
	(in thousands)	
Fixed maturities, available-for-sale:		
Due in one year or less	\$ 1,139,538	\$ 1,118,484
Due after one year through five years	11,753,438	11,477,710
Due after five years through ten years	10,291,196	9,883,263
Due after ten years	8,757,031	7,504,193
Asset-backed securities	3,728,073	3,750,663
Commercial mortgage-backed securities	944,652	895,775
Residential mortgage-backed securities	367,005	356,072
Total fixed maturities, available-for-sale	<u>\$ 36,980,933</u>	<u>\$ 34,986,160</u>

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

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

	Years Ended December 31		
	2024	2023	2022
	(in thousands)		
Fixed maturities, available-for-sale:			
Proceeds from sales(1)	\$ 2,097,519	\$ 460,596	\$ 1,117,293
Proceeds from maturities/prepayments	2,300,919	1,218,844	624,640
Gross investment gains from sales and maturities	23,978	11,482	5,647
Gross investment losses from sales and maturities	(143,432)	(43,078)	(58,432)
Write-downs recognized in earnings(2)	(9,534)	(2,358)	(20,600)
(Addition to) release of allowance for credit losses	(38,406)	2,761	(620)

(1) Excludes activity from non-cash related proceeds due to the timing of trade settlements of \$(158.4) million, \$57.4 million and \$(53.9) million for the years ended December 31, 2024, 2023 and 2022, respectively.

(2) Amounts represent write-downs of credit adverse securities and securities actively marketed for sale.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The following tables set forth the balance of and changes in the allowance for credit losses for fixed maturity securities, as of and for the periods indicated:

Year Ended December 31, 2024							
	U.S. Treasury Securities and Obligations of U.S. States	Foreign Government Securities	U.S. and Foreign Corporate Securities	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Residential Mortgage-Backed Securities	Total
	(in thousands)						
Fixed maturities, available-for-sale:							
Balance, beginning of period	\$ 0	\$ 0	\$ 2,000	\$ 1	\$ 0	\$ 7	\$ 2,008
Additions to allowance for credit losses not previously recorded	0	0	39,600	0	0	5	39,605
Reductions for securities sold during the period	0	0	(2,002)	0	0	0	(2,002)
Additions (reductions) on securities with previous allowance	0	0	337	(1)	0	(12)	324
Assets transferred (to) from parent and affiliates	0	0	479	0	0	0	479
Balance, end of period	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,414</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,414</u>

Year Ended December 31, 2023							
	U.S. Treasury Securities and Obligations of U.S. States	Foreign Government Securities	U.S. and Foreign Corporate Securities	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Residential Mortgage-Backed Securities	Total
	(in thousands)						
Fixed maturities, available-for-sale:							
Balance, beginning of period	\$ 0	\$ 5	\$ 4,755	\$ 0	\$ 0	\$ 9	\$ 4,769
Additions to allowance for credit losses not previously recorded	0	0	4,267	1	0	0	4,268
Reductions for securities sold during the period	0	(1)	(5,118)	0	0	(1)	(5,120)
Additions (reductions) on securities with previous allowance	0	(4)	436	0	0	(1)	431
Write-downs charged against the allowance	0	0	(2,340)	0	0	0	(2,340)
Balance, end of period	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 7</u>	<u>\$ 2,008</u>

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

For the year ended December 31, 2024, the net increase in the allowance for credit losses on available-for-sale securities was primarily related to net additions within the consumer cyclical, consumer non-cyclical and energy sectors within corporate securities due to adverse projected cash flows.

For the year ended December 31, 2023, the net decrease in the allowance for credit losses on available-for-sale securities was primarily related to net reductions within the capital goods and utility sectors within corporate securities due to restructurings, partially offset by net additions within the finance sector within corporate securities due to adverse projected cash flows.

The Company did not have any fixed maturity securities purchased with credit deterioration as of both December 31, 2024 and 2023.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Fixed Maturities, Trading

The net change in unrealized gains (losses) from fixed maturities, trading still held at period end, recorded within “Other income (loss)” was \$(182.9) million, \$65.6 million and \$(728.6) million during the years ended December 31, 2024, 2023 and 2022, respectively.

Equity Securities

The net change in unrealized gains (losses) from equity securities still held at period end, recorded within “Other income (loss)” was \$(34.2) million, \$25.8 million and \$(10.2) million during the years ended December 31, 2024, 2023 and 2022, respectively.

Commercial Mortgage and Other Loans

The following table sets forth the composition of “Commercial mortgage and other loans”, as of the dates indicated:

	December 31, 2024		December 31, 2023	
	Amount (in thousands)	% of Total	Amount (in thousands)	% of Total
Commercial mortgage and agricultural property loans by property type:				
Apartments/Multi-Family	\$ 1,949,926	25.0 %	\$ 1,578,785	25.7 %
Hospitality	97,603	1.3	102,952	1.7
Industrial	2,906,413	37.3	2,486,230	40.4
Office	556,586	7.1	604,611	9.8
Other	750,541	9.6	456,720	7.4
Retail	693,949	9.0	363,706	5.9
Total commercial mortgage loans	6,955,018	89.3	5,593,004	90.9
Agricultural property loans	830,041	10.7	562,046	9.1
Total commercial mortgage and agricultural property loans	7,785,059	100.0 %	6,155,050	100.0 %
Allowance for credit losses	(37,715)		(37,689)	
Total net commercial mortgage and agricultural property loans	7,747,344		6,117,361	
Other loans:				
Other collateralized loans	11,979		5,360	
Total other loans	11,979		5,360	
Total net commercial mortgage and other loans	\$ 7,759,323		\$ 6,122,721	

As of December 31, 2024, the commercial mortgage and agricultural property loans were secured by properties geographically dispersed throughout the United States with the largest concentrations in California (25%), Florida (9%) and Texas (8%) and included loans secured by properties in Europe (8%), Mexico (1%) and Australia (1%).

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The following table sets forth the balance of and changes in the allowance for credit losses for commercial mortgage and other loans, as of and for the periods ended:

	Commercial Mortgage Loans	Agricultural Property Loans	Total
	(in thousands)		
Balance at December 31, 2021	\$ 5,847	\$ 104	\$ 5,951
Addition to (release of) allowance for expected losses	13,818	494	14,312
Balance at December 31, 2022	19,665	598	20,263
Addition to (release of) allowance for expected losses	17,093	333	17,426
Balance at December 31, 2023	36,758	931	37,689
Addition to (release of) allowance for expected losses	5,613	3,780	9,393
Write-downs charged against allowance	(9,367)	0	(9,367)
Balance at December 31, 2024	<u>\$ 33,004</u>	<u>\$ 4,711</u>	<u>\$ 37,715</u>

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

For the year ended December 31, 2024, net additions to the allowance for credit losses on commercial mortgage and other loans were primarily related to increases in loan-specific allowances in commercial mortgage loans within the retail and office sectors and in agricultural property loans.

For the year ended December 31, 2023, net additions to the allowance for credit losses on commercial mortgage and other loans was primarily related to increases in the portfolio reserve to reflect declining market conditions and in loan-specific allowances, both within the office sector, as well as loan originations.

For the year ended December 31, 2024, there were \$9.4 million of write-downs charged against the allowance related to a loan originated in 2016.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The following tables set forth key credit quality indicators based upon the recorded investment gross of allowance for credit losses, as of the dates indicated:

December 31, 2024									
Amortized Cost by Origination Year									
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total	
(in thousands)									
Commercial mortgage loans									
Loan-to-Value Ratio:									
0%-59.99%	\$ 452,940	\$ 232,276	\$ 306,684	\$ 482,596	\$ 134,403	\$ 1,138,394	\$ 6,479	\$ 2,753,772	
60%-69.99%	972,161	541,849	273,258	360,457	110,515	303,107	0	2,561,347	
70%-79.99%	362,701	365,111	134,208	330,355	6,774	77,399	0	1,276,548	
80% or greater	1,196	0	56,204	84,761	3,870	217,320	0	363,351	
Total	\$ 1,788,998	\$ 1,139,236	\$ 770,354	\$ 1,258,169	\$ 255,562	\$ 1,736,220	\$ 6,479	\$ 6,955,018	
Debt Service Coverage Ratio:									
Greater than 1.2x	\$ 1,728,895	\$ 962,290	\$ 755,350	\$ 1,256,699	\$ 255,562	\$ 1,616,904	\$ 0	\$ 6,575,700	
1.0 - 1.2x	60,103	176,946	15,004	0	0	59,871	6,479	318,403	
Less than 1.0x	0	0	0	1,470	0	59,445	0	60,915	
Total	\$ 1,788,998	\$ 1,139,236	\$ 770,354	\$ 1,258,169	\$ 255,562	\$ 1,736,220	\$ 6,479	\$ 6,955,018	
Agricultural property loans									
Loan-to-Value Ratio:									
0%-59.99%	\$ 241,715	\$ 89,569	\$ 163,820	\$ 126,368	\$ 23,488	\$ 38,478	\$ 18,834	\$ 702,272	
60%-69.99%	29,560	19,396	49,210	0	0	0	0	98,166	
70%-79.99%	0	0	0	5,213	0	0	0	5,213	
80% or greater	0	0	7,295	0	1,657	0	15,438	24,390	
Total	\$ 271,275	\$ 108,965	\$ 220,325	\$ 131,581	\$ 25,145	\$ 38,478	\$ 34,272	\$ 830,041	
Debt Service Coverage Ratio:									
Greater than 1.2x	\$ 259,647	\$ 95,087	\$ 211,030	\$ 129,865	\$ 23,488	\$ 38,478	\$ 18,834	\$ 776,429	
1.0 - 1.2x	11,628	13,878	9,295	0	0	0	15,438	50,239	
Less than 1.0x	0	0	0	1,716	1,657	0	0	3,373	
Total	\$ 271,275	\$ 108,965	\$ 220,325	\$ 131,581	\$ 25,145	\$ 38,478	\$ 34,272	\$ 830,041	

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

December 31, 2023							
Amortized Cost by Origination Year							
2023	2022	2021	2020	2019	Prior	Total	
(in thousands)							
Commercial mortgage loans							
Loan-to-Value Ratio:							
0%-59.99%	\$ 249,037	\$ 245,914	\$ 482,718	\$ 109,249	\$ 265,053	\$ 1,068,763	\$ 2,420,734
60%-69.99%	675,153	355,984	449,878	172,721	225,803	206,237	2,085,776
70%-79.99%	218,015	133,343	255,299	77,812	20,924	86,806	792,199
80% or greater	0	47,555	73,702	3,817	16,508	152,713	294,295
Total	\$ 1,142,205	\$ 782,796	\$ 1,261,597	\$ 363,599	\$ 528,288	\$ 1,514,519	\$ 5,593,004
Debt Service Coverage Ratio:							
Greater than 1.2x	\$ 1,038,315	\$ 779,282	\$ 1,261,597	\$ 292,561	\$ 497,407	\$ 1,402,831	\$ 5,271,993
1.0 - 1.2x	103,890	3,514	0	0	15,632	40,521	163,557
Less than 1.0x	0	0	0	71,038	15,249	71,167	157,454
Total	\$ 1,142,205	\$ 782,796	\$ 1,261,597	\$ 363,599	\$ 528,288	\$ 1,514,519	\$ 5,593,004
Agricultural property loans							
Loan-to-Value Ratio:							
0%-59.99%	\$ 73,774	\$ 179,375	\$ 132,042	\$ 25,875	\$ 15,824	\$ 25,771	\$ 452,661
60%-69.99%	47,489	56,210	0	0	0	0	103,699
70%-79.99%	5,686	0	0	0	0	0	5,686
80% or greater	0	0	0	0	0	0	0
Total	\$ 126,949	\$ 235,585	\$ 132,042	\$ 25,875	\$ 15,824	\$ 25,771	\$ 562,046
Debt Service Coverage Ratio:							
Greater than 1.2x	\$ 126,949	\$ 233,585	\$ 130,353	\$ 24,063	\$ 15,824	\$ 25,771	\$ 556,545
1.0 - 1.2x	0	2,000	0	1,812	0	0	3,812
Less than 1.0x	0	0	1,689	0	0	0	1,689
Total	\$ 126,949	\$ 235,585	\$ 132,042	\$ 25,875	\$ 15,824	\$ 25,771	\$ 562,046

See Note 2 for additional information about the Company's commercial mortgage and other loans credit quality monitoring process.

The Company may grant loan modifications in its commercial mortgage and other loan portfolios to borrowers experiencing financial difficulties. These loan modifications may be in the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, term extension or some combination thereof. The amount, timing and extent of modifications granted and subsequent performance are considered in determining any allowance for credit losses.

The following table sets forth the amortized cost basis of loan modifications made to borrowers experiencing financial difficulties for the date indicated:

Year Ended December 31, 2024				
Term Extension	% of Amortized Cost	Other Than Insignificant Delay in Payment	% of Amortized Cost	
(\$ in thousands)				
Commercial mortgage loans	\$ 14,546	0.2 %	\$ 4,570	0.1 %

The modifications added less than one year to the weighted average life in the commercial mortgage loan portfolio.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

During the year ended December 31, 2023, the Company did not modify any loans to borrowers experiencing financial difficulties.

The Company did not have any commitments to lend additional funds to borrowers experiencing financial difficulties on modified loans as of both December 31, 2024 and 2023.

The following tables set forth an aging of past due commercial mortgage and other loans based upon the recorded investment gross of allowance for credit losses, as well as the amount of commercial mortgage and other loans on non-accrual status, as of the dates indicated:

	December 31, 2024					
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due(1)	Total Loans	Non-Accrual Status(2)
	(in thousands)					
Commercial mortgage loans	\$ 6,951,093	\$ 0	\$ 0	\$ 3,925	\$ 6,955,018	\$ 5,120
Agricultural property loans	804,804	0	2,505	22,732	830,041	24,765
Other collateralized loans	11,979	0	0	0	11,979	0
Total	<u>\$ 7,767,876</u>	<u>\$ 0</u>	<u>\$ 2,505</u>	<u>\$ 26,657</u>	<u>\$ 7,797,038</u>	<u>\$ 29,885</u>

- (1) As of December 31, 2024, there were no loans in this category accruing interest.
(2) For additional information regarding the Company's policies for accruing interest on loans, see Note 2.

	December 31, 2023					
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due(1)	Total Loans	Non-Accrual Status(2)
	(in thousands)					
Commercial mortgage loans	\$ 5,593,004	\$ 0	\$ 0	\$ 0	\$ 5,593,004	\$ 0
Agricultural property loans	562,046	0	0	0	562,046	1,301
Other collateralized loans	5,360	0	0	0	5,360	0
Total	<u>\$ 6,160,410</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,160,410</u>	<u>\$ 1,301</u>

- (1) As of December 31, 2023, there were no loans in this category accruing interest.
(2) For additional information regarding the Company's policies for accruing interest on loans, see Note 2.

Loans on non-accrual status recognized interest income of \$0.7 million and \$0.0 million for the years ended December 31, 2024 and 2023, respectively. Loans on non-accrual status that did not have a related allowance for credit losses were \$2.0 million and \$1.3 million as of December 31, 2024 and 2023, respectively.

For the years ended December 31, 2024 and 2023, there were \$12.6 million and \$0.0 million, respectively, of commercial mortgage loans acquired, other than those through direct origination. For both the years ended December 31, 2024 and 2023, there were no commercial mortgage and other loans sold.

The Company did not have any commercial mortgage and other loans purchased with credit deterioration as of both December 31, 2024 and 2023.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Other Invested Assets

The following table sets forth the composition of “Other invested assets,” as of the dates indicated:

	December 31,	
	2024	2023
	(in thousands)	
LPs/LLCs:		
Equity method:		
Private equity	\$ 388,822	\$ 333,863
Hedge funds	1,024,534	720,360
Real estate-related(1)	75,730	70,278
Subtotal equity method	1,489,086	1,124,501
Fair value:		
Private equity	28,094	48,483
Hedge funds	14	137
Real estate-related	16,016	18,687
Subtotal fair value	44,124	67,307
Total LPs/LLCs	1,533,210	1,191,808
Derivative instruments	24,499	17,718
Other(1)(2)	24,385	13,459
Total other invested assets	\$ 1,582,094	\$ 1,222,985

(1) Prior period amounts have been updated to conform to current period presentation.

(2) Includes tax advantaged investments and investments in separate account funds.

Equity Method Investments

The following tables set forth summarized combined financial information for significant LP/LLC interests accounted for under the equity method, including the Company’s investments in operating joint ventures. Changes between periods in the tables below reflect changes in the activities within the operating joint ventures and LPs/LLCs, as well as changes in the Company’s level of investment in such entities:

	December 31,	
	2024	2023
	(in thousands)	
STATEMENTS OF FINANCIAL POSITION		
Total assets(1)	\$ 66,477,439	\$ 44,591,082
Total liabilities(2)	\$ 1,894,242	\$ 2,802,022
Partners’ capital	64,583,197	41,789,060
Total liabilities and partners’ capital	\$ 66,477,439	\$ 44,591,082
Equity in LP/LLC interests included above	\$ 1,338,056	\$ 979,271
Equity in LP/LLC interests not included above	230,687	216,205
Carrying value	\$ 1,568,743	\$ 1,195,476

(1) Amount represents gross assets of each fund where the Company has a significant investment. These assets consist primarily of investments in real estate, investments in securities and other miscellaneous assets.

(2) Amount represents gross liabilities of each fund where the Company has a significant investment. These liabilities consist primarily of third-party borrowed funds and other miscellaneous liabilities.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Years Ended December 31,		
	2024	2023	2022
	(in thousands)		
STATEMENTS OF OPERATIONS			
Total revenue(1)	\$ 1,678,772	\$ 3,465,807	\$ 11,062,060
Total expenses(2)	(473,445)	(979,287)	(1,655,673)
Net earnings (losses)	\$ 1,205,327	\$ 2,486,520	\$ 9,406,387
Equity in net earnings (losses) included above	\$ 57,119	\$ 17,795	\$ (36,513)
Equity in net earnings (losses) of LP/LLC interests not included above	18,193	11,792	7,320
Total equity in net earnings (losses)	\$ 75,312	\$ 29,587	\$ (29,193)

(1) Amount represents gross revenue of each fund where the Company has a significant investment. This revenue consists of income from investments in real estate, investments in securities and other income.

(2) Amount represents gross expenses of each fund where the Company has a significant investment. These expenses consist primarily of interest expense, investment management fees, salary expenses and other expenses.

Accrued Investment Income

The following table sets forth the composition of “Accrued investment income,” as of the dates indicated:

	December 31,	
	2024	2023
	(in thousands)	
Fixed maturities	\$ 396,173	\$ 272,031
Equity securities	436	220
Commercial mortgage and other loans	29,437	21,070
Policy loans	30,820	35,210
Other invested assets	0	43
Short-term investments and cash equivalents	9,528	5,264
Total accrued investment income	\$ 466,394	\$ 333,838

There were no write-downs on accrued investment income for the years ended December 31, 2024 and 2023.

Net Investment Income

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

	Years Ended December 31,		
	2024	2023	2022
	(in thousands)		
Fixed maturities, available-for-sale	\$ 1,622,898	\$ 1,139,581	\$ 589,248
Fixed maturities, trading	156,407	96,128	55,790
Equity securities	30,698	14,772	8,226
Commercial mortgage and other loans	328,853	231,994	119,358
Policy loans	65,825	48,118	21,189
Other invested assets	140,376	98,369	101,289
Short-term investments and cash equivalents	182,094	123,857	44,182
Gross investment income	2,527,151	1,752,819	939,282
Less: investment expenses	(105,134)	(77,297)	(55,281)
Net investment income	\$ 2,422,017	\$ 1,675,522	\$ 884,001

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The carrying value of non-income producing assets included \$55.3 million in fixed maturities, available-for-sale and \$0.9 million in fixed maturities, trading as of December 31, 2024. Non-income producing assets represent investments that had not produced income for the twelve months preceding December 31, 2024.

Realized Investment Gains (Losses), Net

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

	Years Ended December 31,		
	2024	2023	2022
	(in thousands)		
Fixed maturities(1)	\$ (167,394)	\$ (31,193)	\$ (74,005)
Commercial mortgage and other loans	(11,113)	(17,854)	(18,201)
LPs/LLCs(2)	576	(272)	(11,351)
Derivatives(4)	713,403	(1,136,331)	460,859
Short-term investments and cash equivalents	974	2,033	(54)
Other(2)(3)(4)	(85,029)	36,518	(67,319)
Realized investment gains (losses), net	<u>\$ 451,417</u>	<u>\$ (1,147,099)</u>	<u>\$ 289,929</u>

(1) Includes fixed maturity securities classified as available-for-sale and excludes fixed maturity securities classified as trading.

(2) Prior period amounts have been updated to conform to current period presentation.

(3) Includes changes in the value of reinsurance payables and funds withheld payables, primarily reflecting the impact of net investment income on withheld assets that are ceded to certain reinsurance counterparties.

(4) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

Net Unrealized Gains (Losses) on Investments within AOCI

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

	December 31,		
	2024	2023	2022
	(in thousands)		
Fixed maturity securities, available-for-sale with an allowance	\$ 893	\$ 1,987	\$ 4,371
Fixed maturity securities, available-for-sale without an allowance	(1,955,252)	(1,406,265)	(2,285,288)
Derivatives designated as cash flow hedges(1)	110,565	11,934	138,627
Affiliated notes	(3,276)	(8,760)	(13,189)
Other investments(2)	785	(1,089)	(1,176)
Net unrealized gains (losses) on investments	<u>\$ (1,846,285)</u>	<u>\$ (1,402,193)</u>	<u>\$ (2,156,655)</u>

(1) For additional information regarding cash flow hedges, see Note 4.

(2) Includes net unrealized gains (losses) on certain joint ventures that are strategic in nature and are included in “Other assets.”

Repurchase Agreements and Securities Lending

In the normal course of business, the Company sells securities under agreements to repurchase and enters into securities lending transactions. As of both December 31, 2024 and 2023, the Company had no repurchase agreements.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The following table sets forth the composition of “Cash collateral for loaned securities,” which represents the liability to return cash collateral received for the following types of securities loaned, as of the dates indicated:

	December 31, 2024			December 31, 2023		
	Remaining Contractual Maturities of the Agreements			Remaining Contractual Maturities of the Agreements		
	Overnight & Continuous	Up to 30 Days	Total	Overnight & Continuous	Up to 30 Days	Total
	(in thousands)					
Obligations of U.S. states and their political subdivisions	\$ 1,139	\$ 0	\$ 1,139	\$ 0	\$ 0	\$ 0
Foreign government securities	0	0	0	486	0	486
U.S. public corporate securities	6,949	0	6,949	27,247	0	27,247
U.S. private corporate securities	18	0	18	0	0	0
Foreign public corporate securities	10,100	0	10,100	13,101	0	13,101
Equity securities	103,166	0	103,166	177,476	0	177,476
Total cash collateral for loaned securities(1)	<u>\$ 121,372</u>	<u>\$ 0</u>	<u>\$ 121,372</u>	<u>\$ 218,310</u>	<u>\$ 0</u>	<u>\$ 218,310</u>

(1) The Company did not have any agreements with remaining contractual maturities greater than thirty days, as of the dates indicated.

Securities Pledged, Restricted Assets and Special Deposits

The Company pledges as collateral investment securities it owns through certain transactions, including securities lending, securities sold under agreements to repurchase, collateralized borrowings and postings of collateral with derivative counterparties. The following table sets forth the carrying value of investments pledged to third-parties and the carrying amount of the associated liabilities supported by the pledged collateral, as of the dates indicated:

	December 31,	
	2024	2023
	(in thousands)	
Securities pledged:		
Fixed maturities, available-for-sale(1)	\$ 3,856,216	\$ 4,081,391
Fixed maturities, trading	17	0
Equity securities	100,601	172,995
Total securities pledged	<u>\$ 3,956,834</u>	<u>\$ 4,254,386</u>
Liabilities supported by the pledged collateral:		
Cash collateral for loaned securities	\$ 121,372	\$ 218,310
Other liabilities(1)	3,622,596	2,651,347
Total liabilities supported by the pledged collateral(1)	<u>\$ 3,743,968</u>	<u>\$ 2,869,657</u>

(1) Prior period amounts have been updated to conform to current period presentation.

In the normal course of its business activities, the Company accepts collateral that can be sold or repledged. The primary sources of this collateral are securities purchased under agreements to resell. As of December 31, 2024 and 2023, there were \$0 million and \$25 million, respectively, of collateral that could be sold or repledged.

As of both December 31, 2024 and 2023, there was \$3.6 million on deposit with governmental authorities or trustees as required by certain insurance laws.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

4. DERIVATIVES AND HEDGING

Types of Derivative Instruments and Derivative Strategies

Interest Rate Contracts

Interest rate swaps, interest rate total return swaps, options, and futures are used by the Company to reduce risks from changes in interest rates, manage interest rate exposures arising from mismatches between assets and liabilities and to hedge against changes in the values it owns or anticipates acquiring or selling.

Swaps may be attributed to specific assets or liabilities or to a portfolio of assets or liabilities. Under interest rate swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed upon notional principal amount. Under interest rate total return swaps, the company agrees with counterparties to exchange, at specified intervals, the difference between the return on a fixed income market index and Secured Overnight Financing Rate (“SOFR”) plus an associated funding spread based on a notional amount.

The Company also uses interest rate swaptions, caps and floors to manage interest rate risk. A swaption is an option to enter into a swap with a forward starting effective date. The Company pays a premium for purchased swaptions and receives a premium for written swaptions. In an interest rate cap, the buyer receives payments at the end of each period in which the interest rate exceeds the agreed strike price. Similarly, in an interest rate floor, the buyer receives payments at the end of each period in which the interest rate is below the agreed strike price. Swaptions, caps and floors are included in interest rate options.

In standardized exchange-traded interest rate futures transactions, the Company purchases or sells a specified number of contracts, the values of which are determined by the daily market values of underlying referenced investments. The Company enters into exchange-traded futures with regulated futures commission's merchants who are members of a trading exchange.

Equity Contracts

Equity options, equity total return swaps, and futures are used by the Company to manage its exposure to the equity markets which impacts the value of assets and liabilities it owns or anticipates acquiring or selling.

Equity index options are contracts which will settle in cash based on differentials in the underlying indices at the time of exercise and the strike price. The Company uses combinations of purchases and sales of equity index options to hedge the effects of adverse changes in equity indices within a predetermined range.

Equity total return swaps are contracts whereby the Company agrees with counterparties to exchange, at specified intervals, the difference between the return on an asset (or market index) and Secured Overnight Financing Rate (“SOFR”) plus an associated funding spread based on a notional amount. The Company generally uses total return swaps to hedge the effect of adverse changes in equity indices.

In standardized exchange-traded equity futures transactions, the Company purchases or sells a specified number of contracts, the values of which are determined by the daily market values of underlying referenced equity indices. The Company enters into exchange-traded futures with regulated futures commission's merchants who are members of a trading exchange.

Foreign Exchange Contracts

Currency derivatives, including currency swaps and forwards, are used by the Company to reduce risks from changes in currency exchange rates with respect to investments denominated in foreign currencies that the Company either holds or intends to acquire or sell.

Under currency forwards, the Company agrees with counterparties to deliver a specified amount of an identified currency at a specified future date. Typically, the price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. The Company executes forward sales of the hedged currency in exchange for U.S. dollars at a specified exchange rate. The maturities of these forwards correspond with the future periods in which the non-U.S. dollar-denominated earnings are expected to be generated.

Under currency swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between one currency and another at an exchange rate and calculated by reference to an agreed principal amount. Generally, the principal amount of each currency is exchanged at the beginning and termination of the currency swap by each party.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Credit Contracts

The Company writes credit protection to gain exposure similar to investment in public fixed maturity cash instruments. With these credit derivatives the Company sells credit protection on a single name reference, or certain index reference, and in return receives a quarterly premium. This premium or credit spread generally corresponds to the difference between the yield on the referenced name (or an index's referenced names) public fixed maturity cash instruments and swap rates, at the time the agreement is executed. If there is an event of default by the referenced name or one of the referenced names in the index, as defined by the agreement, then the Company is obligated to pay the referenced amount of the contract to the counterparty and receive in return the referenced defaulted security or similar security or (in the case of a credit default index) pay the referenced amount less the auction recovery rate.

In addition to selling credit protection, the Company purchases credit protection using credit derivatives in order to hedge specific credit exposures in the Company's investment portfolio.

Embedded Derivatives

The Company offers certain products (for example, indexed annuities and index-linked universal life) which may include features that are accounted for as embedded derivatives; related to certain of these derivatives, the Company has entered into reinsurance agreements with both affiliated and unaffiliated parties. See Note 11 for additional information on the reinsurance agreements.

These embedded derivatives and reinsurance agreements, also accounted for as derivatives, are carried at fair value and marked to market through "Realized investment gains (losses), net" based on the change in value of the underlying contractual guarantees, which are determined using valuation models, as described in Note 5.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Synthetic Guarantees

The Company sells synthetic guarantees in the form of stable value wrap guarantees on third-party banked owned life insurance contracts. The synthetic guarantees are issued in respect of assets that are owned by the third-party insurer, who invest the assets according to the contract terms agreed to with the Company. The contracts establish policyholder balances and credit interest thereon. The policyholder balances are supported by the underlying assets. In connection with certain policyholder-initiated withdrawals, the contract guarantees that after all underlying assets are liquidated, any remaining policyholder balances will be paid by the Company. These guarantees are accounted for as derivatives and recorded at fair value.

