UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

or

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

For the transition period from ____________ to ____________

Commission file number 001-32293

TALCOTT RESOLUTION LIFE INSURANCE COMPANY

(Exact name of registrant as specified in its charter)

Connecticut	**06-0974148**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One Griffin Road North, Windsor, Connecticut 06095
(Address of principal executive offices) (Zip Code)

(800) 862-6668
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark:	**Yes**	**No**
• if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☐	☒
• if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.	☐	☒
• whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☒	☐
• whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☒	☐
• if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.	☒	☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non Accelerated filer ☒ Smaller reporting company Stock held by non-affiliates of the Common Stock were owned by Talcott Resolution Life, Inc.

As of February 22, 2019, there were outstanding 1,000 shares of Common Stock, $5,690 pa

TALCOTT RESOLUTION LIFE INSURANCE COMPANY

Forward-Looking Statements

Certain of the statements contained herein are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "projects," and similar references to future periods.

Forward-looking statements are based on management's current expectations and assumptions regarding future economic, competitive, legislative and other developments and their potential effect upon Talcott Resolution Life Insurance Company (formerly "Hartford Life Insurance Company") and its subsidiaries (collectively, the "Company"). Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual results could differ materially from expectations, depending on the evolution of various factors, including the risks and uncertainties identified below, as well as factors described in such forward-looking statements or in Part I, Item 1A. Risk Factors, in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and those identified from time to time in our other filings with the Securities and Exchange Commission ("SEC").

- Risks Relating to Economic, Political and Global Market Conditions:
  - challenges related to the Company's current operating environment, including global, political, economic and market conditions, and the effect of financial market disruptions, economic downturns or other potentially adverse macroeconomic developments on our products, the returns in our investment portfolios and the hedging costs associated with our run-off annuity block;
  - financial risk related to the continued reinvestment of our investment portfolios and performance of our hedge program for our run-off annuity block;
  - market risks associated with our business, including changes in credit spreads, equity prices, interest rates, market volatility and foreign exchange rates;
  - the impact on our investment portfolio if our investment portfolio is concentrated in any particular segment of the economy;
- Insurance Industry and Product-Related Risks:
  - volatility in our statutory earnings and earnings calculated in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and potential material changes to our results resulting from our adjustment of our risk management program to emphasize protection of statutory surplus and economic value;
  - the possibility of a terrorist attack, a pandemic, or other natural or man-made disaster that may increase the Company's mortality exposure and adversely affect its businesses;
  - the possibility of losses from increased life expectancy trends among policyholders receiving long-term life contingent benefit payments;
  - the possibility that the liability reserves for our payout annuities may be inadequate if there are medical improvements or other technological improvements that change our mortality assumptions;
  - the possibility of policyholders utilizing benefits within their fixed or variable annuity contracts in a manner or to a degree different than Company expectations, particularly during adverse market conditions;
- Financial Strength, Credit and Counterparty Risks:
  - risks to our business, financial position, prospects and results associated with negative rating actions or downgrades in the Company's financial strength and credit ratings or negative rating actions or downgrades relating to our investments;
  - the impact on our statutory capital of various factors, including many that are outside the Company's control, which can in turn affect our credit and financial strength ratings, cost of capital, regulatory compliance and other aspects of our business and results;
  - losses due to nonperformance or defaults by others, including sourcing partners, derivative counterparties and other third parties;
  - the potential for losses due to our reinsurers' unwillingness or inability to meet their obligations under reinsurance contracts and the availability, pricing and adequacy of reinsurance to protect the Company against losses;
  - regulatory limitations on the ability of the Company and certain of its subsidiaries to declare and pay dividends;

- Risks Relating to Estimates, Assumptions and Valuations:
    - risk associated with the use of analytical models in making decisions in key areas such as capital management, hedging, and reserving;
    - the potential for differing interpretations of the methodologies, estimations and assumptions that underlie the Company’s fair value estimates for its investments and the evaluation of the other-than-temporary impairments on available-for-sale securities;
    - the potential for further acceleration in amortization of the value of the business acquired ("VOBA") and an increase in reserve for certain guaranteed benefits in our variable annuities;
    - the potential for valuation allowances against deferred tax assets;
- Strategic and Operational Risks:
    - the risks associated with separating our operations from those of our former parent and establishing a stand-alone company, including increased costs related to replacing third-party arrangements previously obtained through our former parent;
    - the Company’s ability to maintain the availability of its systems and safeguard the security of its data in the event of a disaster, cyber or other information security incident or other unanticipated event;
    - the potential for difficulties arising from outsourcing and similar third-party relationships;
    - the risks, challenges and uncertainties associated with the Company's initiatives and other actions, which may include acquisitions and divestitures;
    - the Company’s ability to protect its intellectual property and defend against claims of infringement;
- Regulatory and Legal Risks:

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PART I

Item 1. BUSINESS

(Dollar amounts in millions unless otherwise stated)

General

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The individual annuity business in run-off includes both variable and fixed annuities with many contracts in an asset accumulation phase before the contract reaches the payout or annuitization phase. Most of the Company's variable annuity contracts sold to individuals provide a guaranteed minimum death benefit ("GMDB") during the accumulation period that is generally equal to the greater of (a) the contract value at death or (b) premium payments less any prior withdrawals and may include adjustments that increase the benefit, such as for maximum anniversary value ("MAV"). In addition, some of the variable annuity contracts provide a guaranteed minimum withdrawal benefit ("GMWB") whereby if the account value is reduced to a specified level through a combination of market declines and withdrawals, the contract holder is entitled to a guaranteed remaining balance ("GRB"), which is generally equal to premiums less withdrawals. Many policyholders with a GMDB also have a GMWB.

- fair value reserves for living benefits embedded derivative guarantees; and
- death and living benefit reserves which are computed based on a percentage of revenues less actual claim costs.

The reserve for future policy benefits is calculated based on actuarially recognized methods using morbidity and mortality tables, which are modified to reflect the Company's actual experience when appropriate. Liabilities for future policy benefits, less the present value of future estimated net premiums and with interest thereon at certain assumed rates, are calculated at amounts that are expected to be sufficient to meet the Company's policy obligations at their maturities or in the event of the death, disability, or survival of an insured. Other insurance liabilities include those for unearned premiums and benefits in excess of account value. Reserves for assumed reinsurance are computed in a manner that is comparable to direct insurance reserves.

Reinsurance

The Company cedes insurance to unaffiliated insurers to enable the Company to manage capital and risk exposure. Such arrangements do not relieve the Company of its primary liability to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company regularly monitors the financial condition and ratings of its reinsurers and structures agreements to provide collateral funds where necessary. Reinsurance accounting is followed for ceded transactions that provide indemnification against loss or liability relating to insurance risk (i.e. risk transfer). If the ceded transactions do not provide risk transfer, the Company accounts for these transactions as financing transactions.

Investment Operations

The majority of the Company'

companies including: (1) capital requirements; (2) corporate governance and risk management; (3) group supervision; (4) statutory accounting and financial reporting; and (5) reinsurance. As a result of the Solvency Initiative, among other items, the NAIC adopted the Corporate Governance Annual Disclosure Model

disintermediation risk. Disintermediation risk refers to the risk that our policyholders may surrender their contracts in a rising interest rate environment, requiring us to liquidate assets in an unrealized loss position.

Concentration of our investment portfolio increases the potential for significant losses.

The concentration of our investment portfolios in any particular industry, collateral type, group of related industries or geographic sector could have an adverse effect on our investment portfolios and consequently on our business, financial condition, results of operations, and liquidity. Events or developments that have a negative impact on any particular industry, collateral type, group of related industries or geographic region may have a greater adverse effect on our investment portfolio than if the portfolio were more diversified. Further, if issuers of securities or loans we hold are acquired, merge or otherwise consolidate with other issuers of securities or loans held by the Company, our investment portfolio's concentration risk could increase, at least until the Company is able to sell securities to get back in compliance with the established investment policies.

Insurance Industry and Product Related Risks

We are vulnerable to losses from catastrophes, both natural and man-made.

Our operations are exposed to risk of loss from both natural and man-made catastrophes associated with pandemics, terrorist attacks and other events that could significantly increase our mortality exposures. Claims arising from such events could have a material adverse effect on our results of operations and liquidity, either directly or as a result of their effect on our reinsurers or other counterparties. In addition, the continued threat of terrorism and the occurrence of terrorist attacks, as well as heightened security measures and military action in response to these threats, may cause significant volatility in global financial markets, which could have an adverse effect on the value of the assets in our investment portfolio and in our separate accounts.

Our program to manage interest rate and equity risk related to our variable annuity guaranteed benefits may be ineffective which could result in statutory and GAAP volatility in our earnings and potentially material charges to net income.

Some of our in-force business, especially variable annuities, offer guaranteed benefits, including GMDBs and GMWBs. These GMDBs and GMWBs expose the Company to interest rate risk and significant equity risk. A decline in equity markets would not only result in lower fee income, but would also increase our exposure to liability for benefit claims. We use reinsurance and benefit designs, such as caps, to mitigate the exposure associated with GMDBs. We also use reinsurance in combination with product management actions, such as rider fee increases, investment restrictions and buyout offers, as well as derivative instruments to attempt to minimize the claim exposure and to reduce the volatility of net income associated with the GMWB liability. We remain liable for the guaranteed benefits in the event that reinsurers or derivative counterparties are unable or unwilling to pay, which could result in a need for additional capital to support in-force business.

From time to time, we may adjust our risk management program based on contracts in force, market conditions, or other factors. While we believe that these actions improve the efficiency of our risk management related to these benefits, changes to the risk management program may result in greater statutory and GAAP earnings volatility and, based upon the types of hedging instruments used, can result in potentially material charges to net income (loss) in periods of rising equity market pricing levels, higher interest rates and declines in volatility. We are also subject to the risk that these management actions prove ineffective or that unanticipated policyholder behavior, combined with adverse market events, produces economic losses beyond the scope of the risk management techniques employed, which individually or collectively may have a material adverse effect on our business, financial condition, results of operations and liquidity.

Unanticipated policyholder behavior, combined with adverse market events, may have a material adverse effect on our business, financial condition, results of operations and liquidity.

In general, policyholder behavior risk can be thought of as how efficiently policyholders are utilizing the options embedded within their contracts, especially during adverse market conditions when benefit guarantees are more likely to be more valuable. These options may include but are not limited to lapses, the timing and/or amount of partial withdrawals, utilization of features available through withdrawal benefit riders, and utilization of investment options. Unanticipated policyholder behavior, combined with adverse market events, may have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our payout annuity liabilities could prove to be inadequate if there are substantial medical improvements or other fundamental changes in the life expectancies of our annuitants.

Our payout annuity liabilities are calculated using assumptions for mortality rates and improvement rates in mortality. If there is a substantial medical breakthrough that materially changes the life expectancies of our annuitants, liability reserves for our payout annuities may prove to be inadequate, especially with respect to our terminal funding, single premium immediate annuities and structured settlements books of business. This change in future mortality rates could also impact our variable annuities with lifetime GMWBs.

Financial Strength, Credit and Counterparty Risks

The amount of statutory capital that we must hold to maintain our financial strength and credit ratings and meet other requirements can vary significantly from time to time and is sensitive to a number of factors outside of our control.

