

Risk Factors Comparison 2025-02-26 to 2024-02-23 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-risks**. 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 and inflation affect our business. ~~One threat~~ **Threats** facing the U. S. economy ~~is~~ **include the imposition of tariffs**, the continued disagreement over the federal debt limit and other **federal** budget **and taxation** questions. Failure to resolve these **political** issues in a timely manner could result in **increased costs** a government shutdown, **market disruption and** erratic reduction **in volatility and impact** government spending or a default on government debt, which could impact market liquidity, result in **increased market volatility** and reduced economic activity. In an economic downturn, higher unemployment, lower family income **and savings**, 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 **and may negatively impact the value of our assets**. 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 in force. 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 ~~contract holders~~ **contract holders**, which could adversely affect our profitability. • The attractiveness of ~~certain~~ **some** 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~~ **Persistent inflation within 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 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. 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 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 **2024 and** 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 **64-54** percent of our fixed interest annuities and **36-29** percent of our universal life products with contractually guaranteed minimum rates have crediting rates set at the minimum rate. As a result, in a low interest rate environment, reinvestment risk can place pressure on insurance product margins resulting in lower earnings. 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, ~~2023~~ **2024**, \$ ~~144.0~~ **144.0** ~~-7 billion~~ **-7 billion** million of the indexed account values of the fixed indexed annuities were at contractual minimum participation rates and \$ ~~327.0~~ **327.0** ~~-4 billion~~ **-4 billion** million 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 adequacy of our liabilities for insurance products. Expectations of lower future investment earnings may require us to establish additional liabilities for **certain** insurance products, thereby reducing net income in future periods. **Major public health issues could have..... impact on our operating results in 2023**. 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, **interest rate and equity** market volatility, the performance of the economy in general, the policies adopted by the Federal Reserve, 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 ~~4.7~~ **4.7** percent and ~~2.5~~ **2.5** percent of our total investments as of December 31, ~~2023~~ **2024**. Our structured securities (as defined below), which comprised ~~31.7~~ **31.7** percent of our available for sale fixed maturity investments at December 31, ~~2023~~ **2024**, 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 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. **As a result, certain transactions between such participants and us will be required to be cleared.** 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-changing** 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. 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. **Errors in the modeling software we use or Differences-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. **Our liabilities** 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 products** 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 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. 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. 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, **2023-2024**, approximately \$ **4.3** 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 other policy withdrawals could require us to dispose of assets earlier than we had planned, possibly at a loss. Moreover, surrenders and other policy withdrawals require faster amortization of deferred acquisition costs 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 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, **2023-2024**, our **third-party** reinsurance receivables and ceded life insurance inforce totaled \$ **4.3** **0.9** billion and \$ 2. 8

billion, respectively. Our seven largest reinsurers (which are currently rated "A-" or higher by AM Best) as of December 31, 2024, accounted for 97 percent of our ceded life insurance in force and 98-99 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. **In addition, we have, under an intercompany reinsurance agreement initiated in 2023, ceded approximately \$ 7.6 billion of our fixed indexed annuity statutory reserves from Bankers Life to CNO Bermuda Re as of December 31, 2024. Future regulatory changes made by the BMA or other events may impact the capital efficiency of the reinsurance structure and could require the holding company to contribute additional capital to CNO Bermuda Re or Bankers Life to recapture the ceded business.**