Primary Risks Managed by Derivatives

The table below provides a summary of the gross notional amount and fair value of derivative contracts by the primary underlying risks, excluding embedded derivatives and associated reinsurance recoverables and deposit receivables. Many derivative instruments contain multiple underlying risks. The fair value amounts below represent the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral.

Primary Underlying Risk/Instrument Type	December 31, 2024			December 31, 2023		
	Gross Notional	Fair Value		Gross Notional	Fair Value	
		Assets	Liabilities		Assets	Liabilities
(in thousands)						
Derivatives Designated as Hedge Accounting Instruments:						
Currency/Interest Rate						
Interest Rate Swaps	\$ 2,851	\$ 0	\$ (209)	\$ 3,064	\$ 0	\$ (238)
Foreign Currency Swaps	3,308,842	202,606	(27,523)	2,274,636	121,243	(54,044)
Total Derivatives Designated as Hedge Accounting Instruments	\$ 3,311,693	\$ 202,606	\$ (27,732)	\$ 2,277,700	\$ 121,243	\$ (54,282)
Derivatives Not Qualifying as Hedge Accounting Instruments:						
Interest Rate						
Interest Rate Swaps	\$ 174,170,160	\$ 9,029,399	\$ (20,888,553)	\$ 163,179,764	\$ 6,605,817	\$ (17,820,436)
Interest Rate Futures	1,518,400	1,967	(1,443)	1,332,600	3,055	(210)
Interest Rate Options	29,135,000	279,414	(1,406,265)	29,738,000	189,112	(969,718)
Interest Rate Forwards	0	0	0	1,458,000	741	(3,196)
Interest Rate Total Return Swaps	223,721	1,472	(2,121)	0	0	0
Foreign Currency						
Foreign Currency Forwards	1,146,861	30,078	(181)	744,576	1,772	(12,232)
Credit						
Credit Default Swaps	911,850	9,606	0	643,280	7,727	0
Currency/Interest Rate						
Foreign Currency Swaps	2,285,052	164,152	(9,277)	2,237,331	96,618	(31,294)
Equity						
Equity Total Return Swaps	23,025,217	1,160,080	(1,182,913)	15,049,993	418,084	(803,452)
Equity Options	117,107,059	4,453,762	(3,717,637)	49,247,510	1,600,335	(1,552,706)
Equity Futures	1,802,205	15	(6,060)	418,973	1,232	(500)
Synthetic GICs	3,958,847	143	(31)	311,302	1	0
Total Derivatives Not Qualifying as Hedge Accounting Instruments	\$ 355,284,372	\$ 15,130,088	\$ (27,214,481)	\$ 264,361,329	\$ 8,924,494	\$ (21,193,744)
Total Derivatives(1)(2)	\$ 358,596,065	\$ 15,332,694	\$ (27,242,213)	\$ 266,639,029	\$ 9,045,737	\$ (21,248,026)

(1) Excludes embedded derivatives which contain multiple underlying risks. The fair value of these embedded derivatives was a net liability of \$11,968 million and \$7,505 million as of December 31, 2024 and 2023, respectively, primarily included in "Policyholders' account balances".

(2) Recorded in "Other invested assets" and "Payables to parent and affiliates" on the Consolidated Statements of Financial Position.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Offsetting Assets and Liabilities

The following table presents recognized derivative instruments (excluding embedded derivatives and associated reinsurance recoverable and deposit receivables), and repurchase and reverse repurchase agreements that are offset in the Consolidated Statements of Financial Position, and/or are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the Consolidated Statements of Financial Position.

December 31, 2024					
	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Consolidated Statements of Financial Position	Net Amounts Presented in the Consolidated Statements of Financial Position	Financial Instruments/ Collateral(1)	Net Amount
(in thousands)					
Offsetting of Financial Assets:					
Derivatives	\$ 15,332,538	\$ (15,308,195)	\$ 24,343	\$ 0	\$ 24,343
Securities purchased under agreements to resell	0	0	0	0	0
Total Assets	<u>\$ 15,332,538</u>	<u>\$ (15,308,195)</u>	<u>\$ 24,343</u>	<u>\$ 0</u>	<u>\$ 24,343</u>
Offsetting of Financial Liabilities:					
Derivatives	\$ 27,242,182	\$ (23,619,586)	\$ 3,622,596	\$ (3,622,596)	\$ 0
Total Liabilities	<u>\$ 27,242,182</u>	<u>\$ (23,619,586)</u>	<u>\$ 3,622,596</u>	<u>\$ (3,622,596)</u>	<u>\$ 0</u>

December 31, 2023					
	Gross Amounts of Recognized Financial Instruments	Gross Amounts Offset in the Consolidated Statements of Financial Position	Net Amounts Presented in the Consolidated Statements of Financial Position	Financial Instruments/ Collateral(1)	Net Amount
(in thousands)					
Offsetting of Financial Assets:					
Derivatives	\$ 9,045,718	\$ (9,028,019)	\$ 17,699	\$ 0	\$ 17,699
Securities purchased under agreements to resell	25,000	0	25,000	0	25,000
Total Assets	<u>\$ 9,070,718</u>	<u>\$ (9,028,019)</u>	<u>\$ 42,699</u>	<u>\$ 0</u>	<u>\$ 42,699</u>
Offsetting of Financial Liabilities:					
Derivatives	\$ 21,248,026	\$ (18,596,679)	\$ 2,651,347	\$ (2,651,347)	\$ 0
Total Liabilities	<u>\$ 21,248,026</u>	<u>\$ (18,596,679)</u>	<u>\$ 2,651,347</u>	<u>\$ (2,651,347)</u>	<u>\$ 0</u>

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

For information regarding the rights of offset associated with the derivative assets and liabilities in the table above see “Credit Risk” below and Note 15. For securities purchased under agreements to resell and securities sold under agreements to repurchase, the Company monitors the value of the securities and maintains collateral, as appropriate, to protect against credit exposure. Where the Company has entered into repurchase and resale agreements with the same counterparty, in the event of default, the Company would generally be permitted to exercise rights of offset. For additional information on the Company’s accounting policy for securities repurchase and resale agreements, see Note 2 to the Consolidated Financial Statements.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Cash Flow Hedges

The primary derivative instruments used by the Company in its cash flow hedge accounting relationships are currency swaps and interest rate swaps. These instruments are only designated for hedge accounting in instances where the appropriate criteria are met. The Company does not use futures, options, credit, or equity derivatives in any of its cash flow hedge accounting relationships.

The following tables provide the financial statement classification and impact of derivatives used in qualifying and non-qualifying hedge relationships, excluding the offset of the hedged item in an effective hedge relationship.

Year Ended December 31, 2024					
	Realized Investment Gains (Losses)	Change in Value of Market Risk Benefits, Net of Related Hedging Gains (Losses)	Net Investment Income	Other Income (Loss)	Change in AOCI
(in thousands)					
Derivatives Designated as Hedge Accounting Instruments:					
Cash flow hedges					
Interest Rate	\$ 3	\$ 0	\$ (118)	\$ 0	\$ 46
Currency/Interest Rate	2,256	0	48,523	34,827	98,585
Total cash flow hedges	<u>2,259</u>	<u>0</u>	<u>48,405</u>	<u>34,827</u>	<u>98,631</u>
Derivatives Not Qualifying as Hedge Accounting Instruments:					
Interest Rate	35,600	(2,094,268)	0	0	0
Currency	54,543	0	0	0	0
Currency/Interest Rate	77,166	0	0	523	0
Credit	16,856	0	0	0	0
Equity	3,207,538	(761,850)	0	0	0
Embedded Derivatives	(2,680,559)	0	0	0	0
Total Derivatives Not Qualifying as Hedge Accounting Instruments	<u>711,144</u>	<u>(2,856,118)</u>	<u>0</u>	<u>523</u>	<u>0</u>
Total	<u>\$ 713,403</u>	<u>\$ (2,856,118)</u>	<u>\$ 48,405</u>	<u>\$ 35,350</u>	<u>\$ 98,631</u>

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Year Ended December 31, 2023					
	Realized Investment Gains (Losses)	Change in Value of Market Risk Benefits, Net of Related Hedging Gains (Losses)	Net Investment Income	Other Income (Loss)	Change in AOCI
(in thousands)					
Derivatives Designated as Hedge Accounting Instruments:					
Cash flow hedges					
Interest Rate	\$ 2	\$ 0	\$ (118)	\$ 0	\$ 72
Currency/Interest Rate	(636)	0	43,934	(26,206)	(126,765)
Total cash flow hedges	(634)	0	43,816	(26,206)	(126,693)
Derivatives Not Qualifying as Hedge Accounting Instruments:					
Interest Rate	25,329	(1,555,807)	0	0	0
Currency	(16,012)	0	0	0	0
Currency/Interest Rate	(102,238)	0	0	(257)	0
Credit	14,350	0	0	0	0
Equity	1,744,218	(821,996)	0	0	0
Embedded Derivatives(1)	(2,798,232)	0	0	0	0
Total Derivatives Not Qualifying as Hedge Accounting Instruments	(1,132,585)	(2,377,803)	0	(257)	0
Total	<u>\$ (1,133,219)</u>	<u>\$ (2,377,803)</u>	<u>\$ 43,816</u>	<u>\$ (26,463)</u>	<u>\$ (126,693)</u>

Year Ended December 31, 2022					
	Realized Investment Gains (Losses)	Change in Value of Market Risk Benefits, Net of Related Hedging Gains (Losses)	Net Investment Income	Other Income (Loss)	Change in AOCI
(in thousands)					
Derivatives Designated as Hedge Accounting Instruments:					
Cash flow hedges					
Interest Rate	\$ 1	\$ 0	\$ (8)	\$ 0	\$ (312)
Currency/Interest Rate	7,636	0	36,734	34,070	99,043
Total cash flow hedges	7,637	0	36,726	34,070	98,731
Derivatives Not Qualifying as Hedge Accounting Instruments:					
Interest Rate	661,978	(5,230,085)	0	0	0
Currency	18,952	0	0	0	0
Currency/Interest Rate	107,388	0	0	557	0
Credit	(15,904)	0	0	0	0
Equity	40,076	1,050,139	0	0	0
Embedded Derivatives(1)	(359,268)	0	0	0	0
Total Derivatives Not Qualifying as Hedge Accounting Instruments	453,222	(4,179,946)	0	557	0
Total	<u>\$ 460,859</u>	<u>\$ (4,179,946)</u>	<u>\$ 36,726</u>	<u>\$ 34,627</u>	<u>\$ 98,731</u>

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Presented below is a rollforward of current period cash flow hedges in AOCI before taxes:

	(in thousands)
Balance, December 31, 2021	\$ 39,896
Amount recorded in AOCI	
Interest Rate	(319)
Currency/Interest Rate	177,483
Total amount recorded in AOCI	177,164
Amount reclassified from AOCI to income	
Interest Rate	7
Currency/Interest Rate	(78,440)
Total amount reclassified from AOCI to income	(78,433)
Balance, December 31, 2022	\$ 138,627
Amount recorded in AOCI	
Interest Rate	(44)
Currency/Interest Rate	(109,673)
Total amount recorded in AOCI	(109,717)
Amount reclassified from AOCI to income	
Interest Rate	116
Currency/Interest Rate	(17,092)
Total amount reclassified from AOCI to income	(16,976)
Balance, December 31, 2023	\$ 11,934
Amount recorded in AOCI	
Interest Rate	(69)
Currency/Interest Rate	184,191
Total amount recorded in AOCI	184,122
Amount reclassified from AOCI to income	
Interest Rate	115
Currency/Interest Rate	(85,606)
Total amount reclassified from AOCI to income	(85,491)
Balance, December 31, 2024	\$ 110,565

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The changes in fair value of cash flow hedges are deferred in AOCI and are included in "Net unrealized investment gains (losses)" in the Consolidated Statements of Operations and Comprehensive Income (Loss); these amounts are then reclassified to earnings when the hedged item affects earnings. Using December 31, 2024 values, it is estimated that a pre-tax gain of \$41 million is expected to be reclassified from AOCI to earnings during the subsequent twelve months ending December 31, 2025.

The exposures the Company is hedging with these qualifying cash flow hedges include the variability of the payment or receipt of interest or foreign currency amounts on existing financial instruments.

There were no material amounts reclassified from AOCI into earnings relating to instances in which the Company discontinued cash flow hedge accounting because the forecasted transaction did not occur by the anticipated date or within the additional time period permitted by the authoritative guidance for the accounting for derivatives and hedging.

Credit Derivatives

Credit Derivatives, where the Company has written credit protection on certain index references, have outstanding notional amounts of \$912 million and \$643 million as of December 31, 2024 and 2023, respectively. These credit derivatives are reported at fair value as an asset of \$10 million and \$8 million as of December 31, 2024 and 2023, respectively. As of December 31, 2024 the notional amount of these credit derivatives had \$877 million in NAIC 3 and \$35 million in NAIC 6.

The Company has no exposure on purchased credit protection as of December 31, 2024 and 2023.

Counterparty Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial derivative transactions with a positive fair value. The Company manages credit risk by entering into derivative transactions with regulated derivatives exchanges for exchange traded derivatives and its affiliate, Prudential Global Funding LLC ("PGF"), related to its over-the-counter ("OTC") derivatives. PGF, in turn, manages its credit risk by: (i) entering into derivative transactions with highly rated major international financial institutions and other creditworthy counterparties governed by master netting agreements, as applicable; (ii) trading through central clearing and OTC parties; (iii) obtaining collateral, such as cash and securities, when appropriate; and (iv) setting limits on single party credit exposures which are subject to periodic management review.

Substantially all of the Company's derivative agreements have zero thresholds which require daily full collateralization by the party in a liability position.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

5. FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Measurement - Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative fair value guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include certain cash equivalents and short-term investments, equity securities, and derivative contracts that trade on an active exchange market included in other invested assets and other liabilities.

Level 2 - Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted prices in active markets for similar assets and liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, and other market observable inputs. The Company's Level 2 assets and liabilities include: fixed maturities (corporate public and private bonds, most government securities, certain asset-backed and mortgage-backed securities, etc.), certain equity securities (mutual funds, which do not trade in active markets because they are not publicly available), certain cash equivalents (primarily commercial paper), short-term investments, certain OTC derivatives, separate account assets, receivables from parent and affiliates and other liabilities.

Level 3 - Fair value is based on at least one significant unobservable input for the asset or liability. The assets and liabilities in this category may require significant judgment or estimation in determining the fair value. The Company's Level 3 assets and liabilities primarily include: certain private fixed maturities and equity securities, certain manually priced public equity securities and fixed maturities, certain highly structured OTC derivative contracts, contracts or contract features pertaining to living benefit features (market risk benefits) of the Company's variable annuity contracts, embedded derivatives associated with the index-linked features of certain universal life and annuity products, receivables from parent and affiliates, short-term investments, cash equivalents and other liabilities.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Assets and Liabilities by Hierarchy Level - The tables below present the balances of assets and liabilities reported at fair value on a recurring basis, as of the dates indicated.

	December 31, 2024				
	Level 1	Level 2	Level 3	Netting(1)	Total
	(in thousands)				
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 0	\$ 1,099,241	\$ 0	\$	1,099,241
Obligations of U.S. states and their political subdivisions	0	541,066	0		541,066
Foreign government securities	0	309,686	648		310,334
U.S. corporate public securities	0	13,238,428	0		13,238,428
U.S. corporate private securities	0	4,996,400	757,697		5,754,097
Foreign corporate public securities	0	3,692,124	6,727		3,698,851
Foreign corporate private securities	0	4,906,450	435,183		5,341,633
Asset-backed securities(2)	0	3,126,089	624,574		3,750,663
Commercial mortgage-backed securities	0	820,457	75,318		895,775
Residential mortgage-backed securities	0	356,072	0		356,072
Subtotal	0	33,086,013	1,900,147		34,986,160
Market risk benefit assets	0	0	2,637,363		2,637,363
Fixed maturities, trading	0	3,778,760	66,285		3,845,045
Equity securities	2,587,791	15,514	20,515		2,623,820
Short-term investments	0	390,745	105,540		496,285
Cash equivalents	0	2,851,250	33		2,851,283
Other invested assets(4)	2,302	15,330,249	143	(15,308,195)	24,499
Reinsurance recoverables and deposit receivables	0	0	645,193		645,193
Receivables from parent and affiliates	0	169,072	351,390		520,462
Subtotal excluding separate account assets	2,590,093	55,621,603	5,726,609	(15,308,195)	48,630,110
Separate account assets(5)(6)	273,288	111,415,717	10,547		111,699,552
Total assets	\$ 2,863,381	\$ 167,037,320	\$ 5,737,156	\$ (15,308,195)	\$ 160,329,662
Market risk benefit liabilities	\$ 0	\$ 0	\$ 4,281,244	\$	\$ 4,281,244
Policyholders' account balances	0	0	12,624,585		12,624,585
Payables to parent and affiliates	0	27,232,920	0	(23,617,643)	3,615,277
Other liabilities	7,988	1,274	31	(1,943)	7,350
Total liabilities	\$ 7,988	\$ 27,234,194	\$ 16,905,860	\$ (23,619,586)	\$ 20,528,456

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	December 31, 2023				
	Level 1	Level 2	Level 3	Netting(1)	Total
	(in thousands)				
Fixed maturities, available-for-sale:					
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 0	\$ 975,287	\$ 0	\$	\$ 975,287
Obligations of U.S. states and their political subdivisions	0	776,627	0		776,627
Foreign government securities	0	281,304	682		281,986
U.S. corporate public securities	0	9,495,912	0		9,495,912
U.S. corporate private securities	0	4,476,258	513,236		4,989,494
Foreign corporate public securities	0	1,698,965	7,129		1,706,094
Foreign corporate private securities	0	4,137,004	493,978		4,630,982
Asset-backed securities(2)	0	1,928,428	99,122		2,027,550
Commercial mortgage-backed securities	0	773,663	78,115		851,778
Residential mortgage-backed securities	0	396,070	0		396,070
Subtotal	0	24,939,518	1,192,262		26,131,780
Market risk benefit assets	0	0	2,367,243		2,367,243
Fixed maturities, trading	0	2,762,398	34,048		2,796,446
Equity securities(3)	790,346	11,285	28,709		830,340
Short-term investments	31,879	280,228	1,759		313,866
Cash equivalents	447,396	1,196,729	0		1,644,125
Other invested assets(4)	23,432	9,022,304	1	(9,028,019)	17,718
Reinsurance recoverables and deposit receivables(7)(8)	0	0	192,642		192,642
Receivables from parent and affiliates	0	147,984	0		147,984
Subtotal excluding separate account assets	1,293,053	38,360,446	3,816,664	(9,028,019)	34,442,144
Separate account assets(5)(6)	176,239	113,747,569	5,985		113,929,793
Total assets	\$ 1,469,292	\$ 152,108,015	\$ 3,822,649	\$ (9,028,019)	\$ 148,371,937
Market risk benefit liabilities(8)	\$ 0	\$ 0	\$ 5,156,858	\$	\$ 5,156,858
Policyholders' account balances(8)	0	0	7,697,627		7,697,627
Payables to parent and affiliates	0	21,239,770	0	(18,588,647)	2,651,123
Other liabilities(7)	8,032	225	0	(8,032)	225
Total liabilities	\$ 8,032	\$ 21,239,995	\$ 12,854,485	\$ (18,596,679)	\$ 15,505,833

(1) "Netting" amounts represent cash collateral of \$(8,311) million and \$(9,569) million as of December 31, 2024 and 2023, respectively, and the impact of offsetting asset and liability positions held with the same counterparty, subject to master netting agreements.

(2) Includes credit-tranched securities collateralized by loan obligations, home equity loans, auto loans and education loans.

(3) Equity securities excluded from the fair value hierarchy include a fund for which fair value is measured at net asset value ("NAV") per share (or its equivalent) as a practical expedient. As of December 31, 2023, the fair value of this investment was \$14.6 million.

(4) Other invested assets excluded from the fair value hierarchy include certain hedge funds, private equity funds and other funds for which fair value is measured at NAV per share (or its equivalent) as a practical expedient. At December 31, 2024 and 2023, the fair value of such investments was \$44 million and \$67 million, respectively.

(5) Separate account assets represent segregated funds that are invested for certain customers. Investment risks associated with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with respect to certain accounts. Separate account liabilities are not included in the above table as they are reported at contract value and not fair value in the Company's Consolidated Statements of Financial Position.

(6) Separate account assets included in the fair value hierarchy exclude investments in entities that calculate NAV per share (or its equivalent) as a practical expedient. Such investments excluded from the fair value hierarchy include investments in real estate, hedge funds and a corporate owned life insurance fund. At December 31, 2024 and 2023, the fair value of such investments was \$6,444 million and \$5,259 million, respectively.

(7) Prior period amounts have been updated to conform to current period presentation.

(8) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

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

Fixed Maturity Securities - The fair values of the Company's public fixed maturity securities are generally based on prices obtained from independent pricing services. Prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type. The pricing hierarchy is updated for new financial products and recent pricing experience with various vendors. Consistent with the fair value hierarchy described above, securities with validated quotes from pricing services are generally reflected within Level 2, as they are primarily based on observable pricing for similar assets and/or other market observable inputs. Typical inputs used by these pricing services include but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, and/or estimated cash flow, prepayment speeds, and default rates. If the pricing information received from third-party pricing services is deemed not reflective of market activity or other inputs observable in the market, the Company may challenge the price through a formal process with the pricing service or classify the securities as Level 3. If the pricing service updates the price to be more consistent with the presented market observations, the security remains within Level 2.

Internally-developed valuations or indicative broker quotes are also used to determine fair value in circumstances where vendor pricing is not available, or where the Company ultimately concludes that pricing information received from the independent pricing services is not reflective of market activity. If the Company concludes the values from both pricing services and brokers are not reflective of market activity, it may override the information with an internally-developed valuation. As of December 31, 2024 and 2023, overrides on a net basis were not material. Pricing service overrides, internally-developed valuations and indicative broker quotes are generally included in Level 3 in the fair value hierarchy.

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

The fair values of private fixed maturities, which are originated by internal private asset managers, are primarily determined using discounted cash flow models. These models primarily use observable inputs that include Treasury or similar base rates plus estimated credit spreads to value each security. The credit spreads are obtained through a survey of private market intermediaries who are active in both primary and secondary transactions, and consider, among other factors, the credit quality and the reduced liquidity associated with private placements. Internal adjustments are made to reflect variation in observed sector spreads. Since most private placements are valued using standard market observable inputs and inputs derived from, or corroborated by, market observable data including, but not limited to observed prices and spreads for similar publicly or privately traded issues, they have been reflected within Level 2. For certain private fixed maturities, the discounted cash flow model may incorporate significant unobservable inputs, which reflect the Company's own assumptions about the inputs that market participants would use in pricing the asset. To the extent management determines that such unobservable inputs are significant to the price of a security, a Level 3 classification is made.

Equity Securities - Equity securities consist principally of investments in common and preferred stock of publicly traded companies, privately traded securities, as well as mutual fund shares. The fair values of most publicly traded equity securities are based on quoted prices in active markets for identical assets and are classified within Level 1 in the fair value hierarchy. Estimated fair values for most privately traded equity securities are determined using discounted cash flow, earnings multiple and other valuation models that require a substantial level of judgment around inputs and therefore are classified within Level 3. The fair values of mutual fund shares that transact regularly (but do not trade in active markets because they are not publicly available) are based on transaction prices of identical fund shares and are classified within Level 2 in the fair value hierarchy.

Derivative Instruments - Derivatives are recorded at fair value either as assets, within "Other invested assets", or as liabilities within "Payables to parent and affiliates" or "Other liabilities", except for embedded derivatives which are recorded with the associated host contract. The fair values of derivative contracts can be affected by changes in interest rates, foreign exchange rates, credit spreads, market volatility, expected returns, NPR, liquidity and other factors.

The Company's exchange-traded futures and options include treasury and equity futures. Exchange-traded futures and options are valued using quoted prices in active markets and are classified within Level 1 in the fair value hierarchy.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The majority of the Company's derivative positions are traded in the OTC derivative market and are classified within Level 2 in the fair value hierarchy. OTC derivatives classified within Level 2 are valued using models that utilize actively quoted or observable market inputs from external market data providers, third-party pricing vendors and/or recent trading activity. The Company's policy is to use mid-market pricing in determining its best estimate of fair value. The fair values of most OTC derivatives, including interest rate and cross-currency swaps, currency forward contracts and credit default swaps are determined using discounted cash flow models. The fair values of European style option contracts are determined using Black-Scholes option pricing models. These models' key inputs include the contractual terms of the respective contract, along with significant observable inputs, including interest rates, currency rates, credit spreads, equity prices, index dividend yields, NPR, volatility and other factors.

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

Cash Equivalents and Short-Term Investments - Cash equivalents and short-term investments include money market instruments, commercial paper and other highly liquid debt instruments. Certain money market instruments are valued using unadjusted quoted prices in active markets that are accessible for identical assets and are primarily classified as Level 1. The remaining instruments in this category are generally fair valued based on market observable inputs and these investments have primarily been classified within Level 2.

Separate Account Assets - Separate account assets include fixed maturity securities, treasuries, equity securities, real estate, mutual funds and commercial mortgage loans for which values are determined consistent with similar instruments described above under "Fixed Maturity Securities" and "Equity Securities".

Reinsurance Recoverables and Deposit Receivables - Reinsurance recoverables and deposit receivables primarily include (1) an embedded derivative associated with net receivables from modified coinsurance arrangements where the Company is the cedant; and (2) an embedded derivatives on deposit receivables where the Company has ceded fixed indexed annuities. The methods and assumptions used to estimate the fair value are consistent with those described below in "Policyholders' account balances".

Receivables from Parent and Affiliates - Receivables from parent and affiliates carried at fair value include affiliated bonds within the Company's legal entity where fair value is determined consistent with similar securities described above under "Fixed Maturity Securities" managed by affiliated asset managers.

Market Risk Benefits - As a result of the adoption of ASU 2018-12 in the first quarter of 2023, the Company is required to measure all market risk benefits (e.g., living benefit and death benefit guarantees associated with variable annuities) at fair value. Market risk benefit liabilities (or assets) represent contracts or contract features that provide protection to the contractholder and expose the insurance entity to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits in the annuities products including GMDB, GMIB, GMAB, GMWB and GMIWB. The benefits are bundled together and accounted for as single compound market risk benefits using a fair value measurement framework.

The fair value of these market risk benefits is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefits. The fair value of these benefit features is based on assumptions a market participant would use in valuing market risk benefits. This methodology could result in either a liability or asset balance, given changing capital market conditions and various actuarial assumptions. Since there is no observable active market for the transfer of these obligations, the valuations are calculated using internally-developed models with option pricing techniques. The models are based on a risk neutral valuation framework and incorporate premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows. The determination of these risk premiums requires the use of management's judgment.

The significant inputs to the valuation models for these market risk benefits include capital market assumptions, such as interest rate levels and volatility assumptions, the Company's market-perceived NPR, as well as actuarially determined assumptions, including contractholder behavior, such as lapse rates, benefit utilization rates, withdrawal rates, and mortality rates. Since many of these assumptions are unobservable and are considered to be significant inputs to the valuations, the assets and liabilities included in market risk benefits have been reflected within Level 3 in the fair value hierarchy.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Capital market inputs and actual policyholders' account values are updated each quarter based on capital market conditions as of the end of the quarter, including interest rates, equity markets and volatility. In the risk neutral valuation, the initial swap curve drives the total return used to grow the policyholders' account values. The Company's discount rate assumption is based on the SOFR swap curve adjusted for an additional spread relative to SOFR to reflect the Company's market-perceived NPR, which is the risk that the obligation will not be fulfilled by the Company. NPR is primarily estimated by utilizing the credit spreads associated with Company issued funding agreements, adjusted for any illiquidity risk premium. In order to reflect the financial strength ratings of the Company, credit spreads associated with funding agreements, as opposed to credit spread associated with debt, are utilized in developing this estimate because funding agreements, living benefit guarantees, and index-linked interest crediting guarantees are insurance liabilities and are therefore senior to debt.

Actuarial assumptions, including contractholder behavior and mortality, are reviewed at least annually, and updated based upon Company emerging experience and industry studies, future expectations and other data, including any observable market data. These assumptions are generally updated annually unless a material change that the Company feels is indicative of a long-term trend is observed in an interim period.

Policyholders' Account Balances - The liability for policyholders' account balances is related to certain embedded derivative instruments associated with certain universal life and annuity products that provide policyholders with index-linked interest credited over contract specified term periods. The fair values of these liabilities are determined using discounted cash flow models which include capital market assumptions such as interest rates and equity index volatility assumptions, the Company's market-perceived NPR and actuarially determined assumptions for mortality, lapses and projected hedge costs.

As there is no observable active market for these liabilities, the fair value is determined as the present value of account balances paid to policyholders in excess of contractually guaranteed minimums using option pricing techniques for index term periods that contain deposits as of the valuation date, and the expected option cost for future index term periods, where the terms of index crediting rates have not yet been declared by the Company. Premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows are also incorporated in the fair value of these liabilities. Since the valuation of these liabilities requires the use of management's judgment to determine these risk premiums and the use of unobservable inputs, these liabilities are reflected within Level 3 in the fair value hierarchy.