As a licensed insurance company, we are subject to statutory accounting standards and statutory capital and reserve requirements prescribed by6.03 -18 Td32.64 -12 Td (presgrtfour uireanN 6tscrild rd32m.9d CounteAsso65 6tsc.)TjI-12 Td (pCommisstsceur (“NAIC”)Td (Th

counterparty. During periods of market disruption, it may be difficult to value certain of our securities if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the financial environment. In addition, there may be certain securities whose fair value is based on one or more unobservable inputs, even during normal market conditions. As a result, the determination of the fair values of these securities may include inputs and assumptions that require more estimation and management judgment and the use of complex valuation methodologies. These fair values may differ materially from the value at which the investments may be ultimately sold. Further, rapidly changing or unprecedented credit and equity market conditions could materially impact the valuation of securities and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Similarly, management’s decision on whether to record an other-than-temporary impairment or write down is subject to significant judgments and assumptions regarding changes in general economic conditions, the issuer's financial condition or future recovery prospects, estimated future cash flows, the effects of changes in interest rates or credit spreads, the expected recovery period and the accuracy of third party information used in internal assessments. As a result, management’s evaluations and assessments are highly judgmental and its projections of future cash flows over the life of certain securities may ultimately prove incorrect as facts and circumstances change.

If assumptions used in estimating future gross profits differ from actual experience, we may be required to accelerate the amortization of the value of the business acquired (VOBA) and increase reserves for GMDB and GMWB on variable annuities, which could adversely affect our results of operation.

The Company has established VOBA associated with the expected future profits of its variable annuity products. This VOBA is amortized over the expected life of the variable annuity contracts. The remaining cost is referred to as the VOBA asset. We amortize these costs based on the ratio of actual gross profits in the period to the present value of current and future estimated gross profits (“EGPs”). The Company evaluates the EGPs compared to the VOBA asset to determine if an impairment exists. The Company also establishes reserves for GMDB and the life contingent portion of GMWB using components of EGPs. The projection of EGPs, or components of EGPs, requires the use of certain assumptions that may not prove accurate, including those related to the separate account fund returns, full or partial surrender rates, mortality, withdrawal benefit utilization, withdrawal rates, annuitization, policy maintenance expenses, and hedging costs.

In addition, if our assumptions about policyholder behavior (e.g., full or partial surrenders, benefit utilization and annuitization) and costs related to mitigating risks, including hedging costs, prove to be inaccurate or if significant or sustained equity market declines occur, we could be required to accelerate the amortization of VOBA related to variable annuity contracts, and increase reserves for GMDB and life-contingent GMWB which would result in a charge to net income.

If our businesses do not perform well, we may be required to establish a valuation allowance against the deferred income tax asset.

Our income tax expense may include deferred income taxes arising from temporary differences between the financial reporting and tax bases of assets and liabilities and carry-forwards for foreign tax credits, capital losses, and net operating losses. Deferred tax assets are assessed quarterly by management to determine if it is more likely than not that the deferred income tax assets will be realized. Factors in management's determination include the performance of the business, including the ability to generate, from a variety of sources and tax planning strategies, sufficient future taxable income and capital gains before net operating loss and capital loss carry-forwards expire. If based on available information, it is more likely than not that we are unable to recognize a full tax benefit on deferred tax assets, then a valuation allowance will be established with a corresponding charge to net income (loss). Charges to increase our valuation allowance could have a material adverse effect on our results of operations and financial condition.

Strategic and Operational Risks

The Company may be unsuccessful in separating our operations from those of our former parent in a timely and cost effective manner, which could negatively impact the financial condition and results of operation of the Company, and there may be opportunity costs associated with our separation from our former parent.

The Talcott Resolution Sale Transaction involves risks, including difficulties associated with the separation of our operations, services and personnel from our former parent and the stand-up of the Company as an independent entity (the “Separation”). There can be no certainty that all risks associated with the Separation are known or that management will be able to mitigate all such risks. Difficulties associated with the Separation may include expanding our infrastructure to support our operations, the diversion of management’s attention from our business, the potential loss of key employees, operational disruptions, regulatory scrutiny, greater reliance on third-party service providers, increased potential for a cybersecurity breach, and re-negotiation of service agreements, any of which could result in a material adverse effect to our financial condition, results of operations or cash flows.

In connection with the

of The Hartford, under which HFIC and its affiliates will provide certain services to TLI and its affiliates, including the Company. The services to be provided pursuant to the Transition Services Agreement include certain operational, information technology, compliance, communication and marketing, investment portfolio management, accounting and other services that HFIC will provide TLI for agreed-upon fees. If we are unsuccessful in expanding our infrastructure to the extent necessary to fully transition these services to the Company on a timely and cost efficient basis as part of our Separation, our results of operation and financial condition could be adversely impacted.

The Company has begun to make infrastructure investments in order to operate without the same access to The Hartford's existing operational and administrative infrastructure; however, there can be no assurance that the Company will be able to establish and expand

The Dodd-Frank Act was enacted on July 21, 2010, mandating changes to the regulation of the financial services industry that could adversely affect our financial condition and results of operations. The Dodd-Frank Act requires central clearing of certain derivatives transactions and greater margin requirements for those transactions, which increases the costs of our hedging program. The amount of collateral we may be required to pledge under our derivative transactions may increase as a result of a new requirement to pledge initial margin for uncleared OTC derivative transactions entered which will likely be applicable to us in September 2020. This would increase our costs and could adversely affect the liquidity of our investments and the composition of our investment portfolio. In addition, the proprietary trading and market making limitation of the Volcker Rule could adversely affect the pricing and liquidity of our investment securities and limitations of banking entity involvement in and ownership of certain asset-backed securities transactions could adversely affect the market for insurance-linked securities. It is unclear whether and to what extent Congress will make changes to the Dodd-Frank Act, and how those changes might impact us or our business, financial conditions, results of operations and liquidity.

For a description of changes in accounting standards that are currently pending and, if known, our estimates of their expected impact, see Note 1 of the Consolidated Financial Statements.

Item 2. PROPERTIES

The Company's principal executive offices are located in Windsor, Connecticut. In connection with the Talcott Resolution Sale Transaction, the Company sold its Windsor, Connecticut facility to The Hartford Financial Services Group, Inc. and leases approximately 65,000 square feet of office space. The Company believes its properties and facilities are suitable and adequate for current operations. For further discussion of this transaction, see Note 1 - Basis of Presentation and Significant

Item 6. SELECTED FINANCIAL DATA

The following table sets forth the Company's selected consolidated financial data at the dates and for the periods indicated below. The selected financial data should be read in conjunction with MD&A presented in Item 7 and the Company's Consolidated Financial Statements and the related Notes beginning on page F-1.

	Successor Company	Predecessor Company				
			For the Years Ended December 31,			
($ In millions)	June 1, 2018 to December 31, 2018	January 1, 2018 to May 31, 2018	2017	2016	2015	2014
Income Statement Data						
Total revenues [1]	1,222	836	2,232	2,382	2,499	3,362
Net income (loss) [2]	409	94	(46)	282	500	676

[1] The decline in Total revenues is primarily driven by lower fees and lower NII due to the continued run off of the business.
[2] Net income (loss) is driven by the impacts to Total revenues as well as impacts from DAC/VOBA unlocks and Tax Reform in 2017.

	Successor Company	Predecessor Company			
	As of December 31,	As of December 31,			
($ In millions)	2018	2017	2016	2015	2014
Balance Sheet Data					
Total assets [3]	150,146	168,732	170,346	175,350	191,775
Total stockholder's equity [4]	2,005	6,680	7,821	8,162	9,291

[3] The decline in Total assets is primarily driven by the continued run off of the business and the Commonwealth Annuity Reinsurance Agreement entered into on June 1, 2018.
[4] Total stockholder's equity declined due to the application of pushdown accounting related to the Talcott Resolution Sale Transaction and the continued run off of the business.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollar amounts in millions unless otherwise stated)

The MD&A addresses the financial condition of Talcott Resolution Life Insurance Company and its subsidiaries ("TL" or the "Company") as of and for the year ended December 31, 2018 "Successor Company" along with the reporting periods ending May 31, 2018 and the 2017 and 2016 periods "Predecessor Company". This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes beginning on page F-1. Certain reclassifications have been made to prior year financial information to conform to the current year presentation.

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CONSOLIDATED RESULTS OF OPERATIONS

Operating Summary

	Successor Company	Predecessor Company		
	June 1, 2018 to December 31, 2018	January 1, 2018 to May 31, 2018	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Fee income and other	$ 502	$ 381	$ 906	$ 969
Earned premiums	31	42	105	203
Net investment income	509	520	1,281	1,373
Net realized capital gains (losses)	142	(107)	(60)	(163)
Amortization of deferred reinsurance gain	38	—	—	—
Total revenues	**1,222**	**836**	**2,232**	**2,382**
Benefits, losses and loss adjustment expenses	415	534	1,406	1,437
Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA")	98	16	48	114
Insurance operating costs and other expenses	235	183	400	472
Other intangible asset amortization	4	—	—	—
Dividends to policyholders	2	2	2	3
Total benefits, losses and expenses	**754**	**735**	**1,856**	**2,026**
Income before income taxes	**468**	**101**	**376**	**356**
Income tax expense [1]	59	7	422	74
Net income (loss)	**$ 409**	**$ 94**	**$ (46)**	**$ 282**

[1] The effective tax rate differs from the U.S. statutory rate of 21% in 2018 and 35% in 2017 and 2016, respectively, primarily due to the separate account dividends received deduction ("DRD"). For a reconciliation of the income tax provision at the U.S. Federal statutory rate to the provision for income taxes, see Note 10 - Income Taxes of Notes to Consolidated Financial Statements.

For the period of June 1, 2018 to December 31, 2018 (Successor Company)

Net income was primarily driven by fee income and other as well as net investment income and net realized capital gains due to macro hedge program gains partially offset by benefits, losses and loss adjustment expenses, amortization of VOBA and insurance operating costs and other expenses.

Fee income and other for the period continued to decline due to the run off of the variable annuity block of business. Net investment income was primarily impacted by lower income from fixed maturities driven by lower asset levels due to the reinsurance agreement that the Company entered into with Commonwealth as well as the continued run off of the Company's business, partially offset by an increase in income from limited partnerships and other alternative investments. Amortization of VOBA increased due to macro hedge program gains. Insurance operating costs and other expenses include separation, stand-up and reinsurance related costs which were partially offset by the amortization of the deferred gain on the Commonwealth Annuity Reinsurance Agreement.

For the period of January 1, 2018 to May 31, 2018 (Predecessor Company)

Net income was primarily driven by net investment income and fee income and other, partially offset by benefits, losses and loss adjustment expenses and insurance operating costs and other expenses and net realized capital losses.

Fee income and insurance operating costs and other expenses for the period continued to decline due to the run off of the variable annuity block of business. Net investment income was primarily impacted by lower income from fixed maturities driven by lower asset levels, partially offset by an increase in income from limited partnerships and other alternative investments. Net realized capital losses were primarily driven by losses on sales including the transfer of property recognized in connection with the May 31, 2018 sale of the Company as well as hedge program losses.

For the year ended December 31, 2017 compared to the year ended December 31, 2016 (Predecessor Company)

The decrease in net income was primarily due to a charge to income tax expense of $396 arising from the reduction of net deferred tax assets due to the enactment of lower Federal income tax rates, partially offset by a decline in net realized capital losses. The effect of lower amortization of deferred policy acquisition costs, lower benefits, losses and loss adjustment expenses, and lower insurance operating costs and other expenses, was offset by lower earned premiums and lower fee income and other.

Fee income, earned premiums, and insurance operating costs and other expenses decreased primarily due to the continued run off of the variable annuity block of business.

