

Specialist (Re)Insurers: Who We Are and Why We Matter

September 2024

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2 Big Ideas ...

1

Specialist (Re)Insurers Play an Important Role in Protecting Americans' Retirement and Well-Being

2

Specialist (Re)Insurers Are Responsible Stewards of Their Responsibility to Policyholders and Clients

A person wearing a bright blue jacket and dark pants stands on a rocky mountain peak, looking out over a vast valley at sunset. The sun is low on the horizon, casting a warm, golden glow over the landscape. The sky is filled with soft, wispy clouds. The foreground shows the rugged, rocky terrain of the mountain peak. The overall scene conveys a sense of adventure and contemplation.

But First ... A Little Background

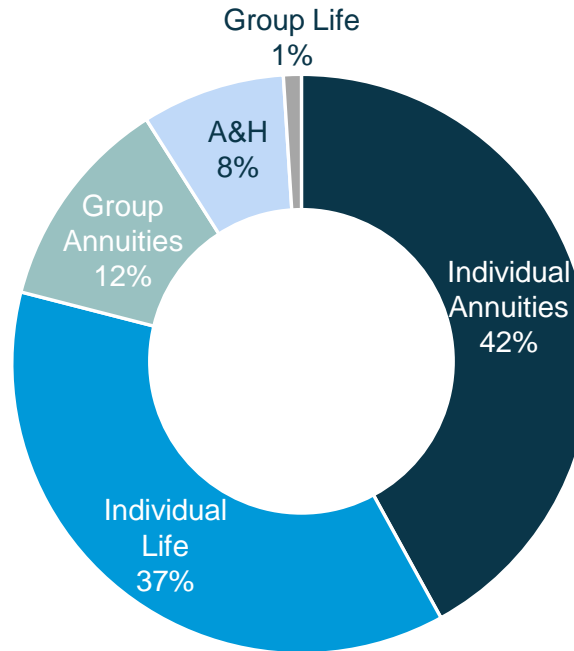
The U.S. Life & Annuity Industry Holds Reserves of c. \$3.6T and Writes Annual Premiums > \$675B

Accumulation vs. Protection

Accumulation products composed of savings-oriented retirement products, including individual and group annuities

Protection products focused on providing financial “protection” against future events, including individual life and accident & health insurance (A&H)

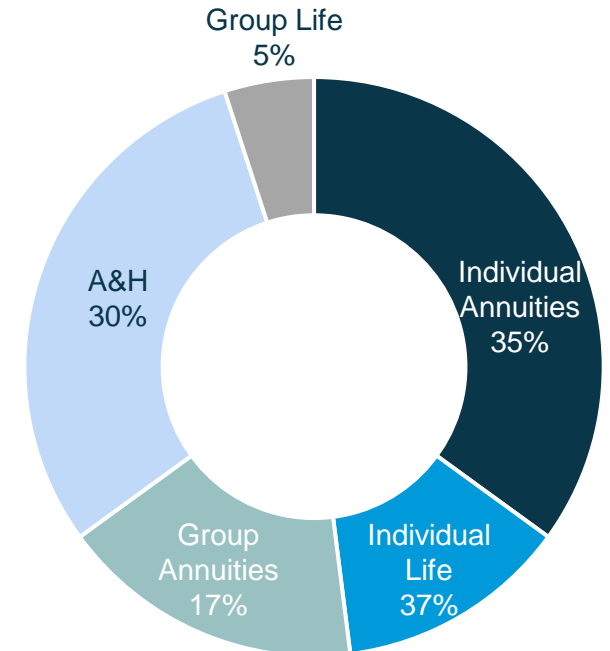
Life Industry Reserves Breakdown



**Total Life Industry
GA Reserves: \$3.6bn**

**Accumulation: 54%
Protection: 46%**

Life Industry Premiums Breakdown



**Total Life Industry
Net Statutory Premiums: \$683bn**

**Accumulation: 52%
Protection: 48%**

Source: SNL Financial

Players Compete within Three Primary Markets with Unique Risks and Dynamics

Category	Life	Accident & Health	Annuity	Retirement and asset management
Description	<ul style="list-style-type: none"> • Protection product • Provide payment contingent on death 	<ul style="list-style-type: none"> • Protection product • Payment contingent on illness or disability 	<ul style="list-style-type: none"> • Savings product • Provide income and/or accumulation 	<ul style="list-style-type: none"> • Retirement accounts • Insurance and external asset management services
Key players	<ul style="list-style-type: none"> • Prudential • New York Life • MetLife • Northwestern Mutual • Lincoln 	<ul style="list-style-type: none"> • Aflac • MetLife • Unum • The Standard 	<ul style="list-style-type: none"> • Athene • Global Atlantic • Corebridge • Jackson • New York Life • Mass Mutual • Equitable • The Standard • Symetra 	<ul style="list-style-type: none"> • Empower • TIAA • Equitable • Voya • Corebridge • Transamerica
Main products	<ul style="list-style-type: none"> • Retail term • Permanent life (whole & universal life) • Group life 	<ul style="list-style-type: none"> • Long-term care • Disability • Critical Illness 	<ul style="list-style-type: none"> • Fixed annuity • Indexed annuity • Variable annuity • Income annuity 	<ul style="list-style-type: none"> • General account and external investment management • 401(k), 403(b), 529 plans • Synthetic GICs
Key risks	<ul style="list-style-type: none"> • Mortality • Policyholder behavior • Investment 	<ul style="list-style-type: none"> • Morbidity • Investment (some products) 	<ul style="list-style-type: none"> • Investment • Policyholder behavior • Longevity 	<ul style="list-style-type: none"> • Fee compression • Persistency • Investment
U.S. net premiums (2022, US\$)	\$170 BN	\$190 BN	\$349 BN	

Notes: Excludes institutional investment products
Source: Oliver Wyman analysis

Specialist (Re)Insurers Participate in the Market Across Three Verticals

Retail Annuities

- Strategic (Re)Insurers primarily focused on sales of MYGAs, fixed annuities, fixed indexed annuities and RILAs
- Distribution primarily through independent marketing organizations as well as independent agents
- More sophisticated carriers with stronger ratings able to access broker dealer and wirehouse distribution

Reinsurance

- Specialist (Re)Insurers are active providers of block and flow reinsurance
- Most active in U.S. reinsurance markets but have expanded to other regions, notably Japan
- Prioritize predictable asset intensive books of business, but will selectively reinsure more complex liabilities
- Increasingly active in the flow reinsurance market