Capital market inputs, including interest rates and equity markets volatility, and actual policyholders' account values are updated each quarter. Actuarial assumptions are reviewed at least annually and updated based upon emerging Company experience, future expectations and other data, including any observable market data. Aside from these annual updates, assumptions are generally updated only if a material change is observed in an interim period that the Company believes is indicative of a long-term trend.

Reinsurance and Funds Withheld Payables - Reinsurance and funds withheld payables primarily includes an embedded derivative associated with certain funds withheld reinsurance arrangements that are described in Note 11. The fair value is determined based on the valuation of the underlying funds withheld assets identified to support the payable due to the applicable reinsurance counterparties.

Other Liabilities - Other liabilities include certain derivative instruments. The fair values of derivative instruments are primarily determined consistent with those described above under "Derivative Instruments."

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

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

December 31, 2024							
	Fair Value	Valuation	Unobservable	Minimum	Maximum	Weighted	Impact of
	(in thousands)	Techniques	Inputs			Average	Increase in Input on Fair Value(1)(2)
Assets:							
Corporate securities(3)	\$ 1,130,627	Discounted cash flow	Discount rate	2.15 %	20 %	11.15 %	Decrease
		Market Comparables	EBITDA multiples(4)	5.0 X	5.0 X	5.0 X	Increase
		Liquidation	Liquidation value	75.00 %	75.00 %	75.00 %	Increase
Asset-backed securities	\$ 90,370	Discounted cash flow	Discount rate	2.30 %	10.70 %	6.18 %	Decrease
Commercial mortgage-backed securities	\$ 75,318	Discounted cash flow	Liquidity premium	1.00 %	1.00 %	1.00 %	Decrease
Market risk benefit assets(5)	\$ 2,637,363	Discounted cash flow	Lapse rate(6)	1 %	20 %		Increase
			Spread over SOFR(7)	0.29 %	1.79 %		Increase
			Utilization rate(8)	37 %	94 %		Decrease
			Withdrawal rate	See table footnote (9) below.			
			Mortality rate(10)	0 %	16 %		Increase
			Equity volatility curve	16 %	25 %		Decrease
Reinsurance recoverables and deposit receivables(11)	\$ 645,193	Discounted cash flow	Lapse rate(6)	0 %	80 %		Decrease
			Spread over SOFR(7)	0.29 %	1.71 %		Decrease
			Option budget(13)	(1)%	7 %		Increase
Receivables from parent and affiliates	\$ 328,001	Liquidation	Liquidation value	100 %	100 %	100 %	Increase
Liabilities:							
Market risk benefit liabilities(5)	\$ 4,281,244	Discounted cash flow	Lapse rate(6)	1 %	20 %		Decrease
			Spread over SOFR(7)	0.29 %	1.79 %		Decrease
			Utilization rate(8)	37 %	94 %		Increase
			Withdrawal rate	See table footnote (9) below.			
			Mortality rate(10)	0 %	16 %		Decrease
			Equity volatility curve	16 %	25 %		Increase
Policyholders' account balances(12)	\$ 12,624,585	Discounted cash flow	Lapse rate(6)	0 %	80 %		Decrease
			Spread over SOFR(7)	0.29 %	1.73 %		Decrease
			Mortality rate(10)	0 %	23 %		Decrease
			Option budget(13)	(1)%	7 %		Increase

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

December 31, 2023							
	Fair Value (in thousands)	Valuation Techniques	Unobservable Inputs	Minimum	Maximum	Weighted Average	Impact of Increase in Input on Fair Value(1)(2)
Assets:							
Corporate securities(3)	\$ 81,635	Discounted cash flow	Discount rate	6.98 %	20 %	9.73 %	Decrease
		Liquidation	Liquidation Value	63.62 %	63.62 %	63.62 %	Increase
Commercial mortgage-backed securities	\$ 78,115	Discounted cash flow	Liquidity premium	0.60 %	0.75 %	0.71 %	Decrease
Market risk benefit assets(5)	\$ 2,367,243	Discounted cash flow	Lapse rate(6)	1 %	20 %		Increase
			Spread over SOFR(7)	0.41 %	1.91 %		Increase
			Utilization rate(8)	38 %	95 %		Decrease
			Withdrawal rate	See table footnote (9) below.			
			Mortality rate(10)	0 %	15 %		Increase
			Equity volatility curve	15 %	25 %		Decrease
Reinsurance recoverables and deposit receivables(11)(14)(15)	\$ 192,642	Discounted cash flow	Lapse rate(6)	1 %	80 %		Increase
			Spread over SOFR(7)(14)	0.41 %	1.82 %		Increase
			Option budget(13)	(1)%	7 %		Decrease
Liabilities:							
Market risk benefit liabilities(5)(15)	\$ 5,156,858	Discounted cash flow	Lapse rate(6)	1 %	20 %		Decrease
			Spread over SOFR(7)	0.41 %	1.91 %		Decrease
			Utilization rate(8)	38 %	95 %		Increase
			Withdrawal rate	See table footnote (9) below.			
			Mortality rate(10)	0 %	15 %		Decrease
			Equity volatility curve	15 %	25 %		Increase
Policyholders' account balances(12)(15)	\$ 7,697,627	Discounted cash flow	Lapse rate(6)	1 %	80 %		Decrease
			Spread over SOFR(7)	0.41 %	1.85 %		Decrease
			Mortality rate(10)	0 %	23 %		Decrease
			Option budget(13)	(1)%	7 %		Increase

(1) Conversely, the impact of a decrease in input would have the opposite impact on fair value as that presented in the table.

(2) Directional impacts for MRB assets and liabilities are associated with the directional impacts of direct and assumed MRBs.

(3) Includes assets classified as fixed maturities, available-for-sale and fixed maturities, trading.

(4) Represents multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), and are amounts used when the Company has determined that market participants would use such multiples when valuing the investments.

(5) Market risk benefits primarily represent fair value for all living benefit guarantees including accumulation, withdrawal and income benefits. Since the valuation methodology for these assets and liabilities uses a range of inputs that vary at the contract level over the cash flow projection period, presenting a range, rather than weighted average, is a more meaningful representation of the unobservable inputs used in the valuation.

(6) Lapse rates for contracts with living benefit guarantees are adjusted at the contract level based on the in-the-moneyness of the living benefit and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates for contracts with index-linked crediting guarantees may be adjusted at the contract level based on the applicability of any surrender charges, product type, and market related factors such as interest rates. Lapse rates are also generally assumed to be lower for the period where surrender charges apply. For any given contract, lapse rates vary throughout the period over which cash flows are projected for the purposes of valuing these balances.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

- (7) The spread over the SOFR swap curve represents the premium added to the proxy for the risk-free rate (SOFR) to reflect the Company's estimates of rates that a market participant would use to value the living benefits in both the accumulation and payout phases and index-linked interest crediting guarantees as of December 31, 2024 and 2023, respectively. This spread includes an estimate of NPR, which is the risk that the obligation will not be fulfilled by the Company. NPR is primarily estimated by utilizing the credit spreads associated with issuing funding agreements, adjusted for any illiquidity risk premium. In order to reflect the financial strength ratings of the Company, credit spreads associated with funding agreements, as opposed to credit spread associated with debt, are utilized in developing this estimate because funding agreements are insurance liabilities and are therefore senior to debt. Effective April 2023, the Company entered into an agreement with The Ohio National Life Insurance Company, now known as AuguStar Life Insurance Company ("AuguStar"), an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately \$10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits. See Note 11 for additional information regarding this transaction. As a result of this transaction, a ceded MRB asset balance was established to fair value the reinsurance reimbursements to the Company. The establishment of the fair value also required an estimate of NPR for AuguStar, which may differ from the Company's; however, the NPR spreads for AuguStar were developed using a methodology similar to that of the Company.
- (8) The utilization rate assumption estimates the percentage of contracts that will utilize the benefit during the contract duration and begin lifetime withdrawals at various time intervals from contract inception. The remaining contractholders are assumed to either begin lifetime withdrawals immediately or never utilize the benefit. Utilization assumptions may vary by product type, tax status and age. The impact of changes in these assumptions is highly dependent on the product type, the age of the contractholder at the time of the sale, and the timing of the first lifetime income withdrawal. Range reflects the utilization rate for the vast majority of business with living benefits.
- (9) The withdrawal rate assumption estimates the magnitude of annual contractholder withdrawals relative to the maximum allowable amount under the contract. These assumptions vary based on the age of the contractholder, the tax status of the contract and the duration since the contractholder began lifetime withdrawals. As of December 31, 2024 and 2023, the minimum withdrawal rate assumption is 78% and 81%, respectively. As of December 31, 2024 and 2023, the maximum withdrawal rate assumption may be greater than 100%. The fair value of the liability will generally increase the closer the withdrawal rate is to 100% and decrease as the withdrawal rate moves further away from 100%.
- (10) The range reflects the mortality rates for the vast majority of business with living benefits and other contracts, with policyholders ranging from 50 to 90 years old. While the majority of living benefits have a minimum age requirement, certain other contracts do not have an age restriction. This results in contractholders with mortality rates approaching 0% for certain benefits. Mortality rates may vary by product, age and duration. A mortality improvement assumption is also incorporated into the overall mortality table.
- (11) Includes deposit assets related to reinsurance agreements using deposit method of accounting and modified coinsurance agreements, which include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain annuity products.
- (12) Policyholders' account balances primarily represent general account liabilities for the index-linked interest credited on certain of the Company's life and annuity products that are accounted for as embedded derivatives. Since the valuation methodology for these liabilities uses a range of inputs that vary at the contract level over the cash flow projection period, presenting a range, rather than a weighted average, is a more meaningful representation of the unobservable inputs used in the valuation.
- (13) Option budget estimates the expected long-term cost of options used to hedge exposures associated with equity price and interest rate changes. The level of option budget determines future costs of the options, which impacts the growth in account value and the valuation of embedded derivatives.
- (14) Prior period amounts have been updated to conform to current period presentation.
- (15) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

Interrelationships Between Unobservable Inputs - In addition to the sensitivities of fair value measurements to changes in each unobservable input in isolation, as reflected in the table above, interrelationships between these inputs may also exist, such that a change in one unobservable input may give rise to a change in another, or multiple, inputs. Examples of such interrelationships for significant internally-priced Level 3 assets and liabilities are as follows:

Corporate Securities – The rate used to discount future cash flows reflects current risk-free rates plus credit and liquidity spread requirements that market participants would use to value an asset. The discount rate may be influenced by many factors, including market cycles, expectations of default, collateral, term and asset complexity. Each of these factors can influence discount rates, either in isolation, or in response to other factors. During weaker economic cycles, as the expectations of default increase, credit spreads widen, which results in a decrease in fair value.

Commercial Mortgage-backed Securities – Interrelationships may exist between the prepayment rate, the default rate and/or loss severity, depending on specific market conditions. In stronger economic cycles, prepayment rates are generally driven by underlying property appreciation and subsequent cash-out refinances, while default rates and loss severity may be lower. During weaker economic cycles, prepayment rates may decline, while default rates and loss severity increase. Generally, a change in the assumption used for the probability of default would be accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates. The impact of these factors on average life and economics varies with the deal structure and tranche subordination.

Market Risk Benefits – The Company expects efficient benefit utilization and withdrawal rates to generally be correlated with lapse rates. However, behavior is generally highly dependent on the facts and circumstances surrounding the individual contractholder, such as their liquidity needs or tax situation, which could drive lapse behavior independent of other contractholder behavior assumptions. To the extent more efficient contractholder behavior results in greater in-the-moneyness at the contract level, lapse rates may decline for those contracts. Similarly, to the extent that increases in equity volatility are correlated with overall declines in the capital markets, lapse rates may decline as contracts become more in-the-money.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Changes in Level 3 Assets and Liabilities - The following tables describe changes in fair values of Level 3 assets and liabilities as of the dates indicated, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at the end of their respective periods (excluding MRBs disclosed in Note 10). When a determination is made to classify assets and liabilities within Level 3, the determination is based on significance of the unobservable inputs in the overall fair value measurement. All transfers are based on changes in the observability of the valuation inputs, including the availability of pricing service information that the Company can validate. Transfers into Level 3 are generally the result of unobservable inputs utilized within valuation methodologies and the use of indicative broker quotes for assets that were previously valued using observable inputs. Transfers out of Level 3 are generally due to the use of observable inputs in valuation methodologies as well as the availability of pricing service information for certain assets that the Company can validate.

Year Ended December 31, 2024(6)											
	Fair Value, beginning of period	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other(1)	Transfers into Level 3(7)	Transfers out of Level 3(7)	Fair Value, end of period	Unrealized gains (losses) for assets still held(2)
(in thousands)											
Fixed maturities, available-for-sale:											
Foreign government	\$ 682	\$ (34)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 648	(44)
Corporate securities(3)	1,014,343	(69,658)	1,172,201	(702,073)	0	(183,577)	(64,672)	33,043	0	1,199,607	(61,011)
Structured securities(4)	177,237	(5,386)	771,208	(40,508)	0	(96,067)	65,480	34,578	(206,650)	699,892	(3,394)
Other assets:											
Fixed maturities, trading	34,048	(9,654)	261,968	(52)	0	(2,261)	0	18,842	(236,606)	66,285	(9,705)
Equity securities	28,709	(2,135)	273	(6,120)	0	(6,332)	6,120	0	0	20,515	(230)
Other invested assets	1	142	0	0	0	0	0	0	0	143	142
Short-term investments	1,759	1,539	117,046	(13,113)	0	(1,488)	(203)	0	0	105,540	321
Cash equivalents	0	(41)	744	0	0	(65)	(605)	0	0	33	(41)
Reinsurance recoverables and deposit receivables (5)	192,642	26,029	333,291	0	0	0	93,231	0	0	645,193	(122,807)
Separate account assets	5,985	457	5,823	(2,050)	0	(126)	0	458	0	10,547	457
Receivables from parent and affiliates	0	90	418,916	(51,199)	0	0	0	0	(16,417)	351,390	90
Liabilities:											
Policyholders' account balances(5)	(7,697,627)	(2,687,101)	0	0	(2,286,786)	0	46,929	0	0	(12,624,585)	1,254,144
Other liabilities	0	(31)	0	0	0	0	0	0	0	(31)	(31)

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Notes to Consolidated Financial Statements—(Continued)

Year Ended December 31, 2024

	Total realized and unrealized gains (losses)					Unrealized gains (losses) for assets still held(2)			
	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (loss)	Net investment income	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (loss)
(in thousands)									
Fixed maturities, available-for-sale	\$ (54,924)	\$ 0	\$ 0	\$ (19,313)	\$ (841)	\$ (40,765)	\$ 0	\$ 0	\$ (23,684)
Other assets:									
Fixed maturities, trading	0	(9,661)	0	0	7	0	(9,705)	0	0
Equity securities	0	(2,135)	0	0	0	0	(230)	0	0
Other invested assets	142	0	0	0	0	142	0	0	0
Short-term investments	1,142	0	0	385	12	(64)	0	0	385
Cash equivalents	(41)	0	0	0	0	(41)	0	0	0
Reinsurance recoverables and deposit receivables	26,029	0	0	0	0	(122,807)	0	0	0
Separate account assets	0	0	457	0	0	0	0	457	0
Receivables from parent and affiliates	0	0	0	90	0	0	0	0	90
Liabilities:									
Policyholders' account balances	(2,687,101)	0	0	0	0	1,254,144	0	0	0
Other liabilities	(31)	0	0	0	0	(31)	0	0	0

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Year Ended December 31, 2023(6)											
	Fair Value, beginning of period	Total realized and unrealized gains (losses)	Purchases	Sales	Issuances	Settlements	Other(1)	Transfers into Level 3(7)	Transfers out of Level 3(7)	Fair Value, end of period	Unrealized gains (losses) for assets still held(2)
(in thousands)											
Fixed maturities, available-for-sale:											
Foreign government	\$ 724	\$ (42)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 682	\$ (53)
Corporate securities(3)	507,496	85	567,936	(39,722)	0	(130,688)	3,129	117,671	(11,564)	1,014,343	(973)
Structured securities(4)	104,724	(4,442)	241,159	(37)	0	(2,147)	(2,222)	4,537	(164,335)	177,237	(4,298)
Other assets:											
Fixed maturities, trading	0	1,083	36,284	0	0	0	2,931	0	(6,250)	34,048	1,225
Equity securities	28,593	(928)	2,531	0	0	0	(1,487)	0	0	28,709	(928)
Other invested assets	0	1	0	0	0	0	0	0	0	1	1
Short-term investments	16,945	2,573	4,922	0	0	(21,322)	(1,359)	0	0	1,759	0
Reinsurance recoverables and deposit receivables(5)(8)(9)	115,886	(104,596)	183,716	0	0	0	(2,364)	0	0	192,642	(119,067)
Separate account assets	4,645	408	2,216	(1,124)	0	(160)	0	0	0	5,985	406
Liabilities:											
Policyholders' account balances(5)(9)	(3,502,096)	(2,649,136)	0	0	(1,653,026)	0	106,631	0	0	(7,697,627)	(368,507)

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Year Ended December 31, 2023										
	Total realized and unrealized gains (losses)					Unrealized gains (losses) for assets still held(2)				
	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (loss)	Net investment income	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (loss)	
(in thousands)										
Fixed maturities, available-for-sale	\$ (2,081)	\$ 0	\$ 0	\$ (2,808)	\$ 490	\$ (2,904)	\$ 0	\$ 0	\$ (2,420)	
Other assets:										
Fixed maturities, trading	0	1,080	0	0	3	0	1,225	0	0	0
Equity securities	0	(928)	0	0	0	0	(928)	0	0	0
Other invested assets	1	0	0	0	0	1	0	0	0	0
Short-term investments	1,857	0	0	(73)	789	0	0	0	0	0
Reinsurance recoverables and deposit receivables(8) (9)	(104,596)	0	0	0	0	(119,067)	0	0	0	0
Separate account assets	0	0	408	0	0	0	0	406	0	0
Liabilities:										
Policyholders' account balances(9)	(2,649,136)	0	0	0	0	(368,507)	0	0	0	0
Year Ended December 31, 2022										
	Total realized and unrealized gains (losses)					Unrealized gains (losses) for assets still held(2)				
	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (loss)	Net investment income	Realized investment gains (losses), net	Other income (loss)	Interest credited to policyholders' account balances	Included in other comprehensive income (loss)	
(in thousands)										
Fixed maturities, available-for-sale	\$ (16,829)	\$ 0	\$ 0	\$ (56,470)	\$ (242)	\$ (14,416)	\$ 0	\$ 0	\$ (59,239)	
Other assets:										
Equity securities	0	(3,310)	0	0	0	0	(3,872)	0	0	0
Short-term investments	77	0	0	73	(36)	0	0	0	0	73
Reinsurance recoverables and deposit receivables(9)	111,382	0	0	0	0	115,303	0	0	0	0
Separate account assets	0	0	(70)	0	0	0	0	(70)	0	0
Liabilities:										
Policyholders' account balances	(409,912)	0	0	0	0	(289,548)	0	0	0	0

- (1) "Other" includes additional activity not allocated to the specific categories within the rollforward of Level 3 Assets and Liabilities.
- (2) Unrealized gains or losses related to assets still held at the end of the period do not include amortization or accretion of premiums and discounts.
- (3) Includes U.S. corporate private, foreign corporate public, foreign corporate private, and foreign government bonds.
- (4) Includes asset-backed and commercial mortgage-backed securities.
- (5) Purchases/issuances and settlements for Policyholders' account balances and Reinsurance recoverables and deposit receivables are presented net in the rollforward.
- (6) Excludes MRB assets of \$2,637 million and \$2,367 million and MRB liabilities of \$4,281 million and \$5,157 million as of December 31, 2024 and 2023, respectively. See Note 10 for additional information.
- (7) Transfers into or out of Level 3 are generally reported at the value as of the beginning of the quarter in which the transfers occur for any such positions still held at the end of the quarter.
- (8) Prior period amounts have been updated to conform to current period presentation.
- (9) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Nonrecurring Fair Value Measurements - The following tables present information for assets measured at fair value on a nonrecurring basis. The fair value measurement is nonrecurring as these assets are measured at fair value only when there is a triggering event (e.g., an evidence of impairment). Assets included in the table are those that were impaired during the respective reporting periods and that are still held as of the reporting date. The estimated fair values for these amounts were determined using significant unobservable inputs (Level 3). For the years ended December 31, 2024 and 2023, there were no triggering events.

	Years Ended December 31,					
	2024		2023		2022	
	(in thousands)					
Equity in earnings of operating joint venture, net of taxes						
Investment in joint venture	\$	0	\$	0	\$	(75,000)
Gains (Losses):						
Other invested assets	\$	0	\$	0	\$	(11,125)

Fair Value of Financial Instruments

The tables below present the carrying amount and fair value by fair value hierarchy level of certain financial instruments that are not reported at fair value. The financial instruments presented below are reported at carrying value on the Company's Consolidated Statements of Financial Position. In some cases, as described below, the carrying amount equals or approximates fair value.

	December 31, 2024					Carrying Amount(1)
	Fair Value				Total	Total
	Level 1	Level 2	Level 3	Total		
	(in thousands)					
Assets:						
Commercial mortgage and other loans	\$ 0	\$ 0	\$ 7,534,909	\$ 7,534,909	\$ 7,759,323	
Policy loans	0	0	1,541,480	1,541,480	1,541,480	
Short-term investments	21,101	0	0	21,101	21,101	
Cash and cash equivalents	474,415	0	0	474,415	474,415	
Accrued investment income	0	466,394	0	466,394	466,394	
Reinsurance recoverables and deposit receivables	0	0	2,355,489	2,355,489	2,357,292	
Receivables from parent and affiliates	0	157,566	0	157,566	157,566	
Other assets	0	203,493	0	203,493	203,493	
Total assets	<u>\$ 495,516</u>	<u>\$ 827,453</u>	<u>\$ 11,431,878</u>	<u>\$ 12,754,847</u>	<u>\$ 12,981,064</u>	
Liabilities:						
Policyholders' account balances - investment contracts	\$ 0	\$ 815,520	\$ 9,995,841	\$ 10,811,361	\$ 10,826,931	
Cash collateral for loaned securities	0	121,372	0	121,372	121,372	
Reinsurance and funds withheld payables	0	2,602,140	0	2,602,140	2,602,140	
Payables to parent and affiliates	0	38,571	0	38,571	38,571	
Other liabilities	0	849,278	31,606	880,884	880,884	
Total liabilities	<u>\$ 0</u>	<u>\$ 4,426,881</u>	<u>\$ 10,027,447</u>	<u>\$ 14,454,328</u>	<u>\$ 14,469,898</u>	

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

December 31, 2023					
	Fair Value				Carrying Amount(1)
	Level 1	Level 2	Level 3	Total	Total
(in thousands)					
Assets:					
Commercial mortgage and other loans	\$ 0	\$ 0	\$ 5,918,386	\$ 5,918,386	\$ 6,122,721
Policy loans	0	0	1,472,677	1,472,677	1,472,677
Short-term investments	66,500	0	0	66,500	66,500
Cash and cash equivalents	470,668	24,999	0	495,667	495,667
Accrued investment income	0	333,838	0	333,838	333,838
Reinsurance recoverables and deposit receivables(2)	0	0	1,512,138	1,512,138	1,513,520
Receivables from parent and affiliates	0	184,599	0	184,599	184,599
Other assets(2)	0	80,646	0	80,646	80,646
Total assets	\$ 537,168	\$ 624,082	\$ 8,903,201	\$ 10,064,451	\$ 10,270,168
Liabilities:					
Policyholders' account balances - investment contracts	\$ 0	\$ 955,647	\$ 5,396,885	\$ 6,352,532	\$ 6,368,061
Cash collateral for loaned securities	0	218,310	0	218,310	218,310
Short-term debt to affiliates	0	176,110	0	176,110	180,411
Reinsurance and funds withheld payables(2)	0	1,517,131	0	1,517,131	1,517,131
Payables to parent and affiliates	0	16,573	0	16,573	16,573
Other liabilities(2)	0	604,730	32,423	637,153	637,153
Total liabilities	\$ 0	\$ 3,488,501	\$ 5,429,308	\$ 8,917,809	\$ 8,937,639

(1) Carrying values presented herein differ from those in the Company's Consolidated Statements of Financial Position because certain items within the respective financial statement captions are not considered financial instruments or are out of scope under authoritative guidance relating to disclosures of the fair value of financial instruments.

(2) Prior period amounts have been updated to conform to current period presentation.

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

Commercial Mortgage and Other Loans

The fair value of most commercial mortgage loans is based upon the present value of the expected future cash flows discounted at the appropriate U.S. Treasury rate or foreign government bond rate (for non-U.S. dollar-denominated loans) plus an appropriate credit spread for loans of similar quality, average life and currency. The quality ratings for these loans, a primary determinant of the credit spreads and a significant component of the pricing process, are based on an internally-developed methodology. Certain commercial mortgage loans are valued incorporating other factors, including the terms of the loans, the relative strength of the underlying collateral, the principal exit strategies for the loans, prevailing interest rates and credit risk.

Policy Loans

The Company's valuation technique for policy loans is to discount cash flows at the current policy loan coupon rate. Policy loans are fully collateralized by the cash surrender value of underlying insurance policies. As a result, the carrying value of the policy loans approximates the fair value.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Short-Term Investments, Cash and Cash Equivalents, Accrued Investment Income, Receivables from Parent and Affiliates and Other Assets

The Company believes that due to the short-term nature of certain assets, the carrying value approximates fair value. These assets include: certain short-term investments, which are not securities, recorded at amortized cost, cash and cash equivalent instruments; accrued investment income; receivables from parent and affiliates; and other assets that meet the definition of financial instruments, including receivables such as unsettled trades and accounts receivable.

Reinsurance Recoverables and Deposit Receivables

Reinsurance recoverables and deposit receivables include receivables from modified coinsurance arrangements and other reinsurance arrangements between the Company and related parties. See Note 11 for additional information about the Company's reinsurance arrangements. Deposit receivables primarily consist of deposit assets related to the reinsurance agreements. Deposits made are included in "Reinsurance recoverables and deposit receivables". The deposit assets are adjusted as amounts are paid, consistent with the underlying contracts.

Policyholders' Account Balances - Investment Contracts

Only the portion of policyholders' account balances related to products that are investment contracts (those without significant mortality or morbidity risk) are reflected in the table above. For fixed deferred annuities, payout annuities and other similar contracts without life contingencies, fair values are generally derived using discounted projected cash flows based on interest rates that are representative of the Company's financial strength ratings, and hence reflect the Company's NPR. For those balances that can be withdrawn by the customer at any time without prior notice or penalty, the fair value is the amount estimated to be payable to the customer as of the reporting date, which is generally the carrying value.

Cash Collateral for Loaned Securities

Cash collateral for loaned securities represents the collateral received or paid in connection with loaning or borrowing securities. Due to the short-term nature of these transactions, the carrying value approximates fair value.

Debt

The fair value of short-term and long-term debt is generally determined by either prices obtained from independent pricing services, which are validated by the Company, or discounted cash flow models. These fair values consider the Company's NPR. Discounted cash flow models predominately use market observable inputs such as the borrowing rates currently available to the Company for debt and financial instruments with similar terms and remaining maturities. For debt with a maturity of less than 90 days, the carrying value approximates fair value.

Reinsurance and Funds Withheld Payables

Reinsurance and funds withheld payables include amounts payable to the reinsurer under coinsurance with funds withheld arrangements where the Company is the cedant. Deposits received are included in "Reinsurance and funds withheld payables." The deposit liabilities are adjusted as amounts are received, consistent with the underlying contracts.

Payables to Parent and Affiliates

Payables to parent and affiliates is primarily related to accrued expense payables. Due to the short-term until settlement of most of these liabilities, the Company believes that carrying value approximates fair value.