Benefits, losses and loss adjustment expenses decreased due to lower death benefits and interest credited primarily due to the continued run off of the variable annuity block of business.

The decrease in DAC amortization was primarily driven by the effect of a favorable unlock in 2017 compared to an unfavorable unlock in 2016. For further discussion of the unlock, see MD&A - Estimated Gross Profits.

Total net investment income decreased primarily due to lower asset levels as well as lower income received from previously impaired securities. For further discussion, see MD&A - Investments Results, Net Investment Income.

Net realized capital losses decreased primarily due to the effect of transactional foreign currency revaluation, higher net gains on sales and lower impairments, partially offset by greater losses on non-qualifying foreign currency derivatives and the variable annuity hedge program. For further information, see MD&A - Investment Results, Net Realized Capital Gains (Losses).

Insurance operating costs and expenses decreased largely due to the run off of the business requiring less staff and other operating expenses.

INVESTMENT RESULTS

Composition of Invested Assets

	Successor Company		Predecessor Company	
	December 31, 2018		December 31, 2017	
	Amount	Percent	Amount	Percent
Fixed maturities, available-for-sale ("AFS"), at fair value	$ 13,839	71.2 %	$ 22,799	77.0 %
Fixed maturities, at fair value using the fair value option ("FVO")	12	0.1 %		

Net Realized Capital Gains (Losses)

(Before-tax)	Successor Company June 1, 2018 to December 31, 2018	Predecessor Company January 1, 2018 to May 31, 2018	For the years ended December 31, 2017	2016
Gross gains on sales	$ 12	$ 49	$ 226	$ 211
Gross losses on sales	(38)	(112)	(58)	(93)
Equity securities [1]	(21)	2	—	—
Net OTTI losses recognized in earnings	(7)	—	(14)	(28)
Valuation allowances on mortgage loans	(5)	—	2	—
Results of variable annuity hedge program				
GMWB derivatives, net	12	12	48	(38)
Macro hedge program	153	(36)	(260)	(163)
Total results of variable annuity hedge program	165	(24)	(212)	(201)
Transactional foreign currency revaluation	9	(6)	(1)	(70)
Non-qualifying foreign currency derivatives	(10)	7	(5)	57
Other, net [2]	37	(23)	2	(39)
Net realized capital gains (losses)	**$ 142**	**$ (107)**	**$ (60)**	**$ (163)**

[1] Effective January 1, 2018, with adoption of new accounting standards for equity securities, includes all changes in fair value and trading gains and losses for equity securities at fair value.

[2] Primarily consists of changes in value of non-qualifying derivatives, including credit derivatives, interest rate derivatives used to manage duration, and embedded derivatives associated with modified coinsurance reinsurance contracts.

Gross Gains and Losses on Sales

- Gross gains and losses on sales for the period of June 1, 2018 to December 31, 2018 (Successor Company) resulted from duration, liquidity and credit management within corporate and U.S. Treasury securities.
- Gross gains and losses on sales for the period of January 1, 2018 to May 31, 2018 (Predecessor Company) were primarily the result of sales of fixed maturities, AFS executed in order to fund the Commonwealth Annuity Reinsurance Agreement. Gross gains and losses on sales also resulted from duration, liquidity and credit management within corporate and U.S. Treasury securities. In addition, gross losses on sales include the transfer of property recognized in connection with the May 31, 2018 sale of the Company.
- Gross gains and losses on sales were primarily the result of duration, liquidity and credit management within corporate securities, equity securities and U.S. Treasury securities for the years ended December 31, 2017 (Predecessor Company) and December 31, 2016 (Predecessor Company), respectively.

Variable Annuity Hedge Program

- For the period of June 1, 2018 to December 31, 2018raicsecuritihe ketson the vaon-qua2Td $securiti, -382 the vaon-qua56Td (Tj 57.334

- For the year ended December 31, 2017 (Predecessor Company), losses on the variable annuity hedge program included losses related to the macro hedge program primarily due to losses of $180

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ, and in the past have differed, from those estimates.

The Company has identified the following estimates as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability:

- estimated gross profits used in the valuation and amortization of assets (including VOBA) and liabilities associated with variable annuity and other universal life-type contracts;
- deferred gain on reinsurance;
- living benefits required to be fair valued (in other policyholder funds and benefits payable);
- valuation of investments and derivative instruments including evaluation of other-than-temporary impairments on available-for-sale securities and valuation allowances on mortgage loans;
- valuation allowance on deferred tax assets; and
- contingencies relating to corporate litigation and regulatory matters.

Certain of these estimates are particularly sensitive to market conditions, and deterioration and/or volatility in the worldwide debt or equity markets could have a material impact on the Consolidated Financial Statements. In developing these estimates management makes subjective and complex judgments that are inherently uncertain and subject to material change as facts and circumstances develop. Although variability is inherent in these estimates, management believes the amounts provided are appropriate based upon the facts available upon compilation of the financial statements.

Estimated Gross Profits

Estimated gross profits ("EGPs") are used in the valuation and amortization of the VOBA (Successor Company) and DAC (Predecessor Company) assets. Portions of EGPs are also used in the valuation of reserves for death and other insurance benefit features on variable annuity and other universal life-type contracts.

Significant EGP-based Balances

	Successor Company889 /TT0 10 Tf-487.20 -27.78 Td (s	

policyholder behavior as initiatives to reduce the size of the annuity business are implemented by management. Upon completion of an annual assumption study or evaluation of credible new information, the Company will revise its assumptions to reflect its current best estimate. These assumption revisions will change the projected account values and the related EGPs in the VOBA

Valuation of Investments and Derivative Instruments

Fixed Maturities, Equity Securities, Short-term Investments and Free-standing Derivatives

The Company generally determines fair values using valuation techniques that use prices, rates, and other relevant information evident from market transactions involving identical or similar instruments. Valuation techniques also include, where appropriate, estimates of future cash flows that are converted into a single discounted amount using current market expectations. The Company uses a "waterfall" approach comprised of the following pricing sources which are listed in priority order: quoted prices, prices from third-party pricing services, internal matrix pricing, and independent broker quotes. The fair value of free-standing derivative instruments is determined primarily using a discounted cash flow model or option model technique and incorporates counterparty credit risk. In some cases, quoted market prices for exchange-traded transactions and transactions cleared through central clearing houses ("OTC-cleared") may be used and in other cases independent broker quotes may be used. For further discussion, see the Fixed Maturities, Equity Securities, Short-term Investments and Free-standing Derivatives section in Note 2 - Fair Value Measurements of Notes to Consolidated Financial Statements. For further discussion on the GMWB customized derivative valuation methodology, see the GMWB Embedded, Customized and Reinsurance Derivatives section in Note 2 - Fair Value Measurements of Notes to Consolidated Financial Statements.

Evaluation of Other-Than-Temporary Impairments on Available-for-Sale Securities and Valuation Allowances on Mortgage Loans

Each quarter, a committee of investment and accounting professionals evaluates investments to determine if an other-than-temporary impairment (“impairment”) is present for AFS securities or a valuation allowance is required for mortgage loans. This evaluation is a quantitative and qualitative process, which is subject to risks and uncertainties. For further discussion of the accounting policies, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements. For a discussion of impairments recorded, see the Other-Than-Temporary Impairments within the Investment Portfolio Risks and Risk Management section of the MD&A.

Valuation Allowance on Deferred Tax Assets

Deferred tax assets represent the tax benefit of future deductible temporary differences and tax credit carryforwards. Deferred tax assets are measured using the enacted tax rates expected to be in effect when such benefits are realized if there is no change in tax law. Under U.S. GAAP, we test the value of deferred tax assets for impairment on a quarterly basis at the entity level within each tax jurisdiction, consistent with our filed tax returns. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The determination of the valuation allowance for our deferred tax assets requires management to make certain judgments and assumptions. In evaluating the ability to recover deferred tax assets, we have considered all available evidence as of December 31, 2018 including past operating results, forecasted earnings, future taxable income, and prudent and feasible tax planning strategies. In the event we determine it is more likely than not that we will not be able to realize all or part of our deferred tax assets in the future, an increase to the valuation allowance would be charged to earnings in the period such determination is made. Likewise, if it is later determined that it is more likely than not that those deferred tax assets would be realized, the previously provided valuation allowance would be reversed. Our judgments and assumptions are subject to change given the inherent uncertainty in predicting future performance and specific industry and investment market conditions.

As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the Company had no valuation allowance. In assessing the need for a valuation allowance, management considered future taxable temporary difference reversals, future taxable income exclusive of reversing temporary differences and carryovers, taxable income in open carry back years and other tax planning strategies. From time to time, tax planning strategies could include holding a portion of debt securities with market value losses until recovery, making investments which have specific tax characteristics, and business considerations such as asset-liability matching. Management views such tax planning strategies as prudent and feasible and would implement them, if necessary, to realize the deferred tax assets.

Contingencies Relating to Corporate Litigation and Regulatory Matters

Management evaluates each contingent matter separately. A loss is recorded if probable and reasonably estimable. Management establishes reserves for these contingencies at its “best estimate,” or, if no one number within the range of possible losses is more probable than any other, the Company records an estimated reserve at the low end of the range of losses.

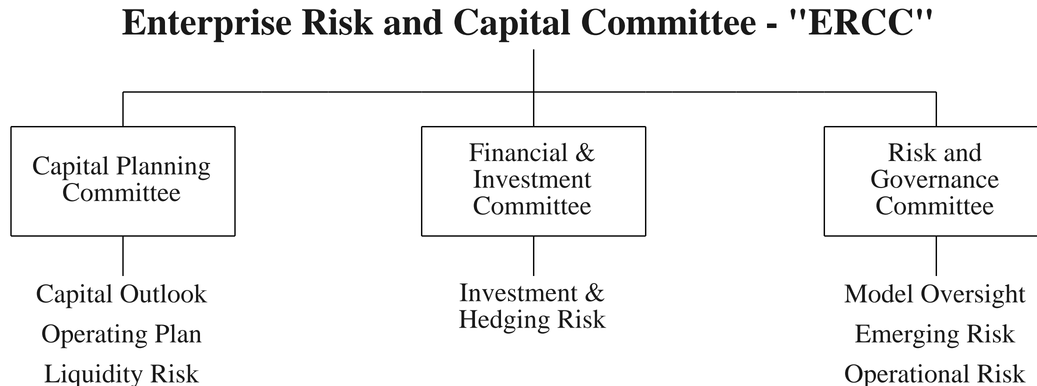
The Company has a quarterly monitoring process involving legal and accounting professionals. Legal personnel first identify outstanding corporate litigation and regulatory matters posing a reasonable possibility of loss. These matters are then jointly reviewed by accounting and legal personnel to evaluate the facts and changes since the last review in order to determine if a provision for loss should be recorded or adjusted, the amount that should be recorded, and the appropriate disclosure. The outcomes of certain contingencies currently being evaluated by the Company, which relate to corporate litigation and regulatory matters, are inherently difficult to predict, and the reserves that have been established for the estimated settlement amounts are subject to significant changes. Management expects that the ultimate liability, if any, with respect to such lawsuits, after consideration of provisions made for estimated losses, will not be material to the consolidated financial condition of the Company. In view of the uncertainties regarding the outcome of these matters, as well as the tax-deductibility of payments, it is possible that the ultimate cost to the Company of these matters could exceed the reserve by an amount that would have a material adverse effect on the Company’s consolidated results of operations and liquidity in a particular quarterly or annual period.