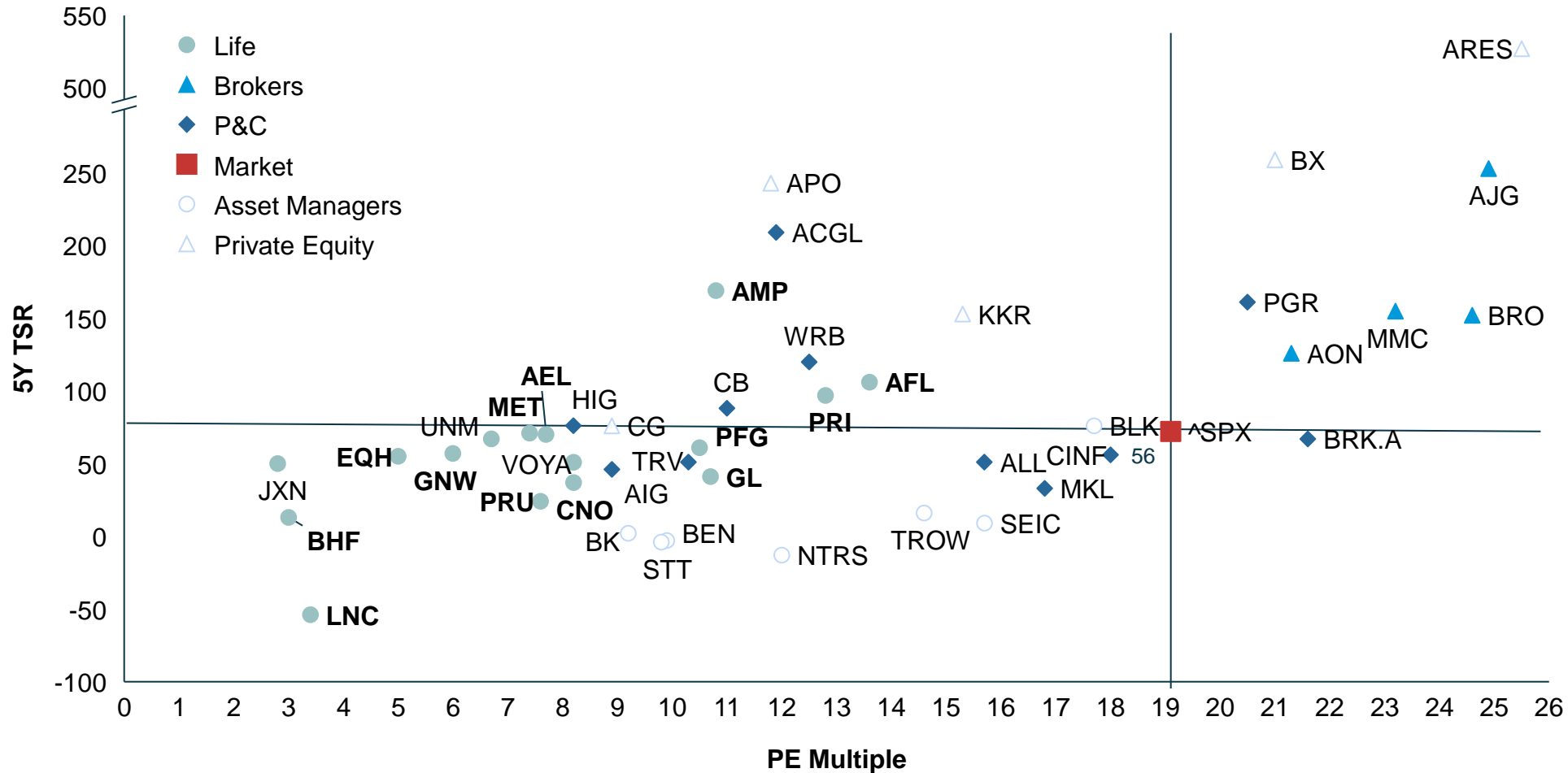
Pension Risk Transfer + FABN

- Alternative asset managers actively compete with large strategics in the pension risk transfer market
- Historically have been most active in the U.S. and UK markets
- In addition to PRT, also actively issue GICs and funding agreement backed notes (FABNs) to institutional buyers



Traditional Insurers are Under Pressure to Improve Performance

5-year Total Shareholder Return (TSR) vs Forward Price-Earnings (PE) Multiple



Life companies

Ticker	Full name
AEL	American Equity
AFL	Aflac
AMP	Ameriprise
CNO	CNO
GL	Globe Life
GNW	Genworth
LNC	Lincoln
MET	MetLife
PFG	Principal Financial
PRI	Primerica
UNM	Unum
VOYA	Voya

Source: S&P Market Intelligence / Capital IQ as of January 3, 2023; PE Multiple is Price / NTM EPS

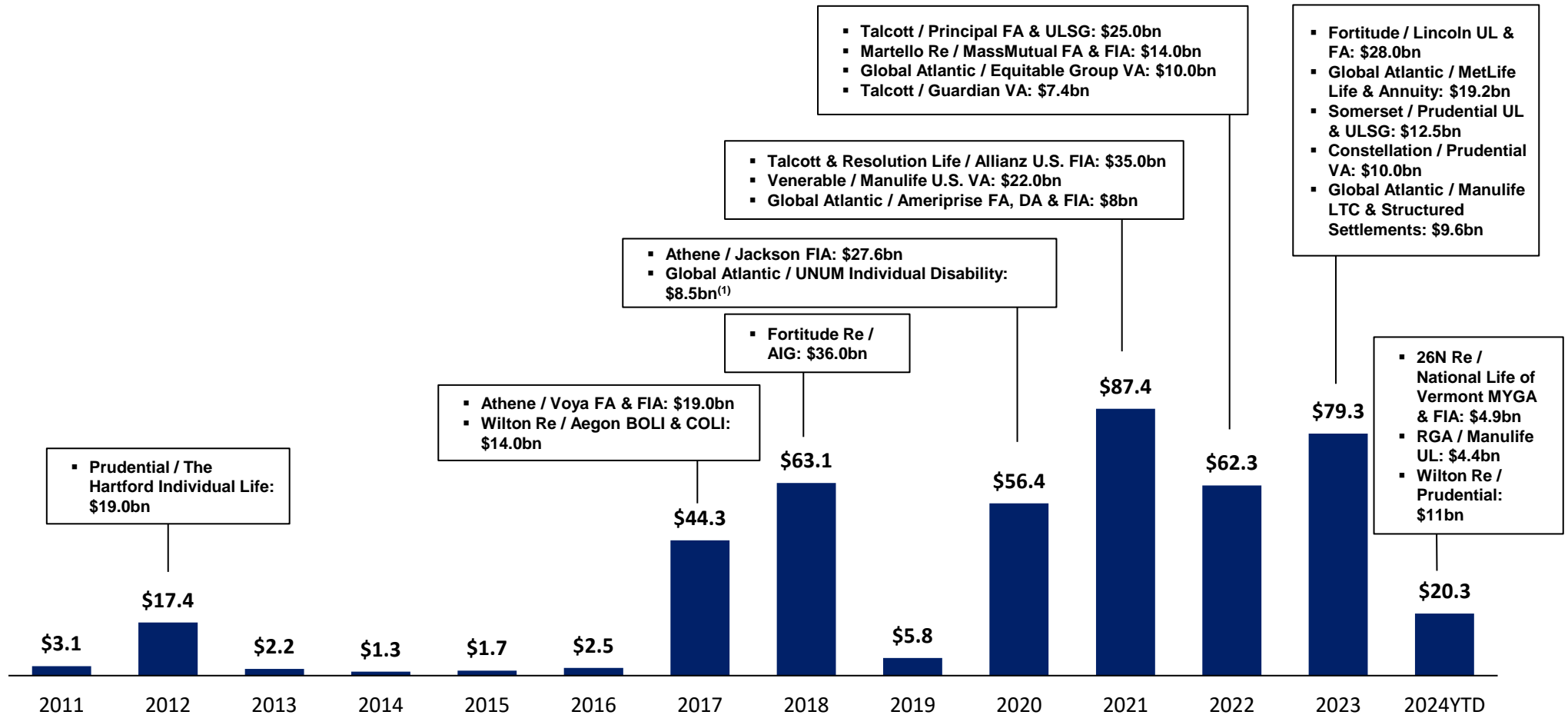
“Specialist (Re)Insurer” Can Help ... We are Generally Defined as ...

- Affiliated with an (alternative) asset manager
- Focused on long-dated, asset intensive risk
- Usually focused on Life & Annuity, although some also participate in Casualty (e.g., Fortitude Re)
- Supports clients through
 - Closed-block reinsurance
 - Flow
 - Sidecars
 - M&A
- Some Specialist (Re)Insurers are also significant writers of retail annuities



Our Value Proposition is Resonating: The U.S. Life and Annuity Block Market Continues to Be Active

Total Values of Liabilities Transferred (\$B)