Other Liabilities

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

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

6. DEFERRED POLICY ACQUISITION COSTS, DEFERRED REINSURANCE AND DEFERRED SALES INDUCEMENTS

Deferred Policy Acquisition Costs

The following table shows a rollforward for the lines of business that contain DAC balances, along with a reconciliation to the Company's total DAC balance:

	Fixed Annuities	Variable Annuities	Term Life	Variable / Universal Life	Total
	(in thousands)				
Balance, December 31, 2021	\$ 84,481	\$ 3,806,732	\$ 577,084	\$ 2,561,011	\$ 7,029,308
Capitalization(5)	31,494	296,597	127,541	533,710	989,342
Amortization expense(5)	(13,724)	(343,510)	(55,423)	(108,612)	(521,269)
Other(1)	0	0	(365)	(540,819)	(541,184)
Balance, December 31, 2022	102,251	3,759,819	648,837	2,445,290	6,956,197
Capitalization(5)	117,851	263,869	159,000	580,715	1,121,435
Amortization expense(5)	(22,165)	(331,368)	(63,949)	(122,028)	(539,510)
Other(2)	0	(393,385)	0	(1)	(393,386)
Balance, December 31, 2023	197,937	3,298,935	743,888	2,903,976	7,144,736
Capitalization	216,410	430,520	183,463	703,465	1,533,858
Amortization expense	(42,705)	(356,254)	(63,447)	(140,951)	(603,357)
Other(3)(4)	0	0	(249,836)	(18,341)	(268,177)
Balance, December 31, 2024	<u>\$ 371,642</u>	<u>\$ 3,373,201</u>	<u>\$ 614,068</u>	<u>\$ 3,448,149</u>	<u>\$ 7,807,060</u>

- (1) Includes the impact of the reinsurance agreement with Lotus Re. See Note 11 for additional information.
(2) Includes the impact of the reinsurance agreement with AuguStar. See Note 11 for additional information.
(3) Includes the impacts of the Universal Life reinsurance transaction with PAR U and PURE. See Note 11 for additional information.
(4) Includes the impacts of the Term Life reinsurance transaction with PARCC. See Note 11 for additional information.
(5) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

Deferred Reinsurance Losses

The following table shows a rollforward for the lines of business that contain DRL balances, which is included in Other assets, along with a reconciliation to the Company's total DRL balance:

	Variable Annuities	Term Life	Variable/ Universal Life	Total
	(in thousands)			
Balance, December 31, 2021	\$ 254,577	\$ 78,426	\$ 0	\$ 333,003
Amortization expense	(31,057)	(9,048)	0	(40,105)
Other	(5)	0	0	(5)
Balance, December 31, 2022	223,515	69,378	0	292,893
Amortization expense	(29,403)	(8,374)	0	(37,777)
Other	(1)	0	0	(1)
Balance, December 31, 2023	194,111	61,004	0	255,115
Amortization expense	(29,876)	(15,345)	(9,528)	(54,749)
Other(1)(2)	3	351,025	979,000	1,330,028
Balance, December 31, 2024	<u>\$ 164,238</u>	<u>\$ 396,684</u>	<u>\$ 969,472</u>	<u>\$ 1,530,394</u>

- (1) Includes \$979 million DRL related to the reinsurance transaction with Wilton Re. See Note 11 for additional information.
(2) Includes \$351 million DRL related to the reinsurance transaction with PARCC. See Note 11 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Deferred Reinsurance Gains

The following table shows a rollforward for the lines of business that contain DRG balances, which is included in Other liabilities, along with a reconciliation to the Company's total DRG balance:

	Fixed Annuities	Variable Annuities	Variable / Universal Life	Total
	(in thousands)			
Balance, December 31, 2021	\$ 78,138	\$ 0	\$ 174,598	\$ 252,736
Amortization expense	(6,437)	0	(79,952)	(86,389)
Other(1)	(13,803)	0	1,340,312	1,326,509
Balance, December 31, 2022	57,898	0	1,434,958	1,492,856
Amortization expense	(9,790)	(15,612)	(71,462)	(96,864)
Other(2)	(34)	277,333	0	277,299
Balance, December 31, 2023	48,074	261,721	1,363,496	1,673,291
Amortization expense	(10,516)	(20,061)	(121,190)	(151,767)
Other(3)(4)	(10)	(32)	1,797,303	1,797,261
Balance, December 31, 2024	\$ 37,548	\$ 241,628	\$ 3,039,609	\$ 3,318,785

(1) Includes \$1,352 million DRG related to the reinsurance agreement with Lotus Re, entered into January 1, 2022. See Note 11 for additional information.

(2) Includes the impact of the reinsurance agreement with AuguStar. See Note 11 for additional information.

(3) Includes the impact of the Universal Life reinsurance transactions with PAR U, PURE and Prudential Insurance effective January 1, 2024, including \$1,207 million of DRG, partially offset by a \$116 million write-off of the DRG that was recognized with the previous reinsurance agreement. See Note 11 for additional information.

(4) Includes the impact of the Universal Life reinsurance transactions with PAR U and Prudential Insurance effective October 2024, including \$798 million DRG, partially offset by a \$94 million write-off of the DRG that was recognized with the previous reinsurance agreement. See Note 11 for additional information.

Deferred Sales Inducements

The following table shows a rollforward of DSI balances for variable annuity products, which is the only line of business that contains a DSI balance, along with a reconciliation to the Company's total DSI balance:

	Variable Annuities
	(in thousands)
Balance, December 31, 2021	\$ 414,619
Capitalization	676
Amortization expense	(33,791)
Balance, December 31, 2022	381,504
Capitalization	1,514
Amortization expense	(31,625)
Other	31
Balance, December 31, 2023	351,424
Capitalization	1,243
Amortization expense	(30,316)
Balance, December 31, 2024	\$ 322,351

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

7. SEPARATE ACCOUNTS

The Company issues variable annuity and variable life insurance contracts through its separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contractholder. Most variable annuity and variable life insurance contracts are offered with both separate and general account options. See Note 9 for additional information.

The assets supporting the variable portion of variable annuity and variable life insurance contracts are carried at fair value and reported as “Separate account assets” with an equivalent amount reported as “Separate account liabilities”. The liabilities related to the net amount at risk are reflected within “Future policy benefits” or “Market risk benefit liabilities” (or “assets,” if applicable). Amounts assessed against the contractholders for mortality, administration, and other services are included within revenue in “Policy charges and fee income” and changes in liabilities for minimum guarantees are generally included in “Policyholders’ benefits” or “Change in value of market risk benefits, net of related hedging gains (losses)”.

Separate Account Assets

The aggregate fair value of assets, by major investment asset category, supporting separate accounts is as follows:

	December 31, 2024	December 31, 2023
	(in thousands)	
Asset Type:		
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 15,548	\$ 2,954
Obligations of U.S. states and their political subdivisions authorities	115	0
U.S. corporate securities	24,458	9,504
Foreign corporate securities	3,158	1,763
Asset-backed securities	1,099	0
Mortgage-backed securities	82	186
Mutual funds:		
Equity	73,226,610	72,614,821
Fixed Income	33,828,097	37,065,162
Other	4,431,975	4,101,661
Equity securities	126,792	104,159
Other invested assets	6,444,077	5,258,900
Short-term investments	2,559	2,126
Cash and cash equivalents	38,686	27,249
Total	<u>\$ 118,143,256</u>	<u>\$ 119,188,485</u>

For the periods ended December 31, 2024, 2023 and 2022, there were no transfers of assets, other than cash, from the general account to a separate account; therefore, no gains or losses were recorded.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Separate Account Liabilities

The balances of and changes in separate account liabilities as of and for the periods indicated are as follows:

	Year Ended December 31, 2024		
	Variable Annuities	Variable Life (in thousands)	Total
Balance, beginning of period	\$ 92,383,121	\$ 26,805,364	\$ 119,188,485
Deposits	601,236	3,513,738	4,114,974
Investment performance	8,395,586	4,657,022	13,052,608
Policy charges	(2,210,261)	(923,275)	(3,133,536)
Surrenders and withdrawals	(13,827,431)	(450,573)	(14,278,004)
Benefit payments	(66,029)	(285,680)	(351,709)
Net transfers (to) from general account	(100,193)	(380,869)	(481,062)
Other	7,026	24,474	31,500
Balance, end of period	<u>\$ 85,183,055</u>	<u>\$ 32,960,201</u>	<u>\$ 118,143,256</u>
Cash surrender value(1)	\$ 84,325,382	\$ 29,592,881	\$ 113,918,263

	Year Ended December 31, 2023		
	Variable Annuities	Variable Life (in thousands)	Total
Balance, beginning of period	\$ 91,785,447	\$ 22,265,799	\$ 114,051,246
Deposits	440,707	2,745,751	3,186,458
Investment performance	12,219,777	4,310,729	16,530,506
Policy charges	(2,296,859)	(829,539)	(3,126,398)
Surrenders and withdrawals	(9,687,372)	(347,955)	(10,035,327)
Benefit payments	(73,791)	(226,242)	(300,033)
Net transfers (to) from general account(2)	(15,121)	(1,175,575)	(1,190,696)
Other	10,333	62,396	72,729
Balance, end of period	<u>\$ 92,383,121</u>	<u>\$ 26,805,364</u>	<u>\$ 119,188,485</u>
Cash surrender value(1)	\$ 91,201,190	\$ 23,700,726	\$ 114,901,916

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2022		
	Variable Annuities	Variable Life (in thousands)	Total
Balance, beginning of period	\$ 123,977,624	\$ 25,820,204	\$ 149,797,828
Deposits	658,695	2,275,000	2,933,695
Investment performance	(21,600,783)	(4,270,091)	(25,870,874)
Policy charges	(2,513,831)	(767,168)	(3,280,999)
Surrenders and withdrawals	(8,481,231)	(339,931)	(8,821,162)
Benefit payments	(62,586)	(278,140)	(340,726)
Net transfers (to) from general account	(206,269)	(213,752)	(420,021)
Other	13,828	39,677	53,505
Balance, end of period	<u>\$ 91,785,447</u>	<u>\$ 22,265,799</u>	<u>\$ 114,051,246</u>
Cash surrender value(1)	\$ 90,208,083	\$ 19,575,562	\$ 109,783,645

(1) Represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges.

(2) Variable life includes \$900 million of funding for a policy loan to an affiliated irrevocable trust. See Note 15 for additional information.

8. LIABILITY FOR FUTURE POLICY BENEFITS

Liability for Future Policy Benefits primarily consists of the following sub-components, which are discussed in greater detail below.

- Benefit Reserves;
- Deferred Profit Liability; and
- Additional Insurance Reserves

In 2024, the Company recognized an impact to net income attributable to our annual reviews and update of assumptions and other refinements. Overall impact is immaterial for direct and assumed Benefit Reserves and DPL, net of the impact of flooring these liabilities at zero for each issue year cohort. Additionally, for direct and assumed AIR, the Company recognized an unfavorable impact primarily due to updates to policyholder behavior assumptions on universal life policies with secondary guarantees.

In 2023, the Company recognized an impact to net income attributable to the annual reviews and update of assumptions and other refinements. Overall impact is immaterial for direct and assumed Benefit Reserves and DPL, net of the impact of flooring these liabilities at zero for each issue year cohort. Additionally, for direct and assumed AIR, the Company recognized an unfavorable impact primarily due to unfavorable model refinements, partially offset by updates to economic assumptions, including expected future rates of returns on universal life policies with secondary guarantees.

In 2022, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update for direct and assumed benefit reserves, primarily due to updates to mortality assumptions on individual term life insurance. Additionally, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update and other refinements for direct and assumed additional insurance reserves, primarily due to updates to policyholder behavior assumptions on universal life policies with secondary guarantees.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Benefit Reserves

The balances of and changes in Benefit Reserves as of and for the periods indicated consist of the three tables presented below: Present Value of Expected Net Premiums rollforward, Present Value of Expected Future Policy Benefits rollforward, and Net Liability for Future Policy Benefits.

Year Ended December 31, 2024			
Present Value of Expected Net Premiums			
	Term Life	Fixed Annuities (in thousands)	Total
Balance, beginning of period	\$ 10,927,833	\$ 0	\$ 10,927,833
Effect of cumulative changes in discount rate assumptions, beginning of period	225,711	0	225,711
Balance at original discount rate, beginning of period	11,153,544	0	11,153,544
Effect of assumption update	21,466	0	21,466
Effect of actual variances from expected experience and other activity	(219,878)	58	(219,820)
Adjusted balance, beginning of period	10,955,132	58	10,955,190
Issuances	827,606	35,717	863,323
Net premiums / considerations collected	(1,319,501)	(35,775)	(1,355,276)
Interest accrual	511,817	0	511,817
Other adjustments	7,092	0	7,092
Balance at original discount rate, end of period	10,982,146	0	10,982,146
Effect of cumulative changes in discount rate assumptions, end of period	(567,443)	0	(567,443)
Balance, end of period	\$ 10,414,703	\$ 0	\$ 10,414,703

Year Ended December 31, 2024			
Present Value of Expected Future Policy Benefits			
	Term Life	Fixed Annuities (in thousands)	Total
Balance, beginning of period	\$ 18,426,207	\$ 228,788	\$ 18,654,995
Effect of cumulative changes in discount rate assumptions, beginning of period	331,571	19,521	351,092
Balance at original discount rate, beginning of period	18,757,778	248,309	19,006,087
Effect of assumption update	21,480	(3,643)	17,837
Effect of actual variances from expected experience and other activity	(259,137)	502	(258,635)
Adjusted balance, beginning of period	18,520,121	245,168	18,765,289
Issuances	827,606	35,717	863,323
Interest accrual	893,983	9,119	903,102
Benefit payments	(1,471,863)	(32,225)	(1,504,088)
Other adjustments	11,225	(251)	10,974
Balance at original discount rate, end of period	18,781,072	257,528	19,038,600
Effect of cumulative changes in discount rate assumptions, end of period	(1,091,673)	(19,442)	(1,111,115)
Balance, end of period	\$ 17,689,399	\$ 238,086	\$ 17,927,485
Other, end of period			1,474
Total balance, end of period			\$ 17,928,959

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2024		
	Net Liability for Future Policy Benefits (Benefit Reserves)		
	Term Life	Fixed Annuities	Total
	(in thousands)		
Balance, end of period, pre-flooring	\$ 7,274,696	\$ 238,086	\$ 7,512,782
Flooring impact, end of period	44	0	44
Balance, end of period, post-flooring	7,274,740	238,086	7,512,826
Less: Reinsurance recoverables	6,753,842	20,516	6,774,358
Balance after reinsurance recoverables, end of period, post-flooring	\$ 520,898	\$ 217,570	\$ 738,468

	Year Ended December 31, 2023		
	Present Value of Expected Net Premiums		
	Term Life	Fixed Annuities	Total
	(in thousands)		
Balance, beginning of period	\$ 10,911,794	\$ 0	\$ 10,911,794
Effect of cumulative changes in discount rate assumptions, beginning of period	554,896	0	554,896
Balance at original discount rate, beginning of period	11,466,690	0	11,466,690
Effect of assumption update	(790)	0	(790)
Effect of actual variances from expected experience and other activity	(200,513)	(989)	(201,502)
Adjusted balance, beginning of period	11,265,387	(989)	11,264,398
Issuances	712,495	36,646	749,141
Net premiums / considerations collected	(1,345,514)	(35,657)	(1,381,171)
Interest accrual	521,176	0	521,176
Balance at original discount rate, end of period	11,153,544	0	11,153,544
Effect of cumulative changes in discount rate assumptions, end of period	(225,711)	0	(225,711)
Balance, end of period	\$ 10,927,833	\$ 0	\$ 10,927,833

	Year Ended December 31, 2023		
	Present Value of Expected Future Policy Benefits		
	Term Life	Fixed Annuities	Total
	(in thousands)		
Balance, beginning of period	\$ 17,835,251	\$ 204,727	\$ 18,039,978
Effect of cumulative changes in discount rate assumptions, beginning of period	962,035	24,876	986,911
Balance at original discount rate, beginning of period	18,797,286	229,603	19,026,889
Effect of assumption update	(1,044)	0	(1,044)
Effect of actual variances from expected experience and other activity	(263,243)	6,991	(256,252)
Adjusted balance, beginning of period	18,532,999	236,594	18,769,593
Issuances	712,495	36,646	749,141
Interest accrual	895,023	8,440	903,463
Benefit payments	(1,386,583)	(33,287)	(1,419,870)
Other adjustments	3,844	(84)	3,760
Balance at original discount rate, end of period	18,757,778	248,309	19,006,087
Effect of cumulative changes in discount rate assumptions, end of period	(331,571)	(19,521)	(351,092)
Balance, end of period	\$ 18,426,207	\$ 228,788	\$ 18,654,995
Other, end of period			1,765
Total balance, end of period			\$ 18,656,760

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2023		
	Net Liability for Future Policy Benefits (Benefit Reserves)		
	Term Life	Fixed Annuities	Total
	(in thousands)		
Balance, end of period, pre-flooring	\$ 7,498,374	\$ 228,788	\$ 7,727,162
Flooring impact, end of period	44	0	44
Balance, end of period, post-flooring	7,498,418	228,788	7,727,206
Less: Reinsurance recoverables	6,817,488	18,489	6,835,977
Balance after reinsurance recoverables, end of period, post-flooring	<u>\$ 680,930</u>	<u>\$ 210,299</u>	<u>\$ 891,229</u>

	Year Ended December 31, 2022		
	Present Value of Expected Net Premiums		
	Term Life	Fixed Annuities	Total
	(in thousands)		
Balance, beginning of period	\$ 12,485,056	\$ 0	\$ 12,485,056
Effect of cumulative changes in discount rate assumptions, beginning of period	(1,826,120)	0	(1,826,120)
Balance at original discount rate, beginning of period	10,658,936	0	10,658,936
Effect of assumption update	1,295,294	0	1,295,294
Effect of actual variances from expected experience and other activity	(112,661)	(1,143)	(113,804)
Adjusted balance, beginning of period	11,841,569	(1,143)	11,840,426
Issuances	439,874	30,469	470,343
Net premiums / considerations collected	(1,339,902)	(29,326)	(1,369,228)
Interest accrual	525,149	0	525,149
Balance at original discount rate, end of period	11,466,690	0	11,466,690
Effect of cumulative changes in discount rate assumptions, end of period	(554,896)	0	(554,896)
Balance, end of period	<u>\$ 10,911,794</u>	<u>\$ 0</u>	<u>\$ 10,911,794</u>

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2022		
	Present Value of Expected Future Policy Benefits		
	Term Life	Fixed Annuities	Total
	(in thousands)		
Balance, beginning of period	\$ 20,937,097	\$ 237,065	\$ 21,174,162
Effect of cumulative changes in discount rate assumptions, beginning of period	(3,607,275)	(16,704)	(3,623,979)
Balance at original discount rate, beginning of period	17,329,822	220,361	17,550,183
Effect of assumption update	1,756,995	0	1,756,995
Effect of actual variances from expected experience and other activity	(206,175)	(1,639)	(207,814)
Adjusted balance, beginning of period	18,880,642	218,722	19,099,364
Issuances	439,874	30,469	470,343
Interest accrual	888,525	7,836	896,361
Benefit payments	(1,416,823)	(27,138)	(1,443,961)
Other adjustments	5,068	(286)	4,782
Balance at original discount rate, end of period	18,797,286	229,603	19,026,889
Effect of cumulative changes in discount rate assumptions, end of period	(962,035)	(24,876)	(986,911)
Balance, end of period	\$ 17,835,251	\$ 204,727	\$ 18,039,978
Other, end of period			2,127
Total balance, end of period			\$ 18,042,105

	Year Ended December 31, 2022		
	Net Liability for Future Policy Benefits (Benefit Reserves)		
	Term Life	Fixed Annuities	Total
	(in thousands)		
Balance, end of period, pre-flooring	\$ 6,923,457	\$ 204,727	\$ 7,128,184
Flooring impact, end of period	0	0	0
Balance, end of period, post-flooring	6,923,457	204,727	7,128,184
Less: Reinsurance recoverables	6,497,257	16,460	6,513,717
Balance after reinsurance recoverables, end of period, post-flooring	\$ 426,200	\$ 188,267	\$ 614,467

The following tables provide supplemental information related to the balances of and changes in Benefit Reserves included in the disaggregated tables above, on a gross (direct and assumed) basis, as of and for the periods indicated:

	Year Ended December 31, 2024				
	Term Life		Fixed Annuities		
	(\$ in thousands)				
Undiscounted expected future gross premiums	\$	21,815,010	\$	0	
Discounted expected future gross premiums (at original discount rate)	\$	14,889,078	\$	0	
Discounted expected future gross premiums (at current discount rate)	\$	14,154,658	\$	0	
Undiscounted expected future benefits and expenses	\$	29,163,241	\$	346,892	
Weighted-average duration of the liability in years (at original discount rate)		10		7	
Weighted-average duration of the liability in years (at current discount rate)		9		6	
Weighted-average interest rate (at original discount rate)		5.13	%	3.94	%
Weighted-average interest rate (at current discount rate)		5.59	%	5.49	%

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2023				
	Term Life		Fixed Annuities		
	(\$ in thousands)				
Undiscounted expected future gross premiums	\$	21,871,767	\$	0	
Discounted expected future gross premiums (at original discount rate)	\$	15,027,611	\$	0	
Discounted expected future gross premiums (at current discount rate)	\$	14,748,999	\$	0	
Undiscounted expected future benefits and expenses	\$	29,118,532	\$	332,902	
Weighted-average duration of the liability in years (at original discount rate)		10		7	
Weighted-average duration of the liability in years (at current discount rate)		10		6	
Weighted-average interest rate (at original discount rate)		5.17	%	3.70	%
Weighted-average interest rate (at current discount rate)		4.99	%	4.95	%

	Year Ended December 31, 2022			
	Term Life		Fixed Annuities	
	(\$ in thousands)			
Undiscounted expected future gross premiums	\$	22,223,836	\$	0
Discounted expected future gross premiums (at original discount rate)	\$	15,322,180	\$	0
Discounted expected future gross premiums (at current discount rate)	\$	14,587,657	\$	0
Undiscounted expected future benefits and expenses	\$	29,330,574	\$	306,286
Weighted-average duration of the liability in years (at original discount rate)		11		7
Weighted-average duration of the liability in years (at current discount rate)		10		6
Weighted-average interest rate (at original discount rate)		5.23	%	3.60
Weighted-average interest rate (at current discount rate)		5.39	%	5.33

For additional information regarding observable market information and the techniques used to determine the interest rate assumptions seen above, see Note 2.

For non-participating traditional and limited-payment products, if a cohort is in a loss position where the liability for future policy benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for the present value of expected future policy benefits and non-level claim settlement expenses, then the liability for future policy benefits is adjusted at that time, and thereafter such that all changes, both favorable and unfavorable, in expected benefits resulting from both actual experience deviations and changes in future assumptions are recognized immediately as a gain or loss.

In 2024, there was a \$29 million gain in net income for non-participating traditional and limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts, which was offset by a \$28 million charge, reflecting the impact of ceded reinsurance on the affected cohorts.

In 2023, there was a \$31 million gain in net income for non-participating traditional and limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts, which was offset by a \$30 million charge, reflecting the impact of ceded reinsurance on the affected cohorts.

In 2022, there was an \$83 million charge to net income for non-participating traditional and limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts, mostly offset by an \$82 million gain, reflecting the impact of ceded reinsurance on the affected cohorts.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Deferred Profit Liability

The balances of and changes in DPL for the years ended December 31, are as follows:

	2024	2023	2022
	Fixed Annuities (in thousands)		
Balance, beginning of period, post-flooring	\$ 14,818	\$ 18,193	\$ 15,765
Effect of assumption update	2,110	0	0
Effect of actual variances from expected experience and other activity	580	(6,978)	1,250
Adjusted balance, beginning of period	17,508	11,215	17,015
Profits deferred	7,070	5,191	2,511
Interest accrual	729	552	616
Amortization	(2,345)	(2,129)	(1,909)
Other adjustments	(23)	(11)	(40)
Balance, end of period, post-flooring	22,939	14,818	18,193
Less: Reinsurance recoverables	1,513	1,365	1,684
Balance after reinsurance recoverables, end of period	\$ 21,426	\$ 13,453	\$ 16,509

Additional Insurance Reserves

AIR represents the additional liability for annuitization, death, or other insurance benefits, including guaranteed minimum death benefits ("GMDB") and guaranteed minimum income benefits ("GMIB") contract features, that are above and beyond the contractholder's account balance for certain long-duration life contracts.

The following table shows a rollforward of AIR balances for variable and universal life products, for the years ended December 31,:

	2024	2023	2022
	(in thousands)		
Balance, including amounts in AOCI, beginning of period, post-flooring	\$ 14,280,792	\$ 12,664,445	\$ 11,660,527
Flooring impact and amounts in AOCI	831,583	1,269,236	(896,931)
Balance, excluding amounts in AOCI, beginning of period, pre-flooring	15,112,375	13,933,681	10,763,596
Effect of assumption update	154,058	22,910	2,197,592
Effect of actual variances from expected experience and other activity	265,684	34,021	(223,185)
Adjusted balance, beginning of period	15,532,117	13,990,612	12,738,003
Assessments collected(1)	1,242,684	929,709	961,924
Interest accrual	536,678	486,253	433,631
Benefits paid	(343,241)	(294,199)	(199,877)
Balance, excluding amounts in AOCI, end of period, pre-flooring	16,968,238	15,112,375	13,933,681
Flooring impact and amounts in AOCI	(617,186)	(831,583)	(1,269,236)
Balance, including amounts in AOCI, end of period, post-flooring	16,351,052	14,280,792	12,664,445
Less: Reinsurance recoverables	16,129,846	14,054,600	12,458,184
Balance after reinsurance recoverables, including amounts in AOCI, end of period	\$ 221,206	\$ 226,192	\$ 206,261

(1) Represents the portion of gross assessments required to fund the future policy benefits.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	2024	2023	2022
	(\$ in thousands)		
Weighted-average duration of the liability in years (at original discount rate)	22	22	23
Weighted-average interest rate (at original discount rate)	3.33 %	3.39 %	3.37 %

Future Policy Benefits Reconciliation

The following table presents the reconciliation of the ending balances from the above rollforwards, Benefit Reserves, DPL, and AIR, including other liabilities, gross of related reinsurance recoverables, to the total liability for Future Policy Benefits as reported on the Company's Consolidated Statements of Financial Position for the years ended December 31,:

	2024	2023	2022
	(in thousands)		
Benefit reserves, end of period, post-flooring	\$ 7,512,826	\$ 7,727,206	\$ 7,128,184
Deferred profit liability, end of period, post-flooring	22,939	14,818	18,193
Additional insurance reserves, including amounts in AOCI, end of period, post-flooring	16,351,052	14,280,792	12,664,445
Subtotal of amounts disclosed above	23,886,817	22,022,816	19,810,822
Other Future policy benefits reserves(1)	1,226,950	1,182,389	1,018,211
Total Future policy benefits	\$ 25,113,767	\$ 23,205,205	\$ 20,829,033

(1) Primarily represents balances for which disaggregated rollforward disclosures are not required, including unpaid claims and claims expenses, and incurred but not reported and in course of settlement claim liabilities.

Revenue and Interest Expense

The following tables present revenue and interest expense related to Benefit Reserves, DPL, and AIR, as well as related revenue and interest expense not presented in the above supplemental tables, in the Company's Consolidated Statement of Operations for the periods indicated:

	Year Ended December 31, 2024			
	Revenues(1)			
	Term Life	Variable/ Universal Life	Fixed Annuities	Total
	(in thousands)			
Benefit reserves	\$ 1,833,017	\$ 0	\$ 43,092	\$ 1,876,109
Deferred profit liability	0	0	(8,121)	(8,121)
Additional insurance reserves	0	2,050,441	0	2,050,441
Total	\$ 1,833,017	\$ 2,050,441	\$ 34,971	\$ 3,918,429

	Year Ended December 31, 2023			
	Revenues(1)			
	Term Life	Variable/ Universal Life	Fixed Annuities	Total
	(in thousands)			
Benefit reserves	\$ 1,804,955	\$ 0	\$ 41,111	\$ 1,846,066
Deferred profit liability	0	0	3,375	3,375
Additional insurance reserves	0	1,405,696	0	1,405,696
Total	\$ 1,804,955	\$ 1,405,696	\$ 44,486	\$ 3,255,137

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2022			
	Revenues(1)			
	Term Life	Variable/ Universal Life	Fixed Annuities	Total
	(in thousands)			
Benefit reserves	\$ 1,831,360	\$ 0	\$ 32,105	\$ 1,863,465
Deferred profit liability	0	0	(2,428)	(2,428)
Additional insurance reserves	0	1,367,796	0	1,367,796
Total	\$ 1,831,360	\$ 1,367,796	\$ 29,677	\$ 3,228,833

(1) Represents "Gross premiums" for benefit reserves; "Revenue" for DPL and "Gross assessments" for AIR.

