Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

CNO and its businesses are subject to a number of risks including general business and financial risk. Any or all of such risks could have a material adverse effect on the business, financial condition or results of operations of CNO. In addition, please refer to the" Cautionary Statement Regarding Forward- Looking Statements" section of this Form 10- K. Economic Conditions, Market Conditions and Investments: There are risks to our business associated with broad economic conditions. General factors such as the availability of credit, consumer spending, business investment, capital market conditions ~~, the potential of a U. S. government default~~ and inflation affect our business. One ~~of the most serious threats~~ **threat** facing the U. S. economy is the **continued** disagreement over the federal debt limit **and** ~~which, if not addressed in the~~ **other** ~~coming months,~~ **budget questions. Failure to resolve these issues in a timely manner** could ~~lead to~~ **result in a government shutdown, an erratic reduction in government spending or** a default on **government** ~~the federal~~ debt, ~~adverse~~ **which could impact** market ~~impact and~~ **liquidity, result in increased market volatility** ~~an~~ **and reduced** economic **activity** ~~downturn this year~~. In an economic downturn, higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending may depress the demand for life insurance, annuities and other insurance products. In addition, this type of economic environment may result in higher lapses or surrenders of policies. Our business is exposed to the performance of the debt and equity markets. Adverse market conditions can affect the liquidity and value of our investments. The manner in which debt and equity market performance and changes in interest rates have affected, and will continue to affect, our business, financial condition, growth and profitability include, but are not limited to, the following: • The value of our investment portfolio has been materially affected in the past by changes in market conditions which resulted in substantial changes in realized and / or unrealized losses. Future adverse capital market conditions could result in additional realized and / or unrealized losses. • Changes in interest rates also affect our investment portfolio. In periods of increasing interest rates, life insurance policy loans, surrenders and withdrawals could increase as policyholders seek higher returns. This could require us to sell invested assets at a time when their prices may be depressed by the increase in interest rates, which could cause us to realize investment losses. Conversely, during periods of declining interest rates, we could experience increased premium payments on products with flexible premium features, repayment of policy loans and increased percentages of policies remaining inforce. We could obtain lower returns on investments made with these cash flows. In addition, prepayment rates on investments may increase so that we might have to reinvest those proceeds in lower- yielding investments. As a consequence of these factors, we could experience a decrease in the spread between the returns on our investment portfolio and amounts to be credited to policyholders and contractholders, which could adversely affect our profitability. ~~Further, reductions in interest rates could result in an acceleration of the amortization of deferred acquisition costs and the present value of future profits and a reduction in our projected loss recognition testing margins.~~ • The attractiveness of certain of our insurance products may decrease because they are linked to the equity markets and **/ or** assessments of our financial strength, resulting in lower profits. Increasing consumer concerns about the returns and features of our insurance products or our financial strength may cause existing customers to surrender policies or withdraw assets, and diminish our ability to sell policies and attract assets from new and existing customers, which would result in lower sales and fee revenues. **Inflation levels could have adverse consequences for us, the insurance industry and the U. S. economy generally. The U. S. economy has been experiencing the persistence of inflation, which creates a heightened level of risk for us, the insurance industry and the U. S. economy generally. Rising inflation may impact the sales and persistency of our insurance products, the reliability of our loss reserve estimates and our ability to accurately price insurance products, and may create additional volatility in the fair value of our investments.** A ~~value of our investments.A~~ portion of our insurance policy benefits may be affected by increased medical coverage costs and various operating expenses including payroll have already been affected.Additionally,regulatory agencies,such as various state departments of insurance,the U.S.government and Federal Reserve may be slow to approve rate changes or adopt measures to attempt to control inflation,which could affect our ability to generate profits and cash flow.There can be no assurance that inflation rates will not continue to escalate in the future or that measures adopted or that may be adopted by the U.S.government or the Federal Reserve to control inflation will be effective or successful.Continuing significant inflation could have a prolonged effect on the insurance industry and U.S.economy and could in turn negatively affect our business,financial condition and results of **operations.A return to a** prolonged low interest rate environment may negatively impact our results of operations, financial position and cash flows. ~~Prior to the increase in interest rates in 2022, interest rates had been at or near historically low levels.~~ Some of our products, principally traditional whole life, universal life, fixed rate and fixed indexed annuity contracts, expose us to the risk that low interest rates will reduce our spread (the difference between the amounts that we are required to pay under the contracts and the investment income we are able to earn on the investments supporting our obligations under the contracts). Our spread **, which** is a **component of product margin, provides a** key ~~component of~~ **contribution to** our net income. Investment income is also an important component of the profitability of our health products, especially long- term care and supplemental health policies. In addition, interest rates impact the liability for the benefits we provide under our agent deferred compensation plan (as it is our policy to immediately recognize changes in assumptions used to determine this liability) **. Interest rates in 2023 and 2022 were higher than the historically low interest rates experienced prior to 2022** . If interest rates were to return to low levels for an extended period of time, we may have to invest new cash flows or reinvest proceeds from investments that have matured or have been prepaid or sold at yields that have the effect of reducing our net investment income as well as the spread between interest earned on investments and interest credited to some of our products below present or planned levels. To the extent prepayment rates on fixed maturity investments or mortgage loans in our investment portfolio exceed our assumptions, this could increase the impact of this risk. We can lower crediting rates on certain products to offset the decrease in investment yield. However, our ability to lower these rates may be limited by: (i) contractually guaranteed minimum rates; or (ii) competition. In addition, a decrease in crediting rates may not match the timing or magnitude of changes in investment yields. Currently, approximately ~~53~~ **64** percent of our fixed interest annuities and **36 percent of our** universal life products with contractually guaranteed minimum rates have crediting rates set at the minimum rate. As a result, ~~continued~~ **in a** low **interest rate environment,** ~~investment~~ **reinvestment risk can place pressure on insurance product margins resulting in lower earnings** ~~yields would decrease the spread we earn and such spread could potentially become a loss~~. Our fixed indexed annuity products provide a guaranteed minimum rate of return and a higher potential return that is based on a percentage (the" participation rate") of the amount of increase in the value of a particular index, such as the Standard & Poor' s 500 Index, over a specified period. We are generally able to change the participation rate at the beginning of each index period (typically on each policy anniversary date), subject to contractual minimums. At December 31, ~~2022~~ **2023** , $ ~~1~~ **0** . ~~5~~ **7** billion of ~~our~~ **the indexed account values of the** fixed indexed ~~annuity~~ **annuities** ~~account values~~ were at contractual minimum ~~guarantees or~~ participation **rates and $ 0. 4 billion of the fixed fund values of the fixed indexed annuities were at contractual minimum guaranteed crediting** rates. During periods of declining or low interest rates, life and annuity products may be relatively more attractive to consumers, resulting in increased premium payments on products with flexible premium features, repayment of policy loans and increased persistency (a higher percentage of insurance policies remaining in force from year- to- year). Our expectation of future investment income is an important consideration in determining the ~~amortization of deferred acquisition costs and the present value of future profits (collectively referred to as" insurance acquisition costs") and analyzing the recovery of these assets as well as determining the~~ adequacy of our liabilities for insurance products. Expectations of lower future investment earnings may require us to ~~accelerate amortization, write down the balance of insurance acquisition costs or~~ establish additional liabilities for insurance products, thereby reducing net income in future periods. When the new accounting standard related to...... financial condition and results of operations. Major public health issues ~~, including COVID- 19,~~ could have an adverse impact on our financial condition, results of operations, liquidity, cash flows and other aspects of our business. Our operations are exposed to the risk of major health pandemics, epidemics or outbreaks ~~, such as COVID – 19~~. ~~The~~ **For example, the** COVID- 19 pandemic significantly impacted the U. S. and global economy, created significant volatility and periods of disruption in the capital