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**Part B.**

**Universal VIA Generation Growth  
A variable individual flexible premium deferred annuity  
contract Issued through: Fortune VII Separate Account**

**Statement of Additional Information  
May 2, 2024**

**Universal Life Insurance  
Company  
PO Box 2145  
San Juan PR 00922-2145**

**Or**

**Metro Office Park  
Street 1, Lot 10  
Guaynabo, Puerto Rico 00968**

This Statement of Additional Information ("SAI") is not a Prospectus. It should be read in conjunction with the related Universal VIA Generation Growth series ("Universal VIA Growth") Prospectus, dated May 2, 2024, which describes individual flexible purchase payment deferred variable annuity contracts issued through Universal Life Fortune VII Separate Account ("the Separate Account" or "Fortune VII Separate Account"). The series consists of Universal VIA Generation Growth and Universal VIA Generation Growth ADV contracts. That Prospectus provides detailed information concerning the contracts and the variable investment options underlying the contracts. Each variable investment option is a subaccount of the Separate Account. Definitions of special terms used in the SAI are found in the Prospectus.

A copy of the Prospectus may be obtained free of charge by writing to our processing office at Metro Office Park, Street 1 Lot #10, Guaynabo, Puerto Rico 00968, by calling 787-706-7095, or by contacting your financial professional. The Prospectus and this SAI can also be obtained from the SEC's website at [www.sec.gov](http://www.sec.gov).

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Statement of Additional Information

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## The Company

Universal Life Insurance Company (“Universal Life,” the “Company,” “we,” “our,” and “us”) is a stock life insurance company organized originally in 1993 as Eastern America Life Insurance Company under the laws of the Commonwealth of Puerto Rico, with its home office at Metro Office Park Street 1, Lot 10, Guaynabo, PR 00968. Universal Life is a provider of several insurance products: individual, group life, group disability, credit life, annuities & IRAs. It is admitted to do business for life, disability and variable insurance by the Office of Commissioner of Insurance in the Commonwealth of Puerto Rico.

Universal Life is a member of the Universal Group of companies that operate in Puerto Rico and the United States. Universal Life is a wholly-owned subsidiary of Universal Insurance Company, Inc. (“Universal”).

The Company established Fortune VII Separate Account on September 27, 2021, under applicable provisions of the Puerto Rico Insurance Code. We are the legal owner of all of the assets in the Separate Account and may withdraw any amounts that exceed our reserves and other liabilities with respect to variable investment options under our contracts. The Separate Account is registered under the Investment Company Act of 1940 as a unit investment trust and is divided into sub-accounts. Each sub-account invests in shares of an underlying mutual fund portfolio.

## Unit Values

Unit values are determined at the end of each valuation period for each of the annuity investment options. We may offer other annuity contracts and certificates which will have their own unit values for the annuity investment options. They may be different from the unit values for Universal VIA Growth®.

The unit value for an annuity investment option for any valuation period is equal to: (i) the unit value for the preceding valuation period multiplied by (ii) the net investment factor for that option for that valuation period. A valuation period is each business day together with any preceding non-business days. The net investment factor is:

$$\left( \frac{a}{b} \right) \times c$$

(a) is the value of the annuity investment option’s shares of the corresponding portfolio at the end of the valuation period. Any amounts allocated to or withdrawn from the option for the valuation period are not taken into account. For this purpose, we use the share value reported to us by the Trusts (as described in the Prospectus), as applicable.

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(b) is the value of the annuity investment option's shares of the corresponding portfolio at the end of the preceding valuation period. (Any amounts allocated or withdrawn for that valuation period are taken into account.)

(c) is the daily separate account charge relating to the contracts, multiplied by the number of calendar days in the valuation period.

**Independent Registered Public Accounting Firm**

The statutory basis financial statements of Universal Life Insurance Company as of December 31, 2023, and for the year then ended, and the financial statements for Fortune VII Separate Account as of December 31, 2023 and for the period from February 21, 2023 to December 31, 2023 are included in this SAI in reliance on the reports of Kevane Grant Thornton LLP, independent auditors. Kevane Grant Thornton LLP provides independent audit services to Universal Life Insurance Company. Kevane Grant Thornton LLP's principal business address is 33 Calle Bolivia, Suite 400, San Juan, PR 00917.

The statutory basis financial statements of Universal Life Insurance Company as of December 31, 2021 and 2022 and for the years then ended, are included in this SAI in reliance on the reports of Ernst and Young LLP. Ernst and Young LLP served as independent auditors until December 2023. Ernst and Young LLP's principal business address is Parque Las Americas 1 Suite 410, 235 Federico Costas Street, San Juan, PR 00918.

**Distribution of the Contracts**

The contracts are distributed by Universal Financial Services, Inc. ("UFS" or "Distributor"). The Distributor serves as principal underwriter of Fortune VII Separate Account. The offering of the contracts is intended to be continuous.

UFS is an affiliate of the Company. The Distributor is under the common control of Universal Life Insurance Company. The Distributor's principal business address is Metro Office Park, Street 1 Lot 10, Guaynabo, Puerto Rico 000968. The Distributor is registered with the SEC as an Investment Adviser and as a Broker Dealer and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). UFS also acts as the distributor for other life and annuity products we issue.

Fortune VII Separate Account does not pay commissions to the Distributor.

**Financial Statements**

The financial statements of Fortune VII Separate Account are included herein. Additionally, the statutory basis financial statements of the Company, Universal Life Insurance Company, are also included herein and should be considered only as bearing upon the ability of the Company to meet its obligations under the contracts.

Because as of December 31, 2022, Fortune VII Separate Account had not yet commenced operations and had no assets or liabilities, no financial statements for the Separate Account for the year ended December 31, 2022 are included in this SAI.

**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII**  
A SEPARATE ACCOUNT OF  
UNIVERSAL LIFE INSURANCE COMPANY

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**ANNUAL REPORT**

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December 31, 2023

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**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII**

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Report of Independent Registered Public Accounting Firm

To the Contract Owners and Board of Directors of  
Universal Life Separate Account Fortune VII:

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**Kevane Grant Thornton LLP**  
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[facebook.com/kevinegrantthornton](https://www.facebook.com/kevinegrantthornton)

**Opinion on the financial statements**

We have audited the accompanying statements of assets and liabilities of each of the sub accounts (also deemed variable investment options) of **Universal Life Separate Account Fortune VII** (the "Fortune VII") Separate Account indicated in the table below as of December 31, 2023, and the related statements of operations, changes in net assets and the financial highlights for the period from February 21, 2023 (the date in which the sub-accounts of Fortune VII Separate Account commenced operations) to December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the sub accounts (also deemed variable investment options) of **Universal Life Separate Account Fortune VII** Separate Account as of December 31, 2023, the results of its operations, and the changes in net assets and the financial highlights for the period from February 21, 2023 to December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

1290 VT High Yield Bond Portfolio	EQ/Money Market Portfolio
1290 VT Small Cap Value Portfolio	EQ/PIMCO Ultra Short Bond Portfolio
1290 VT Smart Beta Equity ESG Portfolio	EQ/Small Company Index Portfolio
1290 VT Socially Responsible Portfolio	EQ/T. Rowe Price Health Sciences Portfolio
EQ/AB Dynamic Moderate Growth Portfolio	EQ/Wellington Energy Portfolio
EQ/AB Short Duration Government Bond	Multimanager Technology Portfolio
EQ/Emerging Markets Equity PLUS Portfolio	1290 VT Natural Resources Portfolio
EQ/Equity 500 Index Portfolio	1290 VT Real Estate Portfolio
EQ/Fidelity Institutional AM <sup>®</sup> Large Cap Portfolio	EQ/AB Small Cap Growth Portfolio
EQ/Goldman Sachs Moderate Growth Allocation Portfolio	EQ/All Asset Growth Portfolio
EQ/Intermediate Government Bond Portfolio	EQ/American Century Mid Cap Value Portfolio
EQ/International Equity Index Portfolio	EQ/Franklin Rising Dividends Portfolio
EQ/Invesco Global Portfolio	EQ/Goldman Sachs Growth Allocation Portfolio
EQ/Invesco Global Real Assets Portfolio	EQ/Janus Enterprise Portfolio
EQ/JPMorgan Value Opportunities Portfolio	EQ/PIMCO Global Real Return Portfolio
EQ/Large Cap Growth Index Portfolio	EQ/PIMCO Total Return ESG Portfolio
EQ/Large Cap Value Index Portfolio	EQ/Aggressive Allocation Portfolio
EQ/MFS International Growth Portfolio	EQ/Conservative Allocation Portfolio
EQ/MFS Technology Portfolio	EQ/Moderate Allocation Portfolio
EQ/MFS Utility Series Portfolio	EQ/Moderate-Plus Allocation Portfolio
EQ/Mid Cap Index Portfolio	

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**Audit | Tax | Advisory | Outsourcing**

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**grantthornton.pr**

**Basis for opinion**

These financial statements are the responsibility of Fortune VII's management. Our responsibility is to express an opinion on the financial statements of each of the sub accounts (also deemed variable investment options) of Fortune VII based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to Fortune VII in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2023, by correspondence with the custodian. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have served as Fortune VII's auditor since 2023.

/s/ Kevane Grant Thornton, LLP  
San Juan, Puerto Rico  
April 29, 2024.



**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2023**

The following table provides the Portfolio shares held by the Variable Investment Options of the Separate Account:

<b>Variable Investment Options</b>	<b>Share Class**</b>	<b>Portfolio Shares Held</b>
1290 VT High Yield Bond Portfolio	Class IB	9,534
1290 VT Small Cap Value Portfolio	Class IB	686
1290 VT Smart Beta Equity ESG Portfolio	Class IB	854
1290 VT Socially Responsible Portfolio	Class IB	151
EQ/AB Dynamic Moderate Growth Portfolio	Class IB	2,914
EQ/AB Short Duration Government Bond	Class IB	10,512
EQ/Emerging Markets Equity PLUS Portfolio	Class IB	576
EQ/Equity 500 Index Portfolio	Class IB	16,773
EQ/Fidelity Institutional AM <sup>®</sup> Large Cap Portfolio	Class IB	4,538
EQ/Goldman Sachs Moderate Growth Allocation Portfolio	Class IB	653
EQ/Intermediate Government Bond Portfolio	Class IB	3,403
EQ/International Equity Index Portfolio	Class IB	4,958
EQ/Invesco Global Portfolio	Class IB	2,071
EQ/Invesco Global Real Assets Portfolio	Class IB	142
EQ/JPMorgan Value Opportunities Portfolio	Class IB	873
EQ/Large Cap Growth Index Portfolio	Class IB	12,484
EQ/Large Cap Value Index Portfolio	Class IB	13,948
EQ/MFS International Growth Portfolio	Class IB	8,480
EQ/MFS Technology Portfolio	Class IB	2,301
EQ/MFS Utility Series Portfolio	Class IB	5,003
EQ/Mid Cap Index Portfolio	Class IB	7,802
EQ/Money Market Portfolio	Class IB	181,086
EQ/PIMCO Ultra Short Bond Portfolio	Class IB	2,840
EQ/Small Company Index Portfolio	Class IB	3,923
EQ/T. Rowe Price Health Sciences Portfolio	Class IB	469
EQ/Wellington Energy Portfolio	Class IB	1,924
Multimanager Technology Portfolio	Class IB	2,164
1290 VT Natural Resources Portfolio	Class IB	2,971
1290 VT Real Estate Portfolio	Class IB	11,709
EQ/AB Small Cap Growth Portfolio	Class IB	3,870
EQ/All Asset Growth Portfolio	Class IB	3,196
EQ/American Century Mid Cap Value Portfolio	Class IB	1,877
EQ/Franklin Rising Dividends Portfolio	Class IB	6,843
EQ/Goldman Sachs Growth Allocation Portfolio	Class IB	6,662
EQ/Janus Enterprise Portfolio	Class IB	10,977
EQ/PIMCO Global Real Return Portfolio	Class IB	253
EQ/PIMCO Total Return ESG Portfolio	Class IB	50,058
EQ/Aggressive Allocation Portfolio	Class B	21,062

**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2023**

<b>Variable Investment Options</b>	<b>Share Class**</b>	<b>Portfolio Shares Held</b>
EQ/Conservative Allocation Portfolio	Class B	3,637
EQ/Moderate Allocation Portfolio	Class B	1,169
EQ/Moderate-Plus Allocation Portfolio	Class B	4,050

The Notes to financial statements are an integral part of this schedule.

\*\* Share class reflects the share class of the Portfolio in which the units of the Variable Investment Option are invested, as further described in Note 1 of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES  
DECEMBER 31, 2023

	1290 VT High Yield Bond Portfolio	1290 VT Natural Resources Portfolio	1290 VT Real Estate Portfolio	1290 VT Small Cap Value Portfolio	1290 VT Smart Beta Equity ESG Portfolio	1290 VT Socially Responsible Portfolio
<b>Assets:</b>						
Investments in shares of the Portfolio, at fair value	\$ 83,194	\$ 28,987	\$ 67,567	\$ 7,245	\$ 14,647	\$ 2,970
Receivable for shares of the Portfolio sold	-	-	-	-	-	-
Receivable for policy-related transactions	333	58	58	-	167	-
<b>Total assets</b>	<b>83,527</b>	<b>29,045</b>	<b>67,625</b>	<b>7,245</b>	<b>14,814</b>	<b>2,970</b>
<b>Liabilities:</b>						
Payable for shares of the Portfolio purchased	330	57	56	-	166	-
Payable for policy-related transactions	3	1	2	-	1	-
<b>Total liabilities</b>	<b>333</b>	<b>58</b>	<b>58</b>	<b>-</b>	<b>167</b>	<b>-</b>
<b>Net Assets</b>	<b>\$ 83,194</b>	<b>\$ 28,987</b>	<b>\$ 67,567</b>	<b>\$ 7,245</b>	<b>\$ 14,647</b>	<b>\$ 2,970</b>
<b>Net Assets:</b>						
Accumulation unit values	\$ 80,895	\$ 28,993	\$ 67,600	\$ 6,618	\$ 13,855	\$ 2,907
Retained (payable) by ULICO in the Separate Account	2,299	(6)	(33)	627	792	63
<b>Total Net Assets</b>	<b>\$ 83,194</b>	<b>\$ 28,987</b>	<b>\$ 67,567</b>	<b>\$ 7,245</b>	<b>\$ 14,647</b>	<b>\$ 2,970</b>
Investments in Shares of the Portfolio, at cost	\$ 82,800	\$ 30,302	\$ 63,021	\$ 7,359	\$ 13,690	\$ 2,559

The accompanying notes are an integral part of these financial statements.

**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023**

	<b>EQ/MFS Technology Portfolio</b>	<b>EQ/Money Market Portfolio</b>	<b>EQ/AB Dynamic Moderate Growth Portfolio</b>	<b>EQ/AB Short Duration Government Bond</b>	<b>EQ/Aggressive Allocation Portfolio</b>	<b>EQ/All Asset Growth Portfolio</b>
<b>Assets:</b>						
Investments in shares of the Portfolio, at fair value	\$ 73,160	\$ 181,124	\$ 35,802	\$ 102,286	\$ 207,711	\$ 56,650
Receivable for shares of the Portfolio sold	3	6	1	-	7	2
Receivable for policy-related transactions	-	-	-	174	-	-
<b>Total assets</b>	<u>73,163</u>	<u>181,130</u>	<u>35,803</u>	<u>102,460</u>	<u>207,718</u>	<u>56,652</u>
<b>Liabilities:</b>						
Payable for shares of the Portfolio purchased	-	-	-	172	-	-
Payable for policy-related transactions	3	6	1	2	8	2
<b>Total liabilities</b>	<u>3</u>	<u>6</u>	<u>1</u>	<u>174</u>	<u>8</u>	<u>2</u>
<b>Net Assets</b>	<u>\$ 73,160</u>	<u>\$ 181,124</u>	<u>\$ 35,802</u>	<u>\$ 102,286</u>	<u>\$ 207,710</u>	<u>\$ 56,650</u>
<b>Net Assets:</b>						
Accumulation unit values	\$ 71,204	\$ 178,659	\$ 35,618	\$ 102,286	\$ 195,517	\$ 54,927
Retained (payable) by ULICO in the Separate Account	1,956	2,465	184	-	12,193	1,723
<b>Total Net Assets</b>	<u>\$ 73,160</u>	<u>\$ 181,124</u>	<u>\$ 35,802</u>	<u>\$ 102,286</u>	<u>\$ 207,710</u>	<u>\$ 56,650</u>
Investments in Shares of the Portfolio, at cost	\$ 63,128	\$ 181,124	\$ 33,606	\$ 102,989	\$ 194,296	\$ 54,745

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023

	EQ/AB Small Cap Growth Portfolio	EQ/American Century Mid Cap Value Portfolio	EQ/Conservative Allocation Portfolio	EQ/Emerging Markets Equity PLUS Portfolio	EQ/Equity 500 Index Portfolio	EQ/Fidelity Institutional AM <sup>®</sup> Large Cap Portfolio
<b>Assets:</b>						
Investments in shares of the Portfolio, at fair value	\$ 55,918	\$ 40,486	\$ 29,740	\$ 5,063	\$ 1,169,691	\$ 232,479
Receivable for shares of the Portfolio sold	2	1	1	-	-	9
Receivable for policy-related transactions	-	-	-	-	731	-
<b>Total assets</b>	<b>55,920</b>	<b>40,487</b>	<b>29,741</b>	<b>5,063</b>	<b>1,170,422</b>	<b>232,488</b>
<b>Liabilities:</b>						
Payable for shares of the Portfolio purchased	-	-	-	-	698	-
Payable for policy-related transactions	2	1	1	-	34	8
<b>Total liabilities</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>732</b>	<b>8</b>
<b>Net Assets</b>	<b>\$ 55,918</b>	<b>\$ 40,486</b>	<b>\$ 29,740</b>	<b>\$ 5,063</b>	<b>\$ 1,169,690</b>	<b>\$ 232,480</b>
<b>Net Assets:</b>						
Accumulation unit values	\$ 55,646	\$ 37,538	\$ 29,538	\$ 5,074	\$ 1,160,531	\$ 227,424
Retained (payable) by ULICO in the Separate Account	272	2,948	202	(11)	9,159	5,056
<b>Total Net Assets</b>	<b>\$ 55,918</b>	<b>\$ 40,486</b>	<b>\$ 29,740</b>	<b>\$ 5,063</b>	<b>\$ 1,169,690</b>	<b>\$ 232,480</b>
Investments in Shares of the Portfolio, at cost	\$ 50,714	\$ 41,030	\$ 29,064	\$ 4,953	\$ 1,079,251	\$ 218,166

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023

	EQ/Franklin Rising Dividends Portfolio	EQ/Goldman Sachs Growth Allocation Portfolio	EQ/Goldman Sachs Moderate Growth Allocation Portfolio	EQ/Intermediate Government Bond Portfolio	EQ/International Equity Index Portfolio	EQ/Invesco Global Portfolio
<b>Assets:</b>						
Investments in shares of the Portfolio, at fair value	\$ 307,655	\$ 75,844	\$ 6,753	\$ 32,130	\$ 52,216	\$ 55,014
Receivable for shares of the Portfolio sold	11	3	-	1	2	2
Receivable for policy-related transactions	-	-	-	-	-	-
<b>Total assets</b>	<b>307,666</b>	<b>75,847</b>	<b>6,753</b>	<b>32,131</b>	<b>52,218</b>	<b>55,016</b>
<b>Liabilities:</b>						
Payable for shares of the Portfolio purchased	-	-	-	-	-	-
Payable for policy-related transactions	11	4	-	1	2	2
<b>Total liabilities</b>	<b>11</b>	<b>4</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>Net Assets</b>	<b>\$ 307,655</b>	<b>\$ 75,843</b>	<b>\$ 6,753</b>	<b>\$ 32,130</b>	<b>\$ 52,216</b>	<b>\$ 55,014</b>
<b>Net Assets:</b>						
Accumulation unit values	\$ 306,542	\$ 75,854	\$ 6,753	\$ 32,131	\$ 52,219	\$ 54,575
Retained (payable) by ULICO in the Separate Account	1,113	(11)	-	(1)	(3)	439
<b>Total Net Assets</b>	<b>\$ 307,655</b>	<b>\$ 75,843</b>	<b>\$ 6,753</b>	<b>\$ 32,130</b>	<b>\$ 52,216</b>	<b>\$ 55,014</b>
Investments in Shares of the Portfolio, at cost	\$ 295,796	\$ 70,202	\$ 6,357	\$ 32,017	\$ 47,222	\$ 49,870

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023

	EQ/Invesco Global Real Assets Portfolio	EQ/JPMorgan Value Opportunities Portfolio	EQ/Janus Enterprise Portfolio	EQ/Large Cap Growth Index Portfolio	EQ/Large Cap Value Index Portfolio	EQ/MFS International Growth Portfolio
<b>Assets:</b>						
Investments in shares of the Portfolio, at fair value	\$ 2,143	\$ 16,668	\$ 219,362	\$ 266,299	\$ 138,625	\$ 61,869
Receivable for shares of the Portfolio sold	-	1	8	8	4	-
Receivable for policy-related transactions	-	-	-	-	-	58
<b>Total assets</b>	<u>2,143</u>	<u>16,669</u>	<u>219,370</u>	<u>266,307</u>	<u>138,629</u>	<u>61,927</u>
<b>Liabilities:</b>						
Payable for shares of the Portfolio purchased	-	-	-	-	-	56
Payable for policy-related transactions	-	1	8	8	4	2
<b>Total liabilities</b>	<u>-</u>	<u>1</u>	<u>8</u>	<u>8</u>	<u>4</u>	<u>58</u>
<b>Net Assets</b>	<u>\$ 2,143</u>	<u>\$ 16,668</u>	<u>\$ 219,362</u>	<u>\$ 266,299</u>	<u>\$ 138,625</u>	<u>\$ 61,869</u>
<b>Net Assets:</b>						
Accumulation unit values	\$ 2,090	\$ 15,918	\$ 205,994	\$ 255,571	\$ 131,208	\$ 59,548
Retained (payable) by ULICO in the Separate Account	53	750	13,368	10,728	7,417	2,321
<b>Total Net Assets</b>	<u>\$ 2,143</u>	<u>\$ 16,668</u>	<u>\$ 219,362</u>	<u>\$ 266,299</u>	<u>\$ 138,625</u>	<u>\$ 61,869</u>
Investments in Shares of the Portfolio, at cost	\$ 1,990	\$ 16,406	\$ 217,018	\$ 248,930	\$ 136,066	\$ 61,574

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023

	EQ/MFS Utility Series Portfolio	EQ/Mid Cap Index Portfolio	EQ/Moderate- Plus Allocation Portfolio	EQ/Moderate Allocation Portfolio	EQ/PIMCO Global Real Return Portfolio	EQ/PIMCO Total Return ESG Portfolio
<b>Assets:</b>						
Investments in shares of the Portfolio, at fair value	\$ 170,210	\$ 118,577	\$ 37,773	\$ 13,825	\$ 1,882	\$ 468,717
Receivable for shares of the Portfolio sold	6	4	-	1	-	-
Receivable for policy-related transactions	-	-	333	-	-	578
<b>Total assets</b>	<b>170,216</b>	<b>118,581</b>	<b>38,106</b>	<b>13,826</b>	<b>1,882</b>	<b>469,295</b>
<b>Liabilities:</b>						
Payable for shares of the Portfolio purchased	-	-	332	-	-	569
Payable for policy-related transactions	6	4	1	-	-	9
<b>Total liabilities</b>	<b>6</b>	<b>4</b>	<b>333</b>	<b>-</b>	<b>-</b>	<b>578</b>
<b>Net Assets</b>	<b>\$ 170,210</b>	<b>\$ 118,577</b>	<b>\$ 37,773</b>	<b>\$ 13,826</b>	<b>\$ 1,882</b>	<b>\$ 468,717</b>
<b>Net Assets:</b>						
Accumulation unit values	\$ 166,644	\$ 112,848	\$ 35,125	\$ 13,596	\$ 1,879	\$ 466,526
Retained (payable) by ULICO in the Separate Account	3,566	5,729	2,648	230	3	2,191
<b>Total Net Assets</b>	<b>\$ 170,210</b>	<b>\$ 118,577</b>	<b>\$ 37,773</b>	<b>\$ 13,826</b>	<b>\$ 1,882</b>	<b>\$ 468,717</b>
Investments in Shares of the Portfolio, at cost	\$ 175,513	\$ 112,006	\$ 36,225	\$ 13,222	\$ 1,793	\$ 458,105

The accompanying notes are an integral part of these financial statements.



UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023

	EQ/PIMCO Ultra Short Bond Portfolio	EQ/Small Company Index Portfolio	EQ/T. Rowe Price Health Sciences Portfolio	EQ/Wellington Energy Portfolio	Multimanager Technology Portfolio
<b>Assets:</b>					
Investments in shares of the Portfolio, at fair value	\$ 27,672	\$ 43,448	\$ 27,841	\$ 7,718	\$ 70,489
Receivable for shares of the Portfolio sold	1	-	1	-	2
Receivable for policy-related transactions	-	333	-	-	-
Total assets	<u>27,673</u>	<u>43,781</u>	<u>27,842</u>	<u>7,718</u>	<u>70,491</u>
<b>Liabilities:</b>					
Payable for shares of the Portfolio purchased	-	332	-	-	-
Payable for policy-related transactions	-	1	1	-	2
Total liabilities	<u>-</u>	<u>333</u>	<u>1</u>	<u>-</u>	<u>2</u>
<b>Net Assets</b>	<u>\$ 27,673</u>	<u>\$ 43,448</u>	<u>\$ 27,841</u>	<u>\$ 7,718</u>	<u>\$ 70,489</u>
<b>Net Assets:</b>					
Accumulation unit values	\$ 27,155	\$ 42,021	\$ 27,218	\$ 7,718	\$ 60,570
Retained (payable) by ULICO in the Separate Account	518	1,427	623	-	9,919
<b>Total Net Assets</b>	<u>\$ 27,673</u>	<u>\$ 43,448</u>	<u>\$ 27,841</u>	<u>\$ 7,718</u>	<u>\$ 70,489</u>
Investments in Shares of the Portfolio, at cost	<u>\$ 28,523</u>	<u>\$ 38,871</u>	<u>\$ 26,329</u>	<u>\$ 7,962</u>	<u>\$ 65,214</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023**

The following table provides units outstanding and unit values associated with the Variable Investment Options of the Separate Account and is further categorized by share class and contract charges:

<b>Variable Investment Options</b>	<b>Contract Charge*</b>	<b>Share Class**</b>	<b>Unit Value</b>	<b>Units Outstanding</b>
1290 VT High Yield Bond Portfolio	1.35%	Class IB	\$ 9.16	8,830
1290 VT Natural Resources Portfolio	0.40%	Class IB	\$ 10.08	2,657
1290 VT Natural Resources Portfolio	1.35%	Class IB	\$ 10.00	221
1290 VT Real Estate Portfolio	0.40%	Class IB	\$ 5.91	4,504
1290 VT Real Estate Portfolio	1.35%	Class IB	\$ 5.87	6,985
1290 VT Small Cap Value Portfolio	1.35%	Class IB	\$ 10.56	627
1290 VT Smart Beta Equity ESG Portfolio	1.35%	Class IB	\$ 17.18	806
1290 VT Socially Responsible Portfolio	1.35%	Class IB	\$ 19.55	149
EQ/AB Dynamic Moderate Growth Portfolio	1.35%	Class IB	\$ 12.27	2,903
EQ/AB Short Duration Government Bond	0.40%	Class IB	\$ 9.95	7,811
EQ/AB Short Duration Government Bond	1.35%	Class IB	\$ 9.87	2,485
EQ/AB Small Cap Growth Portfolio	1.35%	Class IB	\$ 14.32	3,886
EQ/Aggressive Allocation Portfolio	1.35%	Class B	\$ 9.88	19,791
EQ/All Asset Growth Portfolio	1.35%	Class IB	\$ 17.85	3,078
EQ/American Century Mid Cap Value Portfolio	1.35%	Class IB	\$ 21.69	1,731
EQ/Conservative Allocation Portfolio	1.35%	Class B	\$ 8.28	3,569
EQ/Emerging Markets Equity PLUS Portfolio	1.35%	Class IB	\$ 8.90	570
EQ/Equity 500 Index Portfolio	0.40%	Class IB	\$ 70.22	5,380
EQ/Equity 500 Index Portfolio	1.35%	Class IB	\$ 69.65	11,239
EQ/Fidelity Institutional AM <sup>®</sup> Large Cap Portfolio	1.35%	Class IB	\$ 50.85	4,472
EQ/Franklin Rising Dividends Portfolio	1.35%	Class IB	\$ 44.92	6,824
EQ/Goldman Sachs Growth Allocation Portfolio	1.35%	Class IB	\$ 11.48	6,606
EQ/Goldman Sachs Moderate Growth Allocation Portfolio	1.35%	Class IB	\$ 10.46	645
EQ/Intermediate Government Bond Portfolio	1.35%	Class IB	\$ 9.59	3,349
EQ/International Equity Index Portfolio	1.35%	Class IB	\$ 10.71	4,876
EQ/Invesco Global Portfolio	1.35%	Class IB	\$ 26.26	2,078
EQ/Invesco Global Real Assets Portfolio	1.35%	Class IB	\$ 15.21	137
EQ/Janus Enterprise Portfolio	1.35%	Class IB	\$ 19.76	10,424
EQ/JPMorgan Value Opportunities Portfolio	1.35%	Class IB	\$ 19.15	831
EQ/Large Cap Growth Index Portfolio	0.40%	Class IB	\$ 21.31	2,002
EQ/Large Cap Growth Index Portfolio	1.35%	Class IB	\$ 21.13	10,074
EQ/Large Cap Value Index Portfolio	0.40%	Class IB	\$ 10.07	4,096
EQ/Large Cap Value Index Portfolio	1.35%	Class IB	\$ 9.98	9,012
EQ/MFS International Growth Portfolio	0.40%	Class IB	\$ 7.36	3,527
EQ/MFS International Growth Portfolio	1.35%	Class IB	\$ 7.30	4,599
EQ/MFS Technology Portfolio	1.35%	Class IB	\$ 31.43	2,265
EQ/MFS Utility Series Portfolio	1.35%	Class IB	\$ 34.35	4,852
EQ/Mid Cap Index Portfolio	1.35%	Class IB	\$ 15.17	7,437
EQ/Moderate Allocation Portfolio	1.35%	Class B	\$ 11.91	1,141
EQ/Moderate-Plus Allocation Portfolio	1.35%	Class B	\$ 9.37	3,749

**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF ASSETS AND LIABILITIES (Continued)  
DECEMBER 31, 2023**

<b>Variable Investment Options</b>	<b>Contract Charge*</b>	<b>Share Class**</b>	<b>Unit Value</b>	<b>Units Outstanding</b>
EQ/Money Market Portfolio	0.40%	Class IB	\$ 1.04	22,707
EQ/Money Market Portfolio	1.35%	Class IB	\$ 1.03	151,020
EQ/PIMCO Global Real Return Portfolio	1.35%	Class IB	\$ 7.47	252
EQ/PIMCO Total Return ESG Portfolio	0.40%	Class IB	\$ 9.58	32,499
EQ/PIMCO Total Return ESG Portfolio	1.35%	Class IB	\$ 9.51	16,315
EQ/PIMCO Ultra Short Bond Portfolio	0.40%	Class IB	\$ 10.11	2,328
EQ/PIMCO Ultra Short Bond Portfolio	1.35%	Class IB	\$ 10.03	360
EQ/Small Company Index Portfolio	1.35%	Class IB	\$ 11.07	3,796
EQ/T. Rowe Price Health Sciences Portfolio	1.35%	Class IB	\$ 58.68	464
EQ/Wellington Energy Portfolio	1.35%	Class IB	\$ 4.10	1,883
Multimanager Technology Portfolio	1.35%	Class IB	\$ 32.20	1,881

\* Contract charges reflect the annual mortality and expense risk related to Variable Investment Options.

\*\* Share class reflects the share class of the Portfolio in which the units of the Variable Investment Option are invested, as further described in Note 1 of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF OPERATIONS  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	1290 VT High Yield Bond Portfolio	1290 VT Natural Resources Portfolio	1290 VT Real Estate Portfolio	1290 VT Small Cap Value Portfolio	1290 VT Smart Beta Equity ESG Portfolio	1290 VT Socially Responsible Portfolio
<b>Income and Expenses:</b>						
Investment Income						
Dividends from the Portfolios	\$ 4,789	\$ 1,007	\$ 1,793	\$ 677	\$ 335	\$ 81
Expenses						
Asset-based charges	467	36	330	51	106	25
<b>Net Investment Income (loss)</b>	<u>4,322</u>	<u>971</u>	<u>1,463</u>	<u>626</u>	<u>229</u>	<u>56</u>
<b>Net Realized and Unrealized Gain (Loss)</b>						
<b>on Investments:</b>						
Net realized gain (loss) on investments	41	-	(14)	(1)	6	2
Net realized gain (loss)	41	-	(14)	(1)	6	2
Net change in unrealized appreciation (depreciation) of investments	394	(1,315)	4,546	(114)	957	412
<b>Net Realized and Unrealized Gain (Loss)</b> <b>on Investments</b>	<u>435</u>	<u>(1,315)</u>	<u>4,532</u>	<u>(115)</u>	<u>963</u>	<u>414</u>
<b>Net Increase (Decrease) in Net Assets</b> <b>Resulting from Operations</b>	<u>\$ 4,757</u>	<u>\$ (344)</u>	<u>\$ 5,995</u>	<u>\$ 511</u>	<u>\$ 1,192</u>	<u>\$ 470</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
 STATEMENTS OF OPERATIONS (Continued)  
 FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/MFS Technology Portfolio	EQ/Money Market Portfolio	EQ/AB Dynamic Moderate Growth Portfolio	EQ/AB Short Duration Government Bond	EQ/Aggressive Allocation Portfolio	EQ/All Asset Growth Portfolio
<b>Income and Expenses:</b>						
Investment Income						
Dividends from the Portfolios	\$ -	\$ 3,128	\$ 452	\$ 2,612	\$ 8,424	\$ 1,237
Expenses						
Asset-based charges	241	662	279	160	654	86
<b>Net Investment Income (loss)</b>	<u>(241)</u>	<u>2,466</u>	<u>173</u>	<u>2,452</u>	<u>7,770</u>	<u>1,151</u>
<b>Net Realized and Unrealized Gain (Loss)</b>						
<b>on Investments:</b>						
Net realized gain (loss) on investments	44	-	11	3	15	-
Net realized gain (loss)	44	-	11	3	15	-
Net change in unrealized appreciation (depreciation) of investments	10,032	-	2,195	(703)	13,415	1,905
<b>Net Realized and Unrealized Gain (Loss)</b> <b>on Investments</b>	<u>10,076</u>	<u>-</u>	<u>2,206</u>	<u>(700)</u>	<u>13,430</u>	<u>1,905</u>
<b>Net Increase (Decrease) in Net Assets</b> <b>Resulting from Operations</b>	<u>\$ 9,835</u>	<u>\$ 2,466</u>	<u>\$ 2,379</u>	<u>\$ 1,752</u>	<u>\$ 21,200</u>	<u>\$ 3,056</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF OPERATIONS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/AB Small Cap Growth Portfolio	EQ/American Century Mid Cap Value Portfolio	EQ/Conservative Allocation Portfolio	EQ/Emerging Markets Equity PLUS Portfolio	EQ/Equity 500 Index Portfolio	EQ/Fidelity Institutional AM <sup>®</sup> Large Cap Portfolio
<b>Income and Expenses:</b>						
Investment Income						
Dividends from the Portfolios	\$ 238	\$ 2,135	\$ 870	\$ 121	\$ 19,718	\$ 5,889
Expenses						
Asset-based charges	452	269	56	21	4,117	1,163
<b>Net Investment Income (loss)</b>	<b>(214)</b>	<b>1,866</b>	<b>814</b>	<b>100</b>	<b>15,601</b>	<b>4,726</b>
<b>Net Realized and Unrealized Gain</b>						
<b>(Loss) on Investments:</b>						
Net realized gain (loss) on investments	(26)	7	1	-	895	461
Net realized gain (loss)	(26)	7	1	-	895	461
Net change in unrealized appreciation (depreciation) of investments	5,204	(544)	676	110	90,440	14,313
<b>Net Realized and Unrealized Gain</b>						
<b>(Loss) on Investments</b>	<b>5,178</b>	<b>(537)</b>	<b>677</b>	<b>110</b>	<b>91,335</b>	<b>14,774</b>
<b>Net Increase (Decrease) in Net Assets</b>						
<b>Resulting from Operations</b>	<b>\$ 4,964</b>	<b>\$ 1,329</b>	<b>\$ 1,491</b>	<b>\$ 210</b>	<b>\$ 106,936</b>	<b>\$ 19,500</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
 STATEMENTS OF OPERATIONS (Continued)  
 FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/Franklin Rising Dividends Portfolio	EQ/Goldman Sachs Growth Allocation Portfolio	EQ/Goldman Sachs Moderate Growth Allocation Portfolio	EQ/Intermediate Government Bond Portfolio	EQ/International Equity Index Portfolio	EQ/Invesco Global Portfolio
<b>Income and Expenses:</b>						
Investment Income						
Dividends from the Portfolios	\$ 4,345	\$ 1,496	\$ 149	\$ 857	\$ 1,317	\$ 427
Expenses						
Asset-based charges	1,749	645	43	106	126	389
<b>Net Investment Income (loss)</b>	<b>2,596</b>	<b>851</b>	<b>106</b>	<b>751</b>	<b>1,191</b>	<b>38</b>
<b>Net Realized and Unrealized Gain (Loss) on Investments:</b>						
Net realized gain (loss) on investments	206	112	-	-	(1)	162
Net realized gain (loss)	206	112	-	-	(1)	162
Net change in unrealized appreciation (depreciation) of investments	11,858	5,642	397	113	4,994	5,145
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<b>12,064</b>	<b>5,754</b>	<b>397</b>	<b>113</b>	<b>4,993</b>	<b>5,307</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 14,660</b>	<b>\$ 6,605</b>	<b>\$ 503</b>	<b>\$ 864</b>	<b>\$ 6,184</b>	<b>\$ 5,345</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF OPERATIONS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/Invesco Global Real Assets Portfolio	EQ/JPMorgan Value Opportunities Portfolio	EQ/Janus Enterprise Portfolio	EQ/Large Cap Growth Index Portfolio	EQ/Large Cap Value Index Portfolio	EQ/MFS International Growth Portfolio
<b>Income and Expenses:</b>						
Investment Income						
Dividends from the Portfolios	\$ 93	\$ 970	\$ 13,096	\$ 8,972	\$ 6,016	\$ 2,881
Expenses						
Asset-based charges	3	119	1,080	981	580	259
<b>Net Investment Income (loss)</b>	<u>90</u>	<u>851</u>	<u>12,016</u>	<u>7,991</u>	<u>5,436</u>	<u>2,622</u>
<b>Net Realized and Unrealized Gain (Loss)</b>						
<b>on Investments:</b>						
Net realized gain (loss) on investments	-	-	21	196	2	3
Net realized gain (loss)	-	-	21	196	2	3
Net change in unrealized appreciation (depreciation) of investments	153	262	2,344	17,369	2,559	296
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<u>153</u>	<u>262</u>	<u>2,365</u>	<u>17,565</u>	<u>2,561</u>	<u>299</u>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<u>\$ 243</u>	<u>\$ 1,113</u>	<u>\$ 14,381</u>	<u>\$ 25,556</u>	<u>\$ 7,997</u>	<u>\$ 2,921</u>

The accompanying notes are an integral part of these financial statements.



UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF OPERATIONS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/MFS Utility Series Portfolio	EQ/Mid Cap Index Portfolio	EQ/Moderate- Plus Allocation Portfolio	EQ/Moderate Allocation Portfolio	EQ/PIMCO Global Real Return Portfolio	EQ/PIMCO Total Return ESG Portfolio
<b>Income and Expenses:</b>						
Investment Income						
Dividends from the Portfolios	\$ 6,667	\$ 5,355	\$ 1,579	\$ 469	\$ 29	\$ 12,204
Expenses						
Asset-based charges	833	714	243	46	7	1,156
<b>Net Investment Income (loss)</b>	<b>5,834</b>	<b>4,641</b>	<b>1,336</b>	<b>423</b>	<b>22</b>	<b>11,048</b>
<b>Net Realized and Unrealized Gain (Loss)</b>						
<b>on Investments:</b>						
Net realized gain (loss) on investments	(217)	(57)	8	1	-	(28)
Net realized gain (loss)	(217)	(57)	8	1	-	(28)
Net change in unrealized appreciation (depreciation) of investments	(5,303)	6,571	1,548	603	90	10,612
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<b>(5,520)</b>	<b>6,514</b>	<b>1,556</b>	<b>604</b>	<b>90</b>	<b>10,584</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 314</b>	<b>\$ 11,155</b>	<b>\$ 2,892</b>	<b>\$ 1,027</b>	<b>\$ 112</b>	<b>\$ 21,632</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
 STATEMENTS OF OPERATIONS (Concluded)  
 FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/PIMCO Ultra Short Bond Portfolio	EQ/Small Company Index Portfolio	EQ/T. Rowe Price Health Sciences Portfolio	EQ/Wellington Energy Portfolio	Multimanager Technology Portfolio
<b>Income and Expenses:</b>					
Investment Income					
Dividends from the Portfolios	\$ 1,086	\$ 1,783	\$ 608	\$ 250	\$ 3,173
Expenses					
Asset-based charges	26	193	37	19	284
<b>Net Investment Income (loss)</b>	<u>1,060</u>	<u>1,590</u>	<u>571</u>	<u>231</u>	<u>2,889</u>
<b>Net Realized and Unrealized Gain (Loss) on Investments:</b>					
Net realized gain (loss) on investments	-	7	(1)	-	34
Net realized gain (loss)	-	7	(1)	-	34
Net change in unrealized appreciation (depreciation) of investments	(850)	4,577	1,511	(245)	5,273
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<u>(850)</u>	<u>4,584</u>	<u>1,510</u>	<u>(245)</u>	<u>5,307</u>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<u>\$ 210</u>	<u>\$ 6,174</u>	<u>\$ 2,081</u>	<u>\$ (14)</u>	<u>\$ 8,196</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	1290 VT High Yield Bond Portfolio	1290 VT Natural Resources Portfolio	1290 VT Real Estate Portfolio	1290 VT Small Cap Value Portfolio	1290 VT Smart Beta Equity ESG Portfolio	1290 VT Socially Responsible Portfolio
<b>Increase (Decrease) in Net Assets</b>						
<b>From Operations:</b>						
Net investment income (loss)	\$ 4,322	\$ 971	\$ 1,463	\$ 626	\$ 229	\$ 56
Net realized gain (loss)	41	-	(14)	(1)	6	2
Net change in unrealized appreciation (depreciation) of investments	394	(1,315)	4,546	(114)	957	412
Net increase (decrease) in net assets resulting from operations	4,757	(344)	5,995	511	1,192	470
<b>From Contractowners Transactions:</b>						
Payments received from contract owners	85,131	73,162	111,805	6,107	12,663	2,437
Redemptions for contract benefits and terminations	8,993	43,825	50,200	-	-	-
Net increase (decrease) in net assets resulting from contractowners transactions	76,138	29,337	61,605	6,107	12,663	2,437
Net increase (decrease) in amount retained (payable) by ULICO in the Separate Account	2,299	(6)	(33)	627	792	63
<b>Net Increase (Decrease) in Net Assets</b>	<b>83,194</b>	<b>28,987</b>	<b>67,567</b>	<b>7,245</b>	<b>14,647</b>	<b>2,970</b>
<b>Net Assets — Beginning of Year or Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets — End of Year or Period</b>	<b>\$ 83,194</b>	<b>\$ 28,987</b>	<b>\$ 67,567</b>	<b>\$ 7,245</b>	<b>\$ 14,647</b>	<b>\$ 2,970</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/MFS Technology Portfolio	EQ/Money Market Portfolio	EQ/AB Dynamic Moderate Growth Portfolio	EQ/AB Short Duration Government Bond	EQ/Aggressive Allocation Portfolio	EQ/All Asset Growth Portfolio
<b>Increase (Decrease) in Net Assets</b>						
<b>From Operations:</b>						
Net investment income (loss)	\$ (241)	\$ 2,466	\$ 173	\$ 2,452	\$ 7,770	\$ 1,151
Net realized gain (loss)	44	-	11	3	15	-
Net change in unrealized appreciation (depreciation) of investments	10,032	-	2,195	(703)	13,415	1,905
Net increase (decrease) in net assets resulting from operations	9,835	2,466	2,379	1,752	21,200	3,056
<b>From Contractowners Transactions:</b>						
Payments received from contract owners	61,369	238,618	33,239	250,917	174,317	51,871
Redemptions for contract benefits and terminations	-	62,425	-	150,383	-	-
Net increase (decrease) in net assets resulting from contractowners transactions	61,369	176,193	33,239	100,534	174,317	51,871
Net increase (decrease) in amount retained (payable) by ULICO in the Separate Account	1,956	2,465	184	-	12,193	1,723
<b>Net Increase (Decrease) in Net Assets</b>	<b>73,160</b>	<b>181,124</b>	<b>35,802</b>	<b>102,286</b>	<b>207,710</b>	<b>56,650</b>
<b>Net Assets — Beginning of Year or Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets — End of Year or Period</b>	<b>\$ 73,160</b>	<b>\$ 181,124</b>	<b>\$ 35,802</b>	<b>\$ 102,286</b>	<b>\$ 207,710</b>	<b>\$ 56,650</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/AB Small Cap Growth Portfolio	EQ/American Century Mid Cap Value Portfolio	EQ/Conservative Allocation Portfolio	EQ/Emerging Markets Equity PLUS Portfolio	EQ/Equity 500 Index Portfolio	EQ/Fidelity Institutional AM <sup>®</sup> Large Cap Portfolio
<b>Increase (Decrease) in Net Assets</b>						
<b>From Operations:</b>						
Net investment income (loss)	\$ (214)	\$ 1,866	\$ 814	\$ 100	\$ 15,601	\$ 4,726
Net realized gain (loss)	(26)	7	1	-	895	461
Net change in unrealized appreciation (depreciation) of investments	5,204	(544)	676	110	90,440	14,313
Net increase (decrease) in net assets resulting from operations	4,964	1,329	1,491	210	106,936	19,500
<b>From Contractowners Transactions:</b>						
Payments received from contract owners	51,882	36,759	46,733	5,892	1,306,025	212,174
Redemptions for contract benefits and terminations	1,200	550	18,686	1,028	252,430	4,250
Net increase (decrease) in net assets resulting from contractowners transactions	50,682	36,209	28,047	4,864	1,053,595	207,924
Net increase (decrease) in amount retained (payable) by ULICO in the Separate Account	272	2,948	202	(11)	9,159	5,056
<b>Net Increase (Decrease) in Net Assets</b>	<b>55,918</b>	<b>40,486</b>	<b>29,740</b>	<b>5,063</b>	<b>1,169,690</b>	<b>232,480</b>
<b>Net Assets — Beginning of Year or Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets — End of Year or Period</b>	<b>\$ 55,918</b>	<b>\$ 40,486</b>	<b>\$ 29,740</b>	<b>\$ 5,063</b>	<b>\$ 1,169,690</b>	<b>\$ 232,480</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/Franklin Rising Dividends Portfolio	EQ/Goldman Sachs Growth Allocation Portfolio	EQ/Goldman Sachs Moderate Growth Allocation Portfolio	EQ/Intermediate Government Bond Portfolio	EQ/International Equity Index Portfolio	EQ/Invesco Global Portfolio
<b>Increase (Decrease) in Net Assets</b>						
<b>From Operations:</b>						
Net investment income (loss)	\$ 2,596	\$ 851	\$ 106	\$ 751	\$ 1,191	\$ 38
Net realized gain (loss)	206	112	-	-	(1)	162
Net change in unrealized appreciation (depreciation) of investments	11,858	5,642	397	113	4,994	5,145
Net increase (decrease) in net assets resulting from operations	14,660	6,605	503	864	6,184	5,345
<b>From Contractowners Transactions:</b>						
Payments received from contract owners	307,751	76,023	6,250	47,067	47,067	50,845
Redemptions for contract benefits and terminations	15,869	6,774	-	15,800	1,032	1,615
Net increase (decrease) in net assets resulting from contractowners transactions	291,882	69,249	6,250	31,267	46,035	49,230
Net increase (decrease) in amount retained (payable) by ULICO in the Separate Account	1,113	(11)	-	(1)	(3)	439
<b>Net Increase (Decrease) in Net Assets</b>	<b>307,655</b>	<b>75,843</b>	<b>6,753</b>	<b>32,130</b>	<b>52,216</b>	<b>55,014</b>
<b>Net Assets — Beginning of Year or Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets — End of Year or Period</b>	<b>\$ 307,655</b>	<b>\$ 75,843</b>	<b>\$ 6,753</b>	<b>\$ 32,130</b>	<b>\$ 52,216</b>	<b>\$ 55,014</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/Invesco Global Real Assets Portfolio	EQ/JPMorgan Value Opportunities Portfolio	EQ/Janus Enterprise Portfolio	EQ/Large Cap Growth Index Portfolio	EQ/Large Cap Value Index Portfolio	EQ/MFS International Growth Portfolio
<b>Increase (Decrease) in Net Assets</b>						
<b>From Operations:</b>						
Net investment income (loss)	\$ 90	\$ 851	\$ 12,016	\$ 7,991	\$ 5,436	\$ 2,622
Net realized gain (loss)	-	-	21	196	2	3
Net change in unrealized appreciation (depreciation) of investments	153	262	2,344	17,369	2,559	296
Net increase (decrease) in net assets resulting from operations	243	1,113	14,381	25,556	7,997	2,921
<b>From Contractowners Transactions:</b>						
Payments received from contract owners	1,847	17,790	199,297	270,393	157,661	102,671
Redemptions for contract benefits and terminations	-	2,985	7,684	40,378	34,450	46,044
Net increase (decrease) in net assets resulting from contractowners transactions	1,847	14,805	191,613	230,015	123,211	56,627
Net increase (decrease) in amount retained (payable) by ULICO in the Separate Account	53	750	13,368	10,728	7,417	2,321
<b>Net Increase (Decrease) in Net Assets</b>	<b>2,143</b>	<b>16,668</b>	<b>219,362</b>	<b>266,299</b>	<b>138,625</b>	<b>61,869</b>
<b>Net Assets — Beginning of Year or Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets — End of Year or Period</b>	<b>\$ 2,143</b>	<b>\$ 16,668</b>	<b>\$ 219,362</b>	<b>\$ 266,299</b>	<b>\$ 138,625</b>	<b>\$ 61,869</b>

The accompanying notes are an integral part of these financial statements.

UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/MFS Utility Series Portfolio	EQ/Mid Cap Index Portfolio	EQ/Moderate- Plus Allocation Portfolio	EQ/Moderate Allocation Portfolio	EQ/PIMCO Global Real Return Portfolio	EQ/PIMCO Total Return ESG Portfolio
<b>Increase (Decrease) in Net Assets</b>						
<b>From Operations:</b>						
Net investment income (loss)	\$ 5,834	\$ 4,641	\$ 1,336	\$ 423	\$ 22	\$ 11,048
Net realized gain (loss)	(217)	(57)	8	1	-	(28)
Net change in unrealized appreciation (depreciation) of investments	(5,303)	6,571	1,548	603	90	10,612
Net increase (decrease) in net assets resulting from operations	314	11,155	2,892	1,027	112	21,632
<b>From Contractowners Transactions:</b>						
Payments received from contract owners	174,026	115,038	37,036	17,253	1,767	928,565
Redemptions for contract benefits and terminations	7,696	13,345	4,803	4,684	-	483,671
Net increase (decrease) in net assets resulting from contractowners transactions	166,330	101,693	32,233	12,569	1,767	444,894
Net increase (decrease) in amount retained (payable) by ULICO in the Separate Account	3,566	5,729	2,648	230	3	2,191
<b>Net Increase (Decrease) in Net Assets</b>	<b>170,210</b>	<b>118,577</b>	<b>37,773</b>	<b>13,826</b>	<b>1,882</b>	<b>468,717</b>
<b>Net Assets — Beginning of Year or Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets — End of Year or Period</b>	<b>\$ 170,210</b>	<b>\$ 118,577</b>	<b>\$ 37,773</b>	<b>\$ 13,826</b>	<b>\$ 1,882</b>	<b>\$ 468,717</b>

The accompanying notes are an integral part of these financial statements.



UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
FROM FEBRUARY 21, 2023 TO DECEMBER 31, 2023

	EQ/PIMCO Ultra Short Bond Portfolio	EQ/Small Company Index Portfolio	EQ/T. Rowe Price Health Sciences Portfolio	EQ/Wellington Energy Portfolio	Multimanager Technology Portfolio
<b>Increase (Decrease) in Net Assets</b>					
<b>From Operations:</b>					
Net investment income (loss)	\$ 1,060	\$ 1,590	\$ 571	\$ 231	\$ 2,889
Net realized gain (loss)	-	7	(1)	-	34
Net change in unrealized appreciation (depreciation) of investments	(850)	4,577	1,511	(245)	5,273
Net increase (decrease) in net assets resulting from operations	210	6,174	2,081	(14)	8,196
<b>From Contractowners Transactions:</b>					
Payments received from contract owners	26,945	45,819	25,137	12,099	52,374
Redemptions for contract benefits and terminations	-	9,972	-	4,367	-
Net increase (decrease) in net assets resulting from contractowners transactions	26,945	35,847	25,137	7,732	52,374
Net increase (decrease) in amount retained (payable) by ULICO in the Separate Account	518	1,427	623	-	9,919
<b>Net Increase (Decrease) in Net Assets</b>	<b>27,673</b>	<b>43,448</b>	<b>27,841</b>	<b>7,718</b>	<b>70,489</b>
<b>Net Assets — Beginning of Year or Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets — End of Year or Period</b>	<b>\$ 27,673</b>	<b>\$ 43,448</b>	<b>\$ 27,841</b>	<b>\$ 7,718</b>	<b>\$ 70,489</b>

The accompanying notes are an integral part of these financial statements.

**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
FOR THE YEAR ENDED IN DECEMBER 31, 2023**

The change in units outstanding for the year ended December 31, 2023 were as follows:

<b>Variable Investment Options</b>	<b>Share Class**</b>	<b>Units Issued</b>	<b>Units Redeemed</b>	<b>Net Increase (Decrease)</b>
1290 VT High Yield Bond Portfolio	Class IB	9,658	124	9,534
1290 VT Natural Resources Portfolio	Class IB	2,975	4	2,971
1290 VT Real Estate Portfolio	Class IB	12,131	422	11,709
1290 VT Small Cap Value Portfolio	Class IB	691	5	686
1290 VT Smart Beta Equity ESG Portfolio	Class IB	859	5	854
1290 VT Socially Responsible Portfolio	Class IB	152	1	151
EQ/AB Dynamic Moderate Growth Portfolio	Class IB	2,938	24	2,914
EQ/AB Short Duration Government Bond	Class IB	10,542	30	10,512
EQ/AB Small Cap Growth Portfolio	Class IB	3,993	123	3,870
EQ/Aggressive Allocation Portfolio	Class B	21,122	60	21,062
EQ/All Asset Growth Portfolio	Class IB	3,201	5	3,196
EQ/American Century Mid Cap Value Portfolio	Class IB	1,915	38	1,877
EQ/Conservative Allocation Portfolio	Class B	3,642	5	3,637
EQ/Emerging Markets Equity PLUS Portfolio	Class IB	578	2	576
EQ/Equity 500 Index Portfolio	Class IB	16,876	103	16,773
EQ/Fidelity Institutional AM <sup>®</sup> Large Cap Portfolio	Class IB	4,644	106	4,538
EQ/Franklin Rising Dividends Portfolio	Class IB	6,950	107	6,843
EQ/Goldman Sachs Growth Allocation Portfolio	Class IB	6,904	242	6,662
EQ/Goldman Sachs Moderate Growth Allocation Portfolio	Class IB	657	4	653
EQ/Intermediate Government Bond Portfolio	Class IB	3,429	26	3,403
EQ/International Equity Index Portfolio	Class IB	4,970	12	4,958
EQ/Invesco Global Portfolio	Class IB	2,153	82	2,071
EQ/Invesco Global Real Assets Portfolio	Class IB	142	-	142
EQ/Janus Enterprise Portfolio	Class IB	11,220	243	10,977
EQ/JPMorgan Value Opportunities Portfolio	Class IB	880	7	873
EQ/Large Cap Growth Index Portfolio	Class IB	12,544	60	12,484
EQ/Large Cap Value Index Portfolio	Class IB	13,995	47	13,948
EQ/MFS International Growth Portfolio	Class IB	8,552	72	8,480
EQ/MFS Technology Portfolio	Class IB	2,309	8	2,301
EQ/MFS Utility Series Portfolio	Class IB	5,086	83	5,003
EQ/Mid Cap Index Portfolio	Class IB	7,914	112	7,802
EQ/Moderate Allocation Portfolio	Class B	1,172	3	1,169
EQ/Moderate-Plus Allocation Portfolio	Class B	4,071	21	4,050
EQ/Money Market Portfolio	Class IB	343,292	162,206	181,086
EQ/PIMCO Global Real Return Portfolio	Class IB	254	1	253
EQ/PIMCO Total Return ESG Portfolio	Class IB	50,365	307	50,058
EQ/PIMCO Ultra Short Bond Portfolio	Class IB	2,843	3	2,840
EQ/Small Company Index Portfolio	Class IB	3,938	15	3,923

**UNIVERSAL LIFE SEPARATE ACCOUNT FORTUNE VII  
 STATEMENTS OF CHANGES IN NET ASSETS (Continued)  
 FOR THE YEAR ENDED IN DECEMBER 31, 2023**

<b>Variable Investment Options</b>	<b>Share Class**</b>	<b>Units Issued</b>	<b>Units Redeemed</b>	<b>Net Increase (Decrease)</b>
EQ/T. Rowe Price Health Sciences Portfolio	Class IB	470	1	469
EQ/Wellington Energy Portfolio	Class IB	1,928	4	1,924
Multimanager Technology Portfolio	Class IB	2,173	9	2,164

\*\* Share class reflects the share class of the Portfolio in which the units of the Variable Investment Option are invested, as further described in Note 1 of these financial statements.

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
December 31, 2023

**1. Organization**

Universal Life Separate Account Fortune VII (“the Separate Account”) is a separate account of Universal Life Insurance Company (“ULICO”), a wholly-owned subsidiary of Universal Insurance Company (“UNICO”), which in turn is a wholly-owned subsidiary of Universal Group, Inc. (“UGI”). ULICO is domiciled in Puerto Rico and is operating under the provision of the Puerto Rico Insurance Code. The Separate Account is organized as a unit investment trust registered under the Investment Company Act of 1940, as amended (the “1940 Act”), starting operations on February 21, 2023.

The Separate Account offers Variable Investment Options (“VIO”), also deemed sub-accounts of the Separate Account, each of which invests in shares issued by the mutual funds portfolio of EQ Advisors Trust (“the Trust”). The Trust is a registered open-ended investment management company under the 1940 Act that sells shares of a portfolio (“Portfolio”) of mutual funds to separate accounts of insurance companies. The shares of the portfolios are registered under the Securities Act of 1933, as amended. The accompanying financial statements are those of the Variable Investment Options of the Separate Account. The Separate Account is used to fund benefits for variable annuities issued by ULICO for Universal VIA Generation Growth (the “Contract” or “Accumulator”) which provides for the accumulation of retirement savings. These annuities in the Accumulator Series, are offered with the same Variable Investment Options for use as a nonqualified annuity for after-tax contributions only, or when used as an investment vehicle for certain qualified plans, an individual retirement annuity. Universal VIA Generation Growth is offered under individual variable annuity forms.

The following VIO are subaccounts of the Separate Account:

1290 VT High Yield Bond Portfolio	EQ/Invesco Global Portfolio
1290 VT Natural Resources Portfolio	EQ/Invesco Global Real Assets Portfolio
1290 VT Real Estate Portfolio	EQ/Janus Enterprise Portfolio
1290 VT Small Cap Value Portfolio	EQ/JPMorgan Value Opportunities Portfolio
1290 VT Smart Beta Equity ESG Portfolio	EQ/Large Cap Growth Index Portfolio
1290 VT Socially Responsible Portfolio	EQ/Large Cap Value Index Portfolio
EQ/AB Dynamic Moderate Growth Portfolio	EQ/MFS International Growth Portfolio
EQ/AB Short Duration Government Bond	EQ/MFS Technology Portfolio
EQ/AB Small Cap Growth Portfolio	EQ/MFS Utility Series Portfolio
EQ/Aggressive Allocation Portfolio	EQ/Mid Cap Index Portfolio
EQ/All Asset Growth Portfolio	EQ/Moderate Allocation Portfolio
EQ/American Century Mid Cap Value Portfolio	EQ/Moderate-Plus Allocation Portfolio
EQ/Conservative Allocation Portfolio	EQ/Money Market Portfolio
EQ/Emerging Markets Equity PLUS Portfolio	EQ/PIMCO Global Real Return Portfolio
EQ/Equity 500 Index Portfolio	EQ/PIMCO Total Return ESG Portfolio
EQ/Fidelity Institutional AM® Large Cap Portfolio	EQ/PIMCO Ultra Short Bond Portfolio
EQ/Franklin Rising Dividends Portfolio	EQ/Small Company Index Portfolio
EQ/Goldman Sachs Growth Allocation Portfolio	EQ/T. Rowe Price Health Sciences Portfolio
EQ/Goldman Sachs Moderate Growth Allocation Portfolio	EQ/Wellington Energy Portfolio
EQ/Intermediate Government Bond Portfolio	Multimanager Technology Portfolio
EQ/International Equity Index Portfolio	

The assets in each Variable Investment Option are invested in shares of a corresponding Portfolio of the Trust. Shares are offered by the Portfolios at net asset value. Shares in which the Variable Investment Options invest are categorized by the share class of the Portfolios. The Trust issues Class B and Class IB shares. All share classes issued by the Trust are subject to fees for investment management, administration and other Portfolio expenses. The expenses related to each share class of the Portfolios are those borne by the specific unit classes of the Variable Investment Options.

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
December 31, 2023

**1. Organization (continued)**

Under the Puerto Rico Insurance Code, the assets within the Separate Account are legally insulated from ULICO assets. The only shareholders of the Separate Account are contract holders (“Contract Owner”) of the Universal VIA Generation Growth annuity contract issued by ULICO. All Contracts are issued by ULICO and the assets of the Separate Account are the property of ULICO. However, the portion of the Separate Account’s assets attributable to the Contracts will not be charged with liabilities arising out of any other business ULICO may conduct.

The amount retained by ULICO in the Separate Account arises primarily from (1) contributions from ULICO, and (2) the portion, determined ratably, of the Separate Account’s investment results applicable to those assets in the Separate Account in excess of the net assets attributable to accumulation units. Amounts retained by ULICO are not subject to charges for mortality and expense risks, asset-based administration charges and distribution charges.

Amounts retained by ULICO in the Separate Account may be transferred at any time by ULICO to its General Account (“General Account”).

Each of the Variable Investment Options of the Separate Account bears indirect exposure to the market, credit, and liquidity risks of the Portfolio in which it invests. In the normal course of business, ULICO may have agreements to indemnify another party under given circumstances. The maximum exposure under these arrangements is unknown as this would involve future claims that may be, but have not been, made against the Variable Investment Options of the Separate Account. Based on experience, the risk of material loss is expected to be remote.

**2. Significant Accounting Policies**

The financial statements of the Separate Account are prepared in conformity with the accounting principles generally accepted in the United States of America (“GAAP”) Accounting Standards Codification Topic 946 — Investment Companies. Because the Separate Account started operations in February 2023, the Statements of Operations and of Changes in Net Assets presented cover the period from February 21, 2023 to December 31, 2023.

**Use of Estimates:** In preparing the Separate Account’s financial statements in accordance with Generally Accepted Accounting Principles in the United States of America (“GAAP”), estimates or assumptions (which could differ from actual results) may be used that affect reported amounts and disclosures.

**Investments in shares of the Portfolios:** Investments are made in shares of the Portfolios and the fair values of investments are the reported net asset values per share of the respective Portfolios. The net asset value is determined by the Trust using the fair value of the underlying assets of the Portfolios less liabilities.

**Investment Transactions and Investment Income:** Investment transactions are recorded on the trade date. Dividend income and net realized gain distributions from the Portfolios are recorded and automatically reinvested in the Portfolios on the ex-dividend date. Net realized gain (loss) on investments are gains and losses on redemptions of investments in the Portfolios (determined on the identified cost basis).

**Due to and Due from:** Receivable/payable for policy-related transactions represent amounts due to/from ULICO’s General Account. These are primarily related to premiums, surrenders, death benefits and amounts transferred among various Portfolios by Contract Owners. Receivable/payable for shares of the Portfolios sold/purchased represent unsettled trades.

**Contract Payments and Transfers:** Payments received from Contract Owners represent participant contributions under the Contracts reduced by deductions and charges, as applicable. Contract Owners may allocate amounts in their individual accounts to Variable Investment Options of the Separate Account.

Transfers between Variable Investment Options are amounts that participants have directed to be moved among Portfolios. The net assets of any Variable Investment Option may not be less than the aggregate value of the Contract Owner accounts allocated to that Variable Investment Option.

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
December 31, 2023

**2. Significant Accounting Policies (continued)**

Redemptions for contract benefits and terminations are payments to participants and beneficiaries made under the terms of the Contracts and amounts that participants have requested to be withdrawn and paid to them or applied to the purchase of annuities. Withdrawal charges, if any, are included in Redemptions for contract benefits and terminations to the extent that such charges apply to the contracts. Administrative charges, if any, are included in Contract maintenance charges to the extent that such charges apply to the Contracts.