ENTERPRISE RISK MANAGEMENT

The Company’s Board of Directors (“the Board”) has ultimate responsibility for risk oversight while management is tasked with the day-to-day management of the Company’s risks. The Board executes risk oversight through Hopmeadow Holdings GP, LLC's Finance, Investment and Enterprise Risk Committee ("FIRMCo").

The Company manages and monitors risk through risk policies, controls and limits.

At the senior management level, an Enterprise Risk and Capital Committee (“ERCC”) oversees the risk profile and risk management practices of the Company. ERCC reports to FIRMCo on Talcott's overall risk profile and adherence to risk limits. As illustrated below, a number of functional committees sit underneath the ERCC, providing oversight of specific risk areas.



ERCC Members

President (Chair)
Chief Actuary
Chief Auditor
Chief Communications Officer
General Counsel
Chief Financial Officer
Chief Human Resource Officer
Chief Information Officer
Chief Investment Officer
Chief Risk Officer
Others as deemed necessary by the Committee Chair

The Company's enterprise risk management ("ERM") function supports the ERCC and functional committees, and is tasked with, among other things:

- risk identification and assessment;
- the development of risk appetites, tolerances, and limits;
- risk monitoring; and
- internal and external risk reporting.

The Company categorizes its main risks as financial risk, operational risk and insurance risk, each of which is described in more detail below.

Financial Risk Management

Financial risks include direct and indirect risks to the Company's financial objectives coming from events that impact market conditions or prices. Some events may cause correlated movement in multiple risk factors. The primary sources of financial risks are the Company's general account and separate account assets and the liabilities and the guarantees which the company has written over various liability products, particularly its fixed and variable annuities. Consistent with its risk appetite, the Company establishes financial risk limits to control potential loss on a U.S. statutory and economic basis. Exposures are actively monitored, and mitigated where appropriate. The Company uses various risk management strategies, including reinsurance and over-the-counter and exchange traded derivatives with counterparties meeting the appropriate regulatory and due diligence requirements. Derivatives are utilized to achieve one of four

Company-approved objectives: hedging risk arising from interest rate, equity market, commodity market, credit spread and issuer default, price or currency exchange rate risk or volatility; managing liquidity; controlling transaction costs; or entering into synthetic replication transactions. Derivative activities are monitored and evaluated by the Company's compliance and risk management teams and reviewed by senior management.

The Company identifies different categories of financial risk, including liquidity, credit, interest rate, equity and foreign exchange as described below.

Liquidity Risk

Liquidity risk is the risk to current or prospective earnings or capital arising from the Company's inability or perceived inability to meet its contractual funding obligations when they come due.

Sources of Liquidity Risk

Sources of Liquidity Risk include funding risk, company-specific liquidity risk and market liquidity risk resulting from differences in the amount and timing of sources and uses of cash as well as company-specific and general market conditions. Stressed market conditions may impact the ability to sell assets or otherwise transact business and may result in a significant loss in value.

Impact

Inadequate capital resources and liquidity could negatively affect the Company's overall financial strength and its ability to generate cash flows from its businesses, borrow funds at competitive rates, and raise new capital to meet operating and growth needs.

Management

The Company has defined ongoing monitoring and reporting requirements to assess liquidity across the enterprise under both current and stressed market conditions. The Company measures and manages liquidity risk exposures and funding needs within prescribed limits across legal entities, taking into account legal, regulatory and operational limitations to the transferability of liquidity. The Company also monitors internal and external conditions, and identifies material risk changes and emerging risks that may impact liquidity. The Company's Treasurer has primary responsibility for liquidity risk.

For further discussion on liquidity see the section on Capital Resources and Liquidity.

Credit Risk

Credit risk is the risk to earnings or capital due to uncertainty of an obligor's or counterparty's ability or willingness to meet its obligations in accordance with contractually agreed upon terms. Credit risk is comprised of three major factors: the risk of change in credit quality, or credit migration risk; the risk of default; and the risk of a change in value due to changes in credit spread.

Sources of Credit Risk

The majority of the Company's credit risk is concentrated in its investment holdings but it is also present in the Company's derivative counterparty exposure, reinsurance transactions, and to a lesser extent variable annuity fund assets under management.

Impact

A decline in creditworthiness is typically associated with an increase in an investment'Sources of Credns.

- Selling investments subject to credit risk;
- Hedging through use of single name or basket credit default swaps;
- Clearing transactions through central clearing houses that require daily variation margin;
- Entering into contracts only with strong creditworthy institutions and
- Requiring collateral.

The Company has developed credit exposure thresholds which are based upon counterparty ratings. Aggregate counterparty credit quality and exposure is monitored on a monthly basis utilizing an enterprise-wide credit exposure information system that contains data on issuers, ratings, exposures, and credit limits. Exposures are tracked on a current and potential basis and aggregated by ultimate parent across investments, reinsurance receivables, insurance products with credit risk, and derivative counterparties.

As of December 31, 2018 (Successor Company), the Company had no investment exposure to any credit concentration risk of a single issuer, or derivative counterparty greater than 10% of the Company's stockholder's equity

Use of Credit Derivatives

The Company may also use credit default swaps to manage credit exposure or to assume credit risk to enhance yield. The Company uses credit derivatives to purchase credit protection with respect to a single entity, referenced index, or asset pool. The Company purchases credit protection through credit default swaps to economically hedge and manage credit risk of certain fixed maturity investments across multiple sectors of the investment portfolio. As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the notional amount related to credit derivatives that purchase credit protection was $45 and $80, respectively, while the fair value was $(1) and $(3), respectively. These amounts do not include positions that are in offsetting relationships.

The Company also enters into credit default swaps that assume credit risk as part of replication transactions. Replication transactions are used as an economical means to synthetically replicate the characteristics and performance of assets that are permissible investments under the Company's investment policies. These swaps reference investment grade single corporate issuers and baskets, which include customized diversified portfolios of corporate issuers. These baskets are established within sector concentration limits and may be divided into tranches which possess different credit ratings. As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the notional amount related to credit derivatives that assume credit risk was $372 and $380, respectively, while the fair value was $3, respectively. These amounts do not include positions that are in offsetting relationships.

For further information on credit derivatives, see Note 4 - Derivative Instruments of Notes to Consolidated Financial Statements.

Interest Rate Risk

Interest rate risk is the risk of financial loss due to adverse changes in the value of assets and liabilities arising from movements in interest rates. Interest rate risk encompasses exposures with respect to changes in the level of interest rates, the shape of the term structure of rates and the volatility of interest rates. Interest rate risk does not include exposure to changes in credit spreads.

<u>Sources of Interest Rate Risk</u>

Management

The Company primarily manages its exposure to interest rate risk by constructing investment portfolios that maintain asset allocation limits and asset/liability duration matching targets which may include the use of derivatives. The Company analyzes interest rate risk using various models including parametric models and cash flow simulation under various market scenarios of the liabilities and their supporting investment portfolios. Key metrics that the Company uses to quantify its exposure to interest rate risk inherent in its invested assets and interest rate sensitive liabilities include duration, convexity and key rate duration.

The Company may also utilize a variety of derivative instruments to mitigate interest rate risk associated with its investment portfolio or to hedge liabilities. Interest rate caps, floors, swaps, swaptions, and futures may be used to manage portfolio duration. Interest rate swaps are primarily used to convert interest receipts or payments to a fixed or variable rate. The use of such swaps enables the Company to customize contract terms and conditions to desired objectives and manage the duration profile within established tolerances. Interest rate swaps are also used to hedge the variability in the cash flows of a forecasted purchase or sale of fixed rate securities due to changes in interest rates.

As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), notional amounts pertaining to derivatives utilized to manage interest rate risk, including offsetting positions, totaled $3.2 billion and $4.7 billion, respectively, $3.1 billion and $4.7 billion, respectively, related to investments and $2 and $34, respectively, related to liabilities. The fair value of these derivatives was $(101) and $(356) as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), respectively. These amounts do not include derivatives associated with the Variable Annuity Hedging Program.

Assets and Liabilities subject to Interest Rate Risk

Fixed Income Investments

The fair value of fixed income investments, which include fixed maturities, commercial mortgage loans, and short-term investments, was $16.8 billion and $26.8 billion at December 31, 2018 (Successor Company) and 2017 (Predecessor Company), respectively. The weighted average duration of the portfolio, including derivative instruments, was approximately 7.7 years and 7.6 years as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), respectively.

Liabilities

The Company’s issued investment contracts and certain insurance product liabilities, other than non-guaranteed separate accounts, include asset accumulation vehicles such as fixed annuities, guaranteed investment products, and other investment and universal life-type contracts. The primary risk associated with these products is that, despite the use of market value adjustment features and surrender charges, the spread between investment return and credited rate may not be sufficient to earn targeted returns.

Asset accumulation vehicles primarily require a fixed rate payment, often for a specified period of time, and fixed rate annuities contain surrender values that are based on a market value adjusted formula if held for shorter periods. As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the Company had $4,069 and $4,751, respectively, of liabilities for fixed annuities predominantly with 3% minimum interest guarantees and $94 and $120, respectively, of liabilities for guaranteed investment products.

In addition, certain products such as corporate owned life insurance ("COLI") contracts and the general account portion of variable annuity products credit interest to policyholders subject to market conditions and minimum interest rate guarantees. As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the Company had $1,785 and $1,806 of general account COLI, respectively, with minimum interest guarantees ranging from 4.0% to 4.5%. As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the general account portion of variable annuity contracts was $2,984 and $3,225, respectively, with minimum guarantees ranging from 1.5% to 4.0%.

The Company's issued non-investment type contracts include structured settlement contracts, terminal funding agreements, and on-benefit payout annuities (i.e., the annuitant is currently receiving benefits). The cash outflows associated with these policy liabilities are not interest rate sensitive but do vary based on actual to expected mortality experience. Similar to investment-type products, the aggregate cash flow payment streams are relatively predictable. Products in this category may rely upon actuarial pricing assumptions (including mortality and morbidity) and have an element of cash flow uncertainty. Additionally, due to the long duration of these liabilities, these products are subject to reinvestment risk. As of December 31, 2018 (Successor Company) and 2017 (Predecessor sor Comr(7.7M

Interest Rate Sensitivity

Fixed Liabilities and the Invested Assets Supporting Them

Included in the following table is the before-tax change in the net economic value of investment contracts including structured settlements, fixed annuity contracts and terminal funding agreements for which the payment rates are fixed at contract issuance and/or the investment experience is substantially absorbed by the Company’s operations, along with the corresponding invested assets. Also included in this analysis are the interest rate sensitive derivatives used by the Company to hedge its exposure to interest rate risk in the investment portfolios supporting these contracts. Note that for purposes of the sensitivities outlined below, the net economic value is shown, which is net of reinsurance and is the difference between the change in the market value of the assets, and the change in the market value of the liabilities utilizing the Company's internal methodology for calculating economic value.

The calculation of the estimated hypothetical change in net economic value below assumes a 100 basis point upward and downward parallel shift in the yield curve.

Change in Net Economic Value as of December 31,

	Successor Company		Predecessor Company	
Interest rate sensitivity of fixed liabilities and invested assets supporting them	**2018**		**2017**	
Basis point shift	-100	+100	-100	+100
(Decrease) increase in economic value, before tax	$ (307)	$ 214	$ (902)	$ 550

The carrying value of fixed maturities, commercial mortgage loans and short-term investments related to the businesses included in the table above was $12.4 billion and $22.7 billion, as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), respectively. The assets supporting the fixed liabilities are monitored and managed within set duration guidelines, and are evaluated on a daily basis, as well as annually using scenario simulation techniques in compliance with regulatory requirements. For further discussion on the reinsurance agreements with Commonwealth and the impact to invested assets, please see Part II, Item 7, MD&A - Composition of Invested Assets.