markets and ~~dramatically increased unemployment levels during 2020 and 2021. In addition, the pandemic~~ resulted in ~~temporary, and in~~ some **unfavorable impacts to our** ~~cases permanent, closures of many businesses~~ -- **business** ~~and schools and the institution of social distancing and sheltering in place requirements in many states and local communities. As a result, our ability to sell products through our regular channels and the demand for our products and services was significantly impacted. For example, sales of health and life insurance products (measured by new annualized premiums) in our Worksite Division have yet to return to 2019 levels. Worksite Division sales~~ , as ~~compared to 2019, were down 43 percent in 2020, down 35 percent in 2021 and down 22 percent in 2022. The lower sales in the last three years in the Worksite Division will~~ **well as the overall industry** ~~adversely impact our earnings in future periods~~. The extent to which major health issues ~~, including COVID- 19,~~ impact our business, results of operations or financial condition ~~will depend~~ **depends** on future developments which are highly uncertain and cannot be predicted, including but not limited to: (i) new **viruses** ~~variants of COVID- 19~~ or **virus mutations** ~~new health pandemics~~; (ii) the efficacy of vaccines and ~~the~~ **other medical inventions** ~~rate of vaccine adoption~~; (iii) premature mortality impacts on our claim experience; (iv) **responses by government authorities, including** potential changes in monetary policy enacted by the Federal Reserve ~~;~~ and ~~(v)~~ potential fiscal stimulus measures implemented by the federal government **;** ~~. Following a time when most of our employees were working remotely due to the COVID- 19 pandemic, most of our employees are now working under hybrid work arrangements pursuant to which they work remotely the majority of the time. Remote work arrangements could strain our business continuity plans, introduce additional operational risk, including but not limited to cybersecurity risks,~~ and ~~impair our ability to effectively manage our business. The frequency and sophistication of attempts at unauthorized access to our technology systems and fraud may increase, and the current conditions may impair our cybersecurity efforts and risk management. We also outsource a variety of functions to third parties~~ (**v** ~~both domestic and international~~) **responses in behavior by policyholders** , ~~including certain of our administrative operations. As a result, we rely upon the successful implementation and execution of the business~~ **businesses and** ~~continuity planning of such entities in the current environment. While we closely monitor the business continuity activities of these~~ -- **the population** ~~third parties, successful implementation and execution of their business continuity strategies are largely outside our control. If one or~~ more **generally** ~~of the third parties to whom we outsource certain critical business activities experience operational failures, or is otherwise unable to perform, as a result of the impacts from the spread of COVID- 19 and governmental reactions thereto, it could adversely impact our business, results of operations or financial condition. We have experienced higher claims on our life insurance products due to the COVID- 19 pandemic which have unfavorably impacted our results of operations. We may experience additional claims on our life and certain health insurance products due to the deferral of care and possible long- term health complications from COVID- 19. In 2022, our margin on life insurance products reflects an estimated $ 21 million of adverse mortality impact related to COVID- 19. In addition, policyholders may seek sources of liquidity and make withdrawals from annuities or surrender policies at rates greater than we previously expected. In the past, many state insurance departments have required insurers to offer flexible premium payment plans, relax payment dates, waive late fees and penalties in order to avoid canceling or non- renewing polices and such requirements may be instituted in the future. If policyholder lapse and surrender rates or premium waivers significantly exceed our expectations, we may need to change our assumptions, models or reserves. The cost of reinsurance to us for these policies could increase, and we may encounter decreased availability of such reinsurance. Each of these could have a material adverse effect on our business, financial condition, results of operations, liquidity and cash flows. Such events or conditions could also have an adverse effect~~

~~on product sales~~ . Our investment portfolio may be adversely affected as a result of ~~the~~ **any** delays or failures of borrowers to make payments of principal and interest when due or delays or moratoriums on foreclosures, enforcement actions with respect to delinquent or defaulted mortgages imposed by governmental authorities or the failure of tenants to pay rent or tenants' demands for lease modifications. Further, severe market volatility may leave us unable to react to market events in a prudent manner consistent with our historical investment practices. Market dislocations, decreases in observable market activity or unavailability of information, in each case, arising from major public health issues ~~, like COVID- 19,~~ may **impact the** ~~restrict our access to~~ key inputs used to derive certain estimates and assumptions made in connection with financial reporting or otherwise ~~. Restricted access to such inputs may make our financial statement balances and estimates and assumptions used to run our business subject to greater variability and subjectivity. In addition, changes in the overall use of office space could impact the values and creditworthiness of certain investments we hold. Any of the direct or indirect effects of major public health issues, like COVID- 19, may cause litigation or regulatory, investor, media, or public inquiries. We may face increased workplace safety costs and risks, lose access to critical employees, and face increased employment- related claims and employee- relations challenges. These costs and risks may increase when our employees begin to return to our workplaces. Our costs to manage and effectively respond to these matters, and to address them in settlement or other ways, may increase~~ . Any uncertainty as a result of any of these events may require us to change our estimates, assumptions, models or reserves. Refer to" Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations- Results of Operations- ~~Changes in~~ **Comprehensive Annual** Actuarial ~~Assumptions~~ **Review** " for further information related to changes in certain actuarial assumptions and their impact on our operating results in ~~2022~~ **2023** ~~. Authorities may not accurately report population and impact data, such as death rates, infections, morbidity, hospitalizations, or illness that we use in our estimates, assumptions and models. Further, the speed at which these events are occurring increases the uncertainty of our estimates, assumptions and models. Any of these events could cause or contribute to the risks and uncertainties enumerated in Item 1A. Risk Factors included herein and could materially adversely affect our business, results of operations or financial condition~~ . Our investment portfolio is subject to several risks that may diminish the value of our invested assets and negatively impact our profitability, our financial condition and our liquidity. The performance of our investment portfolio depends in part upon the level of and changes in interest rates, risk spreads, real estate values, equity market values, market volatility, ~~supply chain issues affecting investors,~~ the performance of the economy in general, the policies adopted by the Federal Reserve ~~as a result of the performance of the economy~~ , the performance of the specific obligors included in our portfolio and other factors that are beyond our control. Changes in these factors can affect our net investment income in any period, and such changes can be substantial. These factors include, but are not limited to, the following: (i) changes in interest rates and credit spreads, which can reduce the value of our investments; (ii) changes in patterns of relative liquidity in the capital markets for various asset classes; (iii) changes in the perceived or actual ability of issuers to make timely repayments, which can reduce the value of our investments; (iv) changes in the estimated timing of receipt of cash flows; and (v) changes in mortgage delinquency or recovery rates, declining real estate prices, challenges to the validity of foreclosures and the quality of service provided by service providers on securities in our portfolios. These risks are significantly greater with respect to below- investment grade securities and alternative investments, which comprised ~~5.~~ 4 **. 7** percent and 2. 5 percent of our total investments as of December 31, ~~2022~~ **2023** . Our structured securities (as defined below), which comprised ~~29~~ **31** . ~~6~~ **7** percent of our available for sale fixed maturity investments at December 31, ~~2022~~ **2023** , are generally subject to variable prepayment on the assets underlying such securities, such as mortgage loans. When asset- backed securities, agency residential mortgage- backed securities, non- agency residential mortgage- backed securities, **CLOs** ~~collateralized loan obligations~~ and commercial mortgage- backed securities, (collectively referred to as" structured securities") prepay faster than expected, investment income may be adversely affected due to the acceleration of the amortization of purchase premiums or the inability to reinvest at comparable yields in lower interest rate environments. We use derivatives in an effort to hedge higher potential returns to our fixed indexed annuity policyholders based on the increase in the value of a particular index. For derivative positions we hold that are in- the- money, we are exposed to credit risk in the event of default of our counterparty. In addition, our investment borrowings from the Federal Home Loan Bank (" FHLB") are secured by collateral, the fair value of which can be significantly impacted by general market conditions. If the fair value of pledged collateral falls below specific levels, we would be required to pledge additional eligible collateral or repay all or a portion of the investment borrowings. The concentration of our investment portfolio in any