**3. Investment Valuation**

Under GAAP, fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, and identifies three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices that are publicly available for identical assets in active markets. Level 1 fair values generally are supported by market transactions that occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, and inputs to model-derived valuations that are directly observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs supported by little or no market activity and often requiring significant judgment or estimation, such as an entity's own assumptions about the cash flows or other significant components of value that market participants would use in pricing the asset or liability.

Variable Investment Options of the Separate account have been classified as Level 1. There were no transfers between level 1, level 2 and level 3 during the year.

**4. Purchases and Sales of Portfolios**

The cost of purchases and proceeds from sales of Portfolio shares for the period from February 21, 2023 to December 31, 2023 were as follows:

<b>Variable Investment Options</b>	<b>Purchases</b>	<b>Sales</b>
1290 VT High Yield Bond Portfolio	\$ 83,840	\$ 1,083
1290 VT Natural Resources Portfolio	\$ 30,338	\$ 36
1290 VT Real Estate Portfolio	\$ 65,383	\$ 2,348
1290 VT Small Cap Value Portfolio	\$ 7,411	\$ 51
1290 VT Smart Beta Equity ESG Portfolio	\$ 13,768	\$ 84

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
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4. Purchases and Sales of Portfolios (continued)

Variable Investment Options	Purchases	Sales
I290 VT Socially Responsible Portfolio	\$ 2,581	\$ 25
EQ/AB Dynamic Moderate Growth Portfolio	\$ 33,871	\$ 277
EQ/AB Short Duration Government Bond	\$ 103,280	\$ 293
EQ/AB Small Cap Growth Portfolio	\$ 52,364	\$ 1,624
EQ/Aggressive Allocation Portfolio	\$ 194,844	\$ 563
EQ/All Asset Growth Portfolio	\$ 54,828	\$ 83
EQ/American Century Mid Cap Value Portfolio	\$ 41,835	\$ 813
EQ/Conservative Allocation Portfolio	\$ 29,108	\$ 44
EQ/Emerging Markets Equity PLUS Portfolio	\$ 4,974	\$ 20
EQ/Equity 500 Index Portfolio	\$ 1,085,325	\$ 6,976
EQ/Fidelity Institutional AM® Large Cap Portfolio	\$ 222,838	\$ 5,136
EQ/Franklin Rising Dividends Portfolio	\$ 300,199	\$ 4,612
EQ/Goldman Sachs Growth Allocation Portfolio	\$ 72,700	\$ 2,611
EQ/Goldman Sachs Moderate Growth Allocation Portfolio	\$ 6,399	\$ 43
EQ/Intermediate Government Bond Portfolio	\$ 32,266	\$ 248
EQ/International Equity Index Portfolio	\$ 47,342	\$ 119
EQ/Invesco Global Portfolio	\$ 51,704	\$ 1,998
EQ/Invesco Global Real Assets Portfolio	\$ 1,993	\$ 3
EQ/Janus Enterprise Portfolio	\$ 221,755	\$ 4,760
EQ/JPMorgan Value Opportunities Portfolio	\$ 16,536	\$ 130
EQ/Large Cap Growth Index Portfolio	\$ 249,931	\$ 1,200
EQ/Large Cap Value Index Portfolio	\$ 136,514	\$ 451
EQ/MFS International Growth Portfolio	\$ 62,088	\$ 517
EQ/MFS Technology Portfolio	\$ 63,318	\$ 234
EQ/MFS Utility Series Portfolio	\$ 178,542	\$ 2,814
EQ/Mid Cap Index Portfolio	\$ 113,675	\$ 1,612
EQ/Moderate Allocation Portfolio	\$ 13,259	\$ 38
EQ/Moderate-Plus Allocation Portfolio	\$ 36,403	\$ 186
EQ/Money Market Portfolio	\$ 343,368	\$ 162,242
EQ/PIMCO Global Real Return Portfolio	\$ 1,799	\$ 6
EQ/PIMCO Total Return ESG Portfolio	\$ 460,953	\$ 2,822
EQ/PIMCO Ultra Short Bond Portfolio	\$ 28,548	\$ 26
EQ/Small Company Index Portfolio	\$ 39,016	\$ 152
EQ/T. Rowe Price Health Sciences Portfolio	\$ 26,366	\$ 37
EQ/Wellington Energy Portfolio	\$ 7,978	\$ 16
Multimanager Technology Portfolio	\$ 65,462	\$ 282

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
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**5. Expenses and Related Party Transactions**

Certain officers of the Separate Account are also officers, or employees of UGI or its affiliates. None of the Separate Account’s officers receive compensation from the Separate Account.

Certain charges made directly against the net assets of the Separate Account and are reflected daily in the computation of the unit values of the Contracts are charged by ULICO. These charges are included in “Asset-based Charges” in the Statements of Operations. Under the Contracts, ULICO charges the account for the following:

Contracts	Mortality and expense charge
VIA Generation Growth	1.35%
VIA Generation Growth ADV	0.40%

**6. Contract Maintenance Charges**

The following administrative charges are deducted from the Contract Owners account value as a redemption of units and are included as part of “Contract Maintenance Charges” in the Statements of Changes in Net Assets:

*Administrative expenses:*

Beginning with the first contract date anniversary, and administrative expenses are charged at contract anniversary date where the account value is less than \$100,000. If the contract is surrendered or annuitized or a death benefit is paid on any date other than the contract date anniversary, the charge will be the pro rata portion for that year. The administrative expense charge by classes are as follow:

	VIA Generation Growth	VIA Generation Growth ADV
Administrative Expenses (Annual Contract Maintenance Fee)	\$ 50	\$ 50

*Annual Tax Charge:*

ULICO deducts on an annual basis from each variable account a Puerto Rico tax equal to 0.10% of the asset value of the variable account as of December 31 of each calendar year. This Puerto Rico Tax is payable to the Puerto Rico Treasury Department by Universal Life pursuant to Section 1023.01 of the Puerto Rico Internal Revenue Code of 2011, as amended (the “P.R. Code”).

The annual tax charges are deducted as unit liquidation from account value and are included in the statement of changes in net assets as part of redemptions for contract benefits and terminations.

*Withdrawal charges:*

The percentage of the withdrawal charge that applies to each contribution depends on how long each contribution has been invested in the contract. While for VIA Generation Growth ADV class there is no withdrawal charge, the following table shows the withdrawal charge as a percentage contribution for the VIA Generation Growth class:

Withdrawal charge as a % of contributions for each year following the contribution

Year	1	2	3	4	5	6
VIA Generation Growth	7%	7%	6%	6%	5%	3%(1)

(1) Charge does not apply in the 7th and subsequent years following contribution.

The withdrawal charges are deducted as unit liquidation from account value and are included in the statement of changes in net assets as part of redemptions for contract benefits and terminations.



Universal Life Separate Account Fortune VII  
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December 31, 2023

**7. Financial Highlights**

The ranges for the total return ratios and unit values correspond to the product groupings that produced the lowest and highest expense ratios. The lowest and the highest contract charge represents the contract expenses that consist of mortality and expense charges. This ratio includes only those expenses that result in direct reduction to unit value. Charges made directly to Contract Owner account through the redemption of units and expenses of the respective Portfolios have been excluded. The summary may not reflect the minimum and maximum contract charges offered by the Company as Contract Owners may not have selected all available and applicable contract options. Due to the timing of the introduction of new products into the Separate Account, contract charges and related unit values and total returns represent those from the period of February 21, 2023 to December 31, 2023 and have not been annualized.

		<u>Unit Value</u>	<u>Units Outstanding</u>	<u>Accumulation Unit Values</u>	<u>Investment Income Ratio</u>	<u>Total Return</u>
<u>1290 VT High Yield Bond Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 9.16	-	-	-	10.10%
	All contract charges	-	8,830	80,895	10.08%	
<u>1290 VT Natural Resources Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 10.08	-	-	-	0.80%
	Highest contract charge 1.35% Class IB	\$ 10.00	-	-	-	0.00%
	All contract charges	-	2,878	28,993	4.63%	
<u>1290 VT Real Estate Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 5.91	-	-	-	3.87%
	Highest contract charge 1.35% Class IB	\$ 5.87	-	-	-	3.16%
	All contract charges	-	11,488	67,600	4.68%	
<u>1290 VT Small Cap Value Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 10.56	-	-	-	-7.12%
	All contract charges	-	627	6,618	12.33%	
<u>1290 VT Smart Beta Equity ESG Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 17.18	-	-	-	10.91%
	All contract charges	-	806	13,855	3.24%	
<u>1290 VT Socially Responsible Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 19.55	-	-	-	17.56%
	All contract charges	-	149	2,907	2.98%	
<u>EQ/AB Dynamic Moderate Growth Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 12.27	-	-	-	8.39%
	All contract charges	-	2,903	35,618	1.71%	
<u>EQ/AB Short Duration Government Bond</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 9.95	-	-	-	3.54%
	Highest contract charge 1.35% Class IB	\$ 9.87	-	-	-	2.71%
	All contract charges	-	10,297	102,286	4.76%	
<u>EQ/AB Small Cap Growth Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 14.32	-	-	-	8.48%
	All contract charges	-	3,886	55,646	0.56%	
<u>EQ/Aggressive Allocation Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 9.88	-	-	-	8.10%
	All contract charges	-	19,791	195,517	11.54%	

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
December 31, 2023

7. Financial Highlights (continued)

		Unit Value	Units Outstanding	Accumulation Unit Values	Investment Income Ratio	Total Return
<u>EQ/All Asset Growth Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 17.85	-	-	-	7.08%
	All contract charges	-	3,078	54,927	6.02%	
<u>EQ/American Century Mid Cap Value Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 21.69	-	-	-	-2.91%
	All contract charges	-	1,731	37,538	8.28%	
<u>EQ/Conservative Allocation Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 8.28	-	-	-	4.68%
	All contract charges	-	3,569	29,538	4.28%	
<u>EQ/Emerging Markets Equity PLUS Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 8.90	-	-	-	5.20%
	All contract charges	-	570	5,074	4.41%	
<u>EQ/Equity 500 Index Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 70.22	-	-	-	19.04%
	Highest contract charge 1.35% Class IB	\$ 69.65	-	-	-	18.07%
	All contract charges	-	16,618	1,160,531	4.25%	
<u>EQ/Fidelity Institutional AM<sup>®</sup> Large Cap Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 50.85	-	-	-	19.39%
	All contract charges	-	4,472	227,424	4.40%	
<u>EQ/Franklin Rising Dividends Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 44.92	-	-	-	9.48%
	All contract charges	-	6,824	306,542	2.45%	
<u>EQ/Goldman Sachs Growth Allocation Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 11.48	-	-	-	11.13%
	All contract charges	-	6,606	75,854	2.46%	
<u>EQ/Goldman Sachs Moderate Growth Allocation Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 10.46	-	-	-	8.84%
	All contract charges	-	645	6,753	3.20%	
<u>EQ/Intermediate Government Bond Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 9.59	-	-	-	2.90%
	All contract charges	-	3,349	32,131	5.08%	
<u>EQ/International Equity Index Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 10.71	-	-	-	9.62%
	All contract charges	-	4,876	52,219	6.74%	
<u>EQ/Invesco Global Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 26.26	-	-	-	23.00%
	All contract charges	-	2,078	54,575	0.98%	
<u>EQ/Invesco Global Real Assets Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 15.21	-	-	-	0.13%
	All contract charges	-	137	2,090	4.54%	
<u>EQ/Janus Enterprise Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 19.76	-	-	-	-0.85%
	All contract charges	-	10,424	205,994	11.69%	
<u>EQ/JPMorgan Value Opportunities Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 19.15	-	-	-	0.58%
	All contract charges	-	831	15,918	7.56%	
<u>EQ/Large Cap Growth Index Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 21.31	-	-	-	26.85%
	Highest contract charge 1.35% Class IB	\$ 21.13	-	-	-	25.77%
	All contract charges	-	12,076	255,571	9.12%	

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
December 31, 2023

7. Financial Highlights (continued)

		Unit Value	Units Outstanding	Accumulation Unit Values	Investment Income Ratio	Total Return
<u>EQ/Large Cap Value Index Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 10.07	-	-	-	4.79%
	Highest contract charge 1.35% Class IB	\$ 9.98	-	-	-	3.85%
	All contract charges	-	13,108	131,208	10.06%	
<u>EQ/MFS International Growth Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 7.36	-	-	-	3.81%
	Highest contract charge 1.35% Class IB	\$ 7.30	-	-	-	2.96%
	All contract charges	-	8,125	59,548	8.88%	
<u>EQ/MFS Technology Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 31.43	-	-	-	40.69%
	All contract charges	-	2,265	71,204	0.00%	
<u>EQ/MFS Utility Series Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 34.35	-	-	-	-3.27%
	All contract charges	-	4,852	166,644	7.69%	
<u>EQ/Mid Cap Index Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 15.17	-	-	-	2.64%
	All contract charges	-	7,437	112,848	7.56%	
<u>EQ/Moderate Allocation Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 11.91	-	-	-	5.49%
	All contract charges	-	1,141	13,596	8.39%	
<u>EQ/Moderate-Plus Allocation Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 9.37	-	-	-	6.36%
	All contract charges	-	3,749	35,125	6.15%	
<u>EQ/Money Market Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 1.04	-	-	-	4.00%
	Highest contract charge 1.35% Class IB	\$ 1.03	-	-	-	3.00%
	All contract charges	-	173,727	178,659	4.46%	
<u>EQ/PIMCO Global Real Return Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 7.47	-	-	-	2.19%
	All contract charges	-	252	1,879	2.20%	
<u>EQ/PIMCO Total Return ESG Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 9.58	-	-	-	4.70%
	Highest contract charge 1.35% Class IB	\$ 9.51	-	-	-	3.93%
	All contract charges	-	48,813	466,526	6.21%	
<u>EQ/PIMCO Ultra Short Bond Portfolio</u>						
2023	Lowest contract charge 0.40% Class IB	\$ 10.11	-	-	-	4.23%
	Highest contract charge 1.35% Class IB	\$ 10.03	-	-	-	3.40%
	All contract charges	-	2,688	27,155	16.92%	
<u>EQ/Small Company Index Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 11.07	-	-	-	4.24%
	All contract charges	-	3,796	42,021	8.73%	
<u>EQ/T. Rowe Price Health Sciences Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 58.68	-	-	-	2.68%
	All contract charges	-	464	27,218	5.62%	
<u>EQ/Wellington Energy Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 4.10	-	-	-	6.49%
	All contract charges	-	1,883	7,718	5.73%	
<u>Multimanager Technology Portfolio</u>						
2023	Highest contract charge 1.35% Class IB	\$ 32.20	-	-	-	28.24%
	All contract charges	-	1,881	60,570	9.29%	

Universal Life Separate Account Fortune VII  
Notes to Financial Statements  
December 31, 2023

**8. Taxes**

The operations of the Separate Account are included in the operations of ULICO. Based on the P.R. Code, ULICO does not incur any income tax on the earnings or realized capital gains attributable to the Separate Account. As a result, no charges are currently being deducted from the Separate Account for federal and Puerto Rico income tax purposes. The Separate Account concluded that there are no uncertain tax positions. Uncertain tax positions are recognized if it is “more likely than not” that the position will be sustained assuming an examination by the tax authorities.

Pursuant to Section 1023.01 of the P.R. Code, a special tax equal to 0.10% of the total asset value of the Separate Account as of December 31 of each calendar year is reported and fully paid by ULICO. This special tax is payable to the Puerto Rico Treasury Department. Special tax corresponding to the period ended December 31, 2023 amounted to \$4,515 and is included in units redeemed in the accompanying Statements of Changes in Net Assets.

ULICO retains the right to charge for any state income tax that is attributable to the Separate Account.

**9. Risk and Uncertainties**

Investing in the Separate Account involves certain key risks related to the Separate Account’s trading activity. Please refer to the Separate Account prospectus for further discussion of the following risks, as well as other risks of investing in the Separate Account.

**Market risk:** The market values of the Variable Investment Options will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental actions or interventions, actions taken by the U.S. Federal Reserve or foreign central banks, political developments, warfare conflicts, investor sentiment, public health emergencies such as a pandemic, and other factors that may or may not be related to the issuer of the security or other asset. The market prices of securities and other assets also may go down due to events or conditions that affect particular sectors, industries or issuers. Adverse market conditions may be prolonged and may not have the same impact on all types of securities or other assets.

Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, technology and data interruptions, natural disasters, and other circumstances in one or more countries or regions could be highly disruptive to, and have profound impacts on, global economies or markets. As a result, whether or not the Separate Account invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of a VIO may be affected adversely and negatively impact the Separate Account’s performance.

Because ULICO’s business is written in Puerto Rico, ULICO’s insurance risk is not as diversified as the risk of a carrier that covers a broader geographical area. A natural catastrophe could cause damage to a large number of ULICO’s Contract Owners, which would result in significantly increased losses to ULICO. Management believes, however, that ULICO’s reinsurance program will reduce to a manageable level its net exposure in any such catastrophe.

**Other matters:** ULICO and its affiliates are parties to various legal proceedings that originated in the normal course of business. None of these proceedings would be likely to have a material adverse effect, if any, upon the Separate Account, our ability to meet our obligations under the contracts, or the distribution of the contracts.

**10. Subsequent Events**

The Company has evaluated all subsequent events through April 29, 2024, the date the accompanying financial statements were issued. No events have occurred subsequent to December 31, 2023 that would require recognition in the financial statements.



Kevane

**Grant Thornton**

Statutory-Basis Financial Statements Report of  
Independent Certified Public Accountants

**Universal Life Insurance Company**

December 31, 2023 and 2022

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# Universal Life Insurance Company

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**Report of Independent Certified Public Accountants**

**The Board of Directors  
Universal Life Insurance Company**

**Opinion**

We have audited the statutory-basis financial statements of **Universal Life Insurance Company**, which comprise the statements of admitted assets, liabilities, capital and surplus and other funds as of December 31, 2023, and the related statements of operations, changes in capital and surplus and other funds and cash flows for the year then ended, and the related notes to the statutory-basis financial statements.

**Unmodified Opinion on Statutory Basis of Accounting**

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the financial position of **Universal Life Insurance Company** at December 31, 2023, and the results of its operations and its cash flows for the year then ended on the basis of accounting described in Note 1.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of **Universal Life Insurance Company** at December 31, 2023, or the results of its operations or its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the statutory-basis financial statements section of our report. We are required to be independent of **Universal Life Insurance Company** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 to the statutory-basis financial statements, **Universal Life Insurance Company** prepared these statutory-basis financial statements using accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of Puerto Rico, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the statutory-basis financial statements of the variances between these statutory accounting practices described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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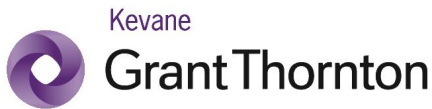
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**Prior Period Statutory-Basis Financial Statements**

The statutory-basis financial statements of **Universal Life Insurance Company** as of and for the year ended December 31, 2022 and 2021 were audited by other auditors whose report dated May 15, 2023, expressed an unmodified opinion and an adverse opinion on those statements because of the variances between statutory accounting practices and accounting principles generally accepted in the United States of America as described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles.

**Responsibilities of Management for the Statutory-Basis Financial Statements**

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Universal Life Insurance Company's** ability to continue as a going concern for one year after the date that the statutory-basis financial statements are issued.

**Auditor's Responsibilities for the Audit of Statutory-Basis Financial Statements**

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statutory-basis financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Universal Life Insurance Company's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statutory-basis financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Universal Life Insurance Company's** ability to continue as a going concern for a reasonable period of time.





We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Kevane Grant Thornton, LLP  
San Juan, Puerto Rico  
April 29, 2024.

## Universal Life Insurance Company

### Statutory-Basis Statements of Admitted Assets, Liabilities, Capital and Surplus and Other Funds Years Ended December 31, 2023 and 2022

	2023	2022
<b>Admitted assets</b>		
Cash and invested assets:		
Debt securities	\$ 1,363,607,871	\$ 1,412,273,468
Equity securities	280,014,578	270,025,731
Restricted investment	1,056,099	996,741
Cash and short-term investments	184,589,337	119,169,495
Receivable for securities	5,861	682,756
Other invested assets	33,395,165	66,369,544
Total cash and invested assets	<u>1,862,668,911</u>	<u>1,869,517,735</u>
Premiums due and unpaid	3,377,733	3,684,969
Accrued investment income	14,623,775	13,945,890
Reinsurance recoverable on paid losses and other	151,917,856	47,920,680
Receivable from parent, subsidiaries, and affiliates	52,680,026	19,918,461
Accounts receivable – other	44,413	631,790
Separate account assets	379,918,698	397,842,747
Current federal and foreign income tax	1,481,984	2,719,349
Deferred income tax asset	785,592	1,243,097
Electronic data processing equipment and software:		
Net of accumulated depreciation of \$4,983,750 and \$3,842,178 as of December 31, 2023 and 2022, respectively	2,278,175	1,847,070
Total	<u>\$2,469,777,163</u>	<u>\$2,359,271,788</u>

The accompanying notes are an integral part of these statutory-basis statements.