Invested Assets Not Supporting Fixed Liabilities

The following table provides an analysis showing the estimated before-tax change in the fair value of the Company’s investments and related derivatives, excluding assets supporting fixed liabilities which are included in the table above, assuming 100 basis point upward and downward parallel shifts in the yield curve as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company).

Change in Fair Value as of December 31,

	Successor Company	Predecessor Company
Inter[illegible]s and		

Impact of Equity Risk on General Account Pr

Many policyholders with a GMDB also have a GMWB. These benefits are not additive. Policyholders that have a product with both guarantees can receive, at most, the greater of the GMDB or GMWB. The GMDB NAR disclosed in the preceding tables is a point in time measurement and assumes that all participants utilize the GMDB on that measurement date.

The Company expects to incur GMDB payments in the future only if the policyholder has an "in the money" GMDB at their death. For policies with a GMWB rider, the company expects to incur GMWB payments in the future only if the account value is reduced over time to a specified level through a combination of market performance and periodic withdrawals, at which point the contractholder will receive an annuity with total payments equal to the GRB, which is generally equal to premiums less withdrawals. For the Company's "lifetime" GMWB products, this annuity can have total payments exceeding the GRB. As the account value fluctuates with equity market returns on a daily basis and the "lifetime" GMWB payments may exceed the GRB, the ultimate amount to be paid by the Company, if any, is uncertain and could be significantly more or less than the Company's current carried liability. For additional information on the Company's GMWB liability, see Note 2 - Fair Value Measurements of Notes to Consolidated Financial Statements. For additional information on the Company's GMDB liability, see Note 7 - Reserves for Future Policy Benefits and Separate Account Liabilities of Notes to Consolidated Financial Statements.

Variable Annuity Market Risk Exposures

The following table summarizes the broad Variable Annuity Guarantees offered by the Company and the market risks to which the guarantee is most exposed from a U.S. GAAP accounting perspective.

Variable Annuity Guarantees [1]	**U.S. GAAP Treatment [1]**	**Primary Market Risk Exposures [1]**
GMDB and life-contingent component of the GMWB	Accumulation of the portion of fees required to cover expected claims, less accumulation of actual claims paid	Equity Market Levels
GMWB (excluding life-contingent portions)	Fair Value	Equity Market Levels / Implied Volatility / Interest Rates

[1] Each of these guarantees and the related U.S. GAAP accounting volatility will also be influenced by actual and estimated policyholder behavior.

Risk Hedging

Variable Annuity Hedging Program

Through the use of reinsurance, capital market derivatives and other derivative instruments, the Company's variable annuity hedging program is primarily focused on reducing the economic exposure to market risks associated with guaranteed benefits that are embedded in our variable annuity contracts. The variable annuity hedging program also considers the potential impacts on statutory capital.

Reinsurance

The Company uses reinsurance for a portion of contracts with GMWB riders issued prior to the second quarter of 2006. The Company also uses reinsurance for a majority of the GMDB riders where the GMDB is higher than a return of premium death benefit or account value benefit.

GMWB Hedge Program

Under the dynamic hedging program, the Company enters into derivative contracts to hedge market risk exposures associated with the portions of GMWB liabilities that are not life-contingent and are not reinsured. These derivative contracts include customized swaps, interest rate swaps and futures, and equity swaps, options, and futures on certain indices including the S&P 500 index, EAFE index and NASDAQ index.

Additionally, the Company holds customized capital market derivative contracts to provide protection from certain capital market risks for the remaining term of specified blocks of non-reinsured GMWB riders. These customized derivative contracts are based on policyholder behavior assumptions specified at the inception of the derivative contracts. The Company retains the risk for differences between assumed and actual policyholder behavior and between the performance of the actively managed funds underlying the separate accounts and their respective indices.

While the Company actively manages this dynamic hedging program, increased U.S. GAAP earnings volatility may result from factors including, but not limited to: policyholder behavior, capital markets, divergence between the performance of the underlying funds and the hedging indices, changes in hedging positions and the relative emphasis placed on various risk management objectives.

Macro Hedge Program

The Company’s macro hedging program uses derivative instruments, such as options and futures on equities and interest rates, to provide protection against the statutory tail scenario risk arising from GMWB and GMDB liabilities on the Company’s statutory surplus as well as to protect a portion of the expected fee revenue to be received on variable annuity contracts.

Impact

Changes in relative values between currencies can create variability in cash flows and realized or unrealized gains and losses on changes in the fair value of assets and liabilities. Based on the fair values of the Company's non-U.S. dollar denominated securities and derivative instruments as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), management estimates that a hypothetical 10% unfavorable change in exchange rates would decrease the fair values by an immaterial amount.

Management

The open foreign currency exposure of non-U.S. dollar denominated investments will most commonly be reduced through the sale of the assets or through hedges using currency futures/forwards/swaps. In order to manage the currency risk related to any non-U.S. dollar denominated liability contracts, the Company enters into foreign currency swaps or holds non-U.S. dollar denominated investments.

Assets and Liabilities Subject to Foreign Currency Exchange Risk

Non-U.S. dollar denominated fixed maturities, equities and cash

The fair values of the non-U.S. dollar denominated fixed maturities and equities at December 31, 2018 (Successor Company) and 2017 (Predecessor Company) were approximately $94 and $104, respectively. Included in these amounts are $4 and $5 at December 31, 2018 (Successor Company) and 2017 (Predecessor Company), respectively, related to non-U.S. dollar denominated fixed maturities and equities that directly support liabilities denominated in the same currencies. The currency risk of the remaining non-U.S. dollar denominated fixed maturities and equities are hedged with foreign currency swaps. As of December 31, 2018 (Successor Company), the Company holds $203 of yen-denominated cash, of which $203 is derivative cash collateral pledged by counterparties and has an

invested to build a ‘defense-in-depth’ strategy that uses multiple security measures to protect the integrity of the Company's information assets. This ‘defense-in-depth’ strategy aligns to the National Institute of Standards and Technology ("NIST") Cyber Security Framework and provides preventative, detective and responsive measures that collectively protects the company. Various cyber assurance methods, including security metrics, third party security assessments, external penetration testing, red team exercises and

The components of the gross and net reinsurance recoverables are summarized as follows:

Reinsurance Recoverables	Successor Company As of December 31, 2018	Predecessor Company As of December 31, 2017
Reserve for future policy benefits and other policyholder funds and benefits payable	**$ 29,564**	**$ 20,785**
Less: Allowance for uncollectible reinsurance [1]	—	—

Investment Portfolio Risk

Investment Portfolio Composition

The following table presents the Company's fixed maturities, AFS, by credit quality. The credit ratings referenced throughout this section are based on availability, and are generally the midpoint of the available ratings among Moody's, S&P, and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.

The following table presents the Company's AFS securities by type, as well as fixed maturities and equity, FVO.

European Exposure

While Europe is still growing above potential, the International Monetary Fund cut its 2019 growth forecasts for the region, citing the prospect for a more turbulent external environment, including escalating trade tensions and slowing global demand. Political risk will likely remain elevated in Europe during 2019 due to uncertainty surrounding the Brexit process, increasing pressure on centrist governments in France and Germany and ongoing friction over Italian fiscal policy. The Company manages the credit risk associated with the European securities within the investment portfolio on an on-going basis using several processes which are supported by macroeconomic analysis and issuer credit analysis. For additional details regarding the Company’s management of credit risk, see the Credit Risk section of this MD&A.

As of December 31, 2018 (Successor Company), the Company’s European investment exposure had an amortized cost and fair value of $990 and $964, respectively, or 5% of total invested assets; as of December 31, 2017 (Predecessor Company), amortized cost and fair value totaled $1.7 billion and $1.9 billion, respectively, or 6% of total invested assets. The investment exposure largely relates to corporate entities which are domiciled in or generate a significant portion of their revenue within the United Kingdom, the Netherlands, Germany and Belgium. As of both December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the weighted average credit quality of European investments was BBB+. Entities domiciled in the United Kingdom comprise the Company's largest exposure; as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the U.K. exposure totals less than 2% of total invested assets and largely relates to industrial and financial services securities and has an average credit rating of BBB. The majority of the European investments are U.S. dollar-denominated, and those securities that are British pound or euro-denominated are hedged to U.S. dollars. For a discussion of foreign currency risks, see the Foreign Currency Exchange Risk section of this MD&A.

Commercial and Residential Real Estate

The following tables, present the Company’s exposure to CMBS and RMBS by current credit quality included in the preceding Securities by Type table.

Limited Partnerships and Other Alternative Investments Investment Income

	Successor Company		Predecessor Company					
	June 1, 2018 to December 31, 2018		January 1, 2018 to May 31, 2018		For the years ended December 31,			
					2017		2016	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Hedge funds	$ 4	9.0 %	$ 1	2.0 %	$ 6	4.6 %	$ (2)	(0.7)%
Real estate funds	17	38.7 %	2	3.3 %	18	12.3 %	10	6.8 %
Private equity and other funds	46	11.5 %	38	13.3 %	51	8.1 %	78	12.9 %
Total	**$ 67**	**13.7%**	**$ 41**	**10.4%**	**$ 75**	**8.3%**	**$ 86**	**8.3 %**

Investments in Limited Partnerships and Other Alternative Investments

	Successor Company		Predecessor Company	
	December 31, 2018		December 31, 2017	
	Amount	Percent	Amount	Percent
Hedge funds	$ 85	9.5 %	$ 141	14.1 %
Real estate funds	73	8.2 %	159	15.9 %
Private equity and other funds	736	82.3 %	701	70.0 %
Total	**$ 894**	**100%**	**$ 1,001**	**100%**

Available-for-Sale Securities — Unrealized Loss Aging

Total gross unrealized losses were $279 as of December 31, 2018 (Successor Company), and have increased $206, or 282%, from December 31, 2017 (Predecessor Company), due to widening of spreads and higher interest rates. The increase was partially offset by the application of pushdown accounting in connection with the May 31, 2018 sale by the Talcott Resolution Sale Transaction. Refer to Note 1 - Basis of Presentation and Significant Accounting Policies for more information regarding the sale. As of December 31, 2018, $278 of the gross unrealized losses were associated with securities depressed less than 20% of cost or amortized cost. The $1 of securities depressed more than 20% are primarily corporate securities that decreased in value due to widening of credit spreads.

As part of the Company's ongoing security monitoring process, the Company has reviewed its AFS securities in an unrealized loss position and concluded that these securities are temporarily depressed and are expected to recover in value as the securities approach maturity or as market spreads tighten. For these securities in an unrealized loss position where a credit impairment has not been recorded, the Company's best estimate of expected future cash flows are sufficient to recover the amortized cost basis of the security. Furthermore, the Company neither has an intention to sell nor does it expect to be required to sell these securities. For further information regarding the Company's impairment analysis, see Other-Than-Temporary Impairments in the Investment Portfolio Risks and Risk Management section of this MD&A.

The following tables present the Company's unrealized loss aging for AFS securities by length of time the security was in a continuous unrealized loss position.