	Year Ended December 31, 2024			
	Interest Expense			
	Term Life	Variable/ Universal Life	Fixed Annuities	Total
	(in thousands)			
Benefit reserves	\$ 382,165	\$ 0	\$ 9,119	\$ 391,284
Deferred profit liability	0	0	729	729
Additional insurance reserves	0	536,678	0	536,678
Total	\$ 382,165	\$ 536,678	\$ 9,848	\$ 928,691

	Year Ended December 31, 2023			
	Interest Expense			
	Term Life	Variable/ Universal Life	Fixed Annuities	Total
	(in thousands)			
Benefit reserves	\$ 373,845	\$ 0	\$ 8,440	\$ 382,285
Deferred profit liability	0	0	552	552
Additional insurance reserves	0	486,253	0	486,253
Total	\$ 373,845	\$ 486,253	\$ 8,992	\$ 869,090

	Year Ended December 31, 2022			
	Interest Expense			
	Term Life	Variable/ Universal Life	Fixed Annuities	Total
	(in thousands)			
Benefit reserves	\$ 363,375	\$ 0	\$ 7,836	\$ 371,211
Deferred profit liability	0	0	616	616
Additional insurance reserves	0	433,631	0	433,631
Total	\$ 363,375	\$ 433,631	\$ 8,452	\$ 805,458

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

9. POLICYHOLDERS' ACCOUNT BALANCES

The balances of and changes in policyholders' account balances as of and for the periods ended are as follows:

	Year Ended December 31, 2024			
	Fixed Annuities	Variable Annuities	Variable Life / Universal Life	Total
	(\$ in thousands)			
Balance, beginning of period(5)	\$ 6,164,313	\$ 22,810,665	\$ 20,167,713	\$ 49,142,691
Deposits	5,215,817	8,315,212	2,157,575	15,688,604
Interest credited	222,516	516,018	570,988	1,309,522
Policy charges	(5,290)	(32,987)	(1,831,168)	(1,869,445)
Surrenders and withdrawals	(554,653)	(782,216)	(778,928)	(2,115,797)
Benefit payments	(55,956)	(30,427)	(70,363)	(156,746)
Net transfers (to) from separate account	0	100,193	380,869	481,062
Change in market value and other adjustments(1)	210,590	2,320,873	94,453	2,625,916
Balance, end of period	<u>\$ 11,197,337</u>	<u>\$ 33,217,331</u>	<u>\$ 20,691,139</u>	<u>\$ 65,105,807</u>
Unearned revenue reserve				4,415,187
Other				107,324
Total Policyholders' account balance				<u>\$ 69,628,318</u>
Weighted-average crediting rate	2.56 %	1.72 %	2.79 %	2.23 %
Net amount at risk(3)	\$ 11	\$ 0	\$ 345,969,571	\$ 345,969,582
Cash surrender value(4)	\$ 9,863,990	\$ 31,516,776	\$ 19,391,617	\$ 60,772,383

	Year Ended December 31, 2023			
	Fixed Annuities	Variable Annuities	Variable Life / Universal Life	Total
	(\$ in thousands)			
Balance, beginning of period	\$ 3,575,823	\$ 16,432,032	\$ 18,736,365	\$ 38,744,220
Deposits	2,612,775	4,633,727	2,117,153	9,363,655
Interest credited(5)	101,192	243,908	556,057	901,157
Policy charges	(8,438)	(23,368)	(1,810,644)	(1,842,450)
Surrenders and withdrawals	(229,843)	(516,039)	(845,436)	(1,591,318)
Benefit payments	(50,522)	(30,461)	(83,409)	(164,392)
Net transfers (to) from separate account(2)	0	15,121	1,175,575	1,190,696
Change in market value and other adjustments(1)(5)	163,326	2,055,745	322,052	2,541,123
Balance, end of period(5)	<u>\$ 6,164,313</u>	<u>\$ 22,810,665</u>	<u>\$ 20,167,713</u>	<u>\$ 49,142,691</u>
Unearned revenue reserve				3,741,426
Other				102,583
Total Policyholders' account balance(5)				<u>\$ 52,986,700</u>
Weighted-average crediting rate	2.08 %	1.40 %	2.86 %	2.12 %
Net amount at risk(3)	\$ 15	\$ 0	\$ 323,508,432	\$ 323,508,447
Cash surrender value(4)	\$ 5,307,537	\$ 20,490,433	\$ 18,676,852	\$ 44,474,822

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2022					
	Fixed Annuities	Variable Annuities	Variable Life / Universal Life			Total
	(\$ in thousands)					
Balance, beginning of period(5)	\$ 3,005,867	\$ 11,723,977	\$ 18,762,548	\$		33,492,392
Deposits(5)	754,397	4,550,660	2,173,035			7,478,092
Interest credited	53,884	175,574	583,814			813,272
Policy charges	(5,118)	(5,482)	(1,795,879)			(1,806,479)
Surrenders and withdrawals	(68,343)	(282,497)	(873,034)			(1,223,874)
Benefit payments	(90,640)	(35,042)	(103,358)			(229,040)
Net transfers (to) from separate account	0	206,269	213,752			420,021
Change in market value and other adjustments(1)(5)	(74,224)	98,573	(224,513)			(200,164)
Balance, end of period	<u>\$ 3,575,823</u>	<u>\$ 16,432,032</u>	<u>\$ 18,736,365</u>	\$		38,744,220
Unearned revenue reserve						3,067,336
Other						100,980
Total Policyholders' account balance				\$		41,912,536
Weighted-average crediting rate	1.64 %	1.26 %	3.11 %			2.26 %
Net amount at risk(3)	\$ 3	\$ 0	\$ 304,864,582	\$		304,864,585
Cash surrender value(4)	\$ 2,968,033	\$ 13,844,151	\$ 17,137,744	\$		33,949,928

(1) Primarily relates to changes in the value of embedded derivative instruments associated with the indexed options of certain products.

(2) Variable life includes \$900 million of funding for a policy loan to an affiliated irrevocable trust. See Note 15 for additional information.

(3) The net amount at risk calculation includes both general and separate account balances.

(4) Represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges.

(5) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

The Company issues variable life and universal life insurance contracts which may also include a “no-lapse guarantee” where the Company contractually guarantees to the contractholder a death benefit even when the account value drops to zero, as long as the “no-lapse guarantee” premium is paid.

The net amount at risk is generally defined as the current death benefit in excess of the current account balance at the balance sheet date. The Company’s primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including contractholder mortality, contract lapses, and premium pattern, as well as interest rate and equity market returns.

The Company also issues annuity contracts that provide certain death benefit and/or living benefit guarantees and are accounted for as MRBs. See Note 10 for additional information, including the net amount at risk associated with these guarantees.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The balance of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums are as follows:

Range of Guaranteed Minimum Crediting Rate(1)	December 31, 2024				
	At guaranteed minimum	1 - 50 bps above guaranteed minimum	51 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	Total
	(in thousands)				
Fixed Annuities					
Less than 1.00%	\$ 249	\$ 3,103	\$ 11,939	\$ 1,021,834	\$ 1,037,125
1.00% - 1.99%	430,477	62,519	172,877	68,973	734,846
2.00% - 2.99%	302,520	459,748	557,349	15,794	1,335,411
3.00% - 4.00%	1,894,646	6,114	10,896	3,219	1,914,875
Greater than 4.00%	0	0	0	0	0
Total	\$ 2,627,892	\$ 531,484	\$ 753,061	\$ 1,109,820	\$ 5,022,257
Variable Annuities					
Less than 1.00%	\$ 128,748	\$ 502,988	\$ 647,480	\$ 182	\$ 1,279,398
1.00% - 1.99%	121,336	294,635	2,494	0	418,465
2.00% - 2.99%	17,039	3,829	4,162	0	25,030
3.00% - 4.00%	819,316	1,860	0	0	821,176
Greater than 4.00%	1,978	0	0	0	1,978
Total	\$ 1,088,417	\$ 803,312	\$ 654,136	\$ 182	\$ 2,546,047
Variable Life / Universal Life					
Less than 1.00%	\$ 3,167	\$ 0	\$ 0	\$ 177,213	\$ 180,380
1.00% - 1.99%	289,677	0	1,849,854	1,513,273	3,652,804
2.00% - 2.99%	30,500	1,535,762	2,695,823	390,117	4,652,202
3.00% - 4.00%	4,149,638	1,716,374	1,082,026	0	6,948,038
Greater than 4.00%	2,095,235	0	0	0	2,095,235
Total	\$ 6,568,217	\$ 3,252,136	\$ 5,627,703	\$ 2,080,603	\$ 17,528,659

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Range of Guaranteed Minimum Crediting Rate(1)	December 31, 2023				
	At guaranteed minimum	1 - 50 bps above guaranteed minimum	51 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	Total
	(in thousands)				
Fixed Annuities					
Less than 1.00%	\$ 105	\$ 337	\$ 994	\$ 117,377	\$ 118,813
1.00% - 1.99%	487,191	73,393	234,487	79,713	874,784
2.00% - 2.99%	301,132	469,276	562,347	16,881	1,349,636
3.00% - 4.00%	29,131	0	0	0	29,131
Greater than 4.00%	0	0	0	0	0
Total	<u>\$ 817,559</u>	<u>\$ 543,006</u>	<u>\$ 797,828</u>	<u>\$ 213,971</u>	<u>\$ 2,372,364</u>
Variable Annuities					
Less than 1.00%	\$ 908,097	\$ 807,460	\$ 18,083	\$ 2	\$ 1,733,642
1.00% - 1.99%	214,377	2,061	1,060	0	217,498
2.00% - 2.99%	23,323	4,071	4135	0	31,529
3.00% - 4.00%	903,953	9245	33	0	913,231
Greater than 4.00%	2,046	0	0	0	2,046
Total	<u>\$ 2,051,796</u>	<u>\$ 822,837</u>	<u>\$ 23,311</u>	<u>\$ 2</u>	<u>\$ 2,897,946</u>
Variable Life / Universal Life					
Less than 1.00%	\$ 0	\$ 0	\$ 0	\$ 196,692	\$ 196,692
1.00% - 1.99%	201,121	0	2,588,458	528,155	3,317,734
2.00% - 2.99%	28,061	1,445,439	2,789,520	260,651	4,523,671
3.00% - 4.00%	3,956,631	2,217,133	1,107,726	0	7,281,490
Greater than 4.00%	2,136,137	0	0	0	2,136,137
Total	<u>\$ 6,321,950</u>	<u>\$ 3,662,572</u>	<u>\$ 6,485,704</u>	<u>\$ 985,498</u>	<u>\$ 17,455,724</u>

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Range of Guaranteed Minimum Crediting Rate(1)	December 31, 2022				
	At guaranteed minimum	1 - 50 bps above guaranteed minimum	51 - 150 bps above guaranteed minimum	Greater than 150 bps above guaranteed minimum	Total
(in thousands)					
Fixed Annuities					
Less than 1.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1.00% - 1.99%	521,189	73,554	248,881	83,415	927,039
2.00% - 2.99%	208,420	0	0	0	208,420
3.00% - 4.00%	38,195	0	0	0	38,195
Greater than 4.00%	0	0	0	0	0
Total	<u>\$ 767,804</u>	<u>\$ 73,554</u>	<u>\$ 248,881</u>	<u>\$ 83,415</u>	<u>\$ 1,173,654</u>
Variable Annuities					
Less than 1.00%	\$ 1,008,763	\$ 861,119	\$ 18,744	\$ 2	\$ 1,888,628
1.00% - 1.99%	243,223	2,257	1294	0	246,774
2.00% - 2.99%	26,778	973	0	0	27,751
3.00% - 4.00%	1,070,958	2,247	0	0	1,073,205
Greater than 4.00%	2,172	0	0	0	2,172
Total	<u>\$ 2,351,894</u>	<u>\$ 866,596</u>	<u>\$ 20,038</u>	<u>\$ 2</u>	<u>\$ 3,238,530</u>
Variable Life / Universal Life					
Less than 1.00%	\$ 11,902	\$ 0	\$ 0	\$ 0	\$ 11,902
1.00% - 1.99%	418,399	0	773,591	1,928,342	3,120,332
2.00% - 2.99%	32,651	121,200	2,413,571	1,824,303	4,391,725
3.00% - 4.00%	4,737,864	3,510	2,093,511	129,398	6,964,283
Greater than 4.00%	2,145,123	0	0	0	2,145,123
Total	<u>\$ 7,345,939</u>	<u>\$ 124,710</u>	<u>\$ 5,280,673</u>	<u>\$ 3,882,043</u>	<u>\$ 16,633,365</u>

(1) Excludes contracts without minimum guaranteed crediting rates, such as funds with indexed-linked crediting options.

Unearned Revenue Reserve

The balances of and changes in URR as of and for the periods ended are as follows:

	Years Ended December 31,		
	2024	2023	2022
	Variable Life / Universal Life		
	(in thousands)		
Balance, beginning of period	\$ 3,741,426	\$ 3,067,336	\$ 2,398,788
Unearned revenue	859,231	827,960	799,185
Amortization expense	(185,468)	(153,779)	(129,525)
Other adjustments	(2)	(91)	(1,112)
Balance, end of period	<u>\$ 4,415,187</u>	<u>\$ 3,741,426</u>	<u>\$ 3,067,336</u>

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

10. MARKET RISK BENEFITS

The following tables show a rollforward of MRB balances for variable annuity products, along with a reconciliation to the Company's total net MRB positions as of the following dates:

	Year Ended December 31, 2024		
	Variable Annuities	Less: Reinsured Market Risk Benefits	Total, Net of Reinsurance
	(in thousands)		
Balance, beginning of period	\$ 3,707,407	\$ (917,792)	\$ 2,789,615
Effect of cumulative changes in non-performance risk	1,067,983	0	1,067,983
Balance, beginning of period, before effect of changes in non-performance risk	4,775,390	(917,792)	3,857,598
Attributed fees collected	1,095,139	(259,099)	836,040
Claims paid	(57,083)	5,669	(51,414)
Interest accrual	226,734	(56,043)	170,691
Actual in force different from expected	49,864	(21,062)	28,802
Effect of changes in interest rates	(1,436,230)	277,354	(1,158,876)
Effect of changes in equity markets	(1,660,907)	177,329	(1,483,578)
Effect of assumption update	85,619	3,984	89,603
Issuances	70,965	(5,019)	65,946
Other adjustments	(34,183)	11,566	(22,617)
Effect of changes in current period counterparty non-performance risk	0	(61,469)	(61,469)
Balance, end of period, before effect of changes in non-performance risk	3,115,308	(844,582)	2,270,726
Effect of cumulative changes in non-performance risk	(626,845)	0	(626,845)
Balance, end of period	\$ 2,488,463	\$ (844,582)	\$ 1,643,881

	Year Ended December 31, 2023		
	Variable Annuities	Less: Reinsured Market Risk Benefits	Total, Net of Reinsurance
	(in thousands)		
Balance, beginning of period	\$ 4,550,625	\$ (422,261)	\$ 4,128,364
Effect of cumulative changes in non-performance risk	1,727,910	0	1,727,910
Balance, beginning of period, before effect of changes in non-performance risk	6,278,535	(422,261)	5,856,274
Attributed fees collected	1,158,879	(246,747)	912,132
Claims paid	(85,898)	9,952	(75,946)
Interest accrual	293,205	(53,016)	240,189
Actual in force different from expected	79,030	(13,338)	65,692
Effect of changes in interest rates	(1,438,873)	455,062	(983,811)
Effect of changes in equity markets	(1,845,207)	180,953	(1,664,254)
Effect of assumption update	330,769	(54,067)	276,702
Issuances	29,433	7,680	37,113
Other adjustments(1)(2)	(24,483)	(635,011)	(659,494)
Effect of changes in current period counterparty non-performance risk	0	(146,999)	(146,999)
Balance, end of period, before effect of changes in non-performance risk	4,775,390	(917,792)	3,857,598
Effect of cumulative changes in non-performance risk(2)	(1,067,983)	0	(1,067,983)
Balance, end of period	\$ 3,707,407	\$ (917,792)	\$ 2,789,615

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2022		
	Variable Annuities	Less: Reinsured Market Risk Benefits	Total, Net of Reinsurance
	(in thousands)		
Balance, beginning of period	\$ 8,884,362	\$ (906,484)	\$ 7,977,878
Effect of cumulative changes in non-performance risk	287,605	0	287,605
Balance, beginning of period, before effect of changes in non-performance risk	9,171,967	(906,484)	8,265,483
Attributed fees collected	1,249,956	(147,727)	1,102,229
Claims paid	(64,406)	3,456	(60,950)
Interest accrual	143,483	(13,438)	130,045
Actual in force different from expected	105,996	(9,968)	96,028
Effect of changes in interest rates	(7,271,427)	767,394	(6,504,033)
Effect of changes in equity markets	3,103,563	(326,575)	2,776,988
Effect of assumption update	(160,597)	23,171	(137,426)
Effect of changes in current period counterparty non-performance risk	0	187,910	187,910
Balance, end of period, before effect of changes in non-performance risk	6,278,535	(422,261)	5,856,274
Effect of cumulative changes in non-performance risk	(1,727,910)	0	(1,727,910)
Balance, end of period	<u>\$ 4,550,625</u>	<u>\$ (422,261)</u>	<u>\$ 4,128,364</u>

(1) Other adjustments for December 31, 2023 primarily includes \$638 million related to the reinsurance transaction with AuguStar. See Note 11 for additional information.

(2) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

In both 2024 and 2023, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update for direct and assumed MRBs, primarily due to updates to policyholder behavior assumptions on certain variable annuities.

In 2022, the Company recognized a favorable impact to net income attributable to the actuarial assumption update for direct and assumed MRBs, primarily due to updates to mortality and policyholder behavior assumptions on certain variable annuities.

The Company issues certain variable annuity insurance contracts where the Company contractually guarantees to the contractholder a return of no less than (1) total deposits made to the contract adjusted for any partial withdrawals plus a minimum return, and/or (2) the highest anniversary contract value on a specified date adjusted for any withdrawals. These guarantees include benefits that are payable in the event of death, annuitization or at specified dates during the accumulation period and withdrawal and income benefits payable during specified periods.

The Company also issues indexed variable annuity contracts for which the return is tied to the return of specific indices where the Company contractually guarantees to the contractholder a return of no less than total deposits made to the contract adjusted for any partial withdrawals upon death. In certain of these indexed variable annuity contracts, the Company also contractually guarantees to the contractholder withdrawal benefits payable during specific periods.

For guarantees of benefits that are payable in the event of death, the net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, contract lapses and contractholder mortality.

For guarantees of benefits that are payable at annuitization, the net amount at risk is generally defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, timing of annuitization, contract lapses and contractholder mortality.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

For guarantees of benefits that are payable at withdrawal, the net amount at risk is generally defined as the present value of the minimum guaranteed withdrawal payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance.

For guarantees of accumulation balances, the net amount at risk is generally defined as the guaranteed minimum accumulation balance minus the current account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including equity market returns, interest rates, market volatility and contractholder behavior.

The following table presents accompanying information to the rollforward table above.

	December 31, 2024	December 31, 2023	December 31, 2022
		Variable Annuities	
		(\$ in thousands)	
Net amount at risk(1)	\$ 8,722,499	\$ 9,041,651	\$ 12,141,947
Weighted-average attained age of contractholders	71	70	68

(1) For contracts with multiple benefit features, the highest net amount at risk for each contract is included.

The table below reconciles MRB asset and liability positions as of the following dates:

	December 31, 2024	December 31, 2023	December 31, 2022
		Variable Annuities	
		(in thousands)	
Direct and assumed	\$ 1,492,186	\$ 1,201,945	\$ 850,060
Ceded	1,145,177	1,165,298	543,177
Total market risk benefit assets	\$ 2,637,363	\$ 2,367,243	\$ 1,393,237
Direct and assumed(1)	\$ 3,980,650	\$ 4,909,352	\$ 5,400,685
Ceded	300,594	247,506	120,916
Total market risk benefit liabilities	\$ 4,281,244	\$ 5,156,858	\$ 5,521,601
Net liability	\$ 1,643,881	\$ 2,789,615	\$ 4,128,364

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

11. REINSURANCE

The Company participates in reinsurance with its affiliates PARCC, PAR U, PURE, Lotus Re, PALAC, a former subsidiary of Prudential Financial that was sold to Fortitude on April 1, 2022, prior to January 1, 2024 with its affiliates Prudential Universal Reinsurance Company ("PURC") and Gibraltar Universal Life Reinsurance Company ("GUL Re"), and prior to October 1, 2024 with its affiliates Prudential Arizona Reinsurance Term Company ("PAR Term"), Prudential Term Reinsurance Company ("Term Re") and Dryden Arizona Reinsurance Term Company ("DART"). The Company also participates in reinsurance with its parent company Prudential Insurance, as well as third-parties. The reinsurance agreements provide risk diversification and additional capacity for future growth, limit the maximum net loss potential, manage statutory capital, and facilitate the Company's capital market hedging program. Life reinsurance is accomplished through various plans of reinsurance, primarily YRT and coinsurance. Reinsurance ceded arrangements do not discharge the Company as the primary insurer. Ceded balances would represent a liability of the Company in the event the reinsurers were unable to meet their obligations to the Company under the terms of the reinsurance agreements. The Company believes a material reinsurance liability resulting from such inability of reinsurers to meet their obligations is unlikely.

Effective October 2024, the Company entered into an agreement with Wilton Re to coinsure a closed block of GUL policies, resulting in a DRL of \$979 million. To effectuate this transaction the Company recaptured all risks associated with the subject GUL policies from PAR U and subsequently established YRT reinsurance for the subject GUL business with Prudential Insurance. As a result of these transactions, the Company recognized a \$270 million pre-tax recapture gain and a \$798 million DRG, respectively. The DRL and DRG will be amortized into income over the remaining life of the reinsured policies.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Effective January 2024, the Company entered into an agreement with Somerset Reinsurance Ltd. (“Somerset Re”) to coinsure a closed block of guaranteed universal life (“GUL”) policies to PURE, a wholly-owned subsidiary of Prudential Insurance, with retrocession by PURE of such liabilities on a modified coinsurance basis, to Somerset Re. This transaction is effective as of January 1, 2024, whereby, the Company recaptured all risks associated with the subject GUL policies from PAR U, PURC and GUL Re and subsequently established YRT reinsurance for the subject GUL business with Prudential Insurance. As a result of these transactions, the Company recognized a \$990 million pre-tax recapture loss and a \$1,207 million DRG, respectively. The DRG will be amortized into income over the estimated remaining life of the reinsured policies.

Reserves related to reinsured long-duration contracts are accounted for using assumptions consistent with those used to account for the underlying contracts. Amounts recoverable from reinsurers for long-duration reinsurance arrangements are estimated in a manner consistent with the claim liabilities and policy benefits associated with the reinsured policies. Reinsurance policy charges and fee income ceded for universal life and variable annuity products are accounted for as a reduction of policy charges and fee income. Reinsurance premiums ceded for term insurance products are accounted for as a reduction of premiums.

Reinsurance agreements that do not expose the Company to a reasonable possibility of a significant loss from insurance risk are recorded using the deposit method of accounting. The deposit assets on reinsurance are recorded within “Reinsurance recoverables and deposit receivables” and the corresponding funds withheld liability for assets retained under these reinsurance agreements are recorded within “Reinsurance and funds withheld payables”. Balances associated with these agreements are included in the tables below.

“Change in value of market risk benefits, net of related hedging gains (losses)” include the impact of reinsurance agreements, particularly reinsurance agreements involving living benefit guarantees. The Company has entered into reinsurance agreements to transfer the risk related to the living benefit guarantees on variable annuities within the PLNJ business to Prudential Insurance. These reinsurance agreements are market risk benefits and have been accounted for in the same manner.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Reinsurance amounts included in the Company's Consolidated Statements of Financial Position as of December 31, were as follows:

	2024	2023
	(in thousands)	
Reinsurance recoverables and deposit receivables(1)(2)	\$ 48,247,817	\$ 40,256,800
Policy loans	(1,143,726)	(1,082,584)
Deferred policy acquisition costs(2)	(3,319,067)	(3,189,110)
Deferred sales inducements	(32,573)	(35,313)
Market risk benefit assets	1,145,580	1,165,378
Other assets(1)	1,538,231	258,748
Policyholders' account balances	5,567,661	5,977,108
Future policy benefits	7,443,997	7,026,209
Market risk benefit liabilities(2)	302,310	251,318
Reinsurance and funds withheld payables(1)(2)	8,611,141	2,738,979
Other liabilities(1)	3,282,713	1,651,733

(1) Prior period amounts have been updated to conform to current period presentation.

(2) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

Unaffiliated reinsurance amounts included in the table above and in the Company's Consolidated Statements of Financial Position as of December 31, were as follows:

	2024	2023
	(in thousands)	
Policy loans	\$ (48,644)	\$ 0
Deferred policy acquisition costs(1)	(637,555)	71,315
Market risk benefit assets	804,015	745,662
Other assets(2)(3)	1,118,974	176,436
Policyholders' account balances	1,665,998	1,830,579
Future policy benefits	160	453
Market risk benefit liabilities(4)	151,432	133,374
Reinsurance and funds withheld payables(2)(4)	3,360,901	1,620,504
Other liabilities(2)	257,929	287,551

(1) Includes \$699 million of deferred policy acquisition costs related to the transaction with Wilton Re.

(2) Prior period amounts have been updated to conform to current period presentation.

(3) Includes \$979 million deferred loss related to the reinsurance transaction with Wilton Re.

(4) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Reinsurance recoverables and deposit receivables by counterparty as of December 31, were as follows:

	2024	2023
	(in thousands)	
PAR U	\$ 11,426,975	\$ 15,722,061
PURC	0	7,565,968
PARCC	7,049,164	2,304,270
GUL Re	0	3,211,899
PAR Term	0	2,101,004
Prudential Insurance(1)	7,507,414	1,331,202
Term Re	0	2,080,564
Lotus Re	2,130,095	2,051,831
DART	0	744,043
PURE	7,951,965	0
Unaffiliated(1)(2)(3)	12,182,204	3,143,958
Total reinsurance recoverables and deposit receivables(1)	<u>\$ 48,247,817</u>	<u>\$ 40,256,800</u>

(1) Prior period amounts have been updated to conform to current period presentation.

(2) Includes balances with Wilton Re, FLIAC, Somerset Re and other counterparties. See below for further information on significant third-party reinsurance arrangements.

(3) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

Reinsurance amounts, included in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, were as follows:

	2024	2023	2022
	(in thousands)		
Premiums:			
Direct	\$ 1,846,109	\$ 1,853,184	\$ 1,868,709
Assumed	92	(61)	776
Ceded	(1,453,074)	(1,524,226)	(1,604,277)
Net premiums	<u>393,127</u>	<u>328,897</u>	<u>265,208</u>
Policy charges and fee income:			
Direct	3,190,753	2,995,595	3,034,193
Assumed	899,767	604,311	594,622
Ceded(1)	<u>3,292,277</u>	<u>(2,063,300)</u>	<u>(2,398,214)</u>
Net policy charges and fee income	<u>7,382,797</u>	<u>1,536,606</u>	<u>1,230,601</u>

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	2024	2023	2022
Net investment income:			
Direct	2,474,541	1,700,684	920,674
Assumed	1,325	1,364	1,513
Ceded	(53,849)	(26,526)	(38,186)
Net investment income(2)	2,422,017	1,675,522	884,001
Asset administration fees:			
Direct	329,181	323,444	351,600
Assumed	0	0	0
Ceded	(105,618)	(90,494)	(67,418)
Net asset administration fees	223,563	232,950	284,182
Other income (loss):			
Direct	297,868	636,930	(731,796)
Assumed	2,983	(475)	271
Ceded(3)	458,905	114,908	95,252
Net other income(2)	759,756	751,363	(636,273)
Realized investment gains (losses), net:			
Direct(3)	500,023	(1,203,453)	497,016
Assumed(3)	85,248	162,291	(291,679)
Ceded(3)	(133,854)	(105,937)	84,592
Realized investment gains (losses), net(2)	451,417	(1,147,099)	289,929
Change in value of market risk benefits, net of related hedging gains (losses):			
Direct(3)	(98,562)	287,936	(181,260)
Assumed(3)	2,626	(4,115)	0
Ceded(3)	(338,019)	(390,594)	(519,321)
Net change in value of market risk benefits, net of related hedging gains (losses)	(433,955)	(106,773)	(700,581)
Policyholders' benefits (including change in reserves):			
Direct	3,825,305	3,354,306	3,362,353
Assumed	1,058,315	1,258,651	1,107,436
Ceded(1)	3,468,713	(4,109,168)	(4,011,416)
Net policyholders' benefits (including change in reserves)(2)	8,352,333	503,789	458,373
Change in estimates of liability for future policy benefits:			
Direct	303,141	(18,361)	1,716,983
Assumed	92,766	8,644	679,863
Ceded	(416,550)	13,669	(2,341,747)
Net change in estimates of liability for future policy benefits	(20,643)	3,952	55,099
Interest credited to policyholders' account balances:			
Direct(3)	1,310,867	884,527	805,411
Assumed	153,052	136,725	74,402
Ceded	(426,188)	(399,607)	(434,598)
Net interest credited to policyholders' account balances	1,037,731	621,645	445,215
Reinsurance expense allowances and general and administrative expenses, net of capitalization and amortization(3)	(1,398,843)	(403,517)	(152,779)

(1) Current period amounts include the impacts of the recaptures from PAR U as discussed above.

(2) Amounts include reinsurance agreements using the deposit method of accounting.

(3) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Unaffiliated reinsurance assumed and ceded amounts included in the table above and in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, were as follows:

	2024	2023	2022
	(in thousands)		
Premiums:			
Assumed	\$ 89	\$ (69)	\$ 149
Ceded	(107,449)	(70,169)	(42,721)
Policy charges and fee income:			
Assumed	1,381	1,563	2,113
Ceded	(191,368)	(143,764)	(81,781)
Net investment income(1):			
Ceded	(1,659)	23,023	10,802
Asset administration fees:			
Ceded	(28,354)	(22,415)	0
Other income (loss)(1):			
Assumed(2)	2,983	(475)	270
Ceded(2)	142,267	44,260	18,440
Realized investment gains (losses), net(1):			
Assumed	85,248	162,291	778,620
Ceded(2)	(91,712)	(101,449)	83,612
Change in value of market risk benefits, net of related hedging gains (losses):			
Assumed(2)	2,626	(4,115)	0
Ceded	(124,816)	(186,996)	(120,663)
Policyholders' benefits (including change in reserves)(1):			
Assumed	348	804	2,566
Ceded	(366,669)	(157,344)	(94,402)
Change in estimates of liability for future policy benefits:			
Ceded	96,014	(1,367)	(6,824)
Interest credited to policyholders' account balances:			
Assumed	39,263	16,243	(95,285)
Ceded	(24,550)	0	0

(1) Amounts include reinsurance agreements using the deposit method of accounting.

(2) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

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

	2024	2023	2022
	(in thousands)		
Direct gross life insurance face amount in force	\$ 1,181,531,932	\$ 1,127,561,798	\$ 1,093,610,227
Assumed gross life insurance face amount in force	34,530,341	35,558,423	36,668,045
Reinsurance ceded	(1,080,451,145)	(1,027,473,705)	(1,009,571,304)
Net life insurance face amount in force	<u>\$ 135,611,128</u>	<u>\$ 135,646,516</u>	<u>\$ 120,706,968</u>

Significant Affiliated Reinsurance Agreements

PAR U

Pruco Life reinsures 70% of all the risks associated with Universal Protector policies having no-lapse guarantees as well as certain other universal life policies, with effective dates prior to January 1, 2011.