particular industry, group of related industries, asset classes (such as residential mortgage- backed securities and other asset- backed securities), or geographic area could have an adverse effect on our results of operations and financial position. While we seek to mitigate this risk by having a broadly diversified portfolio, events or developments that have a **correlated** negative impact on any particular industry, group of related industries or geographic area may have an adverse effect on the investment portfolio. Because a substantial portion of our operating results are derived from returns on our investment portfolio, significant losses in the portfolio may have a direct and materially adverse impact on our results of operations. In addition, losses on our investment portfolio could reduce the investment returns that we are able to credit to our customers of certain products, thereby impacting our sales and eroding our financial performance. Investment losses may also reduce the capital of our insurance subsidiaries, which may cause us to make additional capital contributions to those subsidiaries or may limit the ability of our insurance subsidiaries to make dividend payments to CNO **. On December 13, 2023, the SEC adopted rules to require covered clearing agencies to adopt policies and procedures reasonably designed to require every direct participant of the agency to submit for clearing eligible secondary market transactions in U. S. Treasury securities, which will effectively require those participants to clear eligible cash transactions in U. S. Treasury securities by December 31, 2025, and eligible repurchase transactions in U. S. Treasury securities by June 30, 2026. Uncertainty remains regarding potential impact of the rule. However, the rule could increase costs of trading in U. S. Treasuries or potentially negatively affect market liquidity** . The determination of the allowance for credit losses related to our investments is highly subjective and could have a material adverse effect on our operating results and financial condition. The determination of the amount of allowances and impairments varies by investment type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments require significant judgment and are revised as conditions change and new information becomes available. Additional impairments may need to be taken or allowances provided for in the future, and the ultimate loss may exceed our current loss estimates. The determination of fair value of our fixed maturity securities results in unrealized investment gains and losses and is, in some cases, highly subjective and could materially impact our operating results and financial condition. In determining fair value, we generally utilize market transaction data for the same or similar instruments. The degree of management judgment involved in determining fair values is inversely related to the availability of market observable information. Since significant observable market inputs are not available for certain securities, it may be difficult to value them. The fair value of financial assets and financial liabilities may differ from the amount actually received to sell an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Moreover, the use of different valuation assumptions may have a material effect on the fair values of the financial assets and financial liabilities. During periods of market disruption, it may be difficult to value certain securities if trading becomes less frequent and / or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the current financial environment. In such cases, the valuation process may require more subjectivity and management judgment. Rapidly changing market conditions could materially impact the valuation of securities and the period- to- period changes in value could vary significantly ~~. The elimination of the London Inter- Bank Offered Rate (" LIBOR") may affect the value of certain investments. It is anticipated that LIBOR will be discontinued no later than June 2023 and that one or more alternative rates will be used instead. As a result, we anticipate a potential valuation risk regarding certain investment securities. Additionally, the elimination of LIBOR or changes to other reference rates or any other changes or reforms to the determination or supervision of reference rates may adversely affect the amount of interest receivable on certain of our investments. These changes may also impact the market liquidity and market value of these investments. Any changes to LIBOR or any alternative rate, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have an adverse effect on the value of LIBOR- based securities, including those held in our investment portfolio. It may also adversely affect our liabilities as some of our liabilities reference LIBOR including our $ 250. 0 million unsecured revolving credit agreement which matures on July 16, 2026 (the" Revolving Credit Agreement"). We are in the process of renegotiating the LIBOR terms in the Revolving Credit Agreement. To the extent we hold LIBOR instruments, the terms of these instruments may have fallback provisions that provide for an alternative reference rate when LIBOR ceases to exist. For securities without adequate fallback provisions already in place, federal legislation governing such securities has been enacted to provide a safe harbor for transition to the recommended alternative reference rate~~ . Insurance Risk: The results of operations of our insurance business will decline if our premium rates are not adequate or if we are unable to increase rates. We set the premium rates on our policies based on facts and circumstances known at the time we issue the policies and on assumptions about numerous variables, including but not limited to, the actuarial probability of a policyholder incurring a claim, the probable size of the claim, maintenance costs to administer the policies and the interest rate earned on our investment of premiums. In setting premium rates, we consider historical claims information, industry statistics, the rates of our competitors and other factors, but we cannot predict with certainty the future actual claims on our products. If our actual claims experience proves to be less favorable than we assumed and we are unable to raise our premium rates to the extent necessary to offset the unfavorable claims experience, our financial results will be adversely affected. We review the adequacy of our premium rates regularly and file proposed rate increases on our health insurance products when we believe existing premium rates are too low. It is possible that we will not be able to obtain approval for premium rate increases from currently pending or future requests. If we are unable to raise our premium rates because we fail to obtain approval in one or more states, our financial results will be adversely affected. Moreover, in some instances, our ability to exit unprofitable lines of business is limited by the guaranteed renewal feature of most of our insurance policies. Due to this feature, we cannot exit such lines of business without regulatory approval, and accordingly, we may be required to continue to service those products at a loss for an extended period of time. If we are successful in obtaining regulatory approval to raise premium rates, the increased premium rates may reduce the volume of our new sales and cause existing policyholders to allow their policies to lapse. This could result in a significantly higher ratio of claim costs to premiums if healthier policyholders allow their policies to lapse, while policies of less healthy policyholders continue inforce. This would reduce our premium income and profitability in future periods. Our business, financial condition, results of operations, liquidity and cash flows depend on the accuracy of our models and assumptions, and we could experience significant gains or losses if the models and assumptions differ significantly from actual results. We make and rely on numerous assumptions related to our business which are used to make decisions crucial to our operations. Differences between actual experience and the assumptions in our models could materially and adversely affect our business, financial condition, results of operations, liquidity and cash flows. In addition, there is a greater risk related to our modeling due to accounting changes, such as the new guidance related to targeted improvements to the accounting for long-duration insurance contracts which became effective on January 1, 2023. Our reserves for future insurance policy benefits and claims may prove to be inadequate, requiring us to increase liabilities which results in reduced net income and shareholders' equity. Liabilities for insurance products are calculated ~~using management' s best judgments,~~ based on **numerous assumptions including, but not limited to, investment yields, mortality, morbidity, withdrawals, lapses, cash flow assumptions and discount rates. Such assumptions are based on** our **experience, and in cases of limited experience, industry experience. Such assumptions also consider future expectations in policyholder behavior that may vary from** past experience ~~and standard actuarial tables of mortality, morbidity, lapse rates, investment experience and expense levels. For our health insurance business, we establish an active life reserve; a liability for due and unpaid claims, claims in the course of settlement and incurred but not reported claims; and a reserve for the present value of amounts on incurred claims not yet due. We establish~~