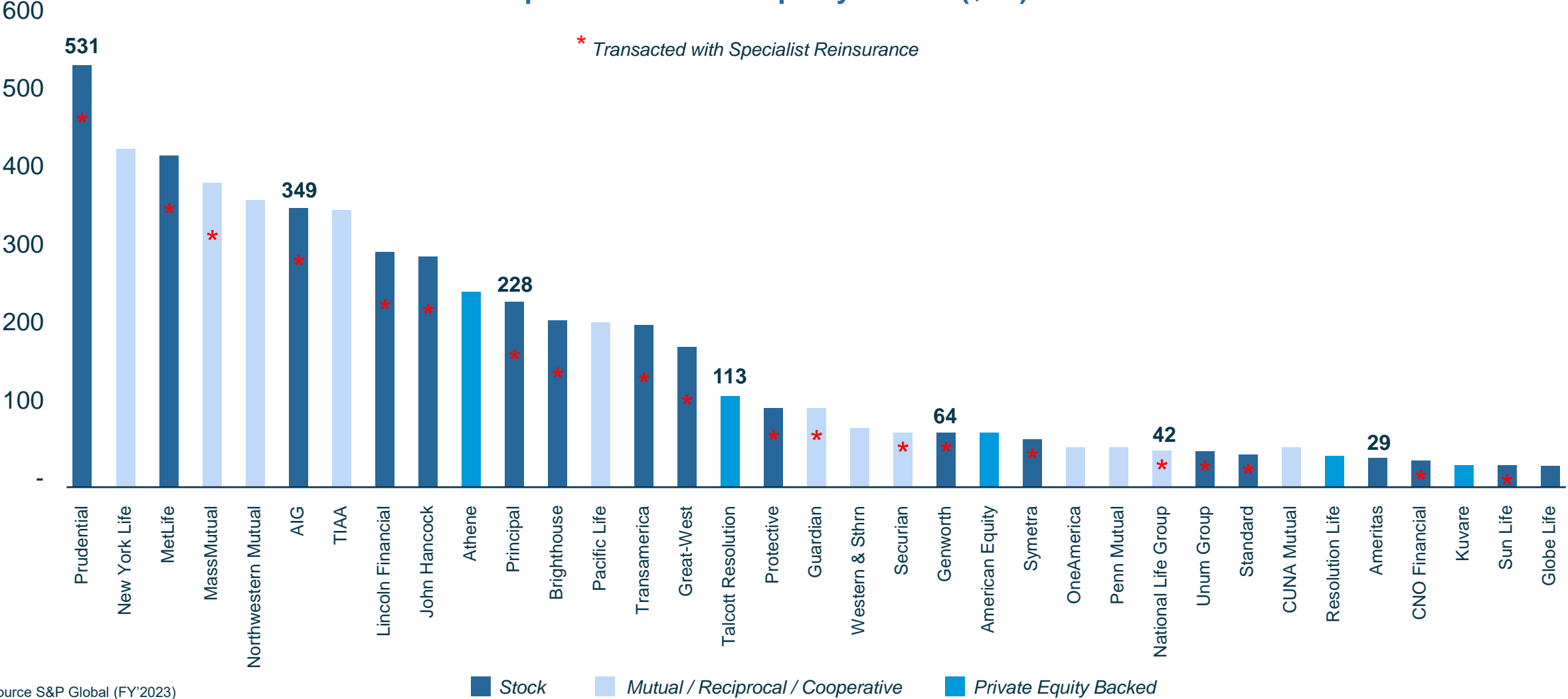


Source: BofA IBK assessment, companies' filings and press releases.

(1) Includes reserves from both phases of the transaction.

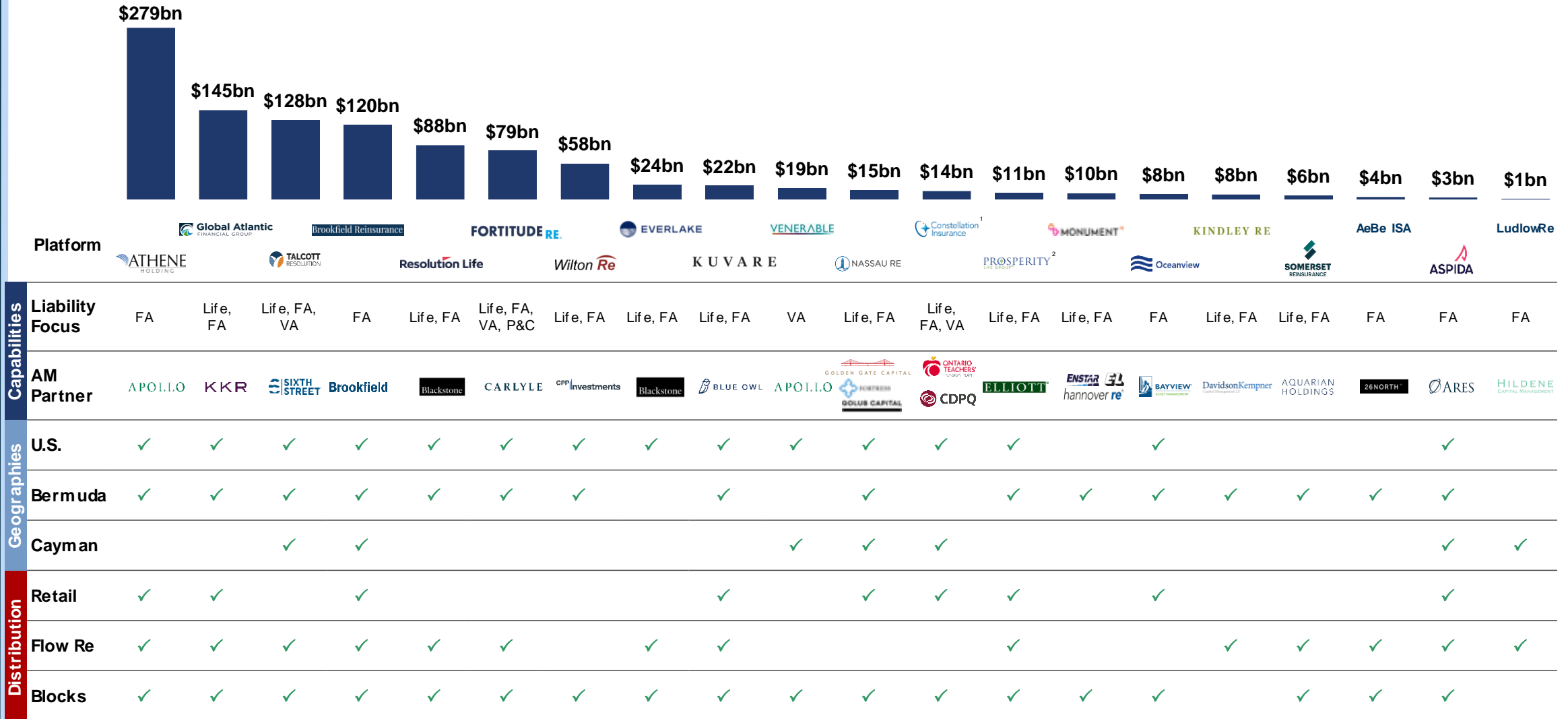
The Largest Life Companies Have a Well-Established Track Record Working with Specialist (Re)Insurers to Optimize their Risk and Capital Position

Top 35 U.S. Life Groups by Assets (\$bn)



Source S&P Global (FY'2023)

There are a Broad Array of Specialist (Re)Insurer Partners to Choose From



Source: Public Company Information; press releases. Reflects alternative asset manager backed consolidator platforms with more than \$25bn in assets.