Effective July 1, 2012, PLNJ reinsures 95% of all the risks associated with Universal Protector policies having no-lapse guarantees as well as certain other universal life policies, with effective dates through December 31, 2019, excluding those policies that are subject to principle-based reserving.

On January 2, 2013, Pruco Life began to assume GUL business from Prudential Insurance in connection with the acquisition of the Hartford Life Business. The GUL business assumed from Prudential Insurance was subsequently retroceded to PAR U.

Effective January 1, 2024, Pruco Life recaptured the policies equal to 70% of all the risks associated with Universal Protector policies having no-lapse guarantees as well as certain other universal life policies, with effective dates prior to January 1, 2011. Effective January 1, 2024, Pruco Life reinsures 25% of the risks associated with universal life policies with effective dates prior to January 1, 2015 and 100% of the risks associated with universal life policies with effective dates beginning January 1, 2015.

Effective January 1, 2024, PLNJ recaptured the policies previously reinsured by PAR U with effective dates prior to January 1, 2015. Effective January 1, 2024, PLNJ reinsures 100% of the risks associated with universal life policies, with effective dates from January 1, 2015 to December 31, 2019.

Effective October 1, 2024, Pruco Life recaptured the remaining portion of the policies equal to 25% of the risks associated with universal life policies with effective dates prior to January 1, 2015 and 100% of the risks associated with universal life policies with effective dates beginning January 1, 2015. As a result of the recapture, the Company recognized a \$270 million pre-tax recapture gain, as discussed above, which includes the recognition of a prior \$94 million DRG related to the previous reinsurance agreement. Following the result of this recapture, Pruco Life only cedes the GUL business in connection with the Hartford Life Business to PAR U as of December 31, 2024.

Effective October 1, 2024, PLNJ recaptured 100% of the risks associated with the remaining universal life policies, with effective dates from January 1, 2015 to December 31, 2019. As a result of the recapture, the Company recognized a \$29 million pre-tax recapture loss which is part of the \$270 million pre-tax recapture gain discussed above. The loss includes the recognition of a prior \$8 million DRG related to the previous reinsurance agreement. Following the result of this recapture, PLNJ no longer cedes to PAR U as of December 31, 2024.

On March 28, 2024, PURC and GUL Re merged into PAR U.

PURE

Effective January 1, 2024, Pruco Life reinsures 75% of the risks associated with Universal Protector policies having no-lapse guarantees as well as certain other universal life policies, with effective dates prior to January 1, 2015.

Effective January 1, 2024, PLNJ reinsures 100% of the risks associated with Universal Protector policies having no-lapse guarantees as well as certain other universal life policies, with effective dates prior to January 1, 2015.

PALAC

Effective April 1, 2016, the Company entered into a reinsurance agreement to reinsure its variable annuity base contracts, along with the living benefit guarantees to PALAC, excluding the PLNJ business, which was reinsured to Prudential Insurance. This reinsurance agreement excluded business reinsured externally. As of December 31, 2020, the Company discontinued the sales of traditional variable annuities with guaranteed living benefit riders. This discontinuation had no impact on the reinsurance agreement between PALAC, Prudential Insurance, and the Company.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Effective July 1, 2021, the Company recaptured the risks related to its business, as discussed above, that had previously been reinsured to PALAC from April 1, 2016 through June 30, 2021. The recapture did not impact PLNJ, which continued to reinsure its business to Prudential Insurance. The product risks related to the previously reinsured business that were being managed in PALAC, were transferred to the Company. In addition, the living benefit hedging program related to the previously reinsured living benefit riders were being managed within the Company.

On April 1, 2022, PALAC was sold to Fortitude as discussed in Note 1 and is no longer considered an affiliate of the Company.

PURC

Pruco Life reinsures 70% of all the risks associated with its Universal Protector policies having no-lapse guarantees as well as certain other universal life policies, with effective dates from January 1, 2011 through December 31, 2013, with PURC and 95% of all the risks associated with Universal Protector policies having no-lapse guarantees, as well as certain other universal life policies, with effective dates from January 1, 2014 through December 31, 2016.

Effective January 1, 2024, the Company recaptured the policies previously reinsured by PURC. As a result of the recapture, the Company recorded a write-off of \$116 million of DRG that was recognized with the previous reinsurance agreement.

On March 28, 2024, PURC merged into PAR U.

PARCC

Prior to July 1, 2019, the Company reinsured 90% of the risks under its term life insurance policies, with effective dates prior to January 1, 2010 through an automatic coinsurance agreement with PARCC. Effective July 1, 2019, the Company amended the coinsurance agreement to increase the percentage from 90% to 100% of the policy risk amount reinsured. The amended agreement does not impact contracts issued by PLNJ, which remain at the original percentage.

Effective October 1, 2024, the Company revised the existing coinsurance terms with PARCC, increasing the quota share of reinsured policies to 100% which includes policies which were previously reinsured to PAR Term, Term Re and DART. As a result of the revised terms, the Company recognized a \$351 million DRL that will be amortized into income over the estimated remaining life of the reinsured policies.

On November 20, 2024, PAR Term, Term Re and DART merged into PARCC.

GUL Re

Effective January 1, 2017, Pruco Life entered into an automatic coinsurance agreement with GUL Re to reinsure 95% of all the risks associated with Universal Protector policies having no-lapse guarantees, as well as certain other universal life policies, with effective dates on or after January 1, 2017 through December 31, 2019, excluding those policies that are subject to principle-based reserving.

Effective July 1, 2017, Pruco Life amended this agreement to include 30% of Universal Protector policies having no-lapse guarantees as well as certain other universal life policies with effective dates prior to January 1, 2014.

Effective January 1, 2024, the Company recaptured the policies previously reinsured by GUL Re.

On March 28, 2024, GUL Re merged into PAR U.

PAR Term

Prior to July 1, 2019, the Company reinsures 95% of the risks under its term life insurance policies with effective dates January 1, 2010 through December 31, 2013, through an automatic coinsurance agreement with PAR Term. Effective July 1, 2019, the Company amended the coinsurance agreement to increase the percentage from 95% to 100% of the policy risk amount reinsured. The amended agreement does not impact contracts issued by PLNJ, which remain at the original percentage.

On November 20, 2024, PAR Term merged into PARCC.

Prudential of Taiwan

On January 31, 2001, Pruco Life transferred all of its assets and liabilities associated with its Taiwanese branch, including its Taiwanese insurance book of business, to Prudential of Taiwan. The mechanism used to transfer this block of business in Taiwan is referred to as a “full acquisition and assumption” transaction. Under this mechanism, Pruco Life is jointly liable with Prudential of Taiwan for two years from the giving of notice to all obligees for all matured obligations and for two years after the maturity date of not-yet-matured obligations. Prudential of Taiwan is also contractually liable, under indemnification provisions of the transaction, for any liabilities that may be asserted against Pruco Life.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The transfer of the insurance related assets and liabilities was accounted for as a long-duration coinsurance transaction under U.S. GAAP. Under this accounting treatment, the insurance related liabilities remain on the books of Pruco Life and an offsetting reinsurance recoverable is established. These assets and liabilities are denominated in U.S. dollars.

On August 11, 2020, Prudential International Insurance Holdings, Ltd. ("PIIH"), a subsidiary of Prudential Financial, entered into a Share Purchase Agreement with Taishin Financial Holding Co., Ltd. (the "Buyer") pursuant to which PIIH has agreed to sell to the Buyer all of the issued and outstanding capital stock of Prudential of Taiwan. The Share Purchase Agreement contains customary warranties and covenants of PIIH and the Buyer. On June 30, 2021, PIIH completed the sale of Prudential of Taiwan to the Buyer. This resulted in the removal of the insurance related liabilities and offsetting reinsurance recoverables previously on the books of Pruco Life. The Buyer provided Pruco Life a backstop indemnification and Pruco Life provided a guarantee to stand ready to perform in the event of default by both Prudential of Taiwan and the Buyer. Refer to Note 16 for details on the guarantee.

Term Re

The Company reinsures 95% of the risks under its term life insurance policies, with effective dates on or after January 1, 2014 through December 31, 2017, through an automatic coinsurance agreement with Term Re.

On November 20, 2024, Term Re merged into PARCC.

Prudential Insurance

The Company has a YRT reinsurance agreement with Prudential Insurance and reinsures the majority of all mortality risks not otherwise reinsured. This agreement was terminated for new business effective January 1, 2020, with certain new business (primarily universal life policies) terminated as early as 2017. The Company now reinsures a portion of the mortality risk directly to third-party reinsurers and retains all of the non-reinsured portion of the mortality risk. Effective July 1, 2019, certain term life insurance policies were recaptured and subsequently reinsured to PARCC and PAR Term as noted above. As of January 1, 2022, most of the variable life insurance policies were recaptured resulting in a \$305 million loss recorded through "Policy charges and fee income". Those policies were then reinsured to Lotus Re as mentioned below. Effective January 1, 2024, the Company recaptured all GUL policies with Prudential Insurance and subsequently entered into a YRT reinsurance agreement with Prudential Insurance to reinsure the mortality risk for the totality of GUL policies reinsured to PURE. Effective October 1, 2024, the Company recaptured the term business from Prudential Insurance, and revised the existing coinsurance terms with PARCC to reflect revised quota share. As a result of the recapture, the Company recognized a \$3 million pre-tax recapture loss. Additionally, effective October 1, 2024, the Company entered into a YRT reinsurance agreement with Prudential Insurance to reinsure the mortality risk of recaptured GUL policies from PAR U.

On January 2, 2013, Pruco Life began to assume GUL business from Prudential Insurance in connection with the acquisition of the Hartford Financial Services Group, Inc. ("Hartford Financial"). The GUL business assumed from Prudential Insurance was subsequently retroceded to PAR U. In May 2018, Hartford Financial sold a group of operating subsidiaries, which includes two of Prudential Insurance's counterparties to these reinsurance arrangements. There was no impact to the terms, rights or obligations of Prudential Insurance, or operation of these reinsurance arrangements, as a result of this change in control of such counterparties. Similarly, there was no impact to the Company's reinsurance arrangements with respect to such GUL business as a result of this change in control. In January 2021, there was a definitive agreement announced to subsequently sell the two counterparties mentioned above, which were then acquired by Sixth Street in July 2021. There was no impact to the terms, rights or obligations of the Company, or operation of these reinsurance arrangements, as a result of this change in control of such counterparties.

The Company has reinsured a group annuity contract with Prudential Insurance, in consideration for a single premium payment by the Company, providing reinsurance equal to 100% of all payments due under the contract.

Effective April 1, 2016, PLNJ entered into a reinsurance agreement to reinsure its variable annuity base contracts, along with the living benefit guarantees to Prudential Insurance. This reinsurance agreement covers new and in force business. Effective February 1, 2023, PLNJ began selling indexed variable annuities products, which is reinsured to Prudential Insurance through the existing reinsurance agreement. The reinsurance of the indexed variable annuities transfers all significant risks, including mortality risk, embedded in the reinsured contracts to Prudential Insurance. As a result of the agreement, reinsurance payables includes the ceded modified coinsurance arrangement, which reflects the value of the invested assets retained by the Company and the associated asset returns.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Lotus Re

Effective October 1, 2021, the Company entered into an automatic coinsurance agreement with Lotus Re to reinsure \$32 million of liabilities associated with the risks associated with a portion of its variable life policies in the extended term policy status.

Effective January 1, 2022 the Company recaptured the risks that were previously ceded to Lotus Re from October 1, 2021 through December 31, 2021. Immediately thereafter, the Company entered into a reinsurance agreement with Lotus Re to cede 100% of the risks associated with a closed block of variable life business on a coinsurance and modified coinsurance basis including policies in the extended term policy status. The amount of the net liabilities associated with the transaction for coinsurance and modified coinsurance were \$1,387 million and \$14,037 million, respectively. As part of the consideration, the Company also ceded to Lotus Re \$855 million of policy loan assets associated with the reinsured policies while receiving \$820 million in cash from Lotus Re. As a result, the Company recorded a \$1,352 million deferred gain, which will be recognized over the remaining life of the underlying policies. In tandem with the transaction, effective January 1, 2022, Lotus Re established an automatic YRT agreement with the Company to cede back a portion of the mortality risks associated with the reinsured policies for the purposes of the Company maintaining YRT reinsurance with external counterparties.

Effective December 15, 2024, the Company entered into a reinsurance agreement with Lotus Re to cede 100% of the risks associated with certain fixed index annuities and multi-year guaranteed annuity contracts issued on or after the effective date of the agreement on a coinsurance basis. The deposit receivables was \$52 million as of December 31, 2024.

DART

Effective January 1, 2018, the Company entered into an automatic coinsurance agreement with DART to reinsure 95% of the risks associated with its term life insurance policies with effective dates on or after January 1, 2018 through December 31, 2019, excluding those policies that are subject to principle-based reserving.

On November 20, 2024, DART merged into PARCC.

Significant Third-Party Reinsurance Arrangements**AuguStar Life Insurance Company (Formerly Known as The Ohio National Life Insurance Company)**

Effective April 1, 2023, the Company entered into an agreement with AuguStar, an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately \$10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits. This block represents approximately 10% of the Company's remaining legacy in force traditional variable annuity block by account value. The Company ceded 100% of separate account liabilities under modified coinsurance and 100% of general account liabilities under coinsurance of its PDI traditional variable annuity contracts. The general account liabilities associated with PDI's guaranteed living and death benefits and the corresponding reinsurance of those liabilities are accounted for as market risk benefits. As a result of the transaction, the Company recognized a \$277 million DRG at inception that is amortized into income over the estimated remaining life of the reinsured policies.

FLIAC

Effective December 1, 2021, the Company entered into a reinsurance agreement with FLIAC under which the Company assumed all of FLIAC's indexed variable annuities under modified coinsurance. The reinsurance of the indexed variable annuities transfers all significant risks, including mortality risk, embedded in the reinsured contracts to the Company. As a result of the agreement, "Reinsurance recoverables and deposit receivables" includes the assumed modified coinsurance receivable, which reflects the value of the invested assets retained by FLIAC and the associated asset returns. The Company also assumed via coinsurance all of FLIAC's fixed indexed annuities and fixed annuities with a guaranteed lifetime withdrawal income feature which are accounted for under the deposit method of accounting. The reinsurance agreement offers the policyholders the opportunity to novate their contracts from FLIAC to the Company and any such novated contracts shall cease to be reinsured under this agreement. As of December 31, 2024, the total account value of contracts novated from FLIAC to the Company were \$5.3 billion for indexed variable annuities contracts and \$2 billion for fixed annuities and fixed indexed annuities contracts, which is approximately 80% of the total reinsured block. Reinsurance recoverables was \$1,395 million and \$1,429 million as of December 31, 2024 and 2023, respectively.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Somerset Re

Effective October 1, 2021, the Company entered into a reinsurance agreement with Somerset Re to coinsure business, on a quota share funds withheld basis, related to fixed indexed annuities. Under the reinsurance agreement, the Company cedes to Somerset Re its quota share of the insurance liabilities with respect to the reinsured contracts. The deposit assets on reinsurance totaled \$2,582 million and \$1,526 million at December 31, 2024 and 2023, respectively. The funds withheld liabilities totaled \$2,434 million and \$1,412 million at December 31, 2024 and 2023, respectively.

Union Hamilton

Between April 1, 2015 and December 31, 2016, the Company, excluding its subsidiary, reinsured approximately 50% of the new business related to “highest daily” living benefits rider guarantees on HDI v.3.0 product, available with Prudential Premier® Retirement Variable Annuity, to Union Hamilton. This reinsurance remains in force for the duration of the underlying annuity contracts. New sales of HDI v.3.0 subsequent to December 31, 2016 are not covered by this external reinsurance agreement. As of December 31, 2024, \$1.9 billion of HDI v.3.0 account values are reinsured to Union Hamilton.

Wilton Re

Effective October 1, 2024, the Company entered into a reinsurance agreement with Wilton Re to coinsure a closed block of GUL policies. Reinsurance recoverables was \$7,478 million as of December 31, 2024.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

12. INCOME TAXES

The following schedule discloses significant components of income tax expense (benefit) for each year presented:

	Years Ended December 31,		
	2024	2023	2022
	(in thousands)		
Current tax expense (benefit):			
U.S. federal	\$ 151,544	\$ 698,170	\$ (345,263)
State and local	5,763	14,550	4,479
Total	157,307	712,720	(340,784)
Deferred tax expense (benefit):			
U.S. federal(1)	(22,612)	(686,252)	44,097
State and local	454	0	0
Total	(22,158)	(686,252)	44,097
Total income tax expense (benefit) on income (loss) before equity in earnings of operating joint ventures	135,149	26,468	(296,687)
Income tax expense (benefit) on equity in earnings of operating joint ventures	24	(109)	(193)
Income tax expense (benefit) reported in equity related to:			
Other comprehensive income (loss)(1)	(151,234)	(5,638)	(106,197)
Total income tax expense (benefit)	\$ (16,061)	\$ 20,721	\$ (403,077)

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

Reconciliation of Expected Tax at Statutory Rates to Reported Income Tax Expense (Benefit)

The differences between income taxes expected at the U.S. federal statutory income tax rate of 21% applicable for 2024, 2023 and 2022, and the reported income tax expense (benefit) are summarized as follows:

	Years Ended December 31,		
	2024	2023	2022
	(\$ in thousands)		
Expected federal income tax expense (benefit)(1)	\$ 204,342	\$ 100,305	\$ (208,444)
Non-taxable investment income	(42,621)	(42,730)	(46,426)
Tax credits	(29,001)	(42,578)	(47,544)
State taxes (net of federal benefit)	4,911	11,495	3,538
Other	(2,482)	(24)	2,189
Reported income tax expense (benefit)	\$ 135,149	\$ 26,468	\$ (296,687)
Effective tax rate(1)	13.9 %	5.5 %	29.9 %

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

The effective tax rate is the ratio of “Income tax expense (benefit)” divided by “Income (loss) from operations before income taxes and equity in earnings of operating joint venture.” The Company’s effective tax rate for fiscal years 2024, 2023 and 2022 was 13.9%, 5.5% and 29.9%, respectively. The following is a description of items that had a significant impact on the difference between the Company’s statutory U.S. federal income tax rate of 21% applicable for 2024, 2023 and 2022, and the Company’s effective tax rate during the periods presented:

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Non-Taxable Investment Income. The U.S. Dividends Received Deduction (“DRD”) reduces the amount of dividend income subject to U.S. tax and is included in the non-taxable investment income shown in the table above. More specifically, the U.S. DRD constitutes \$41 million of the total \$43 million of 2024 non-taxable investment income, \$40 million of the total \$43 million of 2023 non-taxable investment income, and \$44 million of the total \$46 million of 2022 non-taxable investment income. The DRD for the current period was estimated using information from 2023, current year investment results, and current year’s equity market performance. The actual current year DRD can vary based on factors such as, but not limited to, changes in the amount of dividends received that are eligible for the DRD, changes in the amount of distributions received from fund investments, changes in the account balances of variable life and annuity contracts, and the Company’s taxable income before the DRD.

Tax credits. These amounts primarily represent tax credits relating to foreign taxes withheld on the Company’s separate account investments.

Other. This line item represents reconciling items that are individually less than 5% of the computed expected federal income tax expense (benefit) and have therefore been aggregated for purposes of this reconciliation in accordance with relevant disclosure guidance.

Schedule of Deferred Tax Assets and Deferred Tax Liabilities

	December 31,	
	2024	2023
	(in thousands)	
Deferred tax assets:		
Insurance reserves(1)	\$ 1,749,792	\$ 1,663,037
Investments(1)	1,033,856	788,425
Net unrealized loss on securities	410,718	296,749
Other	5,647	4,723
Deferred tax assets	3,200,013	2,752,934
Deferred tax liabilities:		
Deferred policy acquisition cost(1)	1,227,858	946,846
Deferred sales inducements	66,686	72,791
Deferred tax liabilities	1,294,544	1,019,637
Net deferred tax asset (liability)	\$ 1,905,469	\$ 1,733,297

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

The application of U.S. GAAP requires the Company to evaluate the recoverability of deferred tax assets and establish a valuation allowance if necessary to reduce the deferred tax asset to an amount that is more likely than not expected to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) in which tax jurisdictions they were generated and the timing of their reversal; (4) taxable income in prior carryback years as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized in the various taxing jurisdictions; (6) any unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Although realization is not assured, management believes it is more likely than not that the deferred tax assets, net of valuation allowances, will be realized.

Changes in market conditions, including the significant rise in interest rates since the beginning of 2022, resulted in the recording of deferred tax assets related to net unrealized tax capital losses in the Company. When assessing recoverability of these deferred tax assets, the Company considers its ability and intent to hold the underlying securities to recovery in value, if necessary, as well as other factors as noted above. As of December 31, 2024, based on all available evidence, including capital loss carryback capacity, the Company concluded that the deferred tax assets related to the unrealized tax capital losses on the available-for-sale securities portfolios are, more likely than not, expected to be realized.

The Company had no valuation allowance as of December 31, 2024, and 2023. Adjustments to the valuation allowance will be made if there is a change in management’s assessment of the amount of deferred tax asset that is realizable.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The Company's "Income (loss) from operations before income taxes and equity in earnings of operating joint venture" includes income from domestic operations of \$973 million, \$478 million and \$(993) million for the years ended December 31, 2024, 2023 and 2022, respectively.

Tax Audit and Unrecognized Tax Benefits

The Company's liability for income taxes includes the liability for unrecognized tax benefits and interest that relate to tax years still subject to review by the IRS or other taxing authorities. The completion of review or the expiration of the Federal statute of limitations for a given audit period could result in an adjustment to the liability for income taxes.

The Company had no unrecognized tax benefits as of December 31, 2024, 2023, and 2022. The Company does not anticipate any significant changes within the next twelve months to its total unrecognized tax benefits related to tax years for which the statute of limitations has not expired.

The Company classifies all interest and penalties related to tax uncertainties as income tax expense (benefit). The Company did not recognize tax related interest and penalties.

At December 31, 2024, the Company remains subject to examination in the U.S. for tax years 2014 through 2024.

The Company participates in the IRS's Compliance Assurance Program. Under this program, the IRS assigns an examination team to review completed transactions as they occur in order to reach agreement with the Company on how they should be reported in the relevant tax returns. If disagreements arise, accelerated resolutions programs are available to resolve the disagreements in a timely manner.

13. EQUITY

Accumulated Other Comprehensive Income (Loss)

AOCI represents the cumulative OCI items that are reported separate from net income and detailed on the Consolidated Statements of Operations and Comprehensive Income (Loss). Net unrealized investment gains (losses) are described in further detail in Note 2, Note 8 (Interest rate remeasurement of Liability for Future Policy Benefits) and Note 10 (Gains (losses) from Changes in Nonperformance Risk on Market Risk Benefits). The balance of and changes in each component of AOCI as of and for the years ended December 31, are as follows:

	Accumulated Other Comprehensive Income (Loss)				
	Foreign Currency Translation Adjustment	Net Unrealized Investment Gains (Losses)(1)	Interest Rate Remeasurement of Future Policy Benefits	Gain (Loss) from Changes in Non- Performance Risk on Market Risk Benefits	Total Accumulated Other Comprehensive Income (Loss)
	(in thousands)				
Balance, December 31, 2021	\$ (11,274)	\$ 306,331	\$ (125,809)	\$ 227,206	\$ 396,454
Change in OCI before reclassifications	(9,337)	(2,249,609)	310,351	1,440,307	(508,288)
Amounts reclassified from AOCI	0	(4,428)	0	0	(4,428)
Income tax benefit (expense)	604	473,231	(65,174)	(302,464)	106,197
Balance, December 31, 2022	(20,007)	(1,474,475)	119,368	1,365,049	(10,065)
Change in OCI before reclassifications(2)	2,419	677,735	(60,978)	(659,927)	(40,751)
Amounts reclassified from AOCI	0	14,217	0	0	14,217
Income tax benefit (expense)(2)	(497)	(145,255)	12,805	138,585	5,638
Balance, December 31, 2023(2)	(18,085)	(927,778)	71,195	843,707	(30,961)
Change in OCI before reclassifications	(4,595)	(416,996)	58,676	(441,138)	(804,053)
Amounts reclassified from AOCI	0	81,903	0	0	81,903
Income tax benefit (expense)	739	70,169	(12,313)	92,639	151,234
Balance, December 31, 2024	\$ (21,941)	\$ (1,192,702)	\$ 117,558	\$ 495,208	\$ (601,877)

(1) Includes cash flow hedges of \$111 million, \$12 million, and \$139 million as of December 31, 2024, 2023 and 2022, respectively.

(2) Amounts reflect revision to prior period Financial Statements. See Note 17 for additional information.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Reclassifications out of Accumulated Other Comprehensive Income (Loss)

	Years Ended December 31,		
	2024	2023	2022
	(in thousands)		
<u>Amounts reclassified from AOCI(1)(2):</u>			
Net unrealized investment gains (losses):			
Cash flow hedges—Currency/Interest rate(3)	\$ 85,491	\$ 16,976	\$ 78,433
Net unrealized investment gains (losses) on available-for-sale securities	(167,394)	(31,193)	(74,005)
Total net unrealized investment gains (losses)(4)	(81,903)	(14,217)	4,428
Total reclassifications for the period	\$ (81,903)	\$ (14,217)	\$ 4,428

(1) All amounts are shown before tax.

(2) Positive amounts indicate gains/benefits reclassified out of AOCI. Negative amounts indicate losses/costs reclassified out of AOCI.

(3) See Note 4 for additional information on cash flow hedges.

(4) See table below for additional information on unrealized investment gains (losses), including the impact on future policy benefits and policyholders' account balances.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Net Unrealized Investment Gains (Losses)

Net unrealized investment gains (losses) on available-for-sale fixed maturity securities and certain other invested assets and other assets are included in the Company's Consolidated Statements of Financial Position as a component of AOCI. Changes in these amounts include reclassification adjustments to exclude from OCI those items that are included as part of "Net income (loss)" for a period that had been part of OCI in earlier periods. The amounts for the periods indicated below, split between amounts related to net unrealized investment gains (losses) on available-for-sale fixed maturity securities on which an allowance for credit losses has been recognized, and all other net unrealized investment gains (losses), are as follows:

	Net Unrealized Investment Gains (Losses) on AFS Fixed Maturity Securities on Which an Allowance for Credit Losses has been Recognized	Net Unrealized Gains (Losses) on All Other Investments(1)	Other Costs(2)	Future Policy Benefits, Policyholders' Account Balances and Reinsurance Payables	Income Tax Benefit (Expense)	AOCI Related to Net Unrealized Investment Gains (Losses)
(in thousands)						
Balance, December 31, 2021	\$ 3,685	\$ 581,718	\$ 835,430	\$ (1,033,194)	\$ (81,308)	\$ 306,331
Net investment gains (losses) on investments arising during the period	(149)	(2,737,481)	0	0	574,760	(2,162,870)
Reclassification adjustment for (gains) losses included in net income	831	(5,259)	0	0	930	(3,498)
Reclassification due to allowance for credit losses recorded during the period	4	(4)	0	0	0	0
Impact of net unrealized investment (gains) losses	0	0	(2,033,852)	2,521,873	(102,459)	385,562
Balance, December 31, 2022	4,371	(2,161,026)	(1,198,422)	1,488,679	391,923	(1,474,475)
Net investment gains (losses) on investments arising during the period	(4,482)	744,727	0	0	(155,393)	584,852
Reclassification adjustment for (gains) losses included in net income	(265)	14,482	0	0	(2,984)	11,233
Reclassification due to allowance for credit losses recorded during the period	2,363	(2,363)	0	0	0	0
Impact of net unrealized investment (gains) losses	0	0	397,071	(459,581)	13,122	(49,388)
Balance, December 31, 2023	1,987	(1,404,180)	(801,351)	1,029,098	246,668	(927,778)
Net investment gains (losses) on investments arising during the period	(773)	(525,222)	0	0	110,227	(415,768)
Reclassification adjustment for (gains) losses included in net income	(175)	82,078	0	0	(17,164)	64,739
Reclassification due to allowance for credit losses recorded during the period	(146)	146	0	0	0	0
Impact of net unrealized investment (gains) losses	0	0	217,642	(108,643)	(22,894)	86,105
Balance, December 31, 2024	\$ 893	\$ (1,847,178)	\$ (583,709)	\$ 920,455	\$ 316,837	\$ (1,192,702)

(1) Includes cash flow hedges. See Note 4 for information on cash flow hedges.

(2) "Other costs" primarily includes reinsurance recoverables and DRL.

Noncontrolling interests

For certain subsidiaries, the Company owns a controlling interest that is less than 100% ownership of the subsidiary but must consolidate 100% of the subsidiary's financial statements in accordance with U.S. GAAP. Noncontrolling interests represent the portion of equity ownership in a consolidated subsidiary that is not attributable to the Company.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

14. STATUTORY NET INCOME AND SURPLUS AND DIVIDEND RESTRICTIONS

The Company is required to prepare statutory financial statements in accordance with accounting practices prescribed or permitted by the Arizona Department of Insurance ("AZDOI"). Its subsidiary PLNJ is required to prepare statutory financial statements in accordance with accounting practices prescribed or permitted by the New Jersey Department of Insurance and Banking. Statutory accounting practices primarily differ from U.S. GAAP by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions as well as valuing investments and certain assets and accounting for deferred taxes on a different basis.