## Universal Life Insurance Company

### Statutory-Basis Statements of Admitted Assets, Liabilities, Capital and Surplus and Other Funds Years Ended December 31, 2023 and 2022

	2023	2022
<b>Liabilities capital and surplus and other funds</b>		
Liabilities:		
Policy liabilities:		
Aggregate reserves for life, annuities, and accident and health policies and contracts	\$ 720,350,636	\$ 649,311,102
Unpaid policy and contract claims:		
Life	3,472,996	3,565,626
Accident and health	1,428,837	1,163,846
Total policy liabilities	725,252,469	654,040,574
Reinsurance payable	29,610,284	16,985,210
Commissions due	1,684,371	2,378,217
Income tax payable	-	1,470
Accrued expenses and other liabilities – including expense allowances recognized in reserves of \$(2,083,630) and \$(2,562,303) as of December 31, 2023 and 2022, respectively	15,525,575	14,234,563
Payable to affiliates	65,816	138,301
Separate account liabilities	379,819,982	397,693,066
Funds held under reinsurance treaties	1,004,250,005	1,049,543,050
Borrowed money and interest	95,539,003	49,309,396
Payable for securities	44,716,737	-
Asset valuation reserve	35,972,827	32,848,268
Total liabilities	<u>2,332,437,069</u>	<u>2,217,172,115</u>
Capital and surplus and other funds:		
Common stock, \$100 par value – authorized, 100,000 shares; issued and outstanding, 25,000 shares	2,500,000	2,500,000
Gross paid-in and contributed surplus	47,391,608	22,391,608
Unassigned funds – surplus	87,448,486	117,208,065
Total capital and surplus and other funds	<u>137,340,094</u>	<u>142,099,673</u>
Total	<u>\$2,469,777,163</u>	<u>\$2,359,271,788</u>

The accompanying notes are an integral part of these statutory-basis statements.

## Universal Life Insurance Company

### Statutory-Basis Statements of Operations Years Ended December 31, 2023, 2022 and 2021

	2023	2022	2021
Revenues:			
Premiums earned:			
Premiums written	\$ 505,162,303	\$ 460,334,962	\$ 373,554,084
Premiums assumed	333,114	309,271	476,374
Premium ceded	(351,804,293)	(325,329,421)	(261,559,465)
Net premiums earned	153,691,124	135,314,812	112,470,993
Net investment income	85,389,883	72,987,617	63,935,449
Income from fees associated with investment management and administration of separate accounts	3,175,583	3,668,448	4,383,825
Commissions and expense allowance on reinsurance ceded	48,284,009	44,688,760	39,029,485
Other income	6,080,934	863,145	10,901,043
Total revenues	<u>296,621,533</u>	<u>257,522,782</u>	<u>230,720,795</u>
Losses and expenses:			
Death, disability, and other benefits	109,775,948	75,402,076	50,311,843
Net increase in aggregate reserves for life, accident, and health policies and contracts	78,406,787	72,946,975	77,196,514
Commission expense	28,220,604	27,821,289	23,174,560
Other underwriting expenses	30,902,465	24,479,622	19,860,447
Aggregate write-ins for deductions	56,503,092	48,127,402	37,550,438
Total losses and expenses	<u>303,808,896</u>	<u>248,777,364</u>	<u>208,093,802</u>
Reserve adjustment on reinsurance ceded	(27,435,310)	(16,381,072)	(14,748,932)
Net transfers to separate accounts	45,609,328	26,375,165	23,752,152
Income before income taxes and net realized capital gains (losses)	10,986,655	18,739,511	31,630,213
Income taxes	1,737,296	1,049,504	3,098,713
Net realized capital (losses) gains – net of capital gains tax and capital (losses) gains transferred to IMR net of tax	(78,342)	(13,718)	1,672,636
Net income	<u>\$ 9,171,017</u>	<u>\$ 17,676,289</u>	<u>\$ 30,204,136</u>

The accompanying notes are an integral part of these statutory-basis statements.

## Universal Life Insurance Company

### Statutory-Basis Statements of Changes in Capital and Surplus and Other Funds Years Ended December 31, 2023, 2022 and 2021

	Common Stock	Gross Paid-in and Contributed Surplus	Unassigned Funds – Surplus	Total
Balance – January 1, 2021	\$ 2,500,000	\$ 22,391,608	\$ 123,614,944	\$ 148,506,552
Statutory net income	-	-	30,204,136	30,204,136
Changes in:				
Unrealized capital losses, net of tax	-	-	(697,722)	(697,722)
Nonadmitted assets	-	-	416,555	416,555
Changes in Surplus in Separate Accounts	-	-	23,727	23,727
Asset valuation reserve	-	-	(14,142,475)	(14,142,475)
Dividend to stockholder	-	-	(6,000,000)	(6,000,000)
Aggregate write-ins for losses in surplus	-	-	(1,923,607)	(1,923,607)
Balance – December 31, 2021	2,500,000	22,391,608	131,495,558	156,387,166
Statutory net income	-	-	17,676,289	17,676,289
Changes in:				
Unrealized capital losses, net of tax	-	-	(7,307,939)	(7,307,939)
Nonadmitted assets	-	-	(12,561,442)	(12,561,442)
Changes in Surplus in Separate Accounts	-	-	(171,851)	(171,851)
Asset valuation reserve	-	-	(1,922,550)	(1,922,550)
Dividend to stockholder	-	-	(10,000,000)	(10,000,000)
Balance – December 31, 2022	2,500,000	22,391,608	117,208,065	142,099,673
Statutory net income	-	-	9,171,017	9,171,017
Changes in:				
Unrealized capital gains, net of tax	-	-	1,830,022	1,830,022
Nonadmitted assets	-	-	(29,085,094)	(29,085,094)
Changes in Surplus in Separate Accounts	-	-	(50,964)	(50,964)
Asset valuation reserve	-	-	(3,124,560)	(3,124,560)
Paid in Surplus	-	25,000,000	-	25,000,000
Dividend to stockholder	-	-	(8,500,000)	(8,500,000)
Balance – December 31, 2023	<u>\$ 2,500,000</u>	<u>\$ 47,391,608</u>	<u>\$ 87,448,486</u>	<u>\$ 137,340,094</u>

The accompanying notes are an integral part of these statutory-basis statements.

## Universal Life Insurance Company

### Statutory-Basis Statements of Cash Flow Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Premiums collected – net of reinsurance	\$ 156,812,728	\$ 133,608,317
Investment income received	83,751,159	71,101,723
Miscellaneous income received	57,117,430	44,751,126
Death, disability, and other benefits paid	(238,019,990)	(113,191,932)
Net transfers from separate accounts	46,127,438	27,892,299
Federal and foreign income taxes paid	(160,916)	(2,329,381)
Commissions and other underwriting expenses paid	(114,221,917)	(104,588,361)
Net cash (used in) provided by operating activities	<u>(8,594,068)</u>	<u>57,243,791</u>
Cash flows from investing activities:		
Proceeds from sales and redemptions of investments	215,849,560	126,900,826
Cost of investments acquired	(82,342,541)	(232,717,478)
Net cash provided by (used in) used in investing activities	<u>133,507,019</u>	<u>(105,816,652)</u>
Cash flows from financing and miscellaneous sources:		
Borrowed funds received (paid)	46,229,607	14,246,174
Net deposits on deposit-type contracts and other insurance liabilities	180,640	111,666
Dividends paid	(8,500,000)	(10,000,000)
Other cash (used) provided	(97,403,356)	14,931,824
Net cash (used in) provided by financing and miscellaneous sources	<u>(59,493,109)</u>	<u>19,289,664</u>
Net change in cash and short-term investments	65,419,842	(29,283,197)
Cash and short-term investments – beginning of year	119,169,495	148,452,692
Cash and short-term investments – end of year	<u>\$ 184,589,337</u>	<u>\$ 119,169,495</u>

The accompanying notes are an integral part of these statutory-basis statements.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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(1) **Organization and summary of significant accounting policies:**

(a) **Organization and operations -**

Universal Life Insurance Company (Universal Life or the Company) was incorporated on April 16, 1993, under the name of Eastern America Life Insurance Company and changed its name to Universal Life in 1997. During 2012, Universal Group, Inc. (UGI) transferred 100% of the Company's outstanding common stock to Universal Insurance Company (the Parent Company or Universal Insurance), which is a wholly owned subsidiary of UGI. This transfer was approved by the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner) on June 27, 2012.

Universal Life is engaged in the life, annuity, and accident and health insurance business, generating the majority of its business from annuities and life policies. Universal Life operates under the provisions of the Puerto Rico Insurance Code (the PR Insurance Code) and is subject to the regulations issued by the Commissioner.

(b) **Basis of accounting -**

The accompanying statutory-basis financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Commissioner, which vary in certain respects from U.S. generally accepted accounting principles (GAAP). Prescribed statutory accounting practices include National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP) that do not conflict with the PR Insurance Code and administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

Accounting practices and procedures prescribed or permitted by the Commissioner comprise a comprehensive basis of accounting other than GAAP. The main significant differences with GAAP are as follows:

- (i) Under NAIC SAP, investments in debt securities are generally carried at amortized cost or at the lower of amortized cost or fair value depending on the NAIC rating, whereas under GAAP, they are carried at either amortized cost or fair value based on their classification according to the Company's ability and intent to hold or trade the securities.
- (ii) Investments in redeemable preferred stock are generally carried at cost or at the lower of amortized cost or fair value depending on the NAIC rating, whereas under GAAP, these preferred stocks are reported at fair value.
- (iii) Acquisition costs, such as commissions and other costs related to acquiring new business are expensed as incurred, while under GAAP, they are deferred and amortized to income as premiums are earned or in relation to estimated gross profits.
- (iv) Statutory policy reserves are based on mortality and interest assumptions prescribed or permitted by statutes, without consideration of withdrawals. Statutory policy reserves generally differ from policy reserves under GAAP, which are based on the Company's estimates of mortality, interest, and withdrawals. The effect, if any, on reserves due to a change in valuation basis is recorded directly to unassigned surplus rather than included in the determination of net gain from operations.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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- (v) Asset valuation reserves (AVR) and interest maintenance reserves (IMR) are established in the statutory-basis financial statements only.
- (vi) Assets are reported under statutory accounting principles at “admitted-asset” value and “nonadmitted” assets are excluded through a charge against surplus, while under GAAP, “nonadmitted assets” are reinstated to the balance sheet, at their net realizable value.
- (vii) Reinsurance recoverable on unpaid losses is reported as a reduction of policy benefits and other insurance reserves, while under GAAP, they are reported as an asset.
- (viii) The statement of cash flows is presented in accordance with guidelines established by the NAIC and the Commissioner, whereas GAAP emphasizes the changes in cash and cash equivalents and requires that cash flow activity be reported under the captions of operating, investing, and financing activities.
- (ix) Under NAIC SAP, deferred taxes are provided for differences between the statutory and tax bases of assets and liabilities with certain limitations as to the amount of deferred tax assets that may be reported as “admitted assets,” and changes in deferred taxes are recognized as a separate component in surplus, whereas under GAAP, a provision is made for differences between the financial reporting and tax bases of assets and liabilities, and changes in deferred taxes are generally recognized through current operations.
- (x) Comprehensive income and its components are not presented in the statutory-basis financial statements.
- (xi) Under NAIC SAP loans made by a reporting entity to its parent or principal owner shall be admitted if approval for the transaction has been obtained from the domiciliary commissioner and the loan or advance is determined to be collectible based on the parent or principal owner’s independent payment ability. However, as prescribed by the PR Insurance Code, it allows life insurers companies to recognize such transactions without the requirement of approval as long as they fall below a threshold consisting of 3% of the insurer’s admitted assets as of the 31st day of December next preceding, according to Chapter 44, Section 4406 a), (2), (A), (ii).

The Commissioner of Insurance requires that insurance companies domiciled in Puerto Rico prepare their statutory-basis financial statements in accordance with SAP subject to any deviations prescribed or permitted by the Commissioner.

There is no difference between the Company’s net income as reported in the accompanying statutory-basis financial statements and NAIC SAP.

The years “2023”, “2022” and “2021” refer to the years ended December 31, 2023, 2022 and 2021, respectively.

In 2023, 2022 and 2021, the Company was in compliance with the Risk Based Capital (RBC) requirements and would have been in such compliance if it had not used the above prescribed practice.



## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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(c) **Use of estimates -**

The preparation of statutory-basis financial statements in conformity with accounting principles prescribed or permitted by the Commissioner requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) **Investments -**

Bonds other than loan-backed securities and structured securities are stated at amortized cost and any premium or discount is amortized to income using the effective interest method. Bonds in or near default (NAIC designation 6) are stated at the lower of amortized cost or fair value.

Loan-backed securities and structured securities, excluding residual tranches or interests, are stated at amortized cost and any premium or discount is amortized to income using the interest method, including anticipated prepayments at the date of purchase. Loan-backed securities and structured securities in or near default (NAIC designation 6) are stated at the lower of amortized cost or fair value. Changes in prepayment speeds and estimated cash flows from the original purchase assumptions are evaluated quarterly. For high-credit quality loan-backed securities and structured securities (those rated AA or above at the date of acquisition), projected future cash flows are updated quarterly, and the amortized cost and effective yield of the security are adjusted to reflect historical prepayment experience and changes in estimated future prepayments. The adjustments to amortized cost are recorded as a charge or credit to investment income in accordance with the retrospective method. The prospective-yield method is used for securities that are not of high-credit quality and for securities that have potential for loss of a portion of the original investments.

Unaffiliated common stocks are carried at fair value. The change in the fair value is recorded as a change in net unrealized capital gains (losses), a component of unassigned funds-surplus. Redeemable preferred stocks are carried at cost, at the lower of cost or amortized cost, or fair value, depending on the assigned credit rating and whether the preferred stock has mandatory sinking fund provisions.

Short-term investments include all investments whose maturities, at the time of acquisition, are one year or less and are stated at amortized cost, which approximates fair value.

Investment income consists primarily of interest and dividends. Interest is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Accrual of income is suspended for bonds that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined on the specific identification basis and are recorded in earnings.

Declines in the fair value of invested assets below cost are evaluated for other-than-temporary impairment (OTTI) losses on a quarterly basis. Impairment losses for declines in fair value of debt and equity securities below cost attributable to issuer-specific events are based upon all relevant facts and circumstances for each investment and are recognized when appropriate in accordance with NAIC SAP and related guidance. For debt securities other than loan-backed securities and structured securities with unrealized losses due to market conditions or industry-related events where the Company has the positive intent and ability to hold the investment for a period of time sufficient to allow a market recovery or to maturity, declines in fair value below cost are assumed to be temporary.

When a bond (other than loan-backed securities and structured securities), preferred stock, or common stock is deemed to be other-than-temporarily impaired, the difference between the investments' amortized cost and its fair value is recognized as a net realized capital loss and reported in net income (loss).

The new cost basis of an impaired security is not adjusted for subsequent increases in fair value. In periods subsequent to the recognition of an OTTI, the impaired bond is accounted for as if it had been purchased on the

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis may be accreted into investment income in future periods based on the prospective changes in cash flow estimates to reflect adjustments to the effective yield.

An other-than-temporary loss on loan-backed and structured securities is recognized in net income when it is anticipated that the amortized cost will not be recovered. The entire difference between the loan-backed or structured security's amortized cost and its fair value is recognized in net income only when the Company (a) has the intent to sell the security or (b) it does not have the intent and ability to hold the security to recovery. If neither of these two conditions exists, a realized loss would be recognized in net income for the difference between the amortized cost basis of the security and the net present value of projected future cash flows expected to be collected. The net present value is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit in the loan-backed or structured security prior to impairment.

The determination of cash flow estimates in the net present value is subjective and methodologies will vary, depending on the type of security. The Company considers all information relevant to the collectability of the security, including past events, current conditions, and reasonably supportable assumptions and forecasts in developing the estimate of cash flows expected to be collected. This information generally includes, but may not be limited to, the remaining payment terms of the security, estimated prepayment speeds, defaults, and recoveries upon liquidation of the underlying collateral securing the notes, the financial condition of the issuer, credit enhancements, and other third-party guarantees. In addition, other information, such as industry analyst reports and forecasts, sector credit ratings, the financial condition of the bond insurer for insured fixed-income securities, and other market data relevant to the collectability may also be considered, as well as the expected timing of the receipt of insured payments, if any. The estimated fair value of the collateral may be used to estimate recovery value if the Company determines that the security is dependent on the liquidation of the collateral for recovery.

For the non-agency mortgage-backed securities (Non-Agency MBS) portfolio, the Company updates cash flow projections quarterly. The projections are done for each security based upon the evolution of prepayment, delinquency, and default rates for the pool of mortgages collateralizing each security, and the projected impact on the course of future prepayments, defaults, and loss in the pool of mortgages, but do not include market prices. As a result, forecasts may change from period to period and additional impairments may be recognized over time as a result of deterioration in the fundamentals of a particular security or group of securities and/or a continuation of heightened mortgage defaults for a period longer than the assumptions used for the forecasts. Both qualitative and quantitative factors are used in creating the Company's Non-Agency MBS cash flow models. As such, any estimate of impairments is subject to the inherent limitation on the Company's ability to predict the aggregate course of future events. It should, therefore, be expected that actual losses may vary from any estimated losses and the Company may recognize additional other-than-temporary losses.

**(e) Separate accounts -**

The Company has established nonguaranteed separate accounts with varying investment objectives, which are segregated from the Company's general account and are maintained for the benefit of separate account contract holders. Separate account assets are invested in underlying mutual funds and are stated at fair value. The liability for nonguaranteed separate accounts represents contract holders' interest in the separate account assets, including accumulated net investment income and realized and unrealized gain and losses on those assets.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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Separate accounts are carried at fair value. Purchase payments or transfers allocated to subaccounts are accounted for in accumulation unit values (AUV). AUV are determined by calculating the net investment factor for the underlying mutual funds in the applicable subaccount for the current valuation period and multiplying that result with the AUV determined on the previous valuation period. Universal Life uses the net investment factor as a way to calculate the investment performance of subaccounts from valuation period to valuation period. Gains and losses realized and unrealized are recorded as net investment income in the separate accounts.

Net transfers to separate accounts consist of funds received from policyholders, less surrenders and/or withdrawals, and the change in the expense allowance. The reserve adjustments on reinsurance ceded consists of the reinsurance effect of the funds received from policyholders, less surrenders, and/or withdrawals.

**(f) Premiums and related commissions -**

Life premiums are recognized as income over the premium-paying period of the related policies. Accident and health premiums are earned ratably over the terms of the related insurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs, such as sales commissions, are charged to operations as incurred.

**(g) Aggregate reserves for life, annuities, and accident and health policies and contracts -**

The Credit Life aggregate reserve is computed using the following valuation tables and interests:

<b>Effective Year</b>	<b>Valuation Table and Interest</b>
2012-2013	120% 2001 CSO 3.75% ALB
2014	120% 2001 CSO 4.00% ALB
2015-2016	120% 2001 CSO 3.75% ALB
2017-2018	120% 2001 CSO 3.50% ALB
2019	120% 2001 CSO 3.75% ALB
2020	120% 2001 CSO 3.25% ALB
2021	120% 2001 CSO 3.00% ALB
2022	120% 2001 CSO 3.25% ALB
2023	120% 2001 CSO 4.25% ALB

The reserve for credit disability is calculated using the mean of the "pro rata" and the Rule of 78. Policy reserves for group life and health and accident insurance include claim reserves and unearned premiums.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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For Ordinary Life products the aggregate reserves are computed using the following valuation tables and interests:

**Valuation Table and Interest**

2002-2005	1980 CSO	50% Male	4.5% ALB	CRVM
2006-2012	2001 CSO	4.00% ALB	Gender distinct	CRVM
2013-2020	2001 CSO	3.50% ALB	Gender distinct	CRVM
2021-2023	2001 CSO	3.00% ALB	Gender distinct	CRVM

Annuity reserves are based on statutory mortality, morbidity and interest requirements, without consideration of future withdrawals. Virtually all annuity reserves are calculated on the modified-reserve basis, which partially offsets the effect of immediately charging policy acquisition costs for commission expense. Annuity reserves are computed using assumed interest and valuation methods that will provide, in aggregate, reserves that are greater than the minimum valuation required by law and the guaranteed policy cash values.

Reserves for fixed and equity deferred annuities are based on the A2000 mortality table gender distinct and Commissioners' Annuity Reserve Valuation Method ("CARVM") with assumed interest rates ranging from 3.00% to 5.00%.

Reserves for group annuities are based on A2000 mortality table gender distinct and Commissioners Annuity Reserve Valuation Method ("CARVM") with assumed interest rates ranging from 3.00% to 5.00%.

**(h) Reinsurance -**

Universal Life seeks to reduce the loss that may arise from catastrophic or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with reinsurers. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured policy. The Company is not relieved of its primary obligation to the policyholder in a reinsurance transaction.

**(i) Unpaid policy and contract claims -**

The liabilities for unpaid policy and contract claims are based on case-basis estimates for reported claims, and on estimates, based on experience, for incurred but not reported claims and claim expenses. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. Such estimates are periodically reevaluated and any adjustments, as subsequently determined, are reflected in the current period's operations.

**(j) AVR and IMR -**

Universal Life established certain reserves as promulgated by the NAIC. The AVR is determined by formula and is based on Universal Life's holding of mortgages, investments in real estate, bonds, stocks, and other invested assets. This valuation reserve requires appropriation of surplus to provide for possible losses on these investments. Realized and unrealized capital gains and losses, other than those resulting from interest rate changes, are added, or charged to the AVR. The IMR is used to defer realized capital gains and losses, net of tax, on sales and calls of bonds and certain investments, which result from interest rate changes. These gains and losses are then amortized into investment income over what would have been the remaining years to maturity of the original investment.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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**(k) Electronic data processing equipment and software -**

Electronic data processing equipment is carried at cost, less accumulated depreciation using the straight-line method over the estimated useful lives of the assets, which have been established at three years. Depreciation and amortization expense related to electronic data processing equipment and software amounted to \$1,141,572, \$815,427, and \$591,168 for the years ended December 31, 2023, 2022 and 2021, respectively, and are included as part of the Statements of Admitted Assets, Liabilities, Capital and Surplus and Other Funds.

**(l) Guaranty fund assessments -**

Pursuant to the PR Insurance Code, Universal Life is a member of the Puerto Rico Insurance Guaranty Association for Life, Disability, and Health Insurance. As a member, Universal Life is required to provide funds for the settlement of claims and reimbursement of unearned premiums of insurance policies issued by insolvent insurance companies. Universal Life accrues guaranty fund assessments when it is probable that an assessment liability has been incurred and the amount of loss can be reasonably estimated. During 2023 and 2022, no assessments or accrual for possible future assessments were made.