1 Pro-forma for acquisition of Prudential Financial's PDI variable annuities block. 2 Pro-forma for acquisition of NWLI.

Imitation is the Best Form of Flattery: Some of Our Clients are Building Similar Capabilities

Bermuda Captives / Affiliates



Other Captives / Affiliates



(Delaware)


(Barbados)

(Missouri)

Reinsurance Platforms

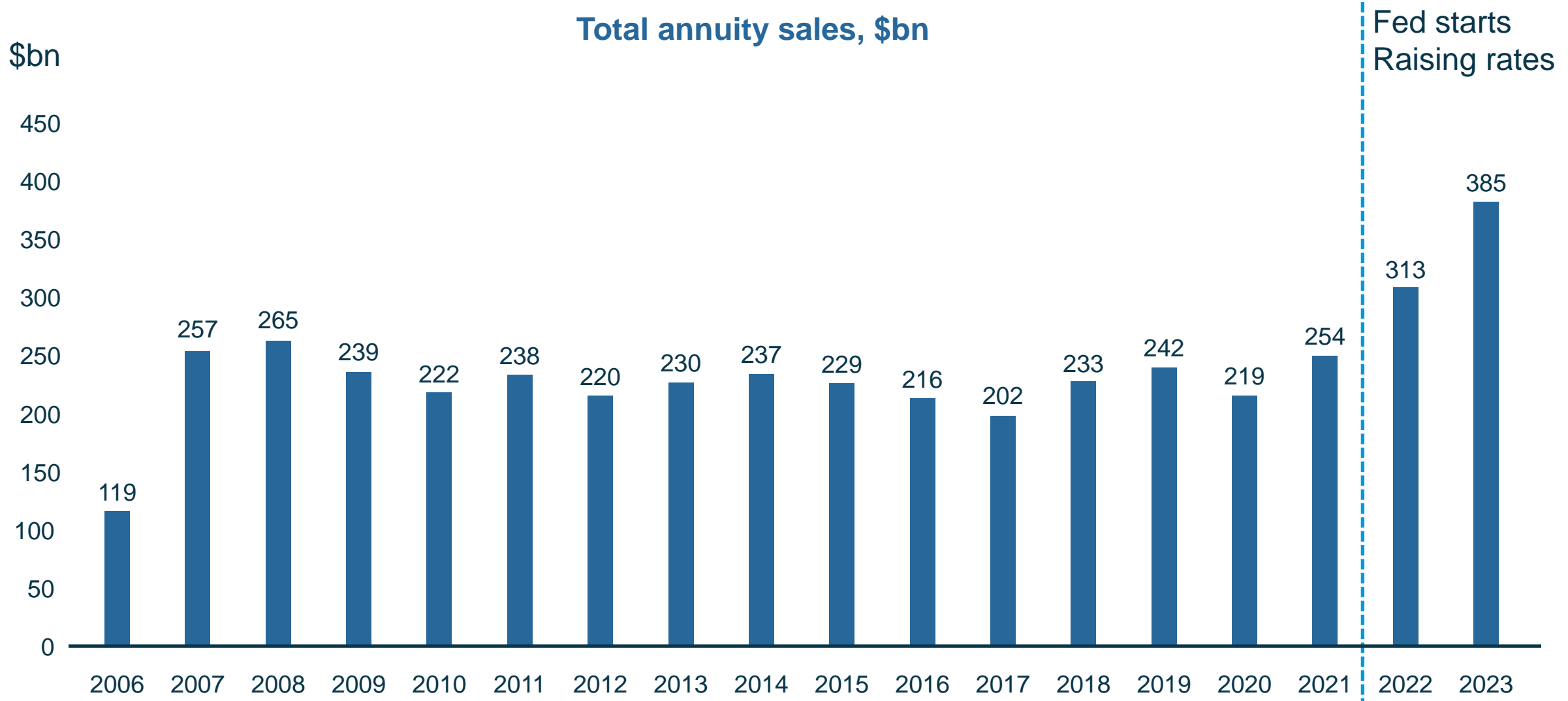


Ruby Re

A photograph of a modern glass skyscraper at night. The building's facade is highly reflective, showing the city lights and other buildings. A person is visible in a brightly lit office on a higher floor, standing near a desk and a sofa. The image is overlaid with a large white arrow pointing to the right, which contains the main text.

Specialist (Re)Insurers Play an Important Role in Protecting Americans' Retirement and Well-Being

↑ Rates = ↑ Annuity Sales = ↑ Demand for Capital



Source: LIMRA, Bloomberg, Apollo Chief Economist. Note: 2023 estimates from LIMRA.

However, Traditional Insurers Have Been Returning Capital to Shareholders (While Specialist (Re)Insurers Have Been Raising Capital to Invest Into the Industry)

Private capital firms have invested more than \$31 billion of new capital into the life and annuities industry ...

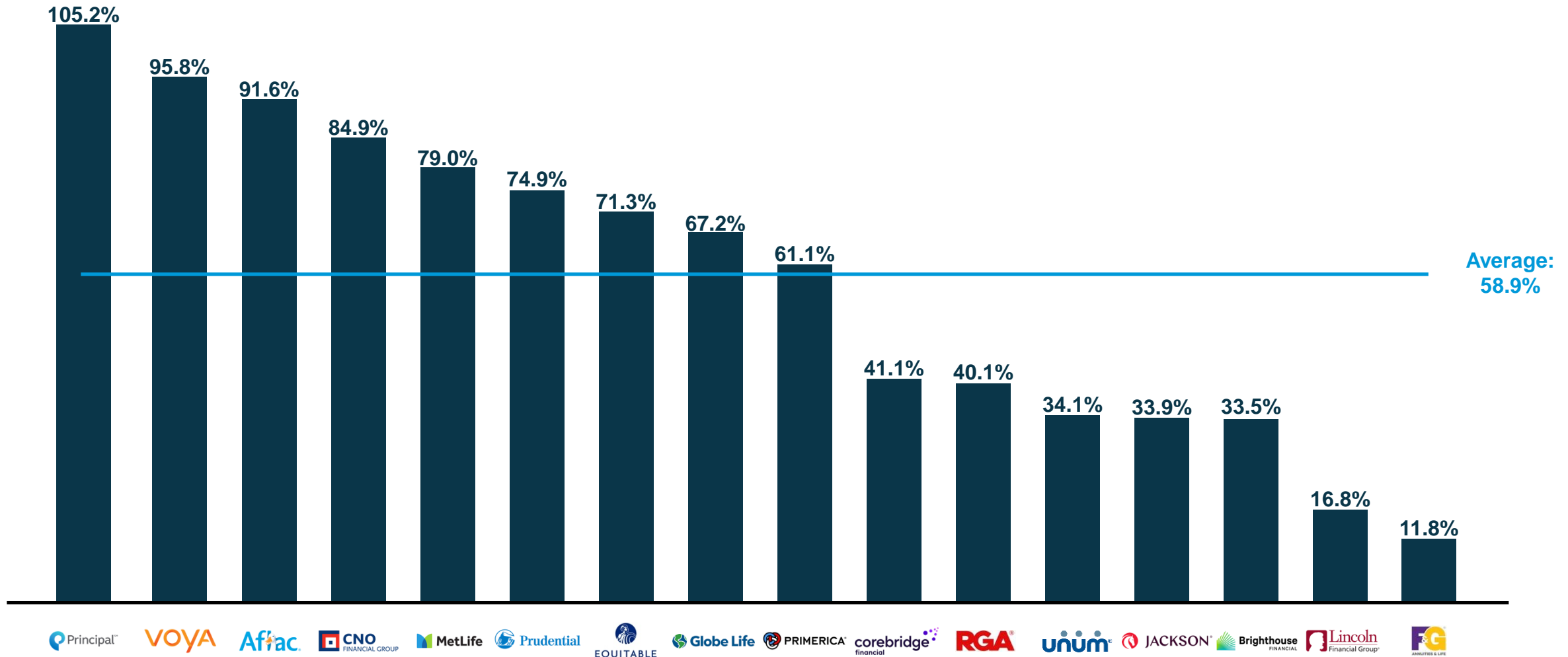
... while publicly traded insurers have returned about \$175 billion to shareholders.

This represents 74% of the insurers' collective current market capitalization.

Source: <https://www.mckinsey.com/industries/financial-services/our-insights/private-capital-in-insurance-2-point-0-building-the-flywheel>





U.S. Life and Annuity Insurers Historical Capital Return to Shareholders

3-Year Average Dividend and Buyback Payout Ratio ¹



Source: SNL, Company Filings. Market data as of July 29, 2024. (1) Calculated as common dividends paid and repurchase of common stock divided by operating income after tax.

This Trend Has Contributed to the Growing Profile of Specialist (Re)Insurers


Platform	2018 AUM ¹	CAGR	2023 AUM ¹	Ratings 2023 ²
 ATHENE [®]	\$ 112	+20%	\$ 279	A+ / A1 / A+ / A+
 Global Atlantic FINANCIAL GROUP	68	+16%	145	A- / A2 / A / A
 TALCOTT RESOLUTION	90 ³	+7%	128 ³	BBB / Baa3 / A- / B++
Brookfield	11 ⁴	+61%	120	A ⁵ / - / A- / A-
 FORTITUDE RE [®]	47	+11%	79	- / - / BBB+ / A

Source: SNL Financial, company filings, press releases and websites. ¹ Total GAAP cash & invested assets, unless otherwise noted. ² Ratings are shown in the order of S&P / Moody's / Fitch / A.M. Best. ³ Total GAAP assets. ⁴ As of 2021 (BAM Re was incorporated in December 2020). ⁵ Rating for American Equity Life.