~~reserves based on assumptions and estimates of factors either established at the Effective Date for business inforce or considered when we set premium rates for business written after that date~~ . Many factors can affect these reserves and liabilities, such as economic and social conditions, inflation, hospital and pharmaceutical costs, changes in life expectancy, regulatory actions, changes in doctrines of legal liability and extra- contractual damage awards. Therefore, the reserves and liabilities we establish are necessarily based on estimates, assumptions, industry data and prior years' statistics. Our financial performance depends significantly upon the extent to which our actual claims experience and future expenses are consistent with the assumptions we used in setting our reserves. If our future claims are higher than our assumptions, and our reserves prove to be insufficient to cover our actual losses and expenses, we would be required to increase our liabilities, and this could have a material adverse effect on our results of operations and financial condition. ~~We may be required to accelerate the amortization of deferred acquisition costs or the present value of future profits or establish premium deficiency reserves. Deferred acquisition costs represent incremental direct costs related to the successful acquisition of new or renewal insurance contracts. The present value of future profits represents the value assigned to the right to receive future cash flows from contracts existing at the Effective Date. The balances of these accounts are amortized over the expected lives of the underlying insurance contracts. On an ongoing basis, we test these accounts recorded on our balance sheet to determine if these amounts are recoverable under current assumptions. In addition, we regularly review the estimates and assumptions underlying these accounts for those products for which we amortize deferred acquisition costs or the present value of future profits in proportion to gross profits or gross margins. If facts and circumstances change, these tests and reviews could lead to reduction in the balance of those accounts, and the establishment of a premium deficiency reserve. Such results could have an adverse effect on the results of our operations and our financial condition. See" Item 7. Management' s Discussion and Analysis of Consolidated Financial Condition and Results of Operations, Critical Accounting Estimates, Present Value of Future Profits and Deferred Acquisition Costs."~~ Our operating results may suffer if policyholder surrender levels differ significantly from our assumptions. Surrenders of our annuities and life insurance products can result in losses and decreased revenues if surrender levels differ significantly from assumed levels. At December 31, ~~2022~~ **2023** , approximately $ 4. ~~5~~ **4** billion of our total insurance liabilities could be surrendered by the policyholder without penalty. The surrender charges that are imposed on our fixed rate annuities typically decline during a penalty period, which ranges from five to twelve years after the date the policy is issued. Surrender charges are eliminated after the penalty period. Surrenders and ~~redemptions~~ **other policy withdrawals** could require us to dispose of assets earlier than we had planned, possibly at a loss. Moreover, surrenders and ~~redemptions~~ **other policy withdrawals** require faster amortization of **deferred** ~~either the~~ acquisition costs ~~or the commissions~~ associated with the original sale of a product, thus reducing our net income. We believe policyholders are generally more likely to surrender their policies if they believe the issuer is having financial difficulties, or if they are able to reinvest the policy' s value at a higher rate of return in an alternative insurance or investment product. We face risk with respect to our reinsurance agreements. We transfer exposure to certain risks to ~~others~~ **third parties** through reinsurance arrangements. Under these arrangements, other insurers assume a portion of our losses and expenses associated with reported and unreported claims in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. As of December 31, ~~2022~~ **2023** , our reinsurance receivables and ceded life insurance inforce totaled $ 4. ~~2~~ **0** billion and $ 2. 8 billion, respectively. Our seven largest reinsurers (which are currently rated" A-" or higher by AM Best) accounted for 97 percent of our ceded life insurance inforce and 98 percent of our reinsurance receivables. Such reinsurance receivables also include long- term care and annuity blocks of business that have been ceded. We face credit risk with respect to reinsurance. When we obtain reinsurance, we are still liable for those transferred risks even if the reinsurer defaults on its obligations. The failure, insolvency, inability or unwillingness of one or more of the Company' s reinsurers to perform in accordance with the terms of its reinsurance agreement could negatively impact our earnings or financial position. In addition, it is possible that reinsurance may not be available or affordable in the future, or may not be adequate to protect us against losses. Liquidity Risk: We have substantial indebtedness which may restrict our ability to take advantage of business, strategic or financing opportunities. As of December 31, ~~2022~~ **2023** , we had an aggregate principal amount of indebtedness of $ 1, 150. 0 million (comprised of $ 500. 0 million of 5. 250 % Senior Notes due 2025, $ 500. 0 million of 5. 250 % Senior Notes due 2029 (collectively, the" Notes")) and $ 150. 0 million of 5. 125 % Subordinated Debentures due 2060 (the" Debentures"). Our indebtedness will require approximately $ 60. 8 million in cash to service in ~~2023~~ **2024** (based on the principal amounts outstanding and applicable interest rates as of December 31, ~~2022~~ **2023**). In addition, the Company has entered into **a $ 250. 0 million unsecured revolving credit agreement which matures on July 16, 2026 (** the **"** Revolving Credit Agreement **")** . There were no amounts drawn under the Revolving Credit Agreement at December 31, ~~2022~~ **2023** . See the note to the consolidated financial statements entitled" Notes Payable- Direct Corporate Obligations" for more information. If we fail to pay interest or principal on our other indebtedness, including the Notes, we will be in default under the indentures governing such indebtedness, which could also lead to a default under agreements governing our existing and future indebtedness, including under the Revolving Credit Agreement. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we likely may not have sufficient funds at the holding company level to repay our indebtedness. Absent sufficient liquidity to repay our indebtedness, our management or our independent registered public accounting firm may conclude that there is substantial doubt regarding our ability to continue as a going concern. The Revolving Credit Agreement and the Indentures for the Notes and Debentures contain various restrictive covenants and required financial ratios that could limit our operating flexibility. The violation of one or more loan covenant requirements will entitle our lenders to declare all outstanding amounts under the Revolving Credit Agreement, the Notes and the Debentures to be due and payable. Certain of the agreements governing our indebtedness contain a number of restrictive covenants and require financial ratios that impose operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long- term best interest, including restrictions on our ability to: incur additional indebtedness and guarantee indebtedness; pay dividends or make other distributions or repurchase or redeem our capital stock;

prepay, redeem or repurchase subordinated debt; sell assets; incur liens; enter into transactions with affiliates; and consolidate, merge, sell or otherwise dispose of our assets. The Revolving Credit Agreement requires the Company to maintain (each as calculated in accordance with the Revolving Credit Agreement): (i) a debt to total capitalization ratio (excluding hybrid securities, except to the extent that the aggregate amount outstanding of all such hybrid securities exceeds an amount equal to 15 % of total capitalization) of not more than 35. 0 percent (such ratio was 21. ~~6~~ **5** percent at December 31, ~~2022~~ **2023**); and (ii) a minimum consolidated net worth of not less than the sum of ~~(x)~~ $ 2, 674 **. 0** million plus ~~(y)~~ 25. 0 % of the net equity proceeds received by the Company from the issuance and sale of equity interests in the Company (the Company' s consolidated net worth was $ 3, ~~493~~ **792** . ~~9~~ **4** million at December 31, ~~2022~~ **2023** compared to the minimum requirement of $ 2, ~~694~~ **697** . ~~4~~ **0** million). These covenants place restrictions on the manner in which we may operate our business and our ability to meet these financial covenants may be affected by events beyond our control. If we default under any of these covenants, the lenders could declare the outstanding principal amount of the loan, accrued and unpaid interest and all other amounts owing and payable thereunder to be immediately due and payable, which would have material adverse consequences to us. In addition, an event of default under the Revolving Credit Agreement would permit our lenders to terminate commitments to extend further credit. See the note to the consolidated financial statements entitled" Notes Payable- Direct Corporate Obligations" for more information. CNO is a holding company and its liquidity and ability to meet its obligations may be constrained by the ability of CNO' s insurance subsidiaries to distribute cash to it. CNO and CDOC, Inc. (" CDOC") are holding companies with no business operations of their own. CNO and CDOC depend on their operating subsidiaries for cash to make principal and interest payments on debt and to pay administrative expenses and income taxes. CNO and CDOC receive cash from our insurance subsidiaries, consisting of dividends and distributions, principal and interest payments on surplus debentures and tax- sharing payments, as well as cash from their non- insurance subsidiaries consisting of dividends, distributions, loans and advances. Deterioration in the financial condition, earnings or cash flow of these significant subsidiaries for any reason could hinder the ability of such subsidiaries to pay cash dividends or other disbursements to CNO and / or CDOC, which would limit our ability to meet our debt service requirements and satisfy other financial obligations. In addition, CNO may elect to contribute additional capital to certain insurance subsidiaries to strengthen their surplus for covenant compliance or regulatory purposes (including, for example, maintaining adequate RBC level) or to provide the capital necessary for growth, in which case it is less likely that its insurance subsidiaries would pay dividends to the holding company. Accordingly, this could limit CNO' s ability to meet debt service requirements and satisfy other holding company financial obligations. See" Management' s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources- Liquidity of the Holding Companies" for more information. Insurance regulations generally permit ~~an~~ **our U. S. based** ~~insurer-~~ **insurance subsidiaries** to pay dividends from statutory earned surplus without regulatory approval if the amount of the dividend, together with other dividends made within the preceding 12- month period, does not exceed the greater