	Successor Company				Predecessor Company			
	December 31, 2018				December 31, 2017			
Consecutive Months	Items	Cost or Amortized Cost [1]	Fair Value	Unrealized Loss	Items	Cost or Amortized Cost	Fair Value	Unrealized Loss
Three months or less	655	$ 2,449	$ 2,436	$ (51)	498	$ 1,643	$ 1,636	$ (7)
Greater than three to six months	562	2,312	2,249	(64)	241	837	827	(10)
Greater than six to nine months	1,017	5,869	5,702	(164)	89	218	216	(2)
Greater than nine to eleven months	—	—	—	—	47	53	52	(1)
Twelve months or more	—	—	—	—	379	1,495	1,442	(53)
Total	**2,234**	**$ 10,630**	**$ 10,387**	**$ (279)**	**1,254**	**$ 4,246**	**$ 4,173**	**$ (73)**

[1] The cost or amortized cost of assets that support modified coinsurance reinsurance contracts were not adjusted as part of the application of pushdown accounting. As a result, gross unrealized gains (losses) only include subsequent changes in value recorded in AOCI beginning June 1, 2018. Prior changes in value have been recorded in additional paid-in capital.

Other-Than-Temporary Impairments

The following table presents the Company's impairments recognized in earnings by security type.

CAPITAL RESOURCES AND LIQUIDITY

Capital resources and liquidity represent the financial resources of Talcott Resolution Life Insurance Company and its ability to generate strong cash flows and to borrow funds at competitive rates to meet operating needs over the next twelve months.

Liquidity Requirements and Sources of Capital

TL has an intercompany liquidity agreement that allows for short-term advances of funds to its subsidiaries of up to $1.0 billion for liquidity and other general corporate purposes. The Connecticut Insurance Department ("CTDOI") granted approval for certain affiliated insurance companies that are parties to the agreement to treat receivables from a subsidiary, including Talcott Life and Annuity Insurance Company ("TLA"), as admitted assets for statutory accounting purposes. As of December 31, 2018, there were no amounts outstanding between TL   a.c

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

The Company does not have any off-balance sheet arrangements that are reasonably likely to have a material effect on the financial condition, results of operations, liquidity, or capital resources of the Company, except for unfunded commitments to purchase investments in limited partnerships and other alternative investments, private placements and mortgage loans of $577 as disclosed in Note 11 - Commitments and Contingencies of Notes to Consolidated Financial Statements.

The following table summarizes the Company's contractual obligations as of December 31, 2018:

	Payments Due by Period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Life and annuity obligations [1]	$ 265,261	$ 14,559	$ 27,168	$ 23,860	$ 199,674
Operating lease obligations [2]	7	2	4	1	—
Purchase obligations [3]	594	594	—	—	—
Other liabilities reflected on the balance sheet	1,061	1,060	1	—	—
Total	**$ 266,923**	**$ 16,215**	**$ 27,173**	**$ 23,861**	**$ 199,674**

[1] Estimated life and annuity obligations include death claims, other charges associated with policyholder reserves, policy surrenders and policyholder dividends, offset by expected future deposits on in-force contracts. Estimated life and annuity obligations are based on mortality, morbidity and lapse assumptions comparable with the Company's historical experience, modified for recent observed trends. The Company has also assumed market growth and interest crediting consistent with other assumptions. In contrast to this table, the majority of the Company's obligations are recorded on the balance sheet at the current account values and do not incorporate an expectation of future market growth, interest crediting, or future deposits. Therefore, the estimated obligations presented in this table significantly exceed the liabilities recorded in reserve for future policy benefits, other policyholder funds and benefits payable, and separate account liabilities. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results.

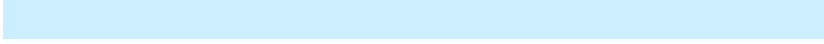
[2] Includes future minimum lease payments on operating lease agreements.

[3] Purchase obligations exclude contracts that are cancelable without penalty, or contracts that do not specify minimum levels of goods or services to be purchased. Currently, there are no contractual commitments to purchase various goods and services such as maintenance and information technology in the normal course of business included in purchase obligations.

Dividends

Dividends to the Company from its insurance subsidiaries and dividends from the Company to its parent are restricted by insurance regulation. The payment of dividends by Connecticut-domiciled insurers is limited under the insurance holding company laws of Connecticut. These laws require notice to and approval by the state insurance commissioner for the declaration or payment of any dividend, which, together with other dividends or distributions made within the preceding twelve months, exceeds the greater of (i) 10% of the insurer's policyholder surplus as of December 31 of the preceding year or (ii) net income (or net gain from operations, if such company is a life insurance company) for the twelve-month period ending on the thirty-first day of December last preceding, in each case determined under statutory insurance accounting principles. In addition, if any dividend of a domiciled insurer exceeds the insurer's earned surplus or certain other thresholds as calculated under applicable state insurance law, the dividend requires the prior approval of the domestic regulator. In addition to statutory limitations on paying dividends, the Company also takes other items into consideration when determining dividends from subsidiaries. These considerations include, but are not limited to, expected earnings and capitalization of the subsidiary, regulatory capital requirements and liquidity requirements of the individual operating company. As a condition of the sale, Talcott Resolution Life Insurance Company and its affiliates are required to gain pre-approval from the state insurance commissioner for any dividends, regardless of size, through May 31, 2020.e GToup, Padd Brook pre-J. Safich GToup. (. In 11 twelve-montPor)T

Cash Flows



The following table summarizes Talcott Resolution Life Insurance Company's significant member companies' financial ratings from the major independent rating organizations as of February 19, 2019:

- The difference between the amortized cost and fair value of fixed maturity and other investments, net of tax, is recorded as an increase or decrease to the carrying value of the related asset and to equity under U.S. GAAP, while U.S. STAT only records certain securities at fair value, such as equity securities and certain lower rated bonds required by the NAIC to be recorded at the lower of amortized cost or fair value.
- U.S. STAT for life insurance companies establishes a formula reserve for realized and unrealized losses due to default and equity risks associated with certain invested assets (the Asset Valuation Reserve), while U.S. GAAP does not. Also, for those realized gains and losses caused by changes in interest rates, U.S. STAT for life insurance companies defers and amortizes the gains and losses, caused by changes in interest rates, into income over the original life to maturity of the asset sold (the Interest Maintenance Reserve) while U.S. GAAP does not.
- Deferred gains on reinsurance transactions are a restricted component of surplus on a U.S. STAT basis, while in U.S. GAAP it is included in liabilities and amortized into income over the life of the underlying policies reinsured.

In addition, certain assets, including a portion of premiums receivable and fixed assets, are non-admitted (recorded at zero value and charged against surplus) under U.S. STAT. U.S. GAAP generally evaluates assets based on their recoverability.

Risk-based Capital

The Company's U.S. insurance companies' states of domicile impose risk-based capital (“RBC”) requirements. The requirements provide a means of measuring the minimum amount of statutory capital appropriate for an insurance company to support its overall business operations, based on its size and risk profile. Regulatory compliance is determined by a ratio of a company's total adjusted capital (“TAC”) to its authorized control level RBC (“ACL RBC”). Companies below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. The minimum level of TAC before corrective action commences (“Company Action Level”) is two times the ACL RBC. The adequacy of a company's capital is determined by the ratio of a company's TAC to its Company Action Level, known as the "RBC ratio". The Company and all of its operating insurance subsidiaries had RBC ratios in excess of the minimum levels required by the applicable insurance regulations. The RBC ratios for the Company and its principal life insurance operating subsidiaries were all in excess of 300% of their Company Action Levels as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company). The reporting of RBC ratios is not intended for the purpose of ranking any insurance company, or for use in connection with any marketing, advertising or promotional activities.

Contingencies

Legal Proceedings

For further information on other contingencies, see Note 11 - Commitments and Contingencies of Notes to Consolidated Financial Statements.

Legislative and Regulatory Developments

Tax Reform

At the end of 2017, Congress passed and the president signed, the Tax Cuts and Jobs Act of 2017 ("Tax Reform"), which enacted significant reforms to the U.S. tax code. The major areas of interest to the Company include the reduction of the corporate tax rate from 35% to 21%, the repeal of the corporate alternative minimum tax, modifications to the separate account dividends received deduction, a change to the net operating loss provisions to allow carry-forward without expiration, and changes to the calculation of deductible acquisition costs and policyholder reserves that affect the timing of those deductions. The U.S. Treasury and IRS will continue to develop guidance for implementing Tax Reform, and Congress may consider additional technical corrections to the legislation. Tax proposals and regulatory initiatives which have been or are being considered by Congress and/or the U.S. Treasury Department could have a material effect on the Company and its insurance businesses. The nature and timing of any Congressional or regulatory action with respect to any such efforts is unclear. For additional information on risks to the Company related to Tax Reform, please see the risk factor entitled "Changes in federal or state tax laws could adversely affect our business, financial condition, results of operations and liquidity" under "Risk Factors" in Part I.

Insurance Business Transfer and Division Statutes

documents of the dividing insurer and submitted for approval by the Connecticut Insurance Department. In 2018, similar legislation was passed in Illinois and Michigan and several other states are considering similar legislation. In addition, states adopted, and continue to consider adopting, various insurance business transfer acts.

Privacy and Cybersecurity

In 2018, there was a proliferation of state and federal legislative proposals to protect customer privacy and augment cybersecurity protections. Noteworthy for 2018 is the California Consumer Privacy Act ("CCPA") passed in July 2018. At this time, all companies operating in California are required to comply with the law by January 1, 2020. The law creates numerous consumer rights, including increased access to personal information and its disclosures. The precise impact of many of the CCPA's provisions will not be fully known until the California Attorney General provides guidance and adopts corresponding regulations.

Cybersecurity legislation continues to be a growing area of priority. For example, the New York's Department of Financial Services enacted their Cybersecurity Regulation in February 2017.

The following is a list of directorships currently held, or formerly held within the five previous years, by the Directors of the Company on companies whose securities are traded publicly in the United States or that are investment companies registered under the Investment Company Act of 1940.

Director	Directorships
Richard J. Carbone	E*TRADE Financial Corporation (August 2013 to Present)
Henry Cornell	MRC Global Inc. (June 2018 to Present); Cypress Energy Partners GP, LLC (January 2014 to Present)
Oliver M. Goldstein	

Funding Source, Inc. Mr. Goldstein has 24 years of private equity and financial advisory experience. Prior to 2009, he spent four years as a partner and senior managing director at Eton Park Capital Management. Mr. Goldstein started and led Eton Park's U.S. private investment effort, establishing an investment strategy concentrated on growth equity financings and special situations, with a primary industry focus in financial services. Mr. Goldstein was with Warburg Pincus from 1999 to 2005, most recently as a managing director responsible for leveraged buyouts and direct investments in public companies. Earlier in his career, Mr. Goldstein worked for Fenway Partners and Goldman, Sachs & Co. He currently serves as a board member of HHGP and the Company.

Brion S. Johnson

Mr. Johnson is Chief Investment Officer of The Hartford and President of HIMCO, The Hartford's institutional asset management business. Prior to being named President of HIMCO in 2012, he served as a Managing Director, Chief Financial Officer and Head of Strategy and Development of HIMCO. From 2014 to 2018, Mr. Johnson also served as president of Talcott Resolution, the business segment comprising The Hartford's former run-off annuity business. Prior to joining HIMCO, Mr. Johnson worked at Prudential, plc, North American Operations, rising through the ranks while working at the company's affiliates, PPM America, Inc. and Jackson National Life Insurance Company. His most recent role was serving as Executive Vice President and Head of Portfolio Management of PPM America, leading a team of investment professionals responsible for client relationships, portfolio management, and quantitative and risk management, as well as trade execution for clients in the U.S., England and Asia. He currently serves as a board member of HHGP and the Company.