**(m) Fair values of financial instruments -**

The following methods and assumptions were used by Universal Life in estimating the fair values of financial instruments:

*Debt and Equity Securities* – The fair values for debt and equity securities are obtained using the NAIC Purposes and Procedures Securities Valuation Office Manual, and the designation assigned in the NAIC Valuation of Securities product prepared by the NAIC Securities Valuation Office (SVO). For debt and equity securities not actively traded and/or not valued by the NAIC SVO, fair values are based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as discounted cash flow methodologies; adjusted for the security's credit rating; prepayment assumptions; and other factors, such as credit loss assumptions.

*Restricted Investment and Cash and Short-Term Investments* – The carrying amounts for these instruments approximate their fair values given their short-term maturity.

*Securities Sold under Agreements to Repurchase* – The carrying amounts of these instruments approximate their fair values due to their short-term nature and type of collateral structure provided as part of the agreement.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

(2) **Investment securities:**

The amortized cost, gross unrealized gains, gross unrealized losses, and fair value cost of investment securities as of December 31, 2023 and 2022 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 31, 2023</b>				
Debt securities – bonds and notes:				
U.S. government and its agencies and authorities	\$ 66,832,050	\$ 106,359	\$ 2,972,981	\$ 63,965,428
States, municipalities, and political subdivisions	356,868,639	741,349	37,114,276	320,495,712
Industrial and miscellaneous	366,987,595	599,714	38,943,988	328,643,321
Mortgage-backed and asset-backed securities	574,812,431	439,040	92,707,948	482,543,523
Total debt securities	<u>1,365,500,715</u>	<u>1,886,462</u>	<u>171,739,193</u>	<u>1,195,647,984</u>
Equity securities:				
Mutual funds	6,561,305	264	776,206	5,785,363
Common stocks	5,292,494	3,688,159	-	8,980,653
Preferred stocks	289,535,046	759,770	25,388,257	264,906,559
Total equity securities	<u>301,388,845</u>	<u>4,448,193</u>	<u>26,164,463</u>	<u>279,672,575</u>
Total	<u>\$1,666,889,560</u>	<u>\$ 6,334,655</u>	<u>\$ 197,903,656</u>	<u>\$1,475,320,559</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 31, 2022</b>				
Debt securities – bonds and notes:				
U.S. government and its agencies and authorities	\$ 66,922,040	\$ -	\$ 4,456,551	\$ 62,465,489
States, municipalities, and political subdivisions	366,489,764	312,817	49,597,687	317,204,894
Industrial and miscellaneous	397,720,766	62,968	56,682,589	341,101,145
Mortgage-backed and asset-backed securities	582,005,186	474,525	90,214,826	492,264,885
Total debt securities	<u>1,413,137,756</u>	<u>850,310</u>	<u>200,951,653</u>	<u>1,213,036,413</u>
Equity securities:				
Mutual funds	6,546,777	16	1,025,887	5,520,906
Common stocks	5,332,839	1,866,683	49,550	7,149,972
Preferred stocks	292,454,163	545,508	40,465,807	252,533,864
Total equity securities	<u>304,333,779</u>	<u>2,412,207</u>	<u>41,541,244</u>	<u>265,204,742</u>
Total	<u>\$1,717,471,535</u>	<u>\$ 3,262,517</u>	<u>\$ 242,492,897</u>	<u>\$1,478,241,155</u>

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

The Company's investments' fair value and gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2023 and 2022, are as follows:

Description of Securities	2023					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Debt securities - bonds and notes:						
U.S. government and its agencies and authorities	\$ 6,488,170	\$ 16,670	\$ 55,524,746	\$ 2,956,311	\$ 62,012,916	\$ 2,972,981
States, municipalities, and political subdivisions	10,544,118	217,814	279,951,786	36,896,462	290,495,904	37,114,276
Industrial and miscellaneous	55,572,495	3,048,878	251,206,230	35,895,110	306,778,725	38,943,988
Mortgage-backed and asset-backed securities	34,940,880	843,541	413,715,480	91,864,407	448,656,360	92,707,948
Total debt securities	107,545,663	4,126,903	1,000,398,242	167,612,290	1,107,943,905	171,739,193
Equity securities – mutual funds	-	-	5,776,056	776,206	5,776,056	776,206
Equity securities – preferred stocks	27,325,225	3,473,230	207,693,800	21,915,027	235,019,025	25,388,257
Total	\$134,870,888	\$7,600,133	\$1,213,868,098	\$190,303,523	\$1,348,738,986	\$197,903,656

Description of Securities	2022					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Debt securities - bonds and notes:						
U.S. government and its agencies and authorities	\$ 38,972,031	\$ 1,634,651	\$ 23,493,458	\$ 2,821,900	\$ 62,465,489	\$ 4,456,551
States, municipalities, and political subdivisions	248,757,473	34,904,973	51,869,247	14,692,714	300,626,720	49,597,687
Industrial and miscellaneous	231,520,061	40,103,719	46,429,386	16,578,870	277,949,447	56,682,589
Mortgage-backed and asset-backed securities	214,513,801	33,665,132	252,387,863	56,549,694	466,901,664	90,214,826
Total debt securities	733,763,366	110,308,475	374,179,954	90,643,178	1,107,943,320	200,951,653
Equity securities – mutual funds	784,800	243,766	4,735,056	782,121	5,519,856	1,025,887
Equity securities – common stocks	1,050,650	49,550	-	-	1,050,650	49,550
Equity securities – preferred stocks	199,551,018	35,949,835	25,164,133	4,515,972	224,715,151	40,465,807
Total	\$935,149,834	\$146,551,626	\$404,079,143	\$95,941,271	\$1,339,228,977	\$242,492,897

The number of individual securities that have been in a continuous loss position, by investment category and by length of time, as of December 31, 2023 and 2022, are as follows:

Description of Securities	2023			2022		
	Less than 12 Months	12 Months or Greater	Total	Less than 12 Months	12 Months or Greater	Total
	Debt securities – bonds and notes:					
U.S. government and its agencies and authorities	15	105	120	65	32	97
States, municipalities, and political subdivisions	12	335	347	330	45	375
Industrial and miscellaneous	7	298	305	287	43	330
Mortgage-backed and asset-backed securities	17	286	303	169	137	306
Total debt securities	51	1,024	1,075	851	257	1,108
Equity securities – mutual funds	0	35	35	3	26	29
Equity securities – common stocks	0	0	0	3	0	3
Equity securities – preferred stocks	11	123	134	135	19	154
Total	62	1,182	1,244	992	302	1,294

In accordance with the Company's impairment policy, the Company performed quantitative and qualitative analysis to determine if the decline was temporary. For those securities where the decline was considered temporary, the Company did not recognize an impairment since it has the ability and intent to hold these investments until recovery.

The Company recorded OTTI losses on equity securities amounting to \$39,300 and \$115,156 during 2023 and 2022 respectively. The Company has no OTTI losses recorded on equity securities during 2021.

The Company recorded OTTI losses on debt securities amounting to \$535,390 during 2023. The Company has no OTTI losses recorded on equity securities, or debt securities during 2022 and 2021.



## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

The table below presents a roll forward of the cumulative credit loss component of the OTTI loss recognized in earnings on debt securities still held by the Company at December 31, 2023, 2022 and 2021:

	2023	2022	2021
Balance – beginning of year	\$ -	\$ -	\$ -
Impairment – OTTI recognized on securities not previously impaired	535,390	-	-
Additional impairment – OTTI recognized on securities previously impaired	-	-	-
Reduction – due to sales (or maturities, pay downs, or prepayments) during the period of securities previously OTTI	-	-	-
Balance – end of year	<u>\$ 535,390</u>	<u>\$ -</u>	<u>\$ -</u>

The amortized cost and fair value of investment securities with fixed maturities at December 31, 2023, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Investments Maturing Within	Amortized Cost	Fair Value
One year	\$ 45,163,848	\$ 44,643,155
After one to five years	202,016,277	194,082,037
After five to ten years	111,988,281	102,671,614
Ten years and over	530,526,439	459,398,722
No maturity	4,552,579	3,862,649
Mortgage-backed securities	471,253,291	390,989,807
Total	<u>\$ 1,365,500,715</u>	<u>\$ 1,195,647,984</u>

Net investment income for the years ended December 31, 2023, 2022 and 2021 is summarized as follows:

	2023	2022	2021
Debt securities	\$ 68,290,533	\$ 58,462,994	\$ 42,134,303
Equity securities	14,140,797	13,351,104	16,828,337
Other invested assets	171,550	929,905	4,522,076
Interest-bearing deposits	26,143	2,670	5,304
IMR amortization	(45,924)	38,151	145,372
Other	2,806,784	202,793	172,941
Investment income recognized as a result of prepayment penalties	-	-	127,116
Total	<u>\$ 85,389,883</u>	<u>\$ 72,987,617</u>	<u>\$ 63,935,449</u>

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

Proceeds from the sale of investments and the net realized capital gains/(losses) – net of capital gains tax and transfers to IMR for the years ended December 31, 2023, 2022 and 2021 were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proceeds from sales	\$ 139,275,742	\$ 65,788,583	\$ 229,777,258
Gross realized capital gains	\$ 30,580,545	\$ 1,073,555	\$ 5,795,185
Gross realized capital losses	(5,932,471)	(2,200,076)	(1,486,879)
OTTI	(574,690)	(115,156)	(358,474)
AVR gains ceded to reinsurer	(24,540,582)	-	(8,223)
Transfer to IMR	426,799	1,253,319	(1,761,196)
Net realized capital (losses) gains	<u>(40,399)</u>	<u>11,642</u>	<u>2,180,413</u>
Less capital gains tax:			
Provision for capital (losses) gains income taxes	(1,106,721)	(225,304)	860,176
Capital gains (losses) tax transferred to IMR	1,144,664	250,664	(352,399)
Capital gains tax – net	<u>37,943</u>	<u>25,360</u>	<u>507,777</u>
Net realized capital gains (losses) – net of capital gains tax	<u>\$ (78,342)</u>	<u>\$ (13,718)</u>	<u>\$ 1,672,636</u>

As of December 31, 2023 and 2022, the Company had deposited investments with the Commissioner of Insurance of Puerto Rico (OCS, in its Spanish acronym) as follows:

<b>Description of Securities</b>	<u>2023</u>	<u>2022</u>
Debt securities:		
Short-term investments – certificates of deposit	<u>\$ 1,594,460</u>	<u>\$ 1,594,460</u>

These securities continue to be owned by the Company, but their use is restricted based on the provisions of the PR Insurance Code.

#### (3) Other invested assets:

During 2013, the Company acquired from the Parent Company a note receivable from a third party for its book value of \$4,971,600. The Note receivable represents an interest-earning advance made to an unrelated borrower at terms negotiated between the parties. The note receivable matures in 2033, bears interest at a rate of 5.30%, and is collateralized by real estate and lease agreements. The note receivable is presented in the accompanying Statutory-Basis Statement of Admitted Assets, Liabilities, Capital and Surplus and Other Funds ("Balance Sheet"), at its outstanding principal balance as part of other invested assets. Interest income on note receivable is recorded using the interest method. The note receivable is presented in the accompanying balance sheet as part of other invested assets with a book adjusting carrying value of \$5,038,206.

The credit quality for the note receivable is evaluated on an individual loan basis. As there is only one note receivable, management has the ability to oversee the credit quality of this loan on a monthly basis. The note receivable is classified as impaired whenever there is a delay on payment of more than 90 days. The Company periodically assesses the financial condition and future prospects of the borrower, as well as the borrowers' payment history to determine whether an allowance for credit losses is necessary. As of December 31, 2023 and 2022, there is no allowance for credit losses as the amount of estimated probable losses was not significant.

During 2018, the Company acquired private placement-limited partnership from a third party for its book value of \$10,000,000. The limited partnerships are presented in the accompanying Balance Sheet as part of other invested assets. The limited partnership interest with a book adjusting carrying value of \$11,551,727.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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During 2021, the Company acquired a surplus note from a third party for its book value of \$1,173,750. The surplus note is presented in the accompanying Balance Sheet as part of other invested assets with a book adjusting carrying value of \$1,160,194.

During 2021, the Company acquired a surplus note from a third party for its book value of \$1,073,750. The surplus note is presented in the accompanying Balance Sheet as part of other invested assets with a book adjusting carrying value of \$1,069,590.

During 2022, the Company acquired a surplus note from a third party for its book value of \$569,400. The surplus note is presented in the accompanying Balance Sheet as part of other invested assets with a book adjusting carrying value of \$565,583.

During 2019, the Company acquired, as part of the reinsurer under the provisions of funds withheld accounts, as disclosed in Note 7 – Reinsurance, a surplus note from a third party for its book value of \$13,872,876. The surplus note is presented in the accompanying balance sheet as part of other invested assets with a book adjusting carrying value of \$13,803,854.

During 2019, the Company acquired, as part of the reinsurer under the provisions of funds withheld accounts, as disclosed in Note 7 – Reinsurance, a partnership interest from a third party for its book value of \$20,000,000. The membership interest is presented in the accompanying balance sheet as part of other invested assets. The partnership interest is presented in the accompanying statutory-basis balance sheet as part of other invested assets with a book adjusting carrying value of \$206,011.

During 2023 and 2022, the Company recorded no OTTI loss on alternative investments. During 2021, the Company recorded an OTTI loss of \$358,474 on alternative investments.

#### **(4) Borrowed money and interest:**

The Company uses margin accounts to enhance investment portfolio income through leverage strategies and to access short-term funding. As of December 31, 2023 and 2022, the margin account balance amounted to \$33,253,108 and \$13,280,295 respectively. This account was used to fund intercompany short-term notes. Funding cost of the margin account was 6.06% and 2.28% during 2023 and 2022, which was calculated on the daily balance.

On December 9, 2022, ULICO entered into a \$30,000,000 revolving credit facility with a maturity date of November 1, 2023. The credit facility was renewed with a current maturity date of December 1, 2024. Under the revolving credit facility, interest is payable in arrears on a monthly basis, calculated based on the Secured Overnight Financing Rate (SOFR) in effect on the first day of each calendar month plus 2.5% on the basis of a year of 360 days and for the number of actual days elapsed. ULICO had an outstanding balance under the revolving credit facility of \$21,930,000 and \$15,430,000 as of December 31, 2023 and 2022, respectively. The credit facility was collateralized by investment securities in the amount of \$47,883,043 and \$47,334,519 as of December 31, 2023 and 2022, respectively. The credit facility contains various affirmative and negative covenants, including financial and nonfinancial covenants. At December 31, 2023 and 2022, the Company was in compliance with financial covenants. Total interest incurred related to this revolving credit facility for the years ended December 31, 2023 and 2022 amounted to \$1,541,527 and \$0, respectively.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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**(5) Securities sold under agreements to repurchase:**

Securities sold under agreements to repurchase (repurchase agreements) amounted to \$40,273,488 and \$20,550,000 as of December 31, 2023 and 2022 respectively. The borrowings bear interest at a range from 4.65% to 5.95% and 0.32% to 4.84% on 2023 and 2022 respectively. These securities generally mature within 30 days to 90 days from the transaction date. These amounts are included within Borrowed Money and Interest in the Statutory-Basis Statements of Admitted Assets, Liabilities, Capital and Surplus and Other Funds.

Additional information related to repurchase agreements as of December 31, 2023 and 2022, were as follows:

	<b>2023</b>	<b>2022</b>
Maximum aggregate balance of repurchase agreements outstanding during the year	<u>\$ 55,084,008</u>	<u>\$ 52,753,000</u>
Repurchase agreement balance at year end	<u>\$ 40,273,488</u>	<u>\$ 20,550,000</u>
Securities underlying repurchase agreements:		
U.S. Government and its agencies and authorities carrying value of underlying collateral	<u>\$ 43,887,102</u>	<u>\$ 21,579,897</u>
Fair value of underlying collateral	<u>\$ 42,657,694</u>	<u>\$ 20,413,073</u>

Accrued interest as of December 31, 2023 and 2022 amounted to \$82,407 and \$49,101 respectively.

Universal Life may be required to provide additional collateral based on the fair value of the underlying securities.

**(6) Related-party transactions:**

The Company is a member of a group of affiliated companies. The Company has significant transactions with members of the affiliated group at terms arranged by management of the affiliated group, and accordingly, the statutory-basis financial statements may not necessarily be indicative of the condition that would have existed or the results of operations if the Company had been operated as an unaffiliated company.

In the normal course of business, related entities provide management and other services to Universal Life. Universal Life also reimburses related entities for expenses incurred on its behalf.

The Company entered into an agreement on March 1, 2007, with Universal Financial Services, Inc. (UFS), to provide investment advisory services. Investment advisory services provided by UFS during the years ended December 31, 2023, 2022 and 2021 amounted to \$382,706, \$436,906 and \$526,513, respectively. The Company also entered into an agreement on March 1, 2007, with UFS to sell variable annuity products. Commission expenses charged by UFS during the years ended December 31, 2023, 2022 and 2021, amounted to \$28,734, \$38,634 and \$23,278, respectively.

The Company provides administrative services to UFS pursuant to an administrative services agreement. During 2023, 2022 and 2021, the Company charged fees to UFS for these services in the amount of \$215,400, \$210,000 and \$210,000, respectively.

During December 2022, the Company issued short-term note receivable to its ultimate parent company, Universal Group, Inc. of \$13.4 million. The note was partially repaid during December 2022. The interest rate is calculated based on the Secured Overnight Financing Rate (SOFR) plus 2.5% on the basis of a year of 360 days and for the number of actual days elapsed on the basis of a year of 360 days and for the number of actual days elapsed, and servicing fees of 0.125%. During December 2023, this short-note was renewed maturing in December 31, 2024. As of December 31, 2023 and 2022, the loan amounted to \$7.9 million and is presented as part of intercompany receivable within the accompanying statutory-basis statement of admitted assets, liabilities, and capital and surplus and other funds.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

During November 2023, the Company issued a short-term note receivable to its ultimate parent company, Universal Group, Inc. of \$2 million. The interest rate is calculated based on the Secured Overnight Financing Rate (SOFR) in effect the first day of each calendar month. The loan is presented as part of intercompany receivable within the accompanying statutory-basis statement of admitted assets, liabilities, and capital and surplus and other funds as of December 31, 2023.

During December 2023, the Company issued a short-term note receivable to its ultimate parent company, Universal Group, Inc. of \$939 thousand. The interest rate is calculated based on the Secured Overnight Financing Rate (SOFR) in effect the first day of each calendar month. The loan is presented as part of intercompany receivable within the accompanying statutory-basis statement of admitted assets, liabilities, and capital and surplus and other funds as of December 31, 2023.

These transactions did not exceed the threshold established in Chapter 44, Section 4406 a), (2), (A), (ii) of the PR Insurance Code.

During December 2022, the Company issued a short-term note receivable to Universal Holding North America, Inc. of \$10.5 million. The note matured in December 2023. The interest rate is calculated based on SOFR in effect the first day of each calendar month plus 2.5% on the basis of a year of 360 days and for the number of actual days elapsed on the basis of a year of 360 days and for the number of actual days elapsed, and servicing fees of 0.125%. As of December 31, 2022, the loan amounted to \$7.5 million and is presented as part of intercompany receivable within the accompanying statutory-basis statement of admitted assets, liabilities, and capital and surplus.

The amounts due to and from related entities as of December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
<b>Due from:</b>		
Universal Finance, Inc.	\$ 16,186	\$ 17,328
Universal Insurance Company	23,602,928	-
Universal Holdings of North America, Inc.	176,898	7,529,297
Point Guard Insurance Company, Inc.	726	140,097
Universal Insurance Group, Inc.	28,883,288	12,231,739
Total	<u>\$ 52,680,026</u>	<u>\$ 19,918,461</u>
<b>Due to:</b>		
Universal Finance, Inc.	\$ 25,000	\$ -
Universal Insurance Company	-	123,064
Eastern America Insurance Agency	2,143	-
Universal Financial Services, Inc.	38,673	15,237
Total	<u>\$ 65,816</u>	<u>\$ 138,301</u>

#### (7) Reinsurance:

Universal Life ceded insurance to reinsurers during the year under various agreements, which cover mostly annuities, life, accident, and health insurance risks. These reinsurance arrangements provide greater diversification of business and minimize the Company's exposure arising from large or volume-related risks, although they do not discharge the primary liability of Universal Life as direct insurer of the risks reinsured. Universal Life evaluates the financial strength of reinsurers and continually monitors the financial condition of reinsurers. At December 31, 2023 and 2022, reinsurance recoverable on paid losses associated with the largest single reinsurer amounted to approximately \$661,650 and \$295,909, respectively. The Company does not carry reinsurance for its credit life business.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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Effective January 1, 2006, the Company entered into an agreement to reinsure individual term-life coverage. The form of reinsurance is on an excess of loss basis with retention of the first \$50,000 and ceded up to \$500,000.

Effective March 1, 2007, the Company entered into an agreement to reinsure 60% of the variable deferred annuities. The form of reinsurance is on a modified coinsurance basis.

Effective March 1, 2008, the Company entered into an agreement to reinsure group life and group accidental death and dismemberment coverage. The form of reinsurance is on an excess of loss basis with retention of the first \$25,000 and ceded up to \$500,000 on an automatic basis. Effective May 1, 2020 the Company amended the reinsurance agreement in increase retention amount to \$50,000 and ceded up to \$950,000 on an automatic basis.

Effective April 13, 2009, the Company entered into an agreement to reinsure individual simplified issue term-life coverage. The form of reinsurance is on an excess of loss basis with retention of the first \$50,000 and ceded up to \$250,000 on an automatic basis and a minimum ceded amount of \$5,000.

Effective August 1, 2013, the Company entered into a catastrophe coverage reinsurance agreement. The form of reinsurance is on an excess of loss basis with retention of the first \$200,000 per each loss occurrence and ceded up to a maximum of \$100,000 per covered life and \$2,500,000 per catastrophe.

Effective January 1, 2015, the Company entered into an agreement to reinsure new business of individual term-life coverage. The form of reinsurance is on a coinsurance basis with retention of the first \$50,000 and ceded up to \$500,000. Effective January 1, 2016 the Company amended the reinsurance agreement in increase retention amount to \$100,000.