of (or in some states, the lesser of): (i) statutory net gain from operations of such insurer for the prior calendar year; or (ii) 10 percent of such insurer' s surplus as regards to policyholders at the end of the preceding calendar year. CNO receives dividends and other payments from CDOC and from certain non- insurance subsidiaries. CDOC receives dividends and surplus debenture interest payments from our insurance subsidiaries and payments from certain of our non- insurance subsidiaries. Payments from our non- insurance subsidiaries to CNO or CDOC, and payments from CDOC to CNO, do not require approval by any regulatory authority or other third party. However, the payment of dividends or surplus debenture interest by our insurance subsidiaries to CDOC is subject to state insurance department regulations and may be prohibited by insurance regulators if they determine that such dividends or other payments could be adverse to our policyholders or contract holders. However, as each of the ~~immediate~~ **U. S. based** insurance subsidiaries of CDOC has negative earned surplus, any dividend payments from ~~the~~ **such** insurance subsidiaries to CNO **would** require the prior approval of the director or commissioner of the applicable state insurance department. In ~~2022~~ **2023** , our **U. S. based** insurance subsidiaries paid dividends of $ ~~143~~ **526** . ~~6~~ **5** million to CDOC. CNO expects to ~~receive~~ **seek** regulatory approval for future dividends from our insurance subsidiaries, but there can be no assurance that such payments will be approved or that the financial condition of our insurance subsidiaries will not deteriorate, making future approvals less likely. CDOC holds surplus debentures from Conseco Life Insurance Company of Texas (" CLTX") with an aggregate principal amount of $ 749. 6 million. Interest payments on those surplus debentures do not require additional approval provided the RBC ratio of CLTX exceeds 100 percent (but do require prior written notice to the Texas Department of Insurance). The estimated RBC ratio of CLTX was ~~340~~ **345** percent at December 31, ~~2022~~ **2023** . CDOC also holds a surplus debenture from Colonial Penn Life Insurance Company (" Colonial Penn") with a principal balance of $ 160. 0 million. Interest payments on that surplus debenture require prior approval by the Pennsylvania Insurance Department. In addition, although we are under no obligation to do so, we may elect to contribute additional capital to strengthen the surplus of certain insurance subsidiaries for covenant compliance or regulatory purposes or to provide the capital necessary for growth. Any election regarding the contribution of additional capital to our insurance subsidiaries could affect the ability of our top tier insurance subsidiaries to pay dividends. The ability of our insurance subsidiaries to pay dividends is also impacted by various criteria established by rating agencies to maintain or receive higher financial strength ratings and by the capital levels that we target for our insurance subsidiaries, as well as **regulatory and** ~~the~~ **other** ~~RBC~~ **financial covenant** compliance requirements under the Revolving Credit Agreement. In addition, Washington National may not distribute funds to any affiliate or shareholder, except pursuant to agreements with affiliates that have been approved, without prior notice to the Florida Office of Insurance Regulation, in accordance with an order from the Florida Office of Insurance Regulation. A decline in our current credit ratings may adversely affect our ability to access capital and the cost of such capital, which could have a material adverse effect on our financial condition and results of operations. Our senior unsecured debt ratings are currently" ~~bbb~~ **BBB** "," BBB-"," Baa3" and" **bbb** ~~BBB-~~ " from ~~AM Best,~~ Fitch **, S & P** , Moody' s and **AM Best** ~~S & P~~ , respectively. If we were to require additional capital, either to refinance our existing indebtedness or for any other reason, our current senior unsecured debt ratings, as well as conditions in the credit markets generally, could restrict our access to such capital and adversely affect its cost. Disruptions, volatility and uncertainty in the financial markets, and our credit ratings could limit our ability to access external capital markets at times and on terms which allow us to meet our capital and liquidity needs. See" Management' s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources- Liquidity of the Holding Companies" for more information. Taxation, Laws and Regulation: Our ability to use our existing NOLs may be limited by certain transactions, and an impairment of existing NOLs could result in a significant writedown in the value of our deferred tax assets. As of December 31, ~~2022~~ **2023** , we had **approximately** $ ~~790~~ **367** . ~~3~~ **2** million of federal tax NOLs resulting in deferred tax assets of approximately $ ~~166~~ **77** . ~~0~~ **1** million (which expire in years ~~2023~~ **2026** through 2035). Section 382 of the Code imposes limitations on a corporation' s ability to use its NOLs when it undergoes a 50 percent" ownership change" over a three **-** year period. Although we underwent an ownership change in 2003 as the result of our reorganization, the timing and manner in which we will be able to utilize our NOLs is not currently limited by Section 382. We regularly monitor ownership changes (as calculated for purposes of Section 382) based on available information and, as of December 31, ~~2022~~ **2023** , our analysis indicated that we were below the 50 percent ownership change threshold that could limit our ability to utilize our NOLs. A future transaction or transactions and the timing of such transaction or transactions could trigger an ownership change under Section 382. Such transactions may include, but are not limited to, additional repurchases or issuances of common stock, acquisitions or sales of shares of CNO' s stock by certain holders of its shares, including persons who have held, currently hold or may accumulate in the future ~~5~~ **five** percent or more of CNO' s outstanding common stock for their own account. CNO' s Board of Directors adopted a Section 382 Rights Agreement designed to protect shareholder value by preserving the value of our NOLs. To further protect against the possibility of triggering an ownership change under Section 382, CNO' s shareholders approved ~~an amendment~~ **amendments** ~~to~~ **included in** CNO' s certificate of incorporation designed to prevent certain transfers of common stock which could limit our ability to use our NOLs. See the note to the consolidated financial statements entitled" Income Taxes" for more information about the Section 382 Rights Agreement and the ~~amendment~~ **amendments** ~~to~~ **included in** CNO' s certificate of incorporation. If an ownership change were to occur for purposes of Section 382, we would be required to calculate an annual limitation on the use of our NOLs to offset future taxable income. The annual restriction would be calculated based upon the value of CNO' s equity at the time of such ownership change, multiplied by a federal long- term tax exempt rate (3. ~~29~~ **81** percent at December 31, ~~2022~~ **2023**), and the annual restriction could limit our ability to use a substantial portion of our NOLs to offset future taxable income. Additionally, the writedown of our deferred tax assets that would occur in the event of an ownership change for purposes of Section 382 could cause us to breach the debt to total capitalization **covenant and the consolidated net worth** covenant in the Revolving Credit Agreement. The value of our deferred tax assets may be reduced to the extent our future profits are less than we have projected or the current corporate income tax rate is reduced, and such reductions in value may have a material adverse effect on our results of operations and our financial condition. As of December 31, ~~2022~~ **2023** , we had net deferred tax assets of $ **937.** 1 ~~, 157. 5~~ million. Our income tax expense includes deferred income taxes arising from temporary differences between the financial reporting and tax bases of assets and liabilities, capital loss carryforwards and NOLs. We evaluate the realizability of our deferred tax assets and assess the need for a valuation allowance on an ongoing basis. In evaluating our deferred tax assets, we consider whether it is more likely than not that the deferred tax assets will be realized. The ultimate realization of our deferred tax assets depends upon generating sufficient future taxable income during the periods in which our temporary differences become deductible and before our capital loss carry- forwards and NOLs expire. **In addition, we expect to recognize significant non- life NOLs in 2024 as a result of changes related to the tax accounting method for allocating indirect costs (pursuant to the Code) to self- constructed real estate assets. Such NOLs will not be subject to expiration.