Specialist (Re)Insurers Have Raised Nearly \$20B Since 2022



Source: Public company information. ¹ Composed of \$935mm of new equity and \$360mm upsize of current credit facility.

A man in a dark suit is shown in profile, looking towards the right. The background is a blurred city skyline at night, with various colored lights (blue, red, green, yellow) creating a bokeh effect. The image is framed by white geometric shapes: a large white triangle on the left and a white arrow-like shape on the right pointing towards the text.

**Specialist (Re)Insurers are
Responsible Stewards of
Their Responsibility to
Policyholders and Clients**

Why Are Some Worried About Specialist (Re)Insurers?

Exhibit from Apollo / Athene Retirement Services Deep Dive (June 2022)

Athene Generates Attractive Net Spread

Underwritten Spread on
Recent New Business
(May YTD)

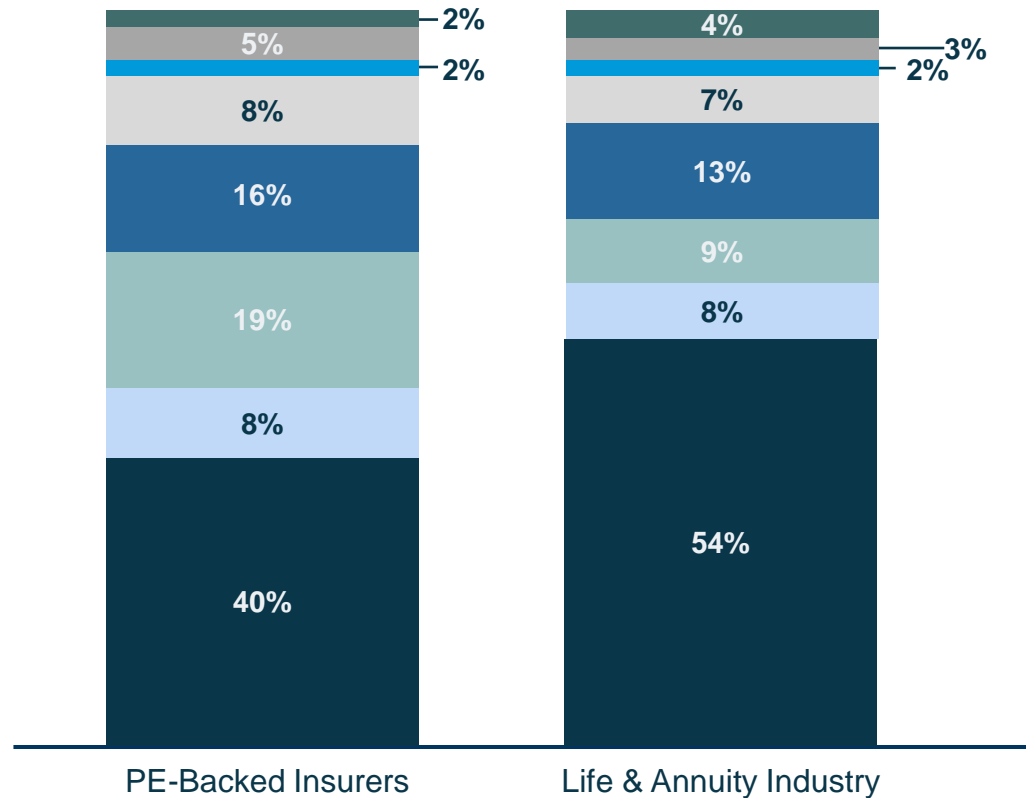
Asset Yield	4.3%	~30bps better vs others, net of fees ¹
Cost of Funds	3.0%	Disciplined and dynamic pricing
Operating Expenses	0.2%	~30bps more efficient OpEx vs others ²
Net Spread	1.1%	
Implied ROE	Mid-teens	~300bps better vs others ³

- Most of the concerns about our industry center in some way on how that incremental yield is generated
- By and large, it is generated by capturing (1) illiquidity; and (2) structuring premium through Private Credit
 - Those premiums are distinct from credit risk
- The value proposition of Private Credit is leading both traditional and Specialist (Re)Insurers to increase their allocations
- Specialist (Re)Insurers have demonstrated the risk management and capitalization to resoundingly demonstrate the soundness of our balance sheets and business model

Note: Industry comparison noted as "others" represent a weighted average of AEL, AFG, LNC, MassMutual, MET, PRL, and PFG for the 5 years 2017 to 2021. Source: S&P Financial, Company Filings.
1. Net asset yield calculated based on average statutory investment yield on bonds and mortgages disclosed in annual U.S. life insurance statutory filings. Statutory investment yield reduced for each company's respective investment fees and expenses approximated by taking annual GAAP investment expenses divided by average GAAP invested assets. Athene's stat investment yield was adjusted to include assets in Bermuda entities and separate accounts backing pension group annuities, and to back out the impact of the larger Lincoln and Jackson National block trades during their respective 12 months deployment periods. 2. General and administrative expense ratios calculated as U.S. statutory general & administrative expenses divided by average U.S. statutory net total assets 3. Adjusted Operating ROE as reported by each company.

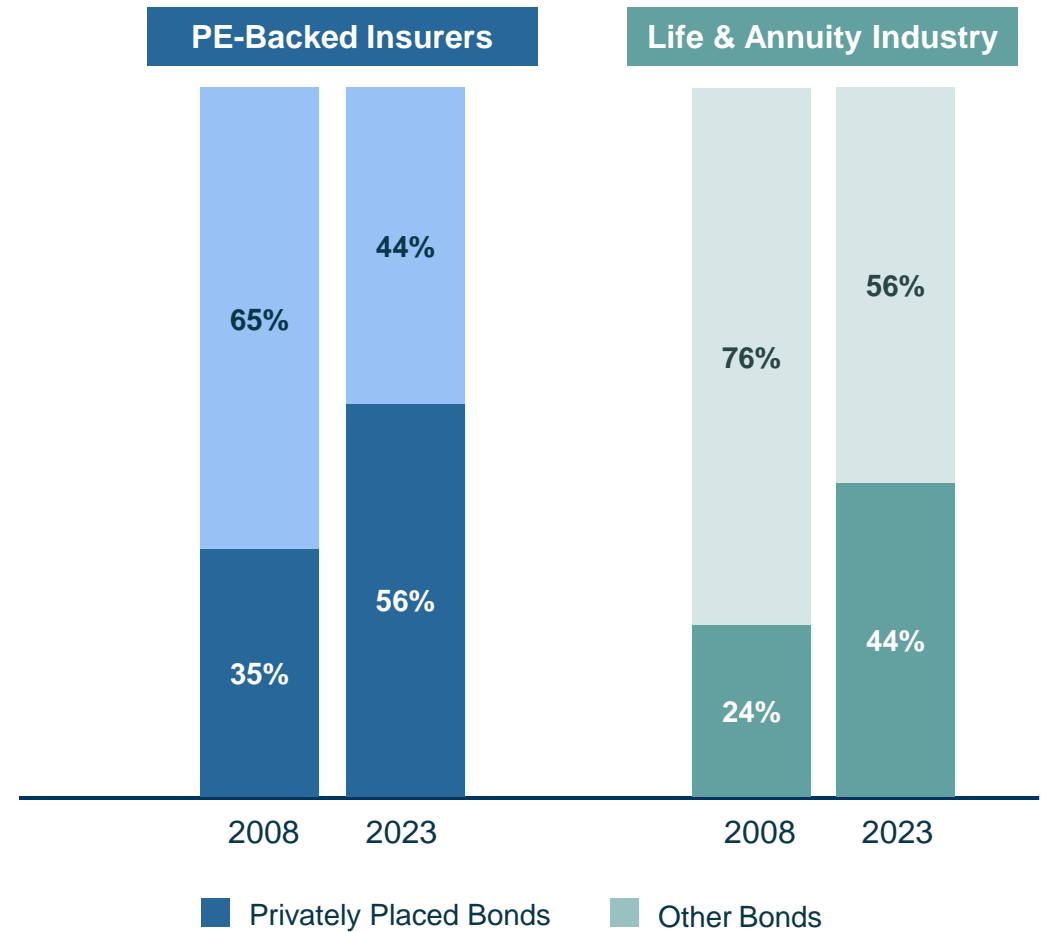
Specialist (Re)Insurers Allocations to Private Credit