Effective January 1, 2015, the Company entered into an agreement to reinsure new business of individual simplified issue term-life coverage. The form of reinsurance is on a coinsurance basis with retention of the first \$50,000 and ceded up to \$250,000 on an automatic basis and a minimum exceeded amount of \$5,000. Effective January 1, 2016 the Company amended the reinsurance agreement in increase retention amount to \$100,000.

Effective April 1, 2017, the Company entered into a coinsurance agreement to reinsure fixed income deferred annuities. The form of reinsurance is quota share basis with retention of 25% of all policies in-force and new business since the effective date of the reinsurance contract. As part of this agreement, the Company transferred approximately \$491 million of assets related to the preexisting in-force block of business to a Reserve Credit Trust and an additional \$37 million of funds related to new business. The cash surrender value of the in-force block reinsured at April 1, 2017 amounted to \$491,982,971. The coinsurance agreement contained a one-time fee payable by the reinsurer to the Company which was initially recorded as direct write-in to surplus and amortized to operations as earnings emerged from the business reinsured. At December 31, 2021 the one-time fee was fully amortized.

The reinsurance company that is party to this coinsurance agreement is an unauthorized reinsurer as defined in Rule 98 of the Insurance Code of Puerto Rico, whereby the reinsurer will be required to maintain, as collateral, qualified investments in compliance with the investments guidance as set forth in the reinsurance contract. In accordance to these requirements, the parties entered into a Reinsurance Trust and Custodian Agreements for the benefit of the Company. At December 31, 2023 and 2022 the assets held in the trusts and/or the amounts contractually owed to the reinsurer exceeded statutory reserve requirements, which allowed the company to receive reinsurance credit. The reinsurance contract provides for a five (5%) requirement of assets in excess statutory reserves to protect the Company from unforeseen declines in value of the assets held in the trusts.

Effective May 31, 2019 the Company stopped ceding new business under this reinsurance agreement. Total reserves ceded by the Company under this reinsurance agreement as of December 31, 2023 amounted to \$358,952,048. Refer to Note 19 for further details.

Effective October 1, 2018, the Company entered into an agreement to reinsure 75% of the principal and 100% of the interest payment portion of the equity-indexed deferred annuities. The form of reinsurance is a coinsurance agreement

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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with a funds withheld structure. As part of this agreement, the Company transferred approximately \$453 million of assets related to the preexisting in-force block of business to a Reserve Credit Trust. The cash surrender value of the in-force block reinsured at October 1, 2018 amounted to \$453,323,304. The coinsurance agreement contained a one-time fee payable by the reinsurer to the Company which was initially recorded as direct write-in to surplus and amortized to operations as earnings emerged from the business reinsured. At December 31, 2019, the one-time fee was fully amortized.

The reinsurance company that is party to this coinsurance agreement is an unauthorized reinsurer in compliance with Rule 98 of the Insurance Code of Puerto Rico, whereby the reinsurer will be required to maintain, as collateral, qualified investments in compliance with the investments guidance as set forth in the reinsurance contract. In accordance to these requirements, the parties entered into a Reinsurance Trust and Custodian Agreements for the benefit of the Company. At December 31, 2023 and 2022 the assets held in the trusts and/or the amounts contractually owed to the reinsurer exceeded statutory reserve requirements, which allowed the company to receive reinsurance credit. The reinsurance contract provides for a five (5%) requirement of assets in excess statutory reserves to protect the Company from unforeseen declines in value of the assets held in the trusts.

Effective January 1, 2018, the Company entered into a reinsurance agreement to assume business of group life coverage. The form of reinsurance is on a coinsurance basis with 50% quota share to a maximum of \$30,000 retention by the cedant company.

Effective September 1, 2019, the Company entered into an agreement to reinsure long-term disability and short-term disability coverage. The form of reinsurance is on a quota-share basis with retention of 25% of the contractual liability and 75% ceded. Effective October 1, 2023, a new quota share is effective with retention of 40% of the contractual liability and 60% ceded for all short-term disability coverage.

Effective January 1, 2020, the Company entered into a coinsurance agreement to reinsure fixed income deferred annuities. The form of reinsurance is quota share basis with retention of 25% of all new business since the effective date of the reinsurance contract.

Effective January 1, 2022, the Company entered into an agreement to reinsure 75% of the principal and 100% of the interest payment portion of the equity-indexed deferred annuities. The form of reinsurance is a coinsurance agreement.

The reinsurance company that is party to this coinsurance agreement is an unauthorized reinsurer as defined in Rule 98 of the Insurance Code of Puerto Rico, whereby the reinsurer will be required to maintain, as collateral, qualified investments in compliance with the investments guidance as set forth in the reinsurance contract. In accordance to these requirements, the parties entered into a Reinsurance Trust and Custodian Agreements for the benefit of the Company. At December 31, 2023 and 2022 the assets held in the trusts and/or the amounts contractually owed to the reinsurer exceeded statutory reserve requirements, which allowed the company to receive reinsurance credit. The reinsurance contract provides for a two (2%) requirement of assets in excess statutory reserves to protect the Company from unforeseen declines in value of the assets held in the trusts.

Effective January 1, 2023, the Company entered into an agreement to reinsure 70% of the variable generation growth investment annuities. The form of reinsurance is a modified coinsurance agreement.

Amounts recoverable from reinsurers are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured contracts. Management believes the recoverable are appropriately established.

Information with respect to reinsurance ceded by the Company is set forth below:

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

	2023	2022	2021
Statutory-basis statements of admitted assets, liabilities, and capital and surplus:			
Reinsurance recoverable on paid losses and other	\$ 151,917,856	\$ 47,920,680	\$ 16,914,508
Aggregate reserves ceded	\$2,178,301,172	\$1,950,166,922	\$1,827,560,191
Unpaid policy and contract claims ceded	\$ 3,325,213	\$ 3,624,182	\$ 2,740,831
Reinsurance payable	\$ 29,610,284	\$ 16,985,210	\$ 8,551,829
Funds withheld from reinsurer	\$1,004,250,005	\$1,049,543,050	\$1,082,428,594
Statutory-basis statements of income:			
Premiums ceded	\$ 351,804,293	\$ 325,329,421	\$ 261,559,465
Death, disability, and other benefits ceded	\$ 3,858,119	\$ 4,365,164	\$ 2,329,328
Commissions and expense allowances on reinsurance ceded	\$ 48,284,009	\$ 44,688,760	\$ 39,029,485
Change in expense allowance ceded	\$ (776,394)	\$ (1,439,759)	\$ (1,439,241)
Reserve adjustment on reinsurance ceded	\$ (27,435,310)	\$ (16,381,072)	\$ (14,748,932)
Aggregate write ins for deductions	\$ 56,503,092	\$ 48,127,402	\$ 37,550,438

#### (8) Policy liabilities:

Aggregate reserves for life, annuities, and accident and health policies and contracts and related insurance in force as of December 31, 2023 and 2022 are summarized as follows:

	Aggregate Reserves		Life Insurance In-force	
	2023	2022	2023	2022
Life insurance	\$ 15,435,564	\$ 15,125,936	\$4,198,846,457	\$4,138,914,409
Annuities subject to discretionary withdrawal	698,370,140	627,103,563		
Annuities not subject to discretionary withdrawal	5,135,860	5,422,485		
Accident and health policies	1,409,072	1,659,118		
<b>Total</b>	<b>\$ 720,350,636</b>	<b>\$ 649,311,102</b>		

The Company's annuity reserves as of December 31, 2023 and 2022 are summarized as follows:

Type of annuity:	2023			2022		
	Gross	Ceded	Net	Gross	Ceded	Net
Fixed annuities	\$ 953,487,059	\$ 709,167,437	\$ 244,319,622	\$ 874,068,949	\$ 650,920,422	\$ 223,148,527
Equity-indexed annuities	1,902,010,114	1,447,959,596	454,050,518	1,680,522,181	1,276,567,145	403,955,036
Immediate group annuities	20,543,442	15,407,582	5,135,860	21,689,939	16,267,454	5,422,485
Guarantees on variable annuities	134,434	134,434	-	200,585	200,585	-
Total aggregate reserve for annuities	2,876,175,049	2,172,669,049	703,506,000	2,576,481,654	1,943,955,606	632,526,048
Variable annuities actuarial reserve	374,178,427	220,299,147	153,879,280	390,098,689	229,950,166	160,148,523
<b>Total</b>	<b>\$3,250,353,476</b>	<b>\$2,392,968,196</b>	<b>\$ 857,385,280</b>	<b>\$2,966,580,343</b>	<b>\$2,173,905,772</b>	<b>\$ 792,674,571</b>



## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

The Company's annuity reserves that are subject to discretionary withdrawal (with or without adjustment) as of December 31, 2023 and 2022 are summarized as follows:

	<b>2023</b>		
	<b>General Account</b>	<b>Separate Account Nonguaranteed</b>	<b>Total</b>
Subject to discretionary withdrawal:			
At book value less current surrender charge	\$ 1,977,518,521	\$ -	\$ 1,977,518,521
At fair value	134,434	374,178,427	374,312,861
Subtotal	1,977,652,955	374,178,427	2,351,831,382
At book value without adjustment	877,978,652	-	877,978,652
Not subject to discretionary withdrawal	20,543,442	-	20,543,442
Total gross	2,876,175,049	374,178,427	3,250,353,476
Less reinsurance ceded	(2,172,669,049)	(220,299,147)	(2,392,968,196)
Total net annuity reserves	<u>\$ 703,506,000</u>	<u>\$ 153,879,280</u>	<u>\$ 857,385,280</u>
Reconciliation to Exhibit 5 and Exhibit 7 of the Company's annual statement:			
Exhibit 5 Annuities – total, net			\$ 702,516,615
Exhibit 7 Deposit-Type contracts – total, net			989,385
General account subtotal			<u>703,506,000</u>
Separate accounts annual statement:			
Exhibit 3, Line 0299999, Column 2			374,178,427
Reserve ceded			(220,299,147)
Separate account subtotal			<u>153,879,280</u>
Total			<u>\$ 857,385,280</u>
	<b>2022</b>		
	<b>General Account</b>	<b>Separate Account Nonguaranteed</b>	<b>Total</b>
Subject to discretionary withdrawal:			
At book value less current surrender charge	\$ 1,658,973,944	\$ -	\$ 1,658,973,944
At fair value	200,585	390,098,689	390,299,274
Subtotal	1,659,174,529	390,098,689	2,049,273,218
At book value without adjustment	895,617,186	-	895,617,186
Not subject to discretionary withdrawal	21,689,939	-	21,689,939
Total gross	2,576,481,654	390,098,689	2,966,580,343
Less reinsurance ceded	(1,943,955,606)	(229,950,166)	(2,173,905,772)
Total net annuity reserves	<u>\$ 632,526,048</u>	<u>\$ 160,148,523</u>	<u>\$ 792,674,571</u>
Reconciliation to Exhibit 5 and Exhibit 7 of the Company's annual statement:			
Exhibit 5 Annuities – total, net			\$ 631,717,303
Exhibit 7 Deposit-Type contracts – total, net			808,745
General account subtotal			<u>632,526,048</u>
Separate accounts annual statement:			
Exhibit 3, Line 0299999, Column 2			390,098,689
Reserve ceded			(229,950,166)
Separate account subtotal			<u>160,148,523</u>
Total			<u>\$ 792,674,571</u>

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

Unpaid policy and contract claims as of December 31, 2023 and 2022 consisted of:

	<b>2023</b>	<b>2022</b>
Life policies	\$ 3,472,996	\$ 3,565,626
Accident and health policies	1,428,837	1,163,846
<b>Total</b>	<b>\$ 4,901,833</b>	<b>\$ 4,729,472</b>

The activity in the policy and contract claims reserve for the accident and health business as of December 31, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Balance – at beginning of year – net of reinsurance recoverables of \$1,070,734 in 2023 and \$973,666 in 2022	\$ 1,163,846	\$ 1,259,208
Incurred related to:		
Current year	2,226,261	2,074,573
Prior years	171,460	(381,651)
<b>Total incurred</b>	<b>2,397,721</b>	<b>1,692,922</b>
Paid related to:		
Current year	1,151,314	1,329,698
Prior years	981,416	458,586
<b>Total paid</b>	<b>2,132,730</b>	<b>1,788,284</b>
Balance – at end of year – net of reinsurance recoverable of \$1,204,910 in 2023 and \$1,070,734 in 2022	<b>\$ 1,428,837</b>	<b>\$ 1,163,846</b>

Because the liabilities for unpaid policy and contract claims include various actuarially developed estimates, the Company's actual benefits expenses may be more or less than the Company's previously developed estimates. As a result of change in estimates of insured events in prior years, the incurred benefits for prior year insured events during the year ended 2023, 2022 and 2021 were lower, with exception of 2023, due to a favorable development of claims that is attributed to the accident and health line of business. Management believes that the amount of unpaid policy and contract claims is reasonable and adequate to cover the Company's liability for unpaid policy and contract claims incurred, but not yet reported as of December 31, 2023 and 2022.

Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2023 were as follows:

<b>Type</b>	<b>Gross</b>	<b>Net of Loading</b>
Ordinary new business	\$ 2,118	\$ 2,118
Ordinary renewal	31,727	31,727
Credit life	207,442	207,442
Group life	811,136	811,136
<b>Total</b>	<b>\$ 1,052,423</b>	<b>\$ 1,052,423</b>

#### (9) **Taxes:**

As a qualified domestic life insurance company, the Company is only subject to Puerto Rico taxes on capital gains and alternative minimum tax. The main difference between income tax expense calculated at the statutory tax rate of 18.5% and the actual effective tax rate for 2023 is due to the Company's taxable income from Puerto Rico being limited to the Company's capital gains taxed at the rate of 20%.

Provision for income taxes as of December 31, 2023, 2022 and 2021 consisted of:

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

	2023	2022	2021
Alternative minimum tax	\$ 1,618,838	\$ 802,700	\$ 2,942,379
Provision for realized capital gains	(1,106,721)	(225,304)	861,821
Provision for realized capital gains transferred to IMR	1,144,664	250,664	(354,044)
Foreign income tax	118,458	246,804	156,334
Total	<u>\$ 1,775,239</u>	<u>\$ 1,074,864</u>	<u>\$ 3,606,490</u>

The components of the net deferred income tax asset recognized in the Company's Assets, Liabilities, Capital and Surplus and Other Funds as of December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	Change	2021	Change
Capital:					
Gross deferred income tax assets	\$ 785,592	\$ 1,243,097	\$ (457,505)	\$ 101,577	\$ 1,141,520
Statutory valuation allowance adjustments	-	-	-	-	-
Adjusted gross deferred income tax assets	785,592	1,243,097	(457,505)	101,577	1,141,520
Deferred income tax assets nonadmitted	-	-	-	-	-
Subtotal net admitted deferred income tax assets	785,592	1,243,097	(457,505)	101,577	1,141,520
Deferred income tax liabilities	-	-	-	(685,465)	685,465
Net admitted deferred income tax assets (liabilities)	<u>\$ 785,592</u>	<u>\$ 1,243,097</u>	<u>\$ (457,505)</u>	<u>\$ (583,888)</u>	<u>\$ 1,826,985</u>

Admission calculation components – SSAP No. 101, paragraph 11:

	2023	2022	Change
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred income tax assets from a. above) after application of the threshold limitation (see computation below)	785,592	1,243,097	(457,505)
c. Adjusted gross deferred income tax assets (excluding the amount of deferred income tax assets from a. and b. above) offset by gross deferred income tax liabilities	-	-	-
Deferred income tax assets admitted as a result of application of SSAP No. 101	<u>\$ 785,592</u>	<u>\$ 1,243,097</u>	<u>\$ (457,505)</u>
Computation of adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred income tax assets from a. above) after application of the threshold limitation (the lesser of b.i. and b.ii. below):			
b. i. Adjusted gross deferred income tax assets expected to be realized following the balance sheet date	\$ 785,592	\$ 1,243,097	\$ (457,505)
b. ii. Adjusted gross deferred income tax assets allowed per limitation threshold	<u>\$ 20,141,449</u>	<u>\$ 22,711,866</u>	<u>\$ (2,570,417)</u>

The Company's deferred income tax asset is admissible pursuant to paragraph 11.b.i of SSAP No. 101. The Company expects to realize the tax benefit of the OTTI charge through the future sale of such investments.

Other admissibility criteria to determine recovery period and threshold limitation as of December 31, 2023 and 2022 is as follows:

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

	2023	2022
Ratio percentage used to determine recovery period and threshold limitation amount	995%	1,353%
Amount of adjusted capital and surplus to determine recovery period and threshold limitations	<u>\$ 134,276,328</u>	<u>\$ 151,412,442</u>

The tax effects of temporary differences that give rise to the deferred income tax asset as of December 31, 2023 and 2022 are as follows:

	2023	2022	Change
Capital:			
Deferred income tax asset:			
Capital loss carryforward	\$ 101,577	\$ 101,577	\$ -
Unrealized net loss on valuation of securities	684,015	1,141,520	(457,505)
Net admitted deferred income tax asset	<u>\$ 785,592</u>	<u>\$ 1,243,097</u>	<u>\$ (457,505)</u>

For the years ended December 31, 2023, 2022, and 2021, the net change in deferred income taxes related to the unrealized gains or losses on valuation of equity and fixed securities amounting to (\$457,505), \$1,826,985 and \$174,431 respectively, was presented as part of the change in unrealized capital gains or losses in the accompanying statutory-basis statements of changes in capital and surplus.

Pursuant to Section 1018A of the Puerto Rico Internal Revenue Code, the Company annually withhold, on behalf of the contract holders of the separate accounts, a special tax of 0.10% of their corresponding net asset value and remits them to the Puerto Rico Treasury Department. The payments made during the years ended December 31, 2023, 2022 and 2021 amounted to \$395,632, \$515,671 and \$522,363, respectively.

#### (10) Net statutory income and capital stock and surplus:

The net assets of Universal Life available for transfer to its stockholder are limited to the amount that its surplus, as determined in accordance with statutory accounting practices, exceeds minimum statutory capital requirements.

During the year ended December 31, 2023, 2022 and 2021, the Company declared and paid ordinary dividends of \$8,500,000, \$10,000,000 and \$6,000,000, respectively.

On March 18, 2008, the Commonwealth of Puerto Rico enacted Law No. 32 (the Law) to adopt Chapter 45, Risk-Based Capital (RBC), into the Insurance Code of Puerto Rico. RBC provides for targeted surplus levels based on formulas, which specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk and are set forth in the RBC requirements. Such formulas focus on four general types of risk, which includes the risk with respect to the Company's assets (asset or default risk), the risk of adverse insurance experience with respect to the Company's liabilities and obligations (insurance or underwriting risk), the interest rate risk with respect to the Company's business (asset/liability matching), and all other business risks (management, regulatory action, and contingencies). The amount determined under such formulas is called the authorized control level RBC (ACLC).

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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The Law requires, among other things, that all insurance companies, including all health insurance organizations, authorized to conduct business in Puerto Rico comply with the RBC requirements as adopted by the NAIC, to annually file a RBC report with the NAIC and the Commissioner of Insurance on or before March 31 and maintain a minimum RBC level of 250% of the ACLC. The Law states that the Commissioner of Insurance will provide a ruling whereby a RBC compliance transition period of five years will be established. On January 5, 2010, Rule 92, Standards for Implementing the Provisions Related to Risk-Based Capital (Rule 92 or the Rule), was approved by the Commissioner of Insurance to establish the requirements to implement the Law. Rule 92 established a phased transition period of five years to comply with the minimum 250% RBC level requirement depending on the RBC of the Company at the Rule's effective date. The Company's minimum RBC requirement at December 31, 2023, 2022 and 2021 was 250% of the ACLC. At December 31, 2023, 2022 and 2021, the actual RBC of the Company was 999%, 1,362% and 1,018%, respectively.

As of December 31, 2023, the Company reports within intercompany receivables an amount of \$25,000,000 which represents a contribution from parent company made pursuant to SSAP No. 72 and treated as a as a Type I subsequent event under SSAP No. 9. The Office of the Commissioner of Insurance of Puerto Rico approved the transaction on March 27, 2024 and pursuant to SSAP 72, the \$25,000,000 is included in the Company's surplus as of December 31, 2023. This amount was collected on March 26, 2024.

#### (11) **Nonadmitted assets:**

As described in note 1, certain assets are excluded from the statutory-basis statements of admitted assets, liabilities, and capital and surplus and other funds by a charge to unassigned funds-surplus. Nonadmitted assets as of December 31, 2023 and 2022 consisted of:

	<b>2023</b>	<b>2022</b>
Uncollected premiums and agent's balance in the course of collection.	\$ (1,104)	\$ 315,578
Amounts recoverable from reinsurers	41,382,247	-
Furniture and equipment	136,152	86,984
Negative IMR	1,692,216	1,396,701
Other invested assets	-	12,402,936
Other receivables, supplies, stationery, and printer materials	490,196	412,414
Total nonadmitted assets	<u>\$ 43,699,707</u>	<u>\$ 14,614,613</u>

#### (12) **Separate accounts:**

Universal Life utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. For the current reporting year, the Company reported assets and liabilities from the following product lines/transactions into a separate account:

- Universal Variable Investment Annuity
- Universal Variable Generation Growth

In accordance with the products/transactions recorded within the separate account, some assets are considered legally insulated whereas others are not legally insulated from the general account. The legal insulation of the separate account products prevents assets other than seed money or amounts in a supplemental account from being generally available to satisfy claims resulting from the general account.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

The Company maintains nonguaranteed separate accounts with assets of approximately \$379.9 million and \$397.8 million at December 31, 2023 and 2022, respectively, which are invested in mutual funds and are segregated from the Company's general account. Charges assessed against the contract holders for mortality, administrative, and other services are included as part of revenues in the statutory-basis statements of income.