** Our assessment of the realizability of our deferred tax assets requires significant judgment. Failure to achieve our projections may result in ~~an increase in~~ the **recognition of a** valuation allowance in a future period. Any future increase in the valuation allowance would result in additional income tax expense which could have a material adverse effect upon our earnings in the future, and reduce shareholders' equity. The value of our net deferred tax assets as of December 31, ~~2022~~ **2023** reflects the current Federal corporate income tax rate of 21 percent. Changes in tax laws, including changes regarding the utilization of NOLs, could cause a writedown of our net deferred tax assets, which may have an adverse effect on our results of operations and financial condition. Changes in tax laws could increase our tax costs and reduce sales of our insurance and annuity products. The insurance and annuity products we issue receive favorable tax treatment under current U. S. federal income tax laws. Changes in U. S. Federal income tax laws could reduce or eliminate the tax advantages of certain of our products, making these products less attractive to our customers. This may lead to a reduction in sales which may adversely impact our profitability. In addition, we benefit from certain tax items, including but not limited to, dividends received deductions, tax credits, tax- exempt bond interest and insurance reserve deductions. From time to time, the U. S. Congress, as well as state and local governments, consider legislative changes that could reduce or eliminate the benefits associated with these and other tax items. We continue to evaluate the impact potential tax reform proposals may have on our future results of operations and financial condition. From time to time we may become subject to tax audits, tax litigation or similar proceedings, and as a result we may owe additional taxes, interest and penalties, or our NOLs may be reduced, in amounts that may be material. In determining our provisions for income taxes and our accounting for tax- related matters in general, we are required to exercise judgment. We regularly make estimates where the ultimate tax determination is uncertain. The final determination of any tax audit, appeal of the decision of a taxing authority, tax litigation or similar proceedings may be materially different from that reflected in our financial statements. The assessment of additional taxes, interest and penalties could be materially adverse to our current and future results of operations and financial condition. Our business is subject to extensive regulation, which limits our operating flexibility and could result in our insurance subsidiaries being placed under regulatory control or otherwise negatively impact our financial results. Our insurance business is subject to extensive regulation and supervision in the jurisdictions in which we operate. See" Business of CNO- Governmental Regulation." Our insurance subsidiaries are subject to state insurance laws that establish supervisory agencies. The regulations issued by state insurance agencies can be complex and subject to differing interpretations. If a state insurance regulatory agency determines that one of our insurance subsidiaries is not in compliance with applicable regulations, the subsidiary is subject to various potential administrative remedies including, without limitation, monetary penalties, restrictions on the subsidiary' s ability to do business in that state and a return of a portion of policyholder premiums. In addition, regulatory action or investigations could cause us to suffer significant reputational harm, which could have an adverse effect on our business, financial condition and results of operations. Our **U. S. based** insurance subsidiaries are required to comply with statutory accounting principles. Such statutory accounting principles (including principles that impact the calculation of RBC and our insurance liabilities) are subject to continued review by the NAIC in an effort to address emerging issues and improve financial reporting. Proposals being considered by the NAIC could negatively impact our insurance subsidiaries, if enacted. Our **U. S. based** insurance subsidiaries are also subject to RBC requirements. These requirements were designed to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks associated with asset quality, mortality and morbidity, asset and liability matching **,** and other business factors. The requirements are used by states as an early warning tool to discover companies that may be weakly- capitalized for the purpose of initiating regulatory action. Generally, if an insurer' s RBC ratio falls below specified levels, the insurer is subject to different degrees of regulatory action depending upon the magnitude of the deficiency. The ~~2022~~ **2023** statutory annual statements of each of our **U. S. based** insurance subsidiaries reflect RBC ratios in excess of the levels that would subject our insurance subsidiaries to any regulatory action. In addition to the RBC requirements, ~~certain~~ states have established minimum capital requirements for insurance companies licensed to do business in their state. These regulators have the discretionary authority, in connection with the continual licensing of the Company' s insurance subsidiaries, to limit or prohibit writing new business within its jurisdiction when, in the ~~state~~ **regulator** ' s judgment, the insurance subsidiary is not maintaining adequate statutory surplus or capital or ~~that~~ the insurance subsidiary' s further transaction of business would be hazardous to policyholders **. Our Bermuda based insurance subsidiary is subject to regulation in Bermuda where the BMA has broad supervisory and administrative powers relating to granting and revoking licenses to transact reinsurance business, the approval of specific reinsurance transactions, capital requirements and solvency standards, limitations on dividends or distributions to shareholders, the nature of and limitations on investments, and the filing of financial statements in accordance with prescribed or permitted accounting practices. Future regulatory changes made by the BMA may impact the capital efficiency of the reinsurance structure between CNO Bermuda Re and Bankers Life and could require the holding company to contribute additional capital to CNO Bermuda Re or Bankers Life to recapture the ceded business** . Our broker / dealer and investment advisor subsidiaries are subject to regulation and supervision by the SEC, FINRA and certain state regulatory bodies. The SEC, FINRA and other governmental agencies, as well as state securities commissions, may examine or investigate the activities of broker / dealers and investment advisors. These examinations or investigations often focus on the activities of the registered representatives and registered investment advisors doing business through such entities and the entities' supervision of those persons. It is possible that any examination or investigation could lead to enforcement action by the regulator and / or may result in payments of fines and penalties, payments to customers, or both, as well as changes in systems or procedures of such entities, any of which could have a material adverse effect on the Company' s financial condition or results of operations. Furthermore, as described above under" Business of CNO- Governmental Regulation," the SEC has adopted new regulations relating to the standard of conduct applicable to broker / dealers when making certain recommendations involving securities to retail customers and requiring registered investment advisors and broker / dealers to provide new disclosures to retail investors. In addition, the NAIC and several states have proposed and / or enacted ~~laws and~~ regulations related to required disclosures and / or standards of conduct when **insurance producers** ~~providing~~ **provide** ~~advice~~ **recommendations** to clients **regarding sales of annuity products** . These regulations and similar regulatory initiatives could have an impact on Company operations and the manner in which broker / dealers and investment advisors distribute the Company' s products. Litigation and regulatory investigations are inherent in our business, may harm our financial condition and reputation, and may negatively impact our financial results. Insurance companies historically have been subject to substantial litigation. In addition to the traditional policy claims associated with their businesses, insurance companies like ours face class action suits and derivative suits from policyholders and / or shareholders. We also face significant risks related to regulatory investigations and proceedings. The litigation and regulatory matters we are, have been, or may become, subject to include matters related to the classification of our exclusive agents as independent contractors, sales, marketing and underwriting practices, payment of contingent or other sales commissions, claim payments and procedures, product design, product disclosure, administration, additional premium charges for premiums paid on a periodic basis, calculation of cost of insurance charges, changes to certain non- guaranteed policy features, denial or delay of benefits, charging excessive or impermissible fees on products, procedures related to canceling policies and recommending unsuitable products to customers. Certain of our insurance policies allow or require us to make changes based on experience to certain non- guaranteed elements (" NGEs") such as cost of insurance charges, expense loads, credited interest rates and policyholder bonuses. We intend to make changes to certain NGEs in the future. In some instances in the past, such action has resulted in litigation and similar litigation may arise in the future. Our exposure (including the potential adverse financial consequences of delays or decisions not to pursue changes to certain NGEs), if any, arising from any such action cannot presently be determined. Our pending legal and regulatory proceedings include matters that are specific to us, as well as matters faced by other insurance companies. State insurance departments have focused and continue to focus on sales, marketing and claims payment practices and product issues in their market conduct examinations. Negotiated settlements of class action and other lawsuits have had a material adverse effect on the business, financial condition and results of operations of CNO and our insurance subsidiaries. We are, in the ordinary course of our business, a plaintiff or defendant in actions arising out of our insurance business, including class actions and reinsurance disputes, and, from time to time, we are also involved in various governmental and administrative proceedings and investigations and inquiries such as information requests, subpoenas and books and record examinations, from state, federal and other authorities. See the note to the consolidated financial statements entitled" Litigation and Other Legal Proceedings." The ultimate outcome of these lawsuits, regulatory proceedings and investigations cannot be predicted with certainty. In the event of an unfavorable outcome in one or more of these matters, the ultimate liability may be in excess of liabilities we have established and could have a material adverse effect on our business, financial condition, results of operations or cash flows. We could also suffer significant reputational harm as a result of such litigation, regulatory proceedings or investigations, including harm flowing from actual or threatened revocation of licenses to do business, regulator actions to assert supervision or control over our business, and other sanctions which could have a material adverse effect on our business, financial condition, results of operations or cash flows. Federal and state legislation could adversely affect the financial performance of our insurance operations. During recent years, the health insurance industry has experienced substantial changes, including those caused by healthcare legislation. Recent federal and state