Comparison of Invested Asset Allocation¹



- Bonds
- CLOs & ABS
- Alternative Assets
- Cash & Equivalents
- CMBs & RMBs
- Mortgage Loans
- Contract Loans & Premium Notes
- Other

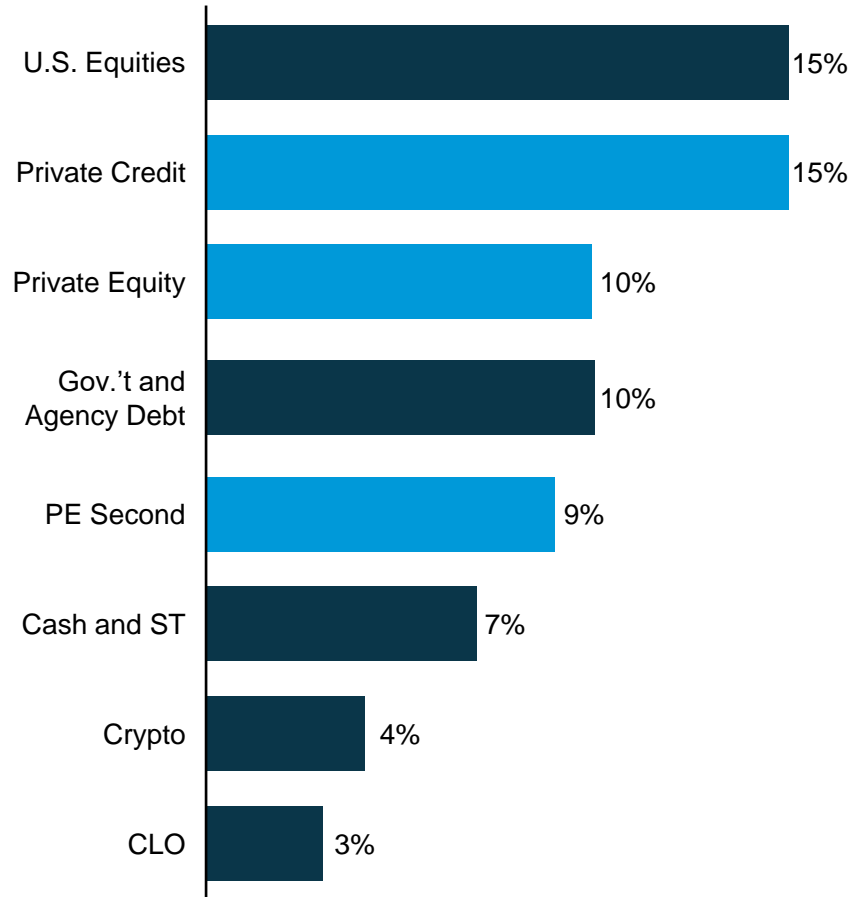
Privately Placed Bonds % of Bond Portfolio Over Time



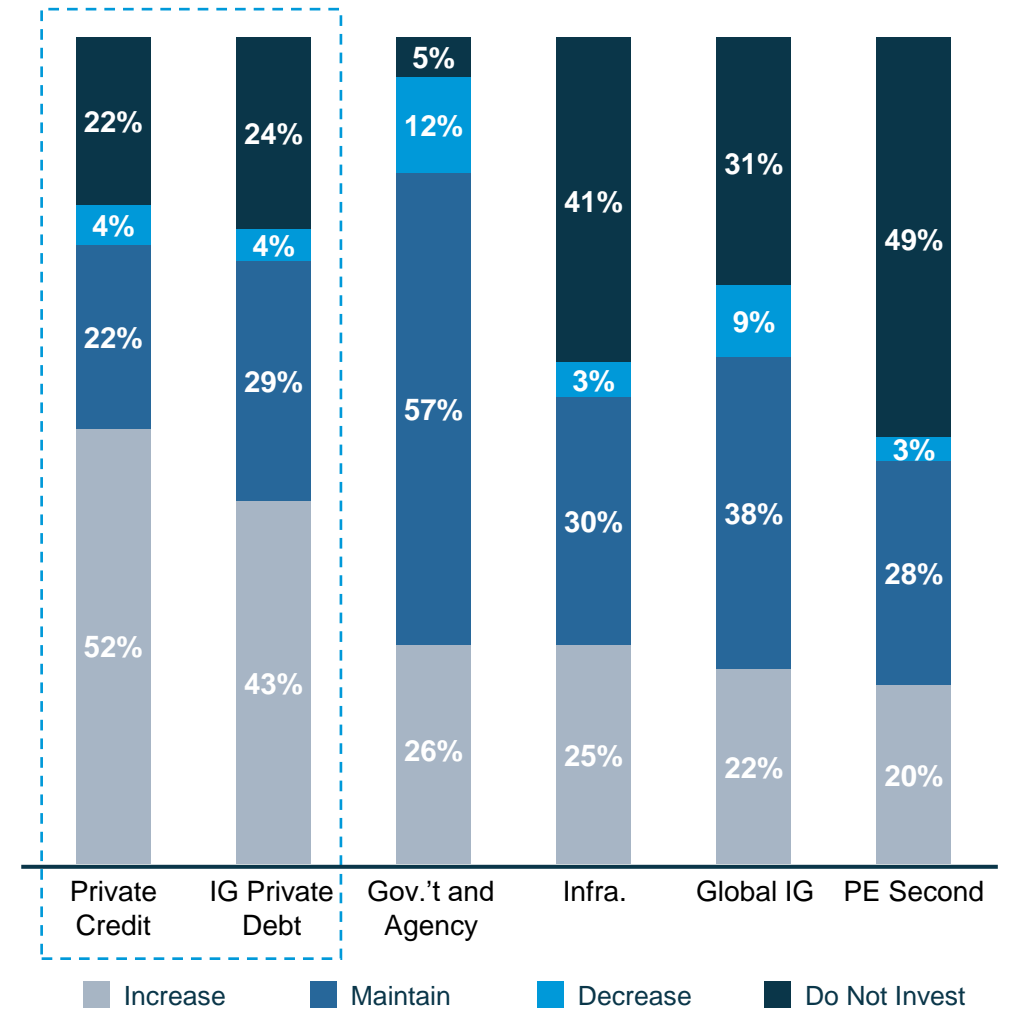
Sources: Goldman Sachs Research, SNL Financial. Note: Alternative assets include real estate, private equity and other alternative asset classes. ¹ Represents FY 2022 asset allocations.

Growth in Allocations to Private Credit is Expected to Continue Across the Industry

Over Next Twelve Months, Which Asset Classes Will Generate Highest Returns?