Emily R. Pollack

Ms. Pollack is a Managing Director of Cornell Capital LLC, a private investment firm. Prior to joining Cornell Capital in January 2017, she was Vice President of Harron Communications, LP, a cable company, where she was employed from June 2010 until January 2017. She began her career at Davis Polk & Wardwell LLP in the Mergers & Acquisitions group, and also previously worked at American International Group, Inc. (AIG). Ms. Pollack currently serves as a board member of HHGP, the Company, and PureStar, a portfolio company of Cornell Capital.

Michael S. Rubinoff

Mr. Rubinoff is the Head of Private Equity at J. Safra Group since May 2012. Prior to joining the J. Safra Group, Mr. Rubinoff was a senior executive at Bank of America and at Merrill Lynch, where he held positions including Co-Head of the Global Corporate and Investment Bank, Global Head of Financial Institutions Investment Banking and Head of Financial Institutions Investing. Before joining Bank of America and Merrill Lynch, Mr. Rubinoff founded Infinity Point, an investment firm focused on financial institutions, where Mr. Rubinoff partnered in the acquisition of and management of the control stake of Israel Discount Bank, Israel's third largest bank. Prior to founding Infinity Point, Mr. Rubinoff was a Partner at Goldman Sachs and Co-head of the Financial Institutions Group within the Investment Banking Division responsible for the Americas. He specialized in providing strategic advice and capital markets services for financial institutions and globally. During his investment banking career, Mr. Rubinoff advised on over $100 billion in mergers, restructurings and capital raises. He currently serves as a director on the Boards of Chiquita Brands International Inc., Global Atlantic Financial Group, Q-Park N.V., HHGP and the Company. Mr. Rubinoff also serves as an observer to the Board of Directors of USI, Inc., as a member of the Board of Directors of the Andy Warhol Museum and as a Trustee of The Jewish Museum.

Peter F. Sannizzaro

Mr. Sannizzaro was appointed President and Chief Executive Officer of the Company in November 2018, where he is highly engaged in the day-to-day management of the business and the establishment of its overall strategy. He has 30 years of experience in the financial services industry, including serving as President and Chief Operating Officer from June 2018 to November 2018 and previously the Chief Financial Officer for the Company for five years where he had responsibility for Finance, Actuarial and Risk. He is a Chartered Financial Analyst and a Certified Public Accountant. Mr. Sannizzaro currently serves as a director of Foodshare, Inc., Chair of its Finance Committee and a member of its Executive Committee and Retirement Committee. He is also a director of HHGP and the Company.

David I. Schamis

Mr. Schamis is the Founding Partner and Chief Investment Officer at Atlas Merchant Capital since January 2014. Prior to joining Atlas, Mr. Schamis worked at J.C. Flowers from 2000 to January 2014, most recently as a Managing Director and member of the Management Committee. Mr. Schamis joined J.C. Flowers at its inception and has had significant experience investing in North America, South America, Europe and Asia. His day-to-day responsibilities included transaction and sourcing execution, portfolio company monitoring and firm operations. Prior to J.C. Flowers, Mr. Schamis worked in the financial institutions investment banking group at Salomon Smith Barney LLC from 1995 to 2000. He was previously Chairman of the Board of Directors of Fox-Pitt Kelton and Ascensus Retirement Services (formerly Crump Group, Inc.). He also served on the Board of Directors for Affirmative Insurance Holdings, Inc., Symetra Financial Corporation and MF Global Ltd. Mr. Schamis is currently a member of the Board of Directors of HHGP, South Street Securities Holdings Inc., Somerset Reinsurance Ltd., Praxia Bank, the Company, and Panmure Gordon & Co. PLC.

Commission regulations adopted pursuant to the Sarbanes-Oxley Act of 2002 are substantively covered by the Code. The Code of Ethics and Business Conduct is available on the Company's website at:

https://www.talcottresolution.com/talcott_resolution_code_of_ethics_and_business_conduct.html

In the event the Company amends or waives any of the provisions of the Code applicable to our principal executive officer or principal financial officer that relate to any element of the definition of "code of ethics" enumerated in Item 406(b) of Regulation S-K under the 1934 Act, the Company intends to disclose these actions on the Company's website.

Security Holder Communications

As a wholly-owned subsidiary, the Board of Directors of the Company does not have a formal process for security holders to send communications to the Board of Directors.

Audit Committee Financial Expert

The Company's Board has reviewed the qualifications of each member of the Audit Committee and determined that Mr. Robert Stein meets the definition of an audit committee financial expert as defined in Item 407 of Regulation S-K; Mr. Stein is independent of management.

Item 11. EXECUTIVE COMPENSATION

Executive Officers

The Company has no employees, as we are managed by Talcott Resolution Life, Inc. ("TLI"), the Company's parent, pursuant to an Intercompany Services and Cost Allocation Agreement effective as of June 1, 2018 (the "Management Agreement") between the Company, TLI and other Company affiliates. Pursuant to the Management Agreement, the parties provide a variety of operating services to each other to conduct their day to day business, including employee management services. Expenses incurred by TLI in providing these services are reimbursed by the Company based on TLI's actual cost incurred.

Directors

Except as set forth below, directors designated by Company investors to serve on the Company's Board are compensated by the investor that designated them in the ordinary course of business as employees of the investor firm. Any compensation paid to a director by their employing firm is not specifically for service as a director of the Company.

In 2018, the Company compensated its two independent directors, Richard Carbone and Robert Stein. None of the other Directors received compensation for their board service. The following sets out compensation paid in 2018 to these directors for board service from June 1, 2018 through May 31, 2019.

Name	Fees Paid in Cash ($)	Total ($)

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership of Certain Beneficial Owners

The Company is wholly-owned subsidiary of Talcott Resolution Life, Inc.

Security Ownership of Management

Interests owned in the Company by its investors may be deemed to be beneficially owned by those Company directors employed by the investors. Except for Mssrs. Cornell and Schamis, these directors disclaim beneficial ownership of any interest in the Company owned by their employing investor.

Mr. Cornell and Mr. Schamis may be deemed to beneficially own 39% and 8.1% of the Company, respectively. Except for Mssrs. Cornell and Schamis, no director or executive officer beneficially owns any equity security of the Company or any of its parents or subsidiaries.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Review and Approval of Related Party Transactions

We review all relationships and transactions in which we and our investors, Directors, executive officers, and their immediate family members ("related parties") participate to determine if any related party has a direct or indirect material interest. Our General Counsel's office is primarily responsible for developing and implementing processes to obtain the necessary information and for determining, based on the facts and circumstances, whether a direct or indirect material interest exists. We disclose any such transactions in our Annual Report, as required by the SEC rules.

If the General Counsel's Office determines that a transaction may require disclosure under SEC rules, the General Counsel's Office will notify the Board of Directors. The Board will approve or ratify the transaction only if certain criteria is met. Among other criteria, the Board considers whether such transactions were on terms that are no less favorable, in the aggregate, to the Company and its affiliates than those that could reasonably be obtained in a comparable arms'-length transaction with a person other than the related party. Such review also considers established conflict of interest guidelines with respect to the Company and its affiliates.

Based on the information available to the Company's General Counsel's Office and to the Board, there have been no transactions between the Company and any related party since June 1, 2018, nor are any currently proposed, for which disclosure is required under the SEC rules.

Director Independence

Although not subject to the independence standards of the New York Stock Exchange, for purposes of this Annual Report on Form 10-K, the Company has applied the independence standards required for listed companies of the New York Stock Exchange to the Board of Directors. Applying these standards, the Company has determined that it has at least two independent directors, Richard Carbone and Robert Stein.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table presents fees for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the "Deloitte Entities") for the audit of the Company's annual financial statements, audit-related services, tax services and all other services for the years ended December 31, 2018 and 2017.

(amounts are in whole dollars)	**Year Ended December 31, 2018**	**Year Ended December 31, 2017**
Audit fees	$ 3,984,000	$ 4,065,000
Audit-related fees [1]	—	—
Tax fees[1]	—	—
All other fees [1]	—	—
Total	**$ 3,984,000**	**$ 4,065,000**

[1] There were no fees for the categories Audit-related, Tax or All Other for the years ended December 31, 2018 and 2017.

The Company's Audit Committee (the "Committee") concluded that the provision of the non-audit services provided to the Company by the Deloitte Entities during 2018 and 2017 was compatible with maintaining the Deloitte Entities' independence.

The Committee has established policies requiring pre-approval of audit and non-audit services provided by the independent registered public accounting firm. The policies require that the Committee pre-approve specifically described nt reVICES

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as a part of this report:

(1) **Consolidated Financial Statements.** See Index to Consolidated Financial Statements and Schedules elsewhere herein.

(2) **Consolidated Financial Statement Schedules.** See Index to Consolidated Financial Statement and Schedules elsewhere herein.

(3) **Exhibits.** See Exhibit Index elsewhere herein.

TALCOTT RESOLUTION LIFE INSURANCE COMPANY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

Description	Page
Report of Independent Registered Public Accounting Firm	
Consolidated Statements of Operations — For the Period of June 1, 2018 to December 31, 2018 (Successor Company), the	

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Talcott Resolution Life Insurance Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Talcott Resolution Life Insurance Company and subsidiaries (formerly Hartford Life Insurance Company) (the "Company") as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the related consolidated statements of operations, comprehensive income (loss), changes in stockholder's equity, and cash flows, for the period of June 1, 2018 to December 31, 2018 (Successor Company), the period of January 1, 2018 to May 31, 2018 and for the years ended December 31, 2017 and 2016 (Predecessor Company), and the related notes and the financial statement schedules listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), and the results of its operations and its cash flows for the period of June 1, 2018 to December 31, 2018 (Successor Company), the period of January 1, 2018 to May 31, 2018 and for the years ended December 31, 2017 and 2016 (Predecessor Company), in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Company's direct parent, Talcott Resolution Life, Inc., was acquired by Hopmeadow Holdings LP on May 31, 2018. The Company elected to apply pushdown accounting by applying the guidance permitted under Accounting Standards Codification Topic 805 *Business Combinations*.

Basis for Opinion

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

We conducted our audits 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Hartford, CT
February 22, 2019

We have served as the Company’s auditor since 2002.

Company

TALCOTT RESOLUTION LIFE INSURANCE COMPANY AND SUBSIDIARIES

Consolidated Statements of Operations

Successor
Predecessor
Company

TALCOTT RESOLUTION LIFE INSURANCE COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

(In millions, except for share data)	Successor Company As of December 31, 2018	Predecessor Company As of December 31, 2017
Assets		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost: December 31, 2018 Successor Company - $14,035; December 31, 2017 Predecessor Company - $20,914)	$ 13,839	$ 22,799
Fixed maturities, at fair value using the fair value option	12	32
Equity securities, at fair value	116	—
Equity securities, available-for-sale, at fair value (cost: December 31, 2017 Predecessor Company - $140)	—	154
Mortgage loans (net of valuation allowances: December 31, 2018 Successor Company - $5; December 31, 2017 Predecessor Company - $0)	2,100	2,872
Policy loans, at outstanding balance	1,441	1,432
Limited partnerships and other alternative investments	894	1,001
Other investments	201	213
Short-term investments	844	1,094
Total investments	19,447	29,597
Cash	221	537
Premiums receivable and agents' balances, net	12	15
Reinsurance recoverables	29,564	20,785
Deferred policy acquisition costs and value of business acquired	716	405
Deferred income taxes, net	969	556
Other intangible assets	51	—
Other assets	352	1,003
Separate account assets	98,814	115,834
Total assets	**$ 150,146**	**$ 168,732**
Liabilities		
Reserve for future policy benefits	$ 18,323	$ 14,482
Other policyholder funds and benefits payable	28,584	29,228
Other liabilities	2,420	2,508
Separate account liabilities	98,814	115,834
Total liabilities	**148,141**	**162,052**
Commitments and Contingencies (Note 11)		
Stockholder's Equity		
Common stock—1,000 shares authorized, issued and outstanding, par value $5,690	6	6
Additional paid-in capital	1,761	3,539
Accumulated other comprehensive (loss) income, net of tax	(171)	1,023
Retained earnings	409	2,112
Total stockholder's equity	**2,005**	**6,680**
Total liabilities and stockholder's equity	**$ 150,146**	**$ 168,732**

See Notes to Consolidated Financial Statements.