legislation and pending legislative proposals concerning healthcare reform contain features that could severely limit, or eliminate, our ability to vary pricing terms or apply medical underwriting standards to individuals, thereby potentially increasing our benefit ratios and adversely impacting our financial results. In particular, Medicare reform could affect our ability to price or sell our products or profitably maintain our blocks inforce. For example, the Medicare Advantage program provides incentives for health plans to offer managed care plans to seniors. The growth of managed care plans under this program has decreased sales of the traditional Medicare supplement products we sell. Proposals that have been made in Congress and some state legislatures may also affect our financial results. These proposals include the implementation of minimum consumer protection standards in all long- term care policies, including: guaranteed premium rates; protection against inflation; limitations on waiting periods for pre- existing conditions; setting standards for sales practices for long- term care insurance; and guaranteed consumer access to information about insurers, including information regarding lapse and replacement rates for policies and the percentage of claims denied. Enactment of any proposal that would limit the amount we can charge for our products, such as guaranteed premium rates, or that would increase the benefits we must pay, such as limitations on waiting periods, or that would otherwise increase the costs of our business, could adversely affect our financial results. The Dodd- Frank Act of 2010 made extensive changes to the laws regulating financial services firms and required various federal agencies to adopt a broad range of implementation rules and regulations, including those pertaining to the use of derivatives. Certain of these regulations have imposed additional requirements that may affect both the Company and its derivatives counterparties, including in the areas of reporting, recordkeeping, the mandatory exchange execution and clearing of certain derivatives, position limits with respect to certain derivatives, regulatory initial margin and variation margin requirements, and limitations on the ability to close out certain derivative transactions with certain counterparties upon the bankruptcy of such counterparties. These and other regulations under the Dodd- Frank Act could pose limitations and burdens on the Company and its derivatives counterparties, which could result in increased costs to the Company in connection with its derivatives transactions. Uncertainty remains regarding potential ~~adjustments~~ **amendments** to the Dodd- Frank Act and ~~it is uncertain~~ whether any such changes to the Dodd- Frank Act would result in a material effect on our business operations. State insurance regulators, federal regulators and the NAIC continually reexamine existing laws and regulations and may impose changes in the future. The passage of new legislation or new interpretations of existing laws may impact our sales, profitability or financial strength. The NAIC regularly reviews and updates its U. S. statutory reserve and RBC requirements. Changes to these requirements have resulted in an increase to the amount of reserves and capital we are required to hold and may adversely impact the ability of our insurance subsidiaries to pay dividends to the holding company. We cannot predict the requirements of the regulations ultimately adopted, the effect such regulations will have on financial markets generally, or on our businesses specifically, the additional costs associated with compliance with such regulations, or any changes to our operations that may be necessary to comply with new regulations, any of which could have a material adverse effect on our business, results of operations, cash flows or financial condition. Our insurance subsidiaries may be required to pay assessments to fund other companies' policyholder losses or liabilities and this may negatively impact our financial results. The guaranty fund laws of all states in which an insurance company does business require that company to pay assessments up to certain prescribed limits to fund policyholder losses or liabilities of other insurance companies that become insolvent. Insolvencies of insurance companies increase the possibility that assessments may be required. These assessments may be deferred or forgiven under most guaranty laws if they would threaten an insurer' s financial strength and, in certain instances, may be offset against future premium taxes. We cannot estimate the likelihood and amount of future assessments. Although past assessments have not been material, if there were a number of large insolvencies, future assessments could be material and could have a material adverse effect on our operating results and financial position. General Business Risk: Managing operational risks may not be effective in mitigating risk and loss to us. We are subject to operational risks including, among other things, fraud, errors, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements or obligations under our agreements, information technology failures including cybersecurity attacks and failure of our service providers (such as investment custodians and information technology and policyholder service providers) to comply with our services agreements. The associates and agents who conduct our business, including executive officers and other members of management, sales managers, investment professionals, product managers, sales agents and other associates, do so in part by making decisions and choices that involve exposing us to risk. These include decisions involving numerous business activities such as setting underwriting guidelines, product design and pricing, investment purchases and sales, reserve setting, claim processing, policy administration and servicing, financial and tax reporting and other activities, many of which are very complex. We seek to monitor and control our exposure to risks arising out of these activities through a risk control framework encompassing a variety of reporting systems, internal controls, management review processes and other mechanisms. However, these processes and procedures may not effectively control all known risks or effectively identify unforeseen risks. Management of operational risks can fail for a number of reasons including design failure, systems failure, cybersecurity attacks, human error or unlawful activities. If our controls are not effective or properly implemented, we could suffer financial or other loss, disruption of our business, regulatory sanctions or damage to our reputation. Losses resulting from these failures may have a material adverse effect on our financial position or results of operations. The occurrence of natural or man- made disasters or ~~a pandemic or~~ climate change could adversely affect our financial condition and results of operations. We are exposed to various risks arising out of natural and man- made disasters, including earthquakes, hurricanes, floods, tornadoes, acts of terrorism and military actions ~~,~~ **and** the impacts of climate change ~~and pandemics~~ . For example, a natural or man- made disaster ~~or a pandemic, such as the COVID- 19 pandemic,~~ could lead to unexpected changes in persistency rates as policyholders and contractholders who are affected by the disaster may be unable to meet their contractual obligations, such as payment of premiums on our insurance policies and deposits into our investment products. In addition, such a disaster ~~or pandemic~~ could also significantly increase our mortality and morbidity experience above the assumptions we used in pricing our products. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man- made disaster ~~or a pandemic~~ could trigger an economic downturn in the areas directly or indirectly affected by the disaster ~~or pandemic~~ . These consequences could, among other things, result in a decline in business and increased claims from those areas. Disasters ~~or a pandemic~~ also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations. A natural or man- made disaster ~~or a pandemic~~ could also disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us. For example, a natural or man- made disaster ~~or a pandemic~~ could lead to increased reinsurance prices and potentially cause us to retain more risk than we otherwise would retain if we were able to obtain reinsurance at lower prices. In addition, a disaster ~~or a pandemic~~ could adversely affect the value of the assets in our investment portfolio if it affects companies' ability to pay principal or interest on their securities. Climate change regulation and market forces reacting to climate change may affect the ~~prospects~~ **values** of **certain invested assets, or** ~~companies and other entities whose securities~~ the Company **' s** ~~holds, or its~~ willingness to continue to hold **them** ~~their securities~~ . It may also impact other counterparties, including reinsurers, and affect the value of investments, including real estate investments the Company holds or manages for others. The Company cannot predict the long- term impacts from climate change regulation. Interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could harm our business. We depend heavily on our telecommunication, information technology and other operational systems and on the integrity and timeliness of data we use to run our businesses and service our customers. These systems may fail to operate properly or become disabled as a result of events or circumstances which may be wholly or partly beyond our control including cyber- attack, denial of service, viruses or other malicious activities. Further, we face the risk of operational and technology failures by others, including financial intermediaries, vendors and parties that provide services to us. If these parties do not perform as anticipated, we may experience operational difficulties, increased costs and other adverse effects on our business. We have implemented, and we require our vendors to implement, a variety of security measures to protect the confidentiality, availability, and integrity of our information systems and data. However, failure to maintain a reasonable and effective cybersecurity program, or any compromise of the security, confidentiality, integrity, or availability of our information systems and the sensitive, proprietary, and confidential data on such systems could lead to additional costs and liabilities, as well as damage our reputation