Liquidity Risk: We have substantial indebtedness which may restrict our ability to take advantage of business, strategic or financing opportunities. As of December 31, 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 2024 (based on the principal amounts outstanding and applicable interest rates as of December 31, 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, 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 ~~21.30~~ 5 percent at December 31, ~~2023~~ **2024**); and (ii) a minimum consolidated net worth of not less than the sum of \$ 2,674.0 million plus 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, ~~792-869~~ **48** million at December 31, ~~2023~~ **2024** compared to the minimum requirement of \$ 2, ~~697-698~~ **0-8** 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 **or BSCR level/levels**) 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 our U. S. based 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. **CNO Bermuda Re may not pay any dividends or make any capital distributions to its parent and / or affiliates within the five years following the initial reinsurance transaction unless approved by the BMA.** 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 U. S. based insurance subsidiaries of CDOC has negative earned surplus, any dividend payments from such insurance subsidiaries to CNO would require the prior approval of the director or commissioner of the applicable state insurance department. In **2023-2024**, our U. S. based insurance subsidiaries paid dividends of \$ **526.196.5-0** million to CDOC. CNO expects to 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 **345-330** percent at December 31, **2023-2024**. 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 **generally** 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. **Pursuant to Any election regarding the CLMA between CNO Bermuda Re and CDOC, CDOC will contribute funds to CNO Bermuda Re in the event: (i) CNO Bermuda Re's statutory economic capital and surplus is less than 150 percent of its ECR at the end of any calendar quarter; or (ii) CNO Bermuda Re's liquid assets are insufficient to meet its contractual obligations to ceding insurers, in each case, unless Bankers Life has provided notice of recapture pursuant to the terms of a modified coinsurance agreement between it and CNO Bermuda Re.** ~~contribution~~ **Contributions** 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 other financial covenant compliance requirements under the Revolving Credit Agreement. In addition, Washington National may not distribute funds to any affiliate or shareholder, **without prior notice to the Florida Office of Insurance Regulation,** 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-", " Baa3" and " bbb" from Fitch, S & P, Moody's and AM Best, 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, **2023-2024**, we had approximately \$ **367-343.2-9** million of federal tax NOLs resulting in deferred tax assets of approximately \$ **77-72.1-2** million (**\$ 63. 0 million of** which expire in years **2026-2028** through 2035 **and \$ 9. 2 million of which have no expiration date**). 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, **2023-2024**, our analysis indicated that we were **well** 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 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 amendments 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 amendments 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 (3.81-43 percent at December 31, 2023-2024), 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, 2023-2024, we had net deferred tax assets of \$ 937-791.14 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 approximately \$ 800 million of non-life NOLs in 2024 on our tax return 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 upon approval from the IRS. 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 the recognition of a valuation allowance in a future period. The recognition of a Any future increase in the valuation allowance would increase result in additional income tax expense which could have a material adverse effect upon our earnings in the future, and reduce shareholders' equity, and such an increase could have a significant impact upon our earnings in the future. The value of our net deferred tax assets as of December 31, 2023-2024 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 write-down 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 2023-2024 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, 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 our the Company's insurance subsidiaries, to limit or prohibit writing new business within its jurisdiction when, in the regulator's judgment, the insurance subsidiary is not maintaining adequate statutory surplus or capital or 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 **or other events** 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~~ ~~advisor~~ **adviser** 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~~ ~~advisers~~ **advisers**. These examinations or investigations often focus on the activities of the registered representatives and ~~registered investment advisors~~ ~~adviser~~ **representatives** 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~~ **certain standardized** disclosures to retail investors. In addition, the NAIC and several states have proposed and / or enacted regulations related to required disclosures and / or standards of conduct when insurance producers provide 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~~ ~~advisers~~ **advisers** 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 **and policies from legacy business that we acquired or no longer write**. 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** **Commitments** and **Contingencies** **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 in force. 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~~ **implementing** 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~~ **derivatives** 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 amendments to the Dodd- Frank Act and 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, **and failure to effectively maintain, upgrade or replace the systems and information technology on which we rely**. 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. **Major public health issues could have** ~~For example, the COVID-19 pandemic significantly impacted the U.S. and~~ **an adverse global economy, created significant volatility and periods of disruption in the capital markets and resulted in some unfavorable impacts - impact to** **on our financial condition, results of operations, liquidity, cash flows and other aspects of** our business, ~~as well as~~ **.Our operations are exposed to** ~~the overall industry~~ **risk of major health pandemics, epidemics or outbreaks**. The extent to which major health issues impact our business, results of operations or financial condition depends on future developments which are highly uncertain and cannot be predicted, including but not limited to: (i) new viruses or virus mutations; (ii) the efficacy of vaccines and other medical inventions; (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 potential fiscal stimulus measures implemented by the federal government; and (v) responses in behavior by policyholders, businesses and the population more generally. Our investment portfolio may be adversely affected as a result of 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 may impact the key inputs used to derive certain estimates and assumptions made in connection with financial reporting or otherwise. 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- Comprehensive Annual Actuarial

Review" for further information related to changes in certain actuarial assumptions and their impact on our operating results **in 2024**. The occurrence of natural or man-made disasters 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. For example, a natural or man-made disaster 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 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 could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas. Disasters 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 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 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 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 values of certain invested assets, or the Company's willingness to continue to hold them. 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, **power outages, hardware or software malfunction, defects or degradation, lack of proper maintenance, human error or misuse, and similar events**. 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 **data protection and** cybersecurity program, or any compromise of the security, confidentiality, integrity, or availability of our information systems and the sensitive, proprietary, and confidential data, **including personal information**, 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. **While no such cybersecurity event has been material, there 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. **Moreover, we invest significant time and resources towards ensuring that the capacity and reliability of our information technology systems, and those of third parties on which our operations rely, are sufficient and appropriate to support our business. Costs associated with maintaining, upgrading, or replacing such information technology, including legacy systems, could exceed our expectations or we may be required to dedicate additional resources. Maintaining legacy systems, including ensuring such systems meet our evolving technical and regulatory requirements, may become impracticable or cost prohibitive. Planned system upgrades may not be successful or operate as intended, may take longer than anticipated, may exceed their budget, or create or exacerbate previously unknown security vulnerabilities. Any of these outcomes could have a materially adverse impact on our business, operations, and financial condition.** 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 information**. 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. **The use or anticipated use of AI technologies, including generative AI, by us or third parties, may increase the operational risks discussed above, or create new or unanticipated operational risks. AI technologies offer numerous potential benefits, such as creating or increasing operational efficiencies, and we**

expect the use of AI and generative AI by us, third parties on our behalf, and other market actors, including our competitors, to increase. However, the deployment of such technologies also poses certain risks, including that they may be misused, or the models or datasets on which the models are trained may be flawed or otherwise may function in an unexpected manner. The relative newness of the technology, the speed at which it is being adopted, and the relative lack of laws, regulations or standards expressly and specifically governing its use increases these risks. Any such misuse could expose us to legal or regulatory risk, damage customer relationships or cause reputational harm. Our competitors may also adopt AI or generative AI more quickly or more effectively than we do, which could cause competitive harm. Our business could be interrupted or compromised if we experience difficulties arising from outsourcing relationships. We **utilize third- party vendors to provide certain business support services and functions, which exposes us to risks outside our control that may lead to business interruption or compromise.** For example, 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 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 Fitch, S & P, Moody's and AM Best 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. 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, **or otherwise attract and retain key personnel,** sales of our products may be reduced **and our operations may be adversely impacted.** 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. **In addition, we depend on key personnel to ensure our day- to- day operations. If we are unable to attract or retain these employees, including those with specialized knowledge or skills, our business operations and ability to provide our services may suffer. High turnover or an inability to attract and retain qualified personnel could adversely affect our ability to maintain operations, which may in turn impact our financial condition.** 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. ~~45 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 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.~~ 42