The following table summarizes certain statutory financial information for the Company, including its subsidiary PLNJ, for the periods indicated:

	Years Ended December 31,		
	2024	2023	2022
	(in millions)		
Statutory net income (loss)(1)	\$ (5,195)	\$ 4,923	\$ 3,317
Statutory capital and surplus(1)	5,730	5,161	5,205

(1) 2022 amounts include adjustments made to the audited statutory financial statements as of December 31, 2022.

The Company does not utilize prescribed or permitted practices that vary materially from the statutory accounting practices prescribed by the NAIC.

The Company is subject to Arizona law, which limits the amount of dividends that insurance companies can pay to stockholders without approval of the AZDOI. The maximum dividend, which may be paid in any twelve-month period without notification or approval, is limited to the lesser of 10% of statutory surplus as of December 31 of the preceding year or the net gain from operations of the preceding calendar year. Cash dividends may only be paid out of surplus derived from realized net profits. The Company must obtain approval from AZDOI prior to paying a dividend if the dividend, together with other dividend distributions made within the preceding twelve months, would exceed the lesser of 10% of statutory surplus or net gain from operations. Based on these limitations, there is no capacity to pay a dividend in 2025 without prior approval. In 2024, there was \$550 million return of capital to Prudential Insurance. The Company did not pay dividends to Prudential Insurance in 2024, 2023 and 2022.

15. RELATED PARTY TRANSACTIONS

The Company has extensive transactions and relationships with Prudential Insurance and other affiliates. Although we seek to ensure that these transactions and relationships are fair and reasonable, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Expense Charges and Allocations

The majority of the Company's expenses are allocations or charges from Prudential Insurance or other affiliates. These expenses can be grouped into general and administrative expenses and agency distribution expenses.

The Company's general and administrative expenses are charged to the Company using allocation methodologies based on business production processes. Management believes that the methodology is reasonable and reflects costs incurred by Prudential Insurance to process transactions on behalf of the Company. The Company operates under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided by Prudential Insurance. The Company reviews its allocation methodology periodically which it may adjust accordingly. General and administrative expenses include allocations of stock compensation expenses related to a stock-based awards program and a deferred compensation program issued by Prudential Financial. The expense charged to the Company for the stock-based awards program was \$1 million for each of the years ended December 31, 2024, 2023 and 2022. The expense charged to the Company for the deferred compensation program was \$6 million, \$5 million and \$5 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company is charged for its share of employee benefit expenses. These expenses include costs for funded and non-funded, non-contributory defined benefit pension plans. Some of these benefits are based on final earnings and length of service while others are based on an account balance, which takes into consideration age, service and earnings during a career. The Company's share of net expense for the pension plans was \$11 million, \$13 million and \$19 million for the years ended December 31, 2024, 2023 and 2022, respectively.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The Company is also charged for its share of the costs associated with welfare plans issued by Prudential Insurance. These expenses include costs related to medical, dental, life insurance and disability. The Company's share of net expense for the welfare plans was \$18 million, \$14 million and \$15 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Prudential Insurance sponsors voluntary savings plans for its employee 401(k) plans. The plans provide for salary reduction contributions by employees and matching contributions by the Company of up to 4% of annual salary. The Company's expense for its share of the voluntary savings plan was \$8 million, \$7 million and \$9 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company is charged distribution expenses from Prudential's proprietary nationwide sales organization, "Prudential Advisors" through a transfer pricing agreement, which is intended to reflect a market-based pricing arrangement. Prudential Advisors distributes Prudential life insurance, annuities, and investment products with proprietary and non-proprietary product options. In November 2024, the Company, along with three other affiliated entities, entered into several agreements with a third-party, LPL Financial Holdings Inc. ("LPL"). Under these agreements, the Company pays distribution expenses to LPL, of which 98% are returned to Prudential Advisors. Distribution expenses paid by the Company to LPL and subsequently returned to Prudential Advisors were \$56 million for the year ended December 31, 2024.

The Company pays commissions and certain other fees to Prudential Annuities Distributors, Inc. ("PAD") in consideration for PAD's marketing and underwriting of the Company's annuity products. Commissions and fees are paid by PAD to broker-dealers who sell the Company's annuity products. Commissions and fees paid by the Company to PAD were \$820 million, \$587 million and \$611 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company is charged for its share of corporate expenses incurred by Prudential Financial to benefit its businesses, such as advertising, executive oversight, external affairs and philanthropic activity. The Company's share of corporate expenses was \$131 million, \$144 million and \$105 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Corporate-Owned Life Insurance

The Company has sold five Corporate Owned Life Insurance ("COLI") policies to Prudential Insurance, and one to Prudential Financial. The cash surrender value included in separate accounts for these COLI policies was \$4,657 million and \$4,156 million as of December 31, 2024 and 2023, respectively. Fees related to these COLI policies were \$55 million, \$50 million and \$52 million for the years ended December 31, 2024, 2023 and 2022, respectively. The Company reinsures the risk associated with these COLI policies to an affiliate reinsurer as part of a broader program related to variable insurance policies.

In May 2023, the Company funded a policy loan from the Prudential Financial COLI policy noted above in an amount of \$900 million to an affiliated irrevocable trust, commonly referred to as a "rabbi trust", which Prudential Financial created to support certain non-qualified retirement plans. The outstanding balance of the policy loan with the rabbi trust was \$897 million and \$898 million as of December 31, 2024 and 2023, respectively. Interest income related to the policy loan was \$42 million and \$26 million for the years ended December 31, 2024 and 2023, respectively.

Affiliated Investment Management Expenses

In accordance with an agreement with PGIM, Inc. ("PGIM"), the Company pays investment management expenses to PGIM who acts as investment manager to certain Company general account and separate account assets. Investment management expenses paid to PGIM related to this agreement were \$69 million, \$53 million and \$41 million for the years ended December 31, 2024, 2023 and 2022, respectively. These expenses are recorded as "Net investment income" in the Consolidated Statements of Operations and Comprehensive Income.

Derivative Trades

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

The interest income to the Company from PGF related to affiliated cash collateral was \$490 million, \$499 million and \$137 million for the years ended December 31, 2024, 2023 and 2022, respectively, and are included in "Other income (loss)".

Joint Ventures

The Company has made investments in joint ventures with certain subsidiaries of Prudential Financial. "Other invested assets" includes \$1,100 million and \$754 million of investments in joint ventures as of December 31, 2024 and 2023, respectively. "Net investment income" related to these ventures includes gains of \$68 million, \$5 million and \$21 million for the years ended December 31, 2024, 2023 and 2022, respectively.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Affiliated Asset Administration Fee Income

The Company has a revenue sharing agreement with AST Investment Services, Inc. ("ASTISI") and PGIM Investments LLC ("PGIM Investments") whereby the Company receives fee income based on policyholders' separate account balances invested in the Advanced Series Trust. Income received from ASTISI and PGIM Investments related to this agreement was \$271 million, \$274 million and \$306 million for the years ended December 31, 2024, 2023 and 2022, respectively. These revenues are recorded as "Asset administration fees" in the Consolidated Statements of Operations and Comprehensive Income.

The Company has a revenue sharing agreement with PGIM Investments, whereby the Company receives fee income based on policyholders' separate account balances invested in The Prudential Series Fund. Income received from PGIM Investments related to this agreement was \$47 million, \$38 million and \$36 million for the years ended December 31, 2024, 2023 and 2022, respectively. These revenues are recorded as "Asset administration fees" in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Affiliated Notes Receivable

Affiliated notes receivable included in "Receivables from parent and affiliates" at December 31, were as follows:

	Maturity Dates			Interest Rates			2024	2023
							(in thousands)	
U.S. dollar fixed rate notes	2025	-	2038	0.00%	-	12.81 %	\$ 520,462	\$ 147,984
Total notes receivable - affiliated(1)							\$ 520,462	\$ 147,984

(1) All notes receivable may be called for prepayment prior to the respective maturity dates under specified circumstances.

The affiliated notes receivable shown above are classified as available-for-sale securities and other trading assets carried at fair value. The Company monitors the internal and external credit ratings of these loans and loan performance. The Company also considers any guarantees made by Prudential Insurance for loans due from affiliates.

Accrued interest receivable related to these loans was \$1 million at both December 31, 2024 and 2023, and is included in "Other assets." Revenues related to these loans were \$3 million for each of the years ended December 31, 2024, 2023 and 2022, respectively, and are included in "Other income (loss)."

Affiliated Commercial Mortgage Loan

The affiliated commercial mortgage loan included in "Commercial mortgage and other loans" at December 31, was as follows:

	Maturity Date	Interest Rate	2024	2023
			(in thousands)	
Affiliated Commercial Mortgage Loan	2025	9.67%	\$ 0	\$ 71,038

On October 16, 2024, the Company repaid in full its affiliated commercial mortgage loan. As a result, no remaining obligations exist as of December 31, 2024.

The commercial mortgage loan shown above is carried at unpaid principal balance, net of unamortized deferred loan origination fees and expenses, and net of an allowance for losses. The Company reviews the performance and credit quality of the commercial mortgage loan on an on-going basis.

Accrued interest receivable related to the loan was \$0 million and \$0.5 million at December 31, 2024 and 2023, respectively, and is included in "Accrued investment income". Revenues were \$5.5 million, \$6.9 million and \$4.6 million for the years ended December 31, 2024, 2023, and 2022, respectively, and is included in "Net investment income."

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Affiliated Asset Transfers

The Company participates in affiliated asset trades with parent and sister companies. Book and market value differences for trades with a parent and sister are recognized within "Additional paid-in capital" ("APIC") and "Realized investment gains (losses), net," respectively. The table below shows affiliated asset trades for the years ended December 31, 2024 and 2023.

Affiliate	Date	Transaction	Security Type	Fair Value	Book Value	APIC, Net of Tax Increase/ (Decrease)	Realized Investment Gain/(Loss)
(in thousands)							
Prudential Insurance	January 2023	Purchase	Fixed Maturities	\$ 48,329	\$ 50,372	\$ 1,614	\$ 0
Prudential Insurance	March 2023	Purchase	Fixed Maturities	\$ 7,175	\$ 7,500	\$ 256	\$ 0
PURC	April 2023	Purchase	Fixed Maturities	\$ 102,804	\$ 102,804	\$ 0	\$ 0
Term Re	June 2023	Purchase	Fixed Maturities	\$ 115,573	\$ 115,573	\$ 0	\$ 0
Prudential Insurance	June 2023	Purchase	Fixed Maturities	\$ 4,298	\$ 4,443	\$ 114	\$ 0
Prudential Insurance	June 2023	Purchase	Fixed Maturities	\$ 4,394	\$ 4,494	\$ 80	\$ 0
Prudential Insurance	June 2023	Purchase	Fixed Maturities	\$ 19,453	\$ 19,203	\$ (198)	\$ 0
Prudential Insurance	June 2023	Purchase	Fixed Maturities	\$ 14,452	\$ 15,086	\$ 502	\$ 0
Prudential Insurance	September 2023	Purchase	Fixed Maturities	\$ 15,880	\$ 15,801	\$ (62)	\$ 0
PURC	December 2023	Sale	Commercial Mortgage and Other Loans	\$ 762	\$ 754	\$ 0	\$ 8
PAR U	January 2024	Transfer in	Fixed Maturities	\$ 1,598,161	\$ 1,598,161	\$ 0	\$ 0
PAR U	January 2024	Transfer in	Fixed Maturities	\$ 778,745	\$ 778,745	\$ 0	\$ 0
PURC	January 2024	Transfer in	Fixed Maturities	\$ 2,155,560	\$ 2,155,560	\$ 0	\$ 0
GUL Re	January 2024	Transfer in	Fixed Maturities	\$ 1,685,582	\$ 1,685,582	\$ 0	\$ 0
GUL Re	January 2024	Transfer in	Equities	\$ 4,976	\$ 4,976	\$ 0	\$ 0
PURE	January 2024	Transfer out	Fixed Maturities	\$ 1,598,161	\$ 1,598,161	\$ 0	\$ 0
PURE	January 2024	Transfer out	Fixed Maturities	\$ 778,745	\$ 778,745	\$ 0	\$ 0
PURE	January 2024	Transfer out	Fixed Maturities	\$ 2,155,560	\$ 2,155,560	\$ 0	\$ 0
PURE	January 2024	Transfer out	Fixed Maturities	\$ 1,685,582	\$ 1,685,582	\$ 0	\$ 0
PURE	January 2024	Transfer out	Equities	\$ 4,976	\$ 4,976	\$ 0	\$ 0
Ironbound	January 2024	Purchase	Other Invested Assets	\$ 60,414	\$ 60,414	\$ 0	\$ 0
Windhill CLO 1, Ltd.	February 2024	Sale	Fixed Maturities	\$ 18,428	\$ 18,858	\$ 0	\$ (430)
Windhill CLO 2, Ltd.	February 2024	Sale	Fixed Maturities	\$ 19,652	\$ 20,057	\$ 0	\$ (405)
PAR Term	February 2024	Purchase	Fixed Maturities	\$ 43,084	\$ 43,084	\$ 0	\$ 0

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Windhill CLO 1, Ltd.	March 2024	Sale	Fixed Maturities	\$ 10,148	\$ 10,387	\$ 0	\$ (239)
Windhill CLO 2, Ltd.	March 2024	Sale	Fixed Maturities	\$ 14,763	\$ 15,091	\$ 0	\$ (328)
Prudential Insurance	March 2024	Purchase	Fixed Maturities	\$ 198,804	\$ 206,285	\$ 5,910	\$ 0
PAR U	March 2024	Transfer in	Other Invested Assets	\$ 188,500	\$ 188,500	\$ 0	\$ 0
PURE	March 2024	Transfer out	Other Invested Assets	\$ 188,500	\$ 188,500	\$ 0	\$ 0
Windhill CLO 1, Ltd.	April 2024	Sale	Fixed Maturities	\$ 2,261	\$ 2,300	\$ 0	\$ (39)
Windhill CLO 2, Ltd.	May 2024	Sale	Fixed Maturities	\$ 14,034	\$ 14,415	\$ 0	\$ (381)
Windhill CLO 1, Ltd.	June 2024	Sale	Fixed Maturities	\$ 2,045	\$ 2,100	\$ 0	\$ (55)
Windhill CLO 2, Ltd.	June 2024	Sale	Fixed Maturities	\$ 23,342	\$ 23,743	\$ 0	\$ (401)
PAR U	June 2024	Transfer in	Other Invested Assets	\$ 326	\$ 326	\$ 0	\$ 0
PURE	June 2024	Transfer out	Other Invested Assets	\$ 326	\$ 326	\$ 0	\$ 0
PAR U	June 2024	Purchase	Commercial Mortgage and Other Loans	\$ 12,555	\$ 12,555	\$ 0	\$ 0
Windhill CLO 2, Ltd.	July 2024	Sale	Fixed Maturities	\$ 53,462	\$ 54,628	\$ 0	\$ (1,166)
Windhill CLO 2, Ltd.	July 2024	Sale	Fixed Maturities	\$ 6,579	\$ 6,695	\$ 0	\$ (116)
Windhill CLO 1, Ltd.	July 2024	Sale	Fixed Maturities	\$ 2,136	\$ 2,200	\$ 0	\$ (64)
PAR U	July 2024	Purchase	Fixed Maturities	\$ 17,402	\$ 17,402	\$ 0	\$ 0
Prudential Insurance	July 2024	Purchase	Fixed Maturities	\$ 22,655	\$ 23,433	\$ 614	\$ 0
PAR U	July 2024	Purchase	Fixed Maturities	\$ 1,239	\$ 1,239	\$ 0	\$ 0
PAR U	July 2024	Purchase	Derivatives	\$ 2,975	\$ 2,975	\$ 0	\$ 0
Windhill CLO 2, Ltd.	August 2024	Sale	Fixed Maturities	\$ 21,929	\$ 22,500	\$ 0	\$ (571)
Windhill CLO 1, Ltd.	August 2024	Sale	Fixed Maturities	\$ 13,650	\$ 14,100	\$ 0	\$ (450)
PAR U	August 2024	Purchase	Fixed Maturities	\$ 46,742	\$ 46,742	\$ 0	\$ 0
PAR U	August 2024	Purchase	Fixed Maturities	\$ 4,793	\$ 4,793	\$ 0	\$ 0
Prudential Insurance	August 2024	Purchase	Fixed Maturities	\$ 35,872	\$ 35,085	\$ (621)	\$ 0
Windhill CLO 2, Ltd.	September 2024	Sale	Fixed Maturities	\$ 57,613	\$ 57,613	\$ 0	\$ 0
Windhill CLO 2, Ltd.	September 2024	Sale	Fixed Maturities	\$ 24,575	\$ 24,911	\$ 0	\$ (336)
Prudential Insurance	September 2024	Purchase	Fixed Maturities	\$ 44,773	\$ 43,632	\$ (901)	\$ 0
Hirakata	October 2024	Purchase	Fixed Maturities	\$ 21,229	\$ 21,229	\$ 0	\$ 0

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Hirakata	October 2024	Purchase	Fixed Maturities	\$	3,901	\$	3,901	\$	0	\$	0
PAR U	October 2024	Transfer in	Fixed Maturities	\$	6,615,438	\$	6,615,438	\$	0	\$	0
Windhill CLO 3, Ltd.	October 2024	Sale	Fixed Maturities	\$	232,036	\$	235,610	\$	0	\$	(3,574)
Windhill CLO 2, Ltd.	October 2024	Sale	Fixed Maturities	\$	5,824	\$	5,899	\$	0	\$	(75)
Windhill CLO 2, Ltd.	October 2024	Sale	Fixed Maturities	\$	14,690	\$	14,959	\$	0	\$	(269)
Windhill CLO 1, Ltd.	October 2024	Sale	Fixed Maturities	\$	3,038	\$	3,100	\$	0	\$	(62)
PAR U	October 2024	Transfer in	Equities	\$	6,120	\$	6,120	\$	0	\$	0
Windhill CLO 3, Ltd.	November 2024	Sale	Fixed Maturities	\$	17,409	\$	17,518	\$	0	\$	(109)
Windhill CLO 3, Ltd.	December 2024	Sale	Fixed Maturities	\$	38,020	\$	38,537	\$	0	\$	(517)
Windhill CLO 3, Ltd.	December 2024	Sale	Short-term Investments	\$	2,882	\$	2,905	\$	0	\$	(23)
Prudential Insurance	December 2024	Contributed Capital	Equities	\$	415,696	\$	416,265	\$	0	\$	0

Debt Agreements

The Company is authorized to borrow funds up to \$7 billion from affiliates to meet its capital and other funding needs. The following table provides the breakout of the Company's short-term debt. There was no debt outstanding as of December 31, 2024.

Affiliate	Date Issued	Amount of Notes - December 31, 2024	Amount of Notes - December 31, 2023	Interest Rate	Date of Maturity
(in thousands)					
Prudential Insurance	8/13/2021	\$ 0	\$ 94,953	3.95 %	6/20/2024
Prudential Insurance	8/13/2021	0	37,981	3.95 %	6/20/2024
Prudential Insurance	8/13/2021	0	47,477	3.95 %	6/20/2024
Total Loans Payable to Affiliates(1)		<u>\$ 0</u>	<u>\$ 180,411</u>		

(1) Includes \$180 million of loans reclassified as current portion of long-term debt as of December 31, 2023.

The total interest expense to the Company related to affiliated loans and cash collateral with PGF was \$39 million, \$17 million and \$3 million for the years ended December 31, 2024, 2023 and 2022, respectively.

All debt outstanding as of December 31, 2023 is that of Pruco Life.

Contributed Capital and Dividends

In December 2024, the Company received capital contributions in the amount of \$416 million from Prudential Insurance in the form of invested assets. In February and December 2023, the Company received capital contributions in the amount of \$405 million and \$7 million, respectively, from Prudential Insurance. In March, June and September of 2022, the Company received capital contributions in the amount of \$8 million, \$3 million and \$7 million, respectively, from Prudential Insurance.

In June 2024, there was a \$550 million return of capital to Prudential Insurance. In June, September, and December 2023, there was a \$300 million, \$650 million, and \$450 million return of capital, respectively, to Prudential Insurance. There was no return of capital in 2022.

In 2024, 2023 and 2022, the Company did not pay any dividends to Prudential Insurance.

Reinsurance with Affiliates

As discussed in Note 11, the Company participates in reinsurance transactions with certain affiliates.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

16. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Company has made commitments to fund commercial mortgage loans. As of December 31, 2024 and 2023, the outstanding balances on these commitments were \$230 million and \$270 million, respectively. These amounts include unfunded commitments that are not unconditionally cancellable. For related credit exposure, there was an allowance for credit losses of \$0.3 million as of both December 31, 2024 and 2023, which is a change of \$0.0 million and \$0.3 million for the years ended December 31, 2024 and 2023, respectively. The Company also made commitments to purchase or fund investments, mostly fund investments and private fixed maturities, some of which are contingent upon events or circumstances not under the Company's control, including those at the discretion of the Company's counterparties. The Company anticipates a portion of these commitments will ultimately be funded from its separate accounts. As of December 31, 2024 and 2023, \$1,359 million and \$1,182 million, respectively, of these commitments were outstanding. These amounts include unfunded commitments that are not unconditionally cancellable. There were no related charges for credit losses for both the years ended December 31, 2024 and 2023.

Guarantees

In July 2017, Pruco Life formed a joint venture with CT Corp to provide life insurance solutions in Indonesia. Pruco Life owns a 49% interest in the joint venture and has entered into a shareholders agreement with CT Corp that sets out their respective rights and obligations with respect to the joint venture. Among other things, the shareholders agreement obligates Pruco Life and CT Corp to provide capital to the joint venture, as necessary to comply with applicable law or to maintain a specified minimum amount of capital in the joint venture. This obligation is not limited to a maximum amount. Pruco Life does not expect to make any payments on this guarantee and is not carrying any liabilities associated with the guarantee.

Since 2001, Pruco Life entered into an arrangement with Prudential of Taiwan as discussed in Note 11. In June 2021, PIIH completed the sale of Prudential of Taiwan. As a result of the sale, Pruco Life has a financial guarantee to stand ready to perform in an event that both Prudential of Taiwan and the Buyer default and fail to perform their obligations to make payments to the policyholders. Pruco Life has a liability of \$32 million as of both December 31, 2024 and 2023, which represents the fair value of the guarantee and is amortized in revenue over a period which approximates the life of the underlying insurance in force. Since this obligation is not subject to limitations, it is not possible to determine the maximum potential amount due under this guarantee.

Guarantees of Asset Values

	December 31,	
	2024	2023
	(in thousands)	
Guaranteed value of third-party assets	\$ 3,958,847	\$ 311,302
Fair value of collateral supporting these assets	\$ 3,543,500	\$ 287,621
Asset (liability) associated with guarantee, carried at fair value	\$ 111	\$ 1

Certain contracts underwritten by Pruco Life include guarantees related to financial assets owned by the guaranteed party. These contracts are accounted for as derivatives and carried at fair value. The collateral supporting these guarantees is not reflected on the Consolidated Statements of Financial Position.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Contingent Liabilities

On an ongoing basis, the Company and its regulators review its operations including, but not limited to, sales and other customer interface procedures and practices, and procedures for meeting obligations to its customers and other parties. These reviews may result in the modification or enhancement of processes or the imposition of other action plans, including concerning management oversight, sales and other customer interface procedures and practices, and the timing or computation of payments to customers and other parties. In certain cases, if appropriate, the Company may offer customers or other parties remediation and may incur charges, including the cost of such remediation, administrative costs and regulatory fines.

The Company 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.

It is possible that the results of operations or the cash flows of the Company in a particular quarterly or annual period could be materially affected as a result of payments in connection with the matters discussed above or other matters depending, in part, upon the results of operations or cash flows for such period. Management believes, however, that ultimate payments in connection with these matters, after consideration of applicable reserves and rights to indemnification, should not have a material adverse effect on the Company's financial position.

Litigation and Regulatory Matters

The Company is subject to legal and regulatory actions in the ordinary course of its business. Pending legal and regulatory actions include proceedings specific to the Company and proceedings generally applicable to business practices in the industry in which it operates. The Company is subject to class action lawsuits and other litigation involving a variety of issues and allegations involving sales practices, claims payments and procedures, premium charges, policy servicing and breach of fiduciary duty to customers. The Company is also subject to litigation arising out of its general business activities, such as its investments, contracts, leases and labor and employment relationships, including claims of discrimination and harassment, and could be exposed to claims or litigation concerning certain business or process patents. In addition, the Company, along with other participants in the businesses in which it engages, may be subject from time to time to investigations, examinations and inquiries, in some cases industry-wide, concerning issues or matters upon which such regulators have determined to focus. In some of the Company's pending legal and regulatory actions, parties are seeking large and/or indeterminate amounts, including punitive or exemplary damages. The outcome of litigation or a regulatory matter, and the amount or range of potential loss at any particular time, is often inherently uncertain.

The Company establishes accruals for litigation and regulatory matters when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. For litigation and regulatory matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established, but the matter, if material, is disclosed. The Company estimates that as of December 31, 2024, the aggregate range of reasonably possible losses in excess of accruals established for those litigation and regulatory matters for which such an estimate currently can be made is less than \$100 million. This estimate is not an indication of expected loss, if any, or the Company's maximum possible loss exposure on such matters. The Company reviews relevant information with respect to its litigation and regulatory matters on a quarterly and annual basis and updates its accruals, disclosures and estimates of reasonably possible loss based on such reviews.

Individual Annuities and Individual Life

California Advocates for Nursing Home Reform v. The Prudential Insurance Company of America and Pruco Life Insurance Company, et al.

In January 2024, a putative class action complaint entitled *California Advocates for Nursing Home Reform v. The Prudential Insurance Company of America and Pruco Life Insurance Company, et al.*, was filed in California Superior Court, Alameda County, alleging that the Company has failed to comply with California laws requiring that life insurance policies issued or delivered in California: (i) provide for a contractual 60-day grace period pre-lapse during which a policy must stay in force; (ii) provide policyholders and designees with notice of payment default within 30 days and a 30-day advance written notice of pending lapse; and (iii) notify policyholders annually of their right to designate additional recipients for lapse notices. The complaint asserts claims for violation of California's Unfair Competition law and seeks unspecified damages along with declaratory and injunctive relief. In February 2024, defendants removed the action from California state court to the United States District Court for the Northern District of California. Plaintiff filed a motion to remand the action to the California Superior Court, Alameda County, and in December 2024, the motion was granted.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Regulatory***Variable Products***

The Company has received regulatory inquiries and requests for information from state and federal regulators, including subpoenas from the U.S. Securities and Exchange Commission (the “SEC”) concerning the appropriateness of variable product sales and replacement activity. The Company is cooperating with regulators and may become subject to additional regulatory inquiries and other actions related to this matter. In September 2024, the SEC notified the Company that the SEC has concluded its investigation and is not recommending an enforcement action.

Summary

The Company’s litigation and regulatory matters are subject to many uncertainties, and given their complexity and scope, their outcome cannot be predicted. It is possible that the Company’s results of operations or cash flows in a particular quarterly or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation and regulatory matters depending, in part, upon the results of operations or cash flows for such period. In light of the unpredictability of the Company’s litigation and regulatory matters, it is also possible that in certain cases an ultimate unfavorable resolution of one or more pending litigation or regulatory matters could have a material adverse effect on the Company’s financial statements. Management believes, however, that, based on information currently known to it, the ultimate outcome of all pending litigation and regulatory matters, after consideration of applicable reserves and rights to indemnification, is not likely to have a material adverse effect on the Company’s financial statements.

17. REVISION TO PRIOR PERIOD FINANCIAL STATEMENTS***Revision to Financial Statements as of and for the Years Ended December 31, 2023 and 2022***

The Company identified multiple errors which impacted the previously issued Consolidated Financial Statements for the years ended December 31, 2023 and 2022. Certain reinsurance recoverable balances associated with the coinsurance with funds withheld of fixed indexed annuities, certain deferred acquisition cost balances associated with indexed variable annuities, and certain other immaterial items were not properly accounted for. Prior period amounts have been revised in the Consolidated Financial Statements to correct these errors as shown below.