or deter people from purchasing our products **. We are periodically targeted by cybersecurity threat actors. In the past, we have experienced cybersecurity events resulting in the compromise of personal and confidential information of our customers** . There can be no assurance that a future breach will not occur or, if any does occur, that it can be promptly detected and sufficiently remediated without materially impacting our business or our operations. Interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality, integrity or availability of sensitive, confidential or proprietary data residing on such systems, whether due to actions by us, our vendors, or others, could delay or disrupt our ability to do business and service our customers, harm our reputation, subject us to litigation, regulatory sanctions and other claims, require us to incur significant technical, legal and other expenses, lead to a loss of customers, revenues and opportunities, or otherwise adversely affect our business. Depending on the nature of the information compromised, in the event of a data breach or other unauthorized access to or acquisition of our customer data, we may also have obligations to notify customers **, other stakeholders,** and federal and state government regulators about the incident and we may need to provide some form of remedy, such as a subscription to a credit monitoring service, for the individuals affected by the incident. All fifty states, as well as a growing number of regulatory bodies have adopted consumer notification requirements in the event of the actual or **reasonably** suspected unauthorized access to, or acquisition of, certain types of personal data. Such breach notification laws continue to evolve and may be inconsistent from one jurisdiction to another. Complying with these obligations could cause us to incur substantial costs (including fines) and could increase negative publicity surrounding any incident that compromises customer data. While we maintain insurance coverage that, subject to policy terms and conditions and a self- insured retention, is designed to address certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise in the continually evolving area of cyber risk. Our business could be interrupted or compromised if we experience difficulties arising from outsourcing relationships. We outsource certain information technology and policy administration operations to third- party service providers (both domestic and international). If we fail to maintain an effective outsourcing strategy or if third- party providers do not perform as contracted, we may experience operational difficulties, increased costs and a loss of business that could have a material adverse effect on our results of operations. In addition, enhanced regulatory and other standards for the oversight of vendors and other service providers could result in higher costs and other potential exposures. In the event that one or more of our third- party service providers becomes unable to continue to provide services, we may suffer financial loss and other negative consequences. A decline in the current financial strength rating of our insurance subsidiaries could cause us to experience decreased sales, increased agent attrition and increased policyholder lapses and ~~redemptions~~ **other policy**

withdrawals . An important competitive factor for our insurance subsidiaries is the financial strength ratings they receive from nationally recognized rating organizations. Agents, insurance brokers and marketing companies who market our products and prospective purchasers of our products use the financial strength ratings of our insurance subsidiaries as an important factor in determining whether to market or purchase. Ratings have the most impact on our annuity, interest- sensitive life insurance and long- term care products. The current financial strength ratings of our primary insurance subsidiaries from ~~AM Best,~~ Fitch **, S & P** , Moody' s and **AM Best** ~~S & P~~ are" A"," A-"," A3" and" A ~~-~~", respectively. For a description of these ratings, see" Management' s Discussion and Analysis of Consolidated Financial Condition and Results of Operations- Liquidity and Capital Resources- Financial Strength Ratings of our Insurance Subsidiaries". If our ratings are downgraded, we may experience declining sales of certain of our insurance products, defections of our independent and exclusive sales force, and increased policies being redeemed or allowed to lapse. These events would adversely affect our financial results, which could then lead to **additional** ratings downgrades. Competition from companies that have greater market share, higher ratings, greater financial resources and stronger brand recognition, may impair our ability to retain existing customers and sales representatives, attract new customers and sales representatives and maintain or improve our financial results. The supplemental health insurance, annuity and individual life insurance markets are highly competitive. Competitors include other life and accident and health insurers, commercial banks, thrifts, mutual funds and broker / dealers. Most of our major competitors have higher financial strength ratings than we do. Many of our competitors are larger companies that have greater capital, technological and marketing resources and have access to capital at a lower cost. Recent industry consolidation, including business combinations among insurance and other financial services companies, has resulted in larger competitors with even greater financial resources. In some of our product lines, such as life insurance and fixed annuities, we have a relatively small market share. Even in some of the lines in which we are one of the top writers, our market share is relatively small ~~. Furthermore, changes in federal law have narrowed the historical separation between banks and insurance companies, enabling traditional banking institutions to enter the insurance and annuity markets and further increase competition. This increased competition may harm our ability to maintain or improve our profitability~~ . In addition, because the actual cost of products is unknown when they are sold, we are subject to competitors who may sell a product at a price that does not cover its actual cost. Accordingly, if we do not also lower our prices for similar products, we may lose market share to these competitors. If we lower our prices to maintain market share, our profitability would decline. If we are unable to attract and retain agents and marketing organizations, sales of our products may be reduced. Our products are marketed and distributed primarily through a dedicated field force of exclusive agents and sales managers and through our wholly owned marketing organization and other independent marketing organizations. We must attract and retain agents, sales managers and independent marketing organizations to sell our products through those distribution channels. We compete with other insurance companies, financial services companies and other entities for agents and sales managers and for business through marketing organizations. If we are unable to attract and retain these agents, sales managers and marketing organizations, our ability to grow our business and generate revenues from new sales would suffer. We may not be able to protect our intellectual property and may be subject to infringement claims. We rely on a combination of contractual rights and copyright, trademark and trade secret laws to establish and protect our intellectual property. Although we use a broad range of measures to protect our intellectual property rights, third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, trade secrets and know- how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. The loss of intellectual property protection or the inability to secure or enforce the protection of our intellectual property assets could adversely impact our business and its ability to compete effectively. We also may be subject to costly litigation in the event that another party alleges our operations or activities infringe upon that party' s intellectual property rights. We may also be subject to claims by third parties for breach of copyright, trademark, trade secret or license usage rights. Any such claims and any resulting litigation could result in significant expense and liability for damages or we could be enjoined from providing certain products or services to our customers or utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses, or alternatively, we could be required to enter into costly licensing arrangements with third parties, all of which could have a material adverse effect on our business, results of operations and financial condition. Changes in accounting standards may adversely affect our reported results of operation and financial condition. Our consolidated financial statements are prepared in conformity with GAAP. From time to time, we are required to adopt new accounting standards issued by the Financial Accounting Standards Board ~~(the" FASB")~~ . The required adoption of future accounting standards may adversely affect our reported results of operations and financial condition. In addition, the required adoption of new accounting standards may result in significant costs associated with the initial implementation and ongoing compliance. ~~In August 2018, the FASB issued final guidance on targeted improvements to the accounting for long-duration insurance contracts. The guidance became effective on January 1, 2023. We expect the adoption of this standard will have a material impact on our consolidated financial statements and disclosures. We expect that the most significant impact on the January 1, 2021 transition date (the" Transition Date") will be the requirement to update the discount rate assumption used to determine the value of the liability for future policy benefits to the upper- medium grade fixed- income corporate instrument yield matched to the duration of our liabilities. We expect such requirement to result in a material decrease to accumulated other comprehensive income within our total shareholders' equity balance. After the Transition Date, we will be required to update the discount rate each reporting period with changes recorded in accumulated other comprehensive income and we expect that this change could, from time to time, have a material impact on accumulated other comprehensive income. We also expect the adoption of this standard to change the pattern of future profit emergence following the Transition Date.~~