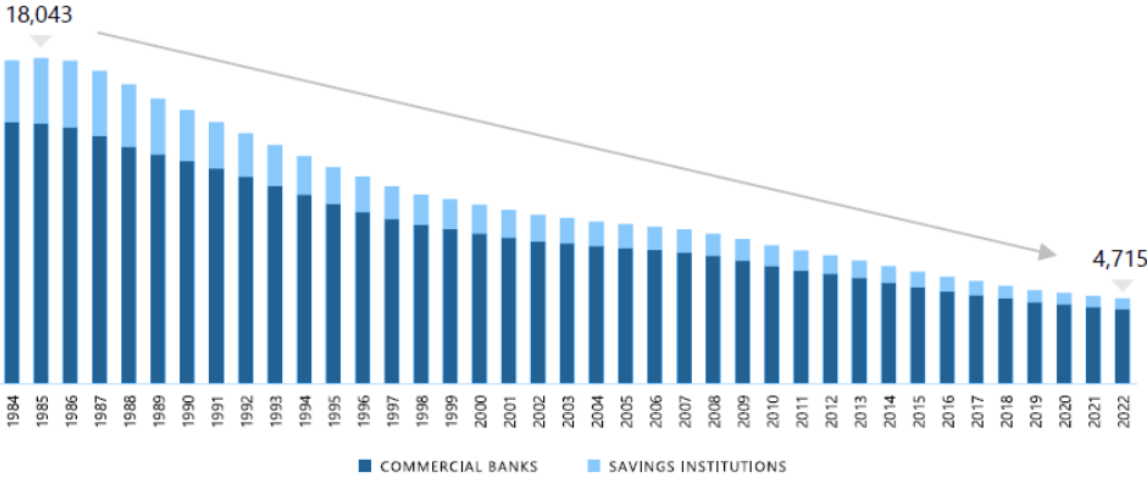
Over Next Twelve Months, Do You Plan to Increase or Decrease Your Allocation?



Source: 2024 Goldman Sachs Asset Management Insurance Survey.

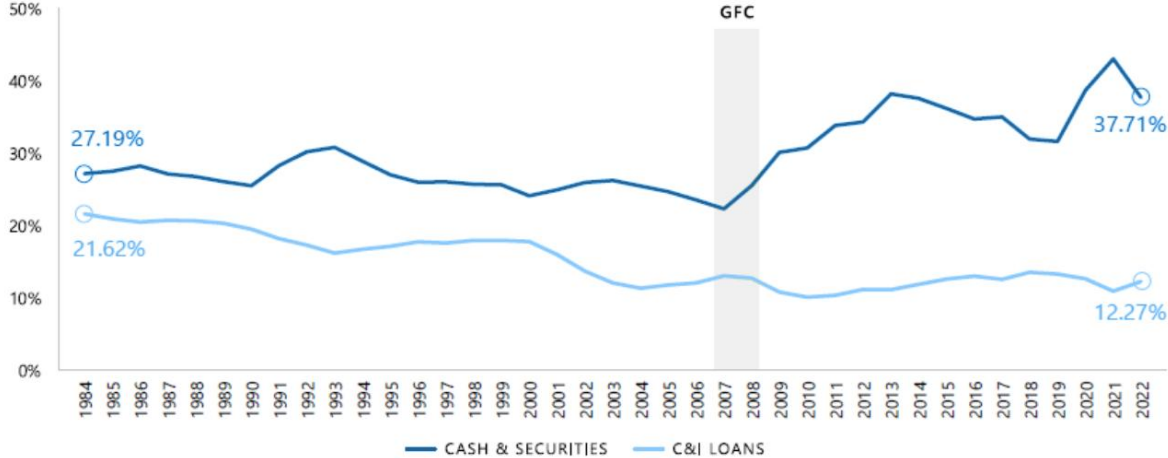
Insurers' Increased Allocations to Private Credit Are Largely Stepping Into the Void Left by US Banks, Who Have Significantly Reduced Their Lending

Number of U.S. Depository Institutions Has Shrunk Considerably



Source: Federal Deposit Insurance Corporation (FDIC); accessed July 2023.

US Banks Have Reduced Commercial & Industrial Lending Activity (Holdings as % of Total US Commercial Bank Assets)



Source: <https://apolloacademy.com/wp-content/uploads/2023/10/Apollo-Global-Asset-Backed-Finance-White-Paper.pdf>

Referring to “Private Credit” Generically Doesn’t Tell The Whole Story

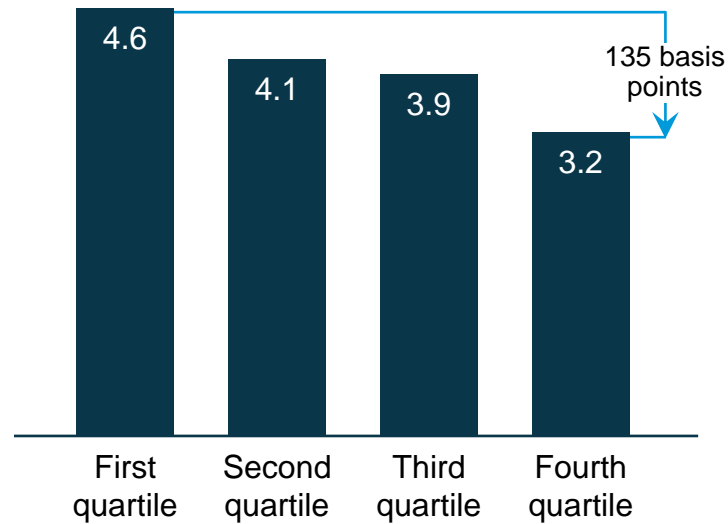
Asset Class	Life Total ¹ (%)	Top 10 Public ² (%)	Top 5 Non-public ² (%)	Sponsor-Backed ² (%)
Cash	3.7	3.2	2.7	6.3
Govt/Agency	3.8	6.1	3.5	2.6
Agency RMBS	2.4	2.4	3.3	1.3
Municipals	4.3	3.6	3.7	4.3
Corp A Public	14.8	14.5	12.8	11.6
Corp A Private	4.9	5.4	7.0	2.5
Corp BBB Public	17.9	14.5	15.2	17.4
Corp BBB Private	6.5	7.2	8.1	3.3
EMD	2.3	2.6	2.3	2.4
HY Corp	2.7	2.4	3.2	2.4
Bank Loans/Preferred Stock	2.5	2.0	4.4	2.4
CML	14.0	17.0	14.9	10.9
RML	1.3	1.6	0.6	4.4
ABS	5.0	4.9	5.0	9.0
CLO	3.8	2.8	3.0	8.3
CMBS	4.3	3.7	4.2	5.6
Non-Agency RMBS	1.7	1.7	1.1	3.2
Public Equity	0.8	0.2	0.9	0.2
Hedge Fund	0.2	0.3	0.1	0.1
Private Equity	2.4	3.1	2.6	1.4
Schedule BA Real Estate	0.5	0.4	0.7	0.3
Schedule A Real Estate	0.5	0.6	0.8	0.1
Invested Asset (\$bn)	4,519	1,218	1,142	477

Source: S&P Global, as of 2022YE. Goldman Sachs Asset Management. Notes: 1. This analysis includes US non-affiliated assets only, i.e., no foreign entities, captives, or affiliate assets. 2. Top 10 public companies include MetLife, Prudential, AIG, Lincoln, Allianz, John Hancock, Transamerica, Principal Financial, Equitable and BrightHouse. Top 5 non-public includes TIAA, New York Life, Northwestern Mutual, MassMutual, and Pacific Life. Sponsor-backed includes Sammons, Athene, Global Atlantic, Security Benefit, F&G, Wilton Re, KUVARE, Nassau Re, Prosperity, and Resolution..

Specialist (Re)Insurers Incremental Yield Is Passed Through to Clients, as Demonstrated by Our Role in the Fixed and Fixed Indexed Annuities Markets

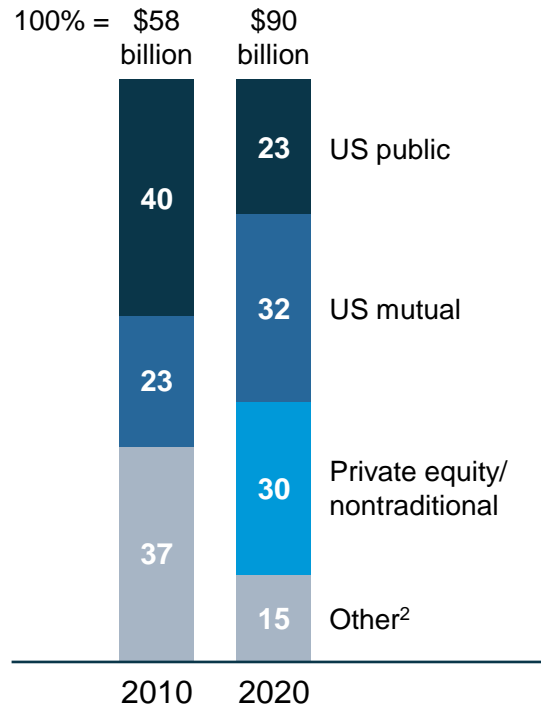
The 135 bps of Yield Between Top and Bottom Performers ...