Management assessed the materiality of the misstatements described above on prior period Consolidated Financial Statements in accordance with SEC Staff Accounting Bulletin (“SAB”) No. 99, Materiality, codified in ASC 250-10, Accounting Changes and Error Corrections (“ASC 250”), and concluded that these misstatements were not material to the current period and any prior periods. However, management determined it was appropriate to correctly present and revise the Consolidated Financial Statements as of and for the years ended December 31, 2023 and 2022. The Consolidated Financial Statements for the impacted interim periods during 2024 will be revised when they are presented within the Quarterly Report on Form 10-Q for the interim periods in 2025.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

The following are the impacted line items from the Consolidated Financial Statements illustrating the effects of the revisions:

Consolidated Statements of Financial Position

	December 31, 2023		
	As Previously Reported	Adjustments	As Revised
	(in thousands)		
ASSETS			
Deferred policy acquisition costs	\$ 7,097,511	\$ 47,225	\$ 7,144,736
Reinsurance recoverables and deposit receivables(1)	40,348,313	(91,513)	40,256,800
Income tax assets	1,737,651	4,934	1,742,585
TOTAL ASSETS	\$ 213,309,041	\$ (39,354)	\$ 213,269,687
LIABILITIES AND EQUITY			
LIABILITIES			
Policyholders' account balances	\$ 53,012,800	\$ (26,100)	\$ 52,986,700
Market risk benefit liabilities	5,144,401	12,457	5,156,858
Reinsurance and funds withheld payables(1)	2,746,129	(7,150)	2,738,979
Total liabilities	208,787,616	(20,793)	208,766,823
EQUITY			
Retained earnings / (accumulated deficit)	(532,951)	(18,520)	(551,471)
Accumulated other comprehensive income (loss)	(30,920)	(41)	(30,961)
Total equity	4,521,425	(18,561)	4,502,864
TOTAL LIABILITIES AND EQUITY	\$ 213,309,041	\$ (39,354)	\$ 213,269,687

(1) As previously reported balances have been updated to conform to the current period presentation.

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Consolidated Statements of Operations and Comprehensive Income (Loss)

	Year Ended December 31, 2023		
	As Previously Reported	Adjustments	As Revised
	(in thousands)		
REVENUES			
Other income (loss)	\$ 744,628	\$ 6,735	\$ 751,363
Realized investment gains (losses), net	(1,083,660)	(63,439)	(1,147,099)
Change in value of market risk benefits, net of related hedging gains (losses)	(94,368)	(12,405)	(106,773)
TOTAL REVENUES	3,340,575	(69,109)	3,271,466
BENEFITS AND EXPENSES			
Interest credited to policyholders' account balances	655,445	(33,800)	621,645
Amortization of deferred policy acquisition costs	534,435	5,075	539,510
General, administrative and other expenses	1,151,452	(26,529)	1,124,923
TOTAL BENEFITS AND EXPENSES	2,849,073	(55,254)	2,793,819
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURE			
	491,502	(13,855)	477,647
Income tax expense (benefit)	29,378	(2,910)	26,468
NET INCOME (LOSS) ATTRIBUTABLE TO PRUCO LIFE INSURANCE COMPANY	\$ 461,203	\$ (10,945)	\$ 450,258
Other comprehensive income (loss), before tax:			
Gain (loss) from changes in nonperformance risk on market risk benefits	(659,875)	(52)	(659,927)
Total	(26,482)	(52)	(26,534)
Less: Income tax expense (benefit) related to other comprehensive income (loss)	(5,627)	(11)	(5,638)
Other comprehensive income (loss), net of taxes	(20,855)	(41)	(20,896)
Comprehensive income (loss)	440,836	(10,986)	429,850

	Year Ended December 31, 2022		
	As Previously Reported	Adjustments	As Revised
	(in thousands)		
REVENUES			
Other income (loss)	\$ (651,469)	\$ 15,196	\$ (636,273)
Realized investment gains (losses), net	336,382	(46,453)	289,929
TOTAL REVENUES	1,648,324	(31,257)	1,617,067
BENEFITS AND EXPENSES			
Amortization of deferred policy acquisition costs	520,276	993	521,269
General, administrative and other expenses	1,156,464	(26,764)	1,129,700
TOTAL BENEFITS AND EXPENSES	2,635,427	(25,771)	2,609,656
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURE			
	(987,103)	(5,486)	(992,589)
Income tax expense (benefit)	(295,535)	(1,152)	(296,687)
NET INCOME (LOSS) ATTRIBUTABLE TO PRUCO LIFE INSURANCE COMPANY	\$ (766,705)	\$ (4,334)	\$ (771,039)
Comprehensive income (loss)	(1,173,224)	(4,334)	(1,177,558)

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

Consolidated Statements of Equity

	Retained Earnings			AOCI			Total Equity		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
	(in thousands)								
Balance, December 31, 2021	\$ (227,449)	\$ (3,241)	\$ (230,690)	\$ 396,454	\$ 0	\$ 396,454	\$ 6,213,996	\$ (3,241)	\$ 6,210,755
Comprehensive income (loss):									
Net income (loss)	(766,705)	(4,334)	(771,039)				(766,705)	(4,334)	(771,039)
Total comprehensive income (loss)	(766,705)	(4,334)	(771,039)	(406,519)	0	(406,519)	(1,173,224)	(4,334)	(1,177,558)
Balance, December 31, 2022	\$ (994,154)	\$ (7,575)	\$ (1,001,729)	\$ (10,065)	\$ 0	\$ (10,065)	\$ 5,036,195	\$ (7,575)	\$ 5,028,620
Comprehensive income (loss):									
Net income (loss)	461,203	(10,945)	450,258				461,691	(10,945)	450,746
Other comprehensive income (loss), net of taxes				(20,855)	(41)	(20,896)	(20,855)	(41)	(20,896)
Total comprehensive income (loss)	461,203	(10,945)	450,258	(20,855)	(41)	(20,896)	440,836	(10,986)	429,850
Balance, December 31, 2023	\$ (532,951)	\$ (18,520)	\$ (551,471)	\$ (30,920)	\$ (41)	\$ (30,961)	\$ 4,521,425	\$ (18,561)	\$ 4,502,864

Consolidated Statements of Cash Flows

	Year Ended December 31, 2023		
	As Previously Reported	Adjustments	As Revised
	(in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 461,691	\$ (10,945)	\$ 450,746
Interest credited to policyholders' account balances	655,445	(33,800)	621,645
Realized investment (gains) losses, net	1,083,660	63,439	1,147,099
Change in value of market risk benefits, net of related hedging (gains) losses	94,368	12,405	106,773
Change in:			
Reinsurance related balances(1)	(671,990)	(6,735)	(678,725)
Deferred policy acquisition costs	(560,471)	(21,454)	(581,925)
Income taxes	(37,886)	(2,910)	(40,796)
Cash flows from (used in) operating activities	2,459,895	0	2,459,895

PRUCO LIFE INSURANCE COMPANY
Notes to Consolidated Financial Statements—(Continued)

	Year Ended December 31, 2022		
	As Previously Reported	Adjustments	As Revised
	(in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (766,705)	\$ (4,334)	\$ (771,039)
Realized investment (gains) losses, net	(336,382)	46,453	(289,929)
Change in:			
Reinsurance related balances(1)	(1,771,655)	(15,196)	(1,786,851)
Deferred policy acquisition costs	(442,303)	(25,771)	(468,074)
Income taxes	(334,769)	(1,152)	(335,921)
Cash flows from (used in) operating activities	1,824,964	0	1,824,964

(1) As previously reported balances have been updated to conform to the current period presentation.

18. SUBSEQUENT EVENTS

In February 2025, the Company received a capital contribution of \$220 million from Prudential Insurance.

In March 2025, the Company entered into an agreement with The Prudential Life Insurance Company, Ltd. (“Prudential of Japan”) to reinsure guaranteed minimum death benefits associated with JPY denominated variable whole life policies.

Item 9. Changes in and Disagreements with Independent Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Annual Report on Internal Control Over Financial Reporting on the effectiveness of internal control over financial reporting as of December 31, 2024 is included in Part II, Item 8 of this Annual Report on Form 10-K.

In order to ensure that the information we must disclose in our filings with the SEC is recorded, processed, summarized, and reported on a timely basis, the Company's management, including our Chief Executive Officer and Chief Financial Officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures, as defined in Securities Exchange Act of 1934, as amended ("Exchange Act") Rule 15d-15(e), as of December 31, 2024.

Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2024, our disclosure controls and procedures were effective. No change in our internal control over financial reporting, as defined in Exchange Act Rule 15d-15(f), occurred during the quarter ended December 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Remediation of Previously Reported Material Weakness

As reported in the Company's Quarterly Report on Form 10-Q/A for the quarterly period ended March 31, 2024, filed with the Securities and Exchange Commission on August 16, 2024, the Company identified a material weakness in the design and operation of the Company's internal controls over the completeness, accuracy, and timeliness of the review of the manual calculations and related adjustments for the Policyholder Account Balance liability for variable annuity products. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Since identifying the material weakness, the Company's management has implemented its plan to remediate this control deficiency, including (i) updating the valuation model to substantially reduce the need for manual adjustments and (ii) reviewing the end-to-end process with respect to manual calculations and related adjustments with enhancements to communication, documentation and review thresholds. Management has completed its documentation, testing and evaluation of the updated internal controls and determined that, as of December 31, 2024, these controls have now operated for a sufficient period of time and management has concluded, through testing of the design and operating effectiveness of the controls, that the controls are operating effectively. As such, management concluded that the previously identified material weakness has been remediated as of December 31, 2024.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Omitted pursuant to General Instruction I(2)(c) of Form 10-K.

Item 14. Principal Accountant Fees and Services

The information called for by this item is hereby incorporated herein by reference to the relevant portions of Prudential Financial's Definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 13, 2025.

PART IV**Item 15. Exhibits and Financial Statement Schedules**

The following documents are filed as part of this report:

	<u>Page</u>
(a) (1) Financial Statements-Item 8. Financial Statements and Supplementary Data	49
(2) Financial Statement Schedules:	
Schedule I—Summary of Investments Other Than Investments in Related Parties as of December 31, 2022	165
Schedule II—Condensed Financial Information of Registrant as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021	166
Any remaining schedules provided for in the applicable SEC regulations are omitted because they are either inapplicable or the relevant information is provided elsewhere within this Form 10-K.	
(3) Exhibits	
3.1 The Articles of Incorporation of Pruco Life Insurance Company (as amended through October 19, 1993) are incorporated by reference to Post-Effective Amendment No. 40 to Registration Statement 002-89558, filed April 21, 2009 on behalf of the Pruco Life Variable Appreciable Account.	
3.2 By-Laws of Pruco Life Insurance Company (as amended through May 6, 1997) are incorporated by reference to Registration Statement 002-89558, filed April 21, 2009 on behalf of the Pruco Life Variable Appreciable Account.	
23.1 Consent of PricewaterhouseCoopers LLP.	
24. Powers of Attorney.	
31.1 Section 302 Certification of the Chief Executive Officer.	
31.2 Section 302 Certification of the Chief Financial Officer.	
32.1 Section 906 Certification of the Chief Executive Officer.	
32.2 Section 906 Certification of the Chief Financial Officer.	
101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	
101.SCH XBRL Taxonomy Extension Schema Document.	
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.	
101.LAB XBRL Taxonomy Extension Label Linkbase Document.	
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.	
101.DEF XBRL Taxonomy Extension Definition Linkbase Document.	
104. Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

PRUCO LIFE INSURANCE COMPANY
Schedule I
Summary of Investments Other Than Investments in Related Parties
December 31, 2024
(in thousands)

<u>Type of Investment</u>	<u>Amortized Cost or Cost</u>	<u>Fair Value</u>	<u>Amount Shown in the Balance Sheet</u>
Fixed maturities, available-for-sale:			
Bonds:			
U.S. Treasury securities and obligations of U.S. government authorities and agencies	\$ 1,199,628	\$ 1,099,241	\$ 1,099,241
Obligations of U.S. states and their political subdivisions	570,253	541,066	541,066
Foreign governments	362,154	310,334	310,334
Asset-backed securities	3,728,073	3,750,663	3,750,663
Commercial mortgage-backed securities	944,652	895,775	895,775
Residential mortgage-backed securities	367,005	356,072	356,072
Public utilities	2,869,299	2,613,495	2,613,495
All other corporate bonds	26,934,775	25,414,259	25,414,259
Redeemable preferred stock	5,094	5,255	5,255
Total fixed maturities, available-for-sale	\$ 36,980,933	\$ 34,986,160	\$ 34,986,160
Equity securities:			
Common stocks:			
Other common stocks	\$ 2,452,942	\$ 2,427,792	\$ 2,427,792
Mutual funds	177,939	175,882	175,882
Perpetual preferred stocks	19,661	20,146	20,146
Total equity securities, at fair value	\$ 2,650,542	\$ 2,623,820	\$ 2,623,820
Fixed maturities, trading	\$ 4,415,277	\$ 3,845,045	\$ 3,845,045
Commercial mortgage and other loans	7,759,323		7,759,323
Policy loans	1,541,480		1,541,480
Short-term investments	517,386		517,386
Other invested assets	1,582,094		1,582,094
Total investments	\$ 55,447,035		\$ 52,855,308

PRUCO LIFE INSURANCE COMPANY
Schedule II
Condensed Financial Information of Registrant
Condensed Statements of Financial Position
December 31, 2024 and 2023 (in thousands, except share amounts)

	December 31, 2024	December 31, 2023
ASSETS		
Fixed maturities, available-for-sale, at fair value (allowance for credit losses: 2024 – \$40,414; 2023 – \$2,004) (amortized cost: 2024 – \$33,648,311; 2023 – \$24,872,031)	\$ 31,964,802	\$ 23,662,832
Fixed maturities, trading, at fair value (amortized cost: 2024 – \$4,391,322; 2023 – \$3,451,001)	3,823,792	2,773,006
Equity securities, at fair value (cost: 2024 – \$2,650,189; 2023 – \$819,617)	2,623,758	840,335
Policy loans	422,891	357,581
Short-term investments (net of allowance for credit losses: 2024 – \$49; 2023 – \$0)	505,991	374,407
Commercial mortgage and other loans (net of \$36,002 and \$36,527 allowance for credit losses at December 31, 2024 and 2023, respectively)	7,281,995	5,883,092
Other invested assets (includes \$12,999 and \$80,638 of assets measured at fair value at December 31, 2024 and 2023, respectively)	1,363,038	1,073,038
Total investments	47,986,267	34,964,291
Cash and cash equivalents	3,144,542	1,953,388
Deferred policy acquisition costs(1)	7,389,743	6,751,597
Accrued investment income	405,115	279,567
Reinsurance recoverables and deposit receivables (includes \$379,582 and \$122,897 of embedded derivatives at fair value at December 31, 2024 and 2023, respectively)(1)(2)	44,233,228	36,691,407
Investment in subsidiaries	1,472,500	1,434,641
Receivables from parent and affiliates	567,631	308,635
Deferred sales inducements	322,351	351,424
Income tax assets(1)	2,013,349	1,675,310
Market risk benefit assets	2,144,919	1,829,584
Other assets(2)	1,833,801	432,913
Separate account assets	103,635,702	105,111,382
TOTAL ASSETS	\$ 215,149,148	\$ 191,784,139
LIABILITIES AND EQUITY		
LIABILITIES		
Policyholders' account balances(1)	\$ 65,114,184	\$ 48,950,516
Future policy benefits	23,096,707	20,864,146
Market risk benefit liabilities(1)	3,788,800	4,619,199
Cash collateral for loaned securities	121,372	218,310
Reinsurance and funds withheld payables(1)(2)	7,192,595	2,348,162
Short-term debt to affiliates	0	180,411
Payables to parent and affiliates	3,653,229	2,658,870
Other liabilities(2)	3,950,118	2,360,473
Separate account liabilities	103,635,702	105,111,382
Total liabilities	210,552,707	187,311,469
EQUITY		
Common stock (\$10 par value; 1,000,000 shares authorized; 250,000 shares issued and 250,000 outstanding)	2,500	2,500
Additional paid-in capital	4,923,299	5,052,602
Retained earnings / (accumulated deficit)(1)	272,519	(551,471)
Accumulated other comprehensive income (loss)(1)	(601,877)	(30,961)
Total equity	4,596,441	4,472,670
TOTAL LIABILITIES AND EQUITY	\$ 215,149,148	\$ 191,784,139

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for the amounts of the errors which were revised and for additional information on these errors.

(2) Prior period amounts have been reclassified to conform to current period presentation.

See Notes to Condensed Financial Information of Registrant

PRUCO LIFE INSURANCE COMPANY
Schedule II
Condensed Financial Information of Registrant
Condensed Statements of Operations and Comprehensive Income (Loss)
Years Ended December 31, 2024, 2023 and 2022 (in thousands)

	2024	2023	2022
REVENUES			
Premiums (includes \$(2,740), \$6,296 and \$(1,419) of gains (losses) from change in estimates on deferred profit liability amortization for the year ended December 31, 2024, 2023 and 2022, respectively)	\$ 344,383	\$ 289,344	\$ 231,500
Policy charges and fee income	6,677,744	1,476,927	1,172,867
Net investment income	2,154,525	1,507,280	785,609
Asset administration fees	212,328	223,803	275,702
Other income (loss)(1)	743,843	747,789	(634,120)
Realized investment gains (losses), net(1)	498,953	(1,102,789)	276,094
Change in value of market risk benefits, net of related hedging gains (losses)(1)	(473,209)	(169,565)	(558,535)
TOTAL REVENUES	10,158,567	2,972,789	1,549,117
BENEFITS AND EXPENSES			
Policyholders' benefits	7,338,059	448,286	430,184
Change in estimates of liability for future policy benefits	(14,594)	6,067	38,468
Interest credited to policyholders' account balances(1)	956,863	557,510	397,637
Amortization of deferred policy acquisition costs(1)	(285,676)	518,939	501,979
General, administrative and other expenses(1)	1,180,030	1,074,134	1,072,835
TOTAL BENEFITS AND EXPENSES	9,174,682	2,604,936	2,441,103
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF SUBSIDIARIES AND OPERATING JOINT VENTURE	983,885	367,853	(891,986)
Income tax expense (benefit)(1)	147,233	14,006	(265,913)
INCOME (LOSS) FROM OPERATIONS BEFORE EQUITY IN EARNINGS OF SUBSIDIARIES AND OPERATING JOINT VENTURE	836,652	353,847	(626,073)
Equity in earnings of subsidiaries	(12,237)	96,844	(69,829)
Equity in earnings of operating joint venture, net of taxes	(425)	(433)	(75,137)
NET INCOME (LOSS)	\$ 823,990	\$ 450,258	\$ (771,039)
Other comprehensive income (loss), before tax:			
Net unrealized investment gains (losses)	(246,952)	632,819	(1,877,552)
Interest rate remeasurement of future policy benefits	45,461	(50,679)	250,486
Gain (loss) from changes in non-performance risk on market risk benefits(1)	(401,884)	(597,135)	1,298,259
Other	(118,775)	(11,539)	(183,909)
Total	(722,150)	(26,534)	(512,716)
Less: Income tax expense (benefit) related to other comprehensive income (loss)(1)	(151,234)	(5,638)	(106,197)
Other comprehensive income (loss), net of taxes	(570,916)	(20,896)	(406,519)
Total comprehensive income (loss)	\$ 253,074	\$ 429,362	\$ (1,177,558)

(1) Amounts reflect revision to prior period Financial Statements. See Note 17 for the amounts of the errors which were revised and for additional information on these errors.

See Notes to Condensed Financial Information of Registrant

PRUCO LIFE INSURANCE COMPANY
Schedule II
Condensed Financial Information of Registrant
Condensed Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022 (in thousands)

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash flows from (used in) operating activities	\$ 3,363,590	\$ 2,365,722	\$ 1,813,780
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale/maturity/prepayment of:			
Fixed maturities, available-for-sale	3,425,809	1,622,501	1,586,432
Fixed maturities, trading	800,588	95,872	901,690
Equity securities	957,650	189,210	242,247
Policy loans	157,478	152,275	140,937
Ceded policy loans	(87,521)	(117,589)	(110,477)
Short-term investments	1,280,677	444,983	622,072
Commercial mortgage and other loans	724,559	157,116	178,564
Other invested assets	73,632	17,405	57,335
Notes receivable from parent and affiliates(1)	722	3,858	832
Payments for the purchase/origination of:			
Fixed maturities, available-for-sale	(12,273,347)	(6,762,400)	(6,674,455)
Fixed maturities, trading	(1,819,224)	(857,717)	(425,267)
Equity securities	(2,373,213)	(678,790)	(281,502)
Policy loans	(222,724)	(236,886)	(122,982)
Ceded policy loans	117,552	147,961	69,369
Short-term investments	(1,412,350)	(679,224)	(551,161)
Commercial mortgage and other loans	(2,145,910)	(1,239,173)	(1,024,697)
Other invested assets	(406,031)	(174,680)	(149,837)
Notes receivable from parent and affiliates(1)	(297,850)	(31)	(25)
Capital contributions to subsidiaries	(549,964)	(323,909)	(325,000)
Return of capital from subsidiaries	414,859	0	0
Other, net	164,779	(60,358)	(316,977)
Cash flows from (used in) investing activities	(13,469,829)	(8,299,576)	(6,182,902)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Policyholders' account deposits	16,148,664	10,508,549	9,500,054
Ceded policyholders' account deposits	(826,393)	(870,031)	(902,233)
Policyholders' account withdrawals	(3,600,010)	(3,287,164)	(3,343,369)
Ceded policyholders' account withdrawals	454,788	360,211	398,101
Contributed capital	0	405,000	0
Return of capital	(550,000)	(1,400,000)	0
Other, net	(329,656)	28,817	75,814
Cash flows from (used in) financing activities	11,297,393	5,745,382	5,728,367
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,191,154	(188,472)	1,359,245
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,953,388	2,141,860	782,615
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,144,542	\$ 1,953,388	\$ 2,141,860
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid (refunded), net	\$ 360,742	\$ 57,749	\$ 61,613
Interest paid	\$ 2,644	\$ 4,377	\$ 7,863

(1) Prior period amounts have been updated to conform to current period presentation.

Significant Non-Cash Transactions

2024

"Cash flows from (used in) operating activities" and "Cash flows from (used in) investing activities" for the year ended December 31, 2024, excludes certain non-cash activities in the amount of \$(7,469) million primarily related to reinsurance recoverables and \$6,722 million related to invested asset transfers, respectively. These transactions are associated with the unaffiliated reinsurance agreement with Wilton Reassurance Company and Wilton Reinsurance Bermuda Limited (collectively, "Wilton Re"), effective October 1, 2024. Associated with the transaction with Wilton Re, "Cash flows from (used in) operating activities" and "Cash flows from (used in) investing activities" for the year ended December 31, 2024, exclude largely offsetting affiliated non-cash activities in the amount of \$7,190 million, primarily related to reinsurance recoverables and payables, and \$(6,722) million related to invested asset transfers, respectively. These are related to the recapture of the risks associated with the business that had previously been reinsured with Prudential Arizona Reinsurance Universal Company ("PAR U") as well as assumption of those recaptured by Pruco Life Insurance Company of New Jersey from PAR U. See Note 11 for additional information.

"Cash flows from (used in) operating activities" for the year ended December 31, 2024 excludes certain non-cash activities in the amount of \$(78) million related to the affiliated reinsurance transaction with Prudential Arizona Reinsurance Captive Company, effective October 1, 2024. See Note 11 for additional information.

"Cash flows from (used in) operating activities" for the year ended December 31, 2024 excludes certain non-cash activities in the amount of \$936 million related to the affiliated reinsurance transaction with Prudential Universal Reinsurance Entity Company and The Prudential Insurance Company of America, effective January 1, 2024. See Note 11 for additional information.

"Cash flows from (used in) investing activities" and "Cash flows from (used in) financing activities" for the year ended December 31, 2024 excludes non-cash activities related to invested asset transfers in the amount of \$416 million, related to capital contributions the Company received from Prudential Insurance. See Note 15 for additional information.

2023

"Cash flows from (used in) operating activities" for the year ended December 31, 2023 excludes certain non-cash activities in the amount of \$475 million related to the novated indexed variable annuities under the reinsurance agreement with Fortitude Life Insurance & Annuity Company ("FLIAC"). See Note 11 for more details regarding this transaction.

2022

"Cash flows from (used in) operating activities" for the year ended December 31, 2022 excludes certain non-cash activities in the amount of \$531 million related to the Company entering into an affiliated reinsurance agreement with Lotus Reinsurance Company Ltd. ("Lotus Re") on January 1, 2022 and \$4,656 million related to the indexed variable annuities novated to the Company in connection with the reinsurance agreement with FLIAC. See Note 11 for more details regarding these transactions. The Company also received \$18 million of non-cash assets from Prudential Insurance. See Note 15 for additional information.

See Notes to Condensed Financial Information of Registrant

PRUCO LIFE INSURANCE COMPANY
Schedule II
Condensed Financial Information of Registrant
Notes to Condensed Financial Information of Registrant

1. ORGANIZATION AND PRESENTATION

Pruco Life Insurance Company, (“Pruco Life”) is a wholly-owned subsidiary of The Prudential Insurance Company of America, which in turn is a direct wholly-owned subsidiary of Prudential Financial, Inc. Pruco Life is a stock life insurance company organized in 1971 under the laws of the State of Arizona. It is licensed to sell life insurance and annuities in the District of Columbia, Guam and in all states except New York, and sells such products primarily through affiliated and unaffiliated distributors.

The condensed financial information of Pruco Life should be read in conjunction with the consolidated financial statements of Pruco Life and its subsidiaries and the notes thereto (the “Consolidated Financial Statements”). The condensed financial statements of Pruco Life reflect its direct wholly-owned subsidiary and majority-owned subsidiaries using the equity method of accounting.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of March 2025.

PRUCO LIFE INSURANCE COMPANY
(Registrant)

By: /s/ Dylan J. Tyson
Dylan J. Tyson
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 26, 2025.

<u>Signature</u>	<u>Title</u>
<u>/s/ Dylan J. Tyson</u> Dylan J. Tyson	President, Chief Executive Officer and Director
<u>/s/ Elizabeth Dietrich</u> Elizabeth Dietrich	Chief Financial Officer, Chief Accounting Officer and Director
<u>*Alan M. Finkelstein</u> Alan M. Finkelstein	Director
<u>*Scott E. Gaul</u> Scott E. Gaul	Director
<u>*Salene Hitchcock-Gear</u> Salene Hitchcock-Gear	Director
<u>*Markus Coombs</u> Markus Coombs	Director
<u>*Bradley O. Harris</u> Bradley O. Harris	Director
* By: <u>/s/ Amy Woltman</u> Amy Woltman (Attorney-in-Fact)	

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-274029, 333-274030, 333-274028, 333-281814, 333-267462, 333-283684, 333-284943 and 333-285007) of Pruco Life Insurance Company of our report dated March 26, 2025, relating to the consolidated financial statements and financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York
March 26, 2025

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Elizabeth Dietrich, Michael Pignatella, Dylan J. Tyson and Amy Woltman, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorneys-in-fact may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of Pruco Life Insurance Company (the "Registrant") for the fiscal year ending December 31, 2024 (the "Form 10-K"), including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Registrant to the Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as any of them may deem appropriate, together with all exhibits thereto, and to any and all amendments thereto and to any other documents filed with the Commission, as fully and for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February, 2025.

/s/ Alan M. Finkelstein
Alan M. Finkelstein
Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Elizabeth Dietrich, Michael Pignatella, Dylan J. Tyson and Amy Woltman, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorneys-in-fact may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of Pruco Life Insurance Company (the "Registrant") for the fiscal year ending December 31, 2024 (the "Form 10-K"), including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Registrant to the Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as any of them may deem appropriate, together with all exhibits thereto, and to any and all amendments thereto and to any other documents filed with the Commission, as fully and for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February, 2025.

/s/ Salene Hitchcock-Gear
Salene Hitchcock-Gear
Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Elizabeth Dietrich, Michael Pignatella, Dylan J. Tyson and Amy Woltman, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorneys-in-fact may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of Pruco Life Insurance Company (the "Registrant") for the fiscal year ending December 31, 2024 (the "Form 10-K"), including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Registrant to the Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as any of them may deem appropriate, together with all exhibits thereto, and to any and all amendments thereto and to any other documents filed with the Commission, as fully and for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of February, 2025.

/s/ Scott E. Gaul
Scott E. Gaul
Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Elizabeth Dietrich, Michael Pignatella, Dylan J. Tyson and Amy Woltman, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorneys-in-fact may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of Pruco Life Insurance Company (the "Registrant") for the fiscal year ending December 31, 2024 (the "Form 10-K"), including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Registrant to the Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as any of them may deem appropriate, together with all exhibits thereto, and to any and all amendments thereto and to any other documents filed with the Commission, as fully and for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of February, 2025.

/s/ Markus Coombs
Markus Coombs
Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Elizabeth Dietrich, Michael Pignatella, Dylan J. Tyson and Amy Woltman, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorneys-in-fact may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of Pruco Life Insurance Company (the "Registrant") for the fiscal year ending December 31, 2024 (the "Form 10-K"), including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Registrant to the Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as any of them may deem appropriate, together with all exhibits thereto, and to any and all amendments thereto and to any other documents filed with the Commission, as fully and for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February, 2025.

/s/ Bradley O. Harris
Bradley O. Harris
Director

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Dylan J. Tyson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pruco Life Insurance Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2025

/s/ Dylan J. Tyson

Dylan J. Tyson

President and Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Elizabeth Dietrich, certify that:

1. I have reviewed this Annual Report on Form 10-K of Pruco Life Insurance Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2025

/s/ Elizabeth Dietrich

Elizabeth Dietrich

Vice President, Chief Financial Officer and Chief Accounting Officer

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, I, Dylan J. Tyson, President and Chief Executive Officer of Pruco Life Insurance Company (the “Company”), hereby certify that the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 26, 2025

/s/ Dylan J. Tyson

Dylan J. Tyson
President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, I, Elizabeth Dietrich, Vice President, Chief Financial Officer and Chief Accounting Officer of Pruco Life Insurance Company (the “Company”), hereby certify that the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 26, 2025

/s/ Elizabeth Dietrich

Elizabeth Dietrich

Vice President, Chief Financial Officer and Chief Accounting Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.