Information regarding separate accounts of the Company as of and for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Premiums and annuity considerations	\$ 9,390,298	\$ 3,727,700
Reserves:		
Total reserves for accounts with assets – at market value	\$ 374,178,427	\$ 390,098,689
Total reserves by withdrawal characteristics – at market value	\$ 374,178,427	\$ 390,098,689

A reconciliation of the net transfers to separate accounts for the years ended December 31, 2023, 2022 and 2021 is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
1. Transfers as reported in the summary of operations of the separate account statement:			
a. Transfers to separate accounts	\$ 12,080,016	\$ 12,457,267	\$ 11,237,418
b. Transfers from separate accounts	(56,912,950)	(37,392,673)	(33,550,329)
Net transfer to or (from) separate accounts	<u>\$ (44,832,934)</u>	<u>\$ (24,935,406)</u>	<u>\$ (22,312,911)</u>
2. Reconciling adjustments:			
a. Change in expense allowance ceded	<u>\$ (776,394)</u>	<u>\$ (1,439,759)</u>	<u>\$ (1,439,241)</u>
3. Net transfer as reported in the summary of operations of the life, accident, and health annual statement:			
a. Net transfer to or (from) separate accounts net of reinsurance	<u>\$ (45,609,328)</u>	<u>\$ (26,375,165)</u>	<u>\$ (23,752,152)</u>

To compensate the general account for the risk taken, the separate account has paid \$27,060, \$28,337, and \$40,094 in risk charges for the year ending December 31, 2023, 2022 and 2021.

#### **(13) Employee benefit plans:**

Universal Life has a qualified noncontributory profit-sharing plan, which provides retirement benefits to eligible employees. The plan calls for a voluntary contribution by Universal Life of no less than 1% of the annual participant's compensation, as defined, plus a portion of the administrative expenses of the plan during the first 10 years. Universal Life's contributions to the profit-sharing plan for the years ended December 31, 2023, 2022 and 2021 amounted to \$117,958, \$120,028 and \$119,373, respectively.

Universal Life's employees participate in a qualified defined-contribution savings plan. Universal Life matching contributions are set at 50% of the participants' pretax contributions up to the first 6% of each participant's contribution. Universal Life's contributions to the savings plan for the years ended December 31, 2023, 2022 and 2021 amounted to \$55,672, \$50,499 and \$49,323, respectively.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

#### (14) Restricted investment:

On April 11, 2008, the Company entered into a sales and cession of rights agreement (the Agreement) under which the Company sold its individual accident and health block of business to an unrelated insurance company (the Purchaser). As part of the Agreement, the Company was required to fund an escrow of \$900,000 to cover any claims or contingencies arising during a period of five years. Although the restriction period stated in the Agreement already elapsed, the Company decided not to lift the restriction based on certain unasserted legal claims still outstanding.

The Company has established a restricted brokerage account to comply with this provision of the Agreement. Any withdrawal from the brokerage account requires the authorization of the Company and a designated representative of the Purchaser. The brokerage account has a carrying value of \$1,056,099 and \$996,741 as of December 31, 2023 and 2022, respectively, and is included as restricted investment in the accompanying statutory-basis statements of admitted assets, liabilities, and capital and surplus and other funds.

#### (15) Significant concentrations of risk:

Because Universal Life's business is written in Puerto Rico, Universal Life's insurance risk is not as diversified as the risk of a carrier that covers a broader geographical area. A natural catastrophe could cause damage to a large number of Universal Life's policyholders, which would result in significantly increased losses to Universal Life. Management believes, however, that Universal Life's reinsurance program will reduce to a manageable level its net exposure in any such catastrophe.

#### (16) Fair value measurements:

The approximate statement value and estimated fair value of financial instruments as of December 31, 2023 and 2022 were as follows (in thousands):

Financial Assets	2023		2022	
	Statement Value	Fair Value	Statement Value	Fair Value
Debt securities	\$ 1,363,608	\$ 1,195,658	\$ 1,412,273	\$ 1,213,036
Preferred stocks	\$ 265,249	\$ 264,907	\$ 257,355	\$ 252,534
Common stock and other equity securities	\$ 14,766	\$ 14,766	\$ 12,671	\$ 12,671
Other invested assets	\$ 33,395	\$ 30,766	\$ 66,369	\$ 63,049
Restricted investment	\$ 1,056	\$ 1,056	\$ 997	\$ 997
Cash and short-term investments	\$ 184,589	\$ 184,589	\$ 119,169	\$ 119,169
Separate account assets	\$ 379,919	\$ 379,919	\$ 397,843	\$ 397,843

The Company's financial instruments carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. SSAP No. 100 defines fair value as the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement is for a particular asset or liability. Therefore, the measurement should consider attributes specific to the asset or liability. The asset or liability might be a stand-alone asset or liability or a group of assets and/or liabilities.

An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities. Therefore, the objective of a fair value measurement is to determine the price that would be received to sell the asset or paid to transfer the liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The principal market is the market in which the reporting entity would sell the asset or transfer the liability with

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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the greatest volume and level of activity for the asset or liability. The most advantageous market is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received for the asset or minimizes the amount that would be paid to transfer the liability.

Hierarchical levels defined by SSAP No. 100 and directly related to the amount of subjectivity associated with the inputs to fair valuation of financial instruments are as follows:

- Level 1 – Values are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or the price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Level 3 – Certain inputs are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.



## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

(a) Recurring measurements -

As of December 31, 2023 and 2022, the Company's assets and liabilities that are measured at fair value on a recurring basis were as follows (in thousands):

	2023			
	Level 1	Level 2	Level 3	Total
<b>Invested assets:</b>				
Debt securities	\$ 3,863	\$ 2,650	\$ -	\$ 6,513
Preferred stocks	258,389	-	-	258,389
Mutual funds	5,785	-	-	5,785
Common stocks	8,981	-	-	8,981
Cash equivalents	2,026	-	-	2,026
Other invested assets	-	206	-	206
Total invested assets	<u>\$ 279,044</u>	<u>\$ 2,856</u>	<u>\$ -</u>	<u>\$ 281,900</u>
Separate account assets	<u>\$ 379,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,919</u>
	2022			
	Level 1	Level 2	Level 3	Total
<b>Invested assets:</b>				
Bonds	\$ 3,681	\$ -	\$ -	\$ 3,681
Preferred stocks	252,254	-	-	252,254
Mutual funds	5,521	-	-	5,521
Common stocks	7,150	-	-	7,150
Cash equivalents	2,759	-	-	2,759
Other invested assets	44,707	-	-	44,707
Total invested assets	<u>\$ 316,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,072</u>
Separate account assets	<u>\$ 397,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,843</u>

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

The following table presents the reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the period from January 1, 2023 to December 31, 2023, January 1, 2022 to December 31, 2022 (in thousands) and January 1, 2021 to December 31, 2021 (in thousands):

	Balance – January 1, 2023	Net Gains (Losses) Included in			Purchases, Issuances, and Settlements	Balance – December 31, 2023
		Net Income	Unassigned Funds – Surplus	Other Temporary Impairment		
Equity securities – mutual funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Balance – January 1, 2022	Net Gains (Losses) Included in			Purchases, Issuances, and Settlements	Balance – December 31, 2022
		Net Income	Unassigned Funds – Surplus	Other Temporary Impairment		
Equity securities – mutual funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	Balance – January 1, 2021	Net Gains (Losses) Included in			Purchases, Issuances, and Settlements	Balance – December 31, 2021
		Net Income	Unassigned Funds – Surplus	Other Temporary Impairment		
Equity securities – mutual funds	\$ 2,763	\$ 1,804	\$ (1,958)	\$ -	\$ (2,609)	\$ -

Fair Value of All Financial Instruments by Levels 1, 2, and 3

The tables below reflect the fair value and admitted values of all admitted assets and liabilities that are financial instruments, as of December 31, 2023 and 2022. The fair values are also categorized into the three-level fair value hierarchy.

	2023					
	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable
	(In thousands)					
Debt securities	\$ 1,195,658	\$ 1,363,608	\$ 3,873	\$ 1,344,704	\$ 15,031	\$ -
Equity securities:						
Common Stocks	14,766	14,766	14,766	-	-	-
Preferred stock	264,907	265,249	260,249	5,000	-	-
Restricted investment	1,056	1,056	1,056	-	-	-
Cash and short-term investments	184,589	184,589	96,411	88,178	-	-
Other invested assets	30,766	33,395	-	16,805	-	16,590
Separate account assets	379,919	379,919	379,919	-	-	-
Total assets	\$ 2,071,661	\$ 2,242,582	\$ 756,274	\$ 1,454,687	\$ 15,031	\$ 16,590

	2022					
	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable
	(In thousands)					
Debt securities	\$ 1,213,036	\$ 1,412,273	\$ 18,003	\$ 1,392,143	\$ 2,127	\$ -
Equity securities:						
Common Stocks	12,671	12,671	12,671	-	-	-
Preferred stock	252,534	257,355	257,355	-	-	-
Restricted investment	997	997	997	-	-	-
Cash and short-term investments	119,169	119,169	97,438	21,731	-	-
Other invested assets	63,049	66,369	44,707	16,624	-	5,038
Separate account assets	397,843	397,843	397,843	-	-	-
Total assets	\$ 2,059,299	\$ 2,266,677	\$ 829,014	\$ 1,430,498	\$ 2,127	\$ 5,038

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

#### (17) Supplemental disclosure of cash flows information:

Additional information concerning the components of cash flows from investing activities as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Proceeds from sales and redemptions of investments:		
Debt securities	\$ 93,120,350	\$ 93,016,795
Equity securities	32,483,868	14,964,199
Other invested assets	44,851,709	18,919,832
Miscellaneous proceeds	45,393,633	-
Total proceeds from sales and redemptions of investments	<u>215,849,560</u>	<u>126,900,826</u>
Cost of investments acquired:		
Debt securities	82,329,055	216,139,960
Equity securities	13,486	6,688,397
Other invested assets	-	569,400
Miscellaneous applications	-	9,319,721
Total cost of investments acquired	<u>82,342,541</u>	<u>232,717,478</u>
Net cash used in investing activities	<u>\$ 133,507,019</u>	<u>\$ (105,816,652)</u>

Additional information concerning the components of cash flows from financing and miscellaneous sources as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash flows from financing and miscellaneous sources – other cash provided (applied):		
Borrowed funds	\$ 46,229,607	\$ 14,246,174
Dividends paid	(8,500,000)	(14,846,474)
Funds held under reinsurance treaties	(45,293,045)	(21,038,939)
Receivable from parent, subsidiaries and affiliates	(32,761,565)	11,033,766
Change in aggregate write in	-	-
Other components	(19,168,106)	29,895,137
Net cash (used in) provided by financing and miscellaneous	<u>\$ (59,493,109)</u>	<u>\$ 19,289,664</u>

The following schedule summarizes noncash investing and financing activities for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Supplemental schedule of noncash activities:		
Dividends to Parent Company:		
Due from affiliates	\$ -	\$ -
Dividends to stockholder	\$ -	\$ -
Unsettled investments:		
Receivable for securities	<u>\$ 676,895</u>	<u>\$ (573,439)</u>

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

#### (18) Reconciliation to U.S. GAAP:

A reconciliation of statutory net income, as determined using statutory accounting practices, to the amounts as would be reported under the accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2023, 2022 and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutory-basis net income	\$ 9,171,017	\$ 17,676,289	\$ 30,204,136
Increases (decreases):			
Deferred policy acquisition cost	2,294,164	(337,983)	1,699,939
Unearned premiums	825,492	387,677	(1,277,145)
Unearned commissions	2,728,664	3,344,696	3,187,577
Non-refundable structuring fee amortization	-	-	(1,923,605)
Reserve for future policy benefits	2,565,866	(8,571,583)	(1,183,720)
Unrealized gains/(losses) on trading securities	3,320,511	(9,214,413)	(2,157,848)
Change in expense allowance	478,673	743,864	877,907
Other invested assets investment income	851,209	(851,209)	-
Deferred income taxes	(657,569)	1,831,304	436,619
AMT tax provision	(802,700)	802,700	-
Interest maintenance reserve	(295,515)	6,539	286,162
US GAAP-basis net income	<u>\$ 20,479,812</u>	<u>\$ 5,817,881</u>	<u>\$ 30,150,022</u>

A reconciliation of statutory capital and surplus, as determined using statutory accounting practices, to the amounts as would be reported under the accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2023, 2022 and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutory-basis capital and surplus	\$ 137,340,094	\$ 142,099,673	\$ 156,387,166
Increases (decreases):			
Nonadmitted assets	42,875,669	14,037,582	1,518,111
Deferred policy acquisition cost	26,612,383	24,318,219	23,487,192
Unrealized gains/(losses) on investment securities available from sale	(51,562,883)	(55,661,926)	49,016,590
Allowance for doubtful accounts	(1,080,842)	(1,080,842)	(1,080,841)
Deferred income taxes	15,131,012	15,951,016	(4,557,232)
Reserve for future policy benefits	(16,873,245)	(19,439,110)	(11,656,752)
Unearned premiums	(7,134,962)	(7,960,455)	(8,348,132)
Unearned commissions	(8,515,292)	(11,243,955)	(14,588,650)
Expense allowance from separate account	(2,083,630)	(2,562,303)	(3,306,167)
Asset valuation reserve	35,972,827	32,848,268	30,925,718
Seed Money - Separate Account	197,607	113,976	-
US GAAP-basis retained earnings	<u>\$ 170,878,738</u>	<u>\$ 131,420,143</u>	<u>\$ 217,797,003</u>

#### (19) Contingencies:

The Company has been named as defendant in litigation and has filed counterclaims, related to the sale of the individual accident and health insurance block of business (note 14). This litigation is in its initial stages and the Company is contesting this case vigorously. The Company believes it has meritorious defenses against this lawsuit and the ultimate outcome of such proceedings is not expected to have a material adverse effect on the Company's financial position or results of operations.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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The Company is also named as defendant in other legal actions arising primarily from claims filed under insurance policies it has underwritten and other claims incidental to its normal business activities. In the opinion of management, the ultimate outcome of such proceedings is not expected to have a material adverse effect on the Company's financial position or results of operations.

#### **(20) Risks and uncertainties:**

The market value of securities and other assets presented a sharp downward price adjustment resulting of the Fed Reserve's restrictive monetary policies, which began during the first quarter of 2022 and later receded by the end of 2023. The Fed still maintains a strict policy in an attempt to control inflation. This market value downward fluctuation has adversely impacted investment portfolios within all industries. Meanwhile, Universal has reduced its credit risk by allocating the reinvestments into high credit mortgage agencies, governments, and municipalities. Universal also maintains a short duration portfolio, which should benefit the Company as the book and market value converge to par as maturity approaches. Notwithstanding, market value erosion could be contained once the Fed halts its rate hike policy.

Market prices of securities and other assets could also be impacted by events or conditions that affect particular sectors, industries or issuers. Adverse market conditions may be prolonged and may not have the same impact on all types of securities or other assets. Also, foreign central banks policies, political developments, warfare conflicts, investor sentiment, public health emergencies such as a pandemic, and other factors could also impact the market value of all or certain asset segments.

In January 2020, Universal Life Insurance Company (ULICO) demanded arbitration against PBLA under the reinsurance agreement and an arbitration panel (the "Panel") was duly constituted. ULICO requested the Arbitration Panel to order PBLA to deposit cash or equivalents totaling approximately \$524M constituting the Statutory Reserves as of December 31, 2019 for the fixed annuity inforce portfolio, less cash. In June 2, 2020, the Panel granted an arbitration award (the "Award") to ULICO for \$524M and required PBLA to pay such funds by June 16, 2020, after which interest shall accrue at 6% per annum.

Shortly thereafter, on June 4, 2020, ULICO filed a motion at the United States District Court, Southern District of New York, to confirm the Award directing that judgment be entered thereon and granting such other relief as the Court may deem just and proper. The Court granted Universal Life's motion by entering a final judgement on August 11, 2020 confirming the arbitration award.

Pending to receive the award, Universal Life has notified PBLA's ultimate owner (the "Owner") its intention to execute the unconditional personal guaranty issued with the reinsurance agreement to secure failure from PBLA to pay its obligations. In addition, on June 18, 2020, Universal Life filed a complaint in the appropriate North Carolina court to seek confirmation that PBLA's ultimate owner is obligated to satisfy the Award owed by PBLA, plus interests. Subsequent motions have been filed and the complaint remains under court evaluation.

On July 30th, 2020 the NY District Court issued the Award as presented. Despite the opposition by PBLA, the NY District Court issued a final judgment confirming such Award on August 11, 2020, complementing parallel legal proceedings and strategy followed in the North Carolina court to execute the Owner's personal guaranty.

Such legal proceedings have promoted transactional conversations with the Owner to comply with the Award and accelerate the recapture of the in-force (Portfolio).

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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On September 2020, the Supreme Court of Bermuda appointed Deloitte LTD, Bermuda (Deloitte) as provisional receiver for the PBLA operations in order to replace its management team and continue conducting business affairs in compliance with Bermuda laws and regulations, as well as its other general and contractual obligations. Among the empowered functions, Deloitte was instructed to preserve the value of PBLA, comply with laws and regulations, and make all necessary efforts to conduct regular business matters. Universal Life has been working closely and diligently with Deloitte in order to adequately serve provisions under the reinsurance agreement and continue operations until the Portfolio is recaptured. As previously disclosed, the Portfolio is constituted of assets backing the statutory liabilities and are held in a trust for the benefit of Universal Life.

As agreed, Universal Life has been collaborating with Deloitte during 2021 in order to perform some of the key endeavors ultimately connected to the monetization and eventual recapture. A number of assets held in the trust were identified to start the process of monetization in order to manage future probable liquidity needs. Total assets amounting to \$75 million have been converted to cash. In addition to the assets held in the trust, Universal Life has access to assets held in PBLA's general account plus other internal sources, including Universal Insurance Company's surplus notes and related facility up to \$100 million and other internal liquidity and funding sources.

In July of 2021, the United States District Court for the Middle District of North Carolina ("US DC North Carolina") issued an Order on Universal Life's Motion for Prejudgment Attachment and directed the parties to meet and confer to determine the specific property subject to attachment. The Prejudgment Attachment Order shall secure PBLA's ultimate owner assets ("the Owner") in case they are needed to satisfy any uncovered amount due to Universal Life. Upon resolution of pending appeal motion from PBLA, in October 30, 2021, the Company filed a summary judgement, which, once obtained, will allow Universal Life to immediately perform all necessary proceedings to collect judgement from the Owner's assets. The US DC North Carolina confirmed the judgment against the Owner on May 3rd, 2022 (the "May 3rd Final Judgment") allowing ULICO to collect the Award plus applicable interests under his personal guaranty.

Subsequent to the May 3rd judgment, the North Carolina courts have been very active receiving, considering and granting motions from and to all parties. On August 9th, the Durham County Superior Court's granted Universal Life's motion to enforce the May 3rd Final Judgment against PBLA's ultimate owner and determination to hear arguments on and rule on ULICO's Motion for a Charging Order against several hundreds of LLC's owned by PBLA's ultimate owner North Carolina Limited Liability Companies. Settlement discussions between the Owner, Deloitte and the Company have initiated as a result of such increased judicial activity arising from ULICO's collective efforts to enforce and domesticate the May 3rd Final Judgment by the Middle District in multiple jurisdictions and ULICO's Motion for Charging Order against PBLA's ultimate owner interests with payment of the May 3rd Final Judgment. Constructive conversations have been taking place and the parties have been conducting preliminary meetings with a potential mediator in order to pursue possible extrajudicial solutions, which are ongoing to date.

On August 9, a North Carolina Court granted ULICO's motion to enforce the judgements against the Owner on the personal guaranty enforcement. The Court ordered, among other matters, for the Owner to turn over documentation related to accounting records and all economic interests.

On September 19, 2022, the Durham County Superior Court ordered a mediation process among all parties in controversy, the Bermuda companies, the North Carolina rehabilitator and the Owner and his entities. A mediator Judge, Gerald E. Rosen, was subsequently appointed. The mediation's main objective was to reach a global settlement attending claims from all the Owner's creditors, including ULICO and PBLA. Settlement discussions started on November 2, 2022 and continue to date. Notwithstanding, on December 30, 2022 ULICO received a partial payment of \$25 million.

## Universal Life Insurance Company

### Notes of Statutory-Basis Financial Statements December 31, 2023 and 2022

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Subsequently, an agreement was reached with the Owner for which the economic benefits of preferred stocks, plus accrued preferred returns, of AAPC, currently held in an independent trust for approximately \$260 million, were assigned to ULICO. The assignment was executed as part of a settlement agreement between the parties whereby the Owner provided a personal guarantee related to the reinsurance agreement with PBLA. The company and the parties to the agreement have been collaborating to monetize the referenced preferred stocks.

In addition, the US DC North Carolina held bond hearings on March 7 and 8, 2023 related to ULICO's claim against the Owner's personal guaranty, also pursuing settlement arrangements with ULICO but no global resolution has been reached so far. ULICO appointed an intermediary to evaluate proposals to monetize all or a significant portion of the AAPC preferred shares, and its accrued return, assigned as collateral. During 2023, ULICO received additional cash amounting to \$11.1M as part of the monetization efforts.

As of the statement date, management remains confident about a positive outcome derived from the combination of the disposition of assets in the trust, PBLA general account assets and its legal strategy to execute the guarantees provided under the reinsurance transaction. No impairment in the investment held by the Company is foreseen as of the date these financial statements are issued.

#### **(21) Subsequent events:**

The Company has evaluated all subsequent events through April 29, 2024, the date the statutory-basis financial statements were issued.



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## **Report of Independent Auditors**

The Board of Directors  
Universal Life Insurance Company

### **Opinion**

We have audited the statutory-basis financial statements of Universal Life Insurance Company (“the Company”), which comprise the statements of admitted assets, liabilities, capital and surplus and other funds as of December 31, 2022, the related statements of operations, changes in capital and surplus and other funds for each of the two years in the period then ended, and cash flows and the related notes to the financial statements for the year ended December 31, 2022.

#### ***Unmodified Opinion on Statutory Basis of Accounting***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022, and the results of its operations and for each of the two years in the period then ended, and cash flows for the year ended December 31, 2022 on the basis of accounting described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company at December 31, 2022, or the results of its operations for each of the two years in the period then ended, and cash flows for the year ended December 31, 2022.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of Puerto Rico, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Ernst & Young LLP

San Juan, Puerto Rico  
May 15, 2023