US life insurers with >\$50 billion in general account assets,¹%

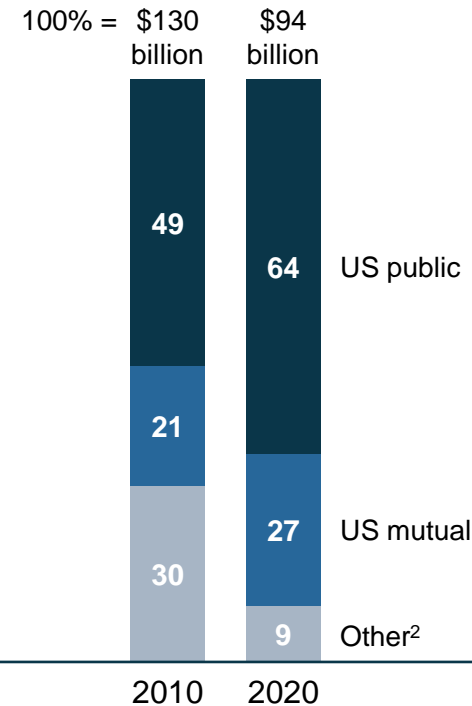


... Has Led to Significant Market Share in FA and FIA ... VA and Life May Be Next

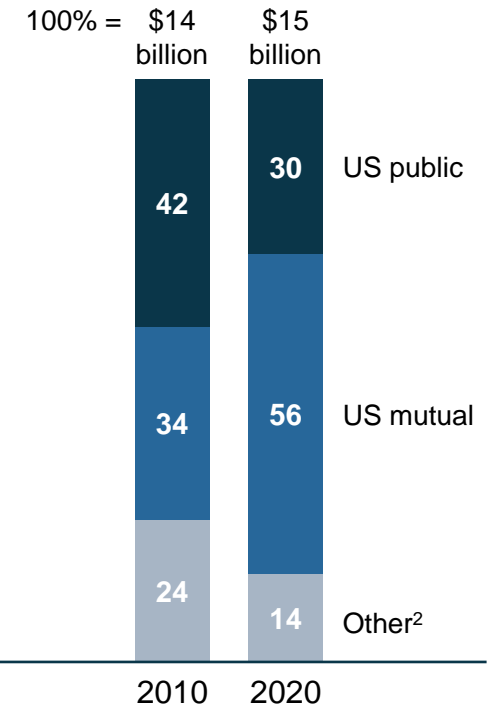
Fixed and fixed-indexed annuities, % of sales from top 20



Variable annuities, % of sales from top 20



Individual life, % of annualized premium sales from top 20¹

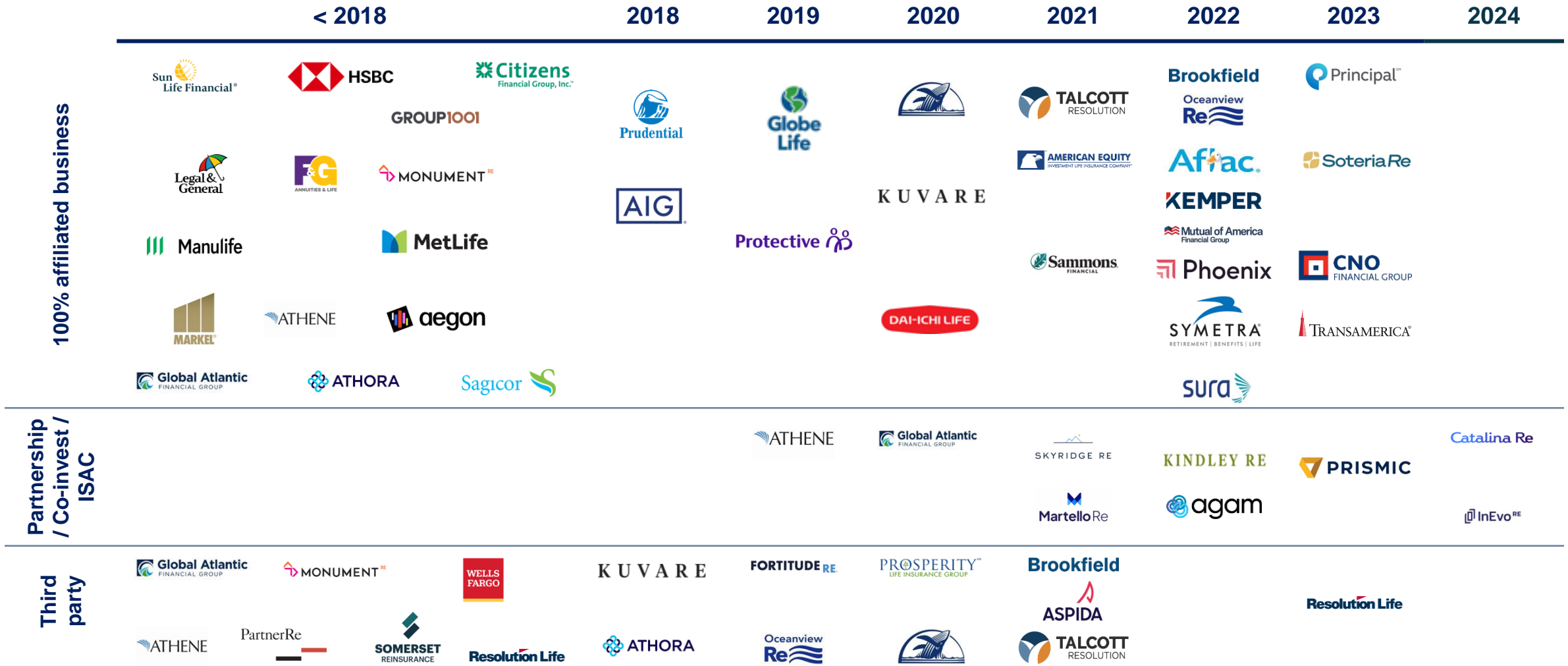


¹Includes US regulatory assets only.
²Source: S&P Capital IQ Pro

¹Annualized premium = 10% of single premium and first year of nonrecurring sales.
²Includes US privately owned and foreign-owned traditional insurers.
 Source: LIMRA

Source: <https://www.mckinsey.com/industries/financial-services/our-insights/unbundling-value-how-leading-insurers-identify-competitive-advantage>

Bermuda is a Hub for Specialist (Re)Insurers ... and Much More



Note: Based on public data only. Several more US companies are also in the process of establishing new Bermuda affiliate companies

Long-Term Reinsurers Domiciled in Bermuda are Well Capitalized, Well Rated, and Running Their Businesses Responsibly

Asset Quality and Safety

92%

Rated assets under management that are investment grade ¹

\$231B

Amount by which assets held exceed liabilities; also reflects high level of diversification

77%

Assets that have additional protection in the form of secured trusts, funds withheld or ModCo

95%

Bonds, debentures and structured assets that are investment grade

Policyholder Protection

\$137B

Reporting companies total benefit payments made in the last 5 years

c. 70%

Licensed members underwrite products with guarantees

Claims Paying Abilities

c. 70%

of licensed members

+ c. 90%

of counterparties are rated A- or above ²

ESG

c. 80%

BMA licensed members who either have or will shortly introduce a Board approved ESG policy

Source: [BILTIR Report June 2024.pdf](#) (BILTIR: Building for the Long Term). Notes: 1. Includes investment grade bonds, structured assets, preferred shares, mortgages in good standing and cash. 2. Of the 55 participants in this survey, 40, or 73% have a credit rating. One firm has a BBB credit rating and the rest are A- or above.