June 1, 2018 to December 31, 2018 (Successor Company)

(In millions)	**Common lions)**	**ir**

1. Basis of Presentation and Significant Accounting Policies (continued)

Use of Estimates

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

The most significant estimates include those used in determining estimated gross profits used in the valuation and amortization of assets (including VOBA) and liabilities associated with variable annuity and other universal life-type contracts; evaluation of other-than-temporary impairments on available-for-sale securities and valuation allowances on investments; living benefits required to be fair valued; valuation of investments and derivative instruments; valuation allowance on deferred tax assets; amortization of the deferred gain on reinsurance; and contingencies relating to corporate litigation and regulatory matters. Certain of these estimates are particularly sensitive to market conditions, and deterioration and/or volatility in the worldwide debt or equity markets could have a material impact on the Consolidated Financial Statements.

Reclassifications

Certain reclassifications have been made to prior year financial information to conform to the current year presentation.

Pushdown Accounting (Successor Company)

The table below shows the main balance sheet line items impacted in pushdown accounting as of the date of the acquisition.

Cash and invested assets	$	27,038
VOBA		805
Deferred Income Taxes		998
Intangible Assets		55
Reinsurance recoverable and other assets		22,615
Separate account assets		110,773
Total assets		162,284
Reserves for future policy benefits		18,057
Other policyholder funds and benefits payable		29,560
Other liabilities		2,127
Separate account liabilities		110,773
Total liabilities		160,517
Equity		1,767
Total liabilities and stockholder's equity	$	162,284

Intangible Assets

Intangible assets with definite lives are amortized over the estimated useful life of the asset. Amortizable intangible assets primarily consist of internally developed software amortized over a period not to exceed five years. Intangible assets with indefinite lives, primarily insurance licenses, are not amortized but are reviewed annually in the Company's impairment analysis. They will be tested for impairment more frequently if events or circumstances indicate the fair value of the indefinitely lived intangibles is less than the carrying value.

Investments

In pushdown accounting, the acquired investments are recorded at fair value through adjustments to additional paid in capital at the acquisition date.

Value of Business Acquired/DAC/Additional Reserves

In conjunction with the acquisition of TLI, a portion of the purchase price was allocated to the right to receive future gross profits from cash flows and earnings of the Company's insurance and investment contracts as of the date of the transaction. This intangible asset is called VOBA and is based on the actuarially estimated present value of future cash flows from the Company's insurance and investment contracts in-force as of the date of the transaction. The estimated fair value calculation of VOBA is based on certain assumptions,

1. Basis of Presentation and Significant Accounting Policies (continued)

including mortality, persistency, expenses, interest rates, and other factors that the Company expects to experience in future years. Actual experience on the acquired contracts may vary from these projections and the recovery of VOBA is dependent upon the future profitability of the related business. The Company amortizes VOBA over estimated gross profits and it is reviewed for recoverability quarterly. Consistent with the acquisition being recorded at fair value, deferred acquisition costs which do not represent future cash flows are eliminated in pushdown accounting.

1. Basis of Presentation and Significant Accounting Policies (continued)

Future Adoption of New Accounting Standards

Hedging Activities

The FASB issued updated guidance on hedge accounting. The updates allow hedge accounting for new types of interest rate hedges of financial instruments and simplify documentation requirements to qualify for hedge accounting. In addition, any gain or loss from hedge ineffectiveness will be reported in the same income statement line with the ef

1. Basis of Presentation and Significant Accounting Policies (continued)

Net Realized Capital Gains and Losses

Net realized capital gains and losses from investment sales are reported as a component of revenues and are determined on a specific identification basis. Net realized capital gains and losses also result from fair value changes in fixed maturities, FVO, equity securities, and derivatives contracts (both free-standing and embedded) that do not qualify, or are not designated, as a hedge for accounting purposes, as well as ineffectiveness on derivatives that qualify for hedge accounting treatment, and the change in value of certain fair-value hedging instruments and their associated hedged item. Impairments and mortgage loan valuation allowances are recognized as net realized capital losses in accordance with the Company's impairment and mortgage loan valuation allowance policies as discussed in Note 3 - Investments of Notes to Consolidated Financial Statements. Foreign currency transaction remeasurements are also included in net realized capital gains and losses.

Net Investment Income

Interest income from fixed maturities and mortgage loans is recognized when earned on the constant effective yield method based on estimated timing of cash flows. The amortization of premium and accretion of discount for fixed maturities also takes into consideration call and maturity dates that produce the lowest yield. For securitized financial assets subject to prepayment risk, yields are recalculated and adjusted periodically to reflect historical and/or estimated future prepayments using the retrospective method; however, if these investments are impaired and for certain other asset-backed securities, any yield adjustments are made using the prospective method. Prepayment fees and make-whole payments on fixed maturities and mortgage loans are recorded in net investment income when earned. For equity securities, dividends are recognized as investment income on the ex-dividend date. Limited partnerships and other alternative investments primarily use the equity method of accounting to recognize the Company's share of earnings; however, for a portion of those investments, the Company used investment fund accounting applied to a wholly-owned fund of funds which was liquidated during 2016. For impaired debt securities, the Company accretes the new cost basis to the estimated future cash flows over the expected remaining life of the security by prospectively adjusting the security's yield, if necessary. The Company's non-income producing investments were not material for the period of June 1, 2018 to December 31, 2018 (Successor Company), the period of January 1, 2018 to May 31, 2018 (Predecessor Company) and for the years ended December 31, 2017 and 2016 (Predecessor Company).

Derivative Instruments

Overview

The Company utilizes a variety of over-the-counter ("OTC"), transactions cleared through central clearing houses ("OTC-cleared") and exchange traded derivative instruments as part of its overall risk management strategy as well as to enter into replication transactions. The types of instruments may include swaps, caps, floors, forwards, futures and options to achieve one of four Company-approved objectives:

- to hedge risk arising from interest rate, equity market, commodity market, credit spread and issuer default, price or currency exchange rate risk or volatility;
- to manage liquidity;
- to control transaction costs;
- to enter into synthetic replication transactions.

Interest rate and credit default swaps involve the periodic exchange of cash flows with other parties, at specified intervals, calculated using agreed upon rates or other financial variables and notional principal amounts. Generally, little to no cash or principal payments are exchanged at the inception of the contract. Typically, at the time a swap is entered into, the cash flow streams exchanged by the counterparties are equal in value.

Interest rate cap and floor contracts entitle the purchaser to receive from the issuer at specified dates, the amount, if any, by which a specified market rate exceeds the cap strike interest rate or falls below the floor strike interest rate, applied to a notional principal amount. A premium payment determined at inception is made by the purchaser of the contract and no principal payments are exchanged.

Forward contracts are customized commitments that specify a rate of interest or currency exchange rate to be paid or received on an obligation beginning on a future start date and are typically settled in cash.

Financial futures are standardized commitments to either purchase or sell designated financial instruments, at a future date, for a specified price and may be settled in cash or through delivery of the underlying instrument. Futures contracts trade on organized exchanges. Margin requirements for futures are met by pledging securities or cash, and changes in the futures' contract values are settled daily in cash.

1. Basis of Presentation and Significant Accounting Policies (continued)

Option contracts grant the purchaser, for a premium payment, the right to either purchase from or sell to the issuer a financial instrument at a specified price, within a specified period or on a stated date. The contracts may reference commodities, which grant the purchaser the right to either purchase from or sell to the issuer commodities at a specified price, within a specified period or on a stated date. Option contracts are typically settled in cash.

Foreign currency swaps exchange an initial principal amount in two currencies, agreeing to re-exchange the currencies at a future date, at an agreed upon exchange rate. There may also be a periodic exchange of payments at specified intervals calculated using the agreed upon rates and exchanged principal amounts.

The Company's derivative transactions conducted in insurance company subsidiaries are used in strategies permitted under the derivative use plans required by the State of Connecticut and the State of New York insurance departments.

Accounting and Financial Statement Presentation of Derivative Instruments and Hedging Activities

Derivative instruments are recognized on the Consolidated Balance Sheets at fair value and are reported in Other Investments and Other Liabilities. For balance sheet presentation purposes, the Company has elected to offset the fair value amounts, income accruals, and related cash collateral receivables and payables of OTC derivative instruments executed in a legal entity and with the same counterparty or under a master netting agreement, which provides the Company with the legal right of offset.

The Company clears certain interest rate swap and credit default swap derivative transactions through central clearing houses. OTC-cleared derivatives require initial collateral at the inception of the trade in the form of cash or highly liquid securities, such as U.S. Treasuries and government agency investments. Central clearing houses also require additional cash as variation margin based on daily market value movements. For information on collateral, see the derivative collateral arrangements section in Note 4 - Derivative Instruments of Notes to Consolidated Financial Statements. In addition, OTC-cleared transactions include price alignment amounts either received or paid on the variation margin, which are reflected in realized capital gains and losses or, if characterized as interest, in net investment income.

On the date the derivative contract is entered into, the Company designates the derivative as (1) a hedge of the fair value of a recognized asset or liability ("fair value" hedge), (2) a hedge of the variability in cash flows of a forecasted transaction or of amounts to be received or paid related to a recognized asset or liability ("cash flow" hedge), (3) a hedge of a net investment in a foreign operation ("net investment" hedge) or (4) held for other investment and/or risk management purposes, which primarily involve managing asset or liability related risks and do not qualify for hedge accounting.

Fair Value Hedges - Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge, along with the changes in the fair value of the hedged asset or liability that is attributable to the hedged risk, are recorded in current period earnings as net realized capital gains and losses with any differences between the net change in fair value of the derivative and the hedged item representing the hedge ineffectiveness. Periodic cash flows and accruals of income/expense ("periodic derivative net coupon settlements") are recorded in the line item of the Consolidated Statements of Operations in which the cash flows of the hedged item are recorded.

Cash Flow Hedges - Changes in the fair value of a derivative that is designated and qualifies as a cash flow hedge, including foreign-currency cash flow hedges, are recorded in AOCI and are reclassified into earnings when the variability of the cash flow of the hedged item impacts earnings. Gains and losses on derivative contracts that are reclassified from AOCI to current period earnings are included in the line item in the Consolidated Statements of Operations in which the cash flows of the hedged item are recorded. Any hedge ineffectiveness is recorded immediately in current period earnings as net realized capital gains and losses. Periodic derivative net coupon settlements are recorded in the line item of the Consolidated Statements of Operations in which the cash flows of the hedged item are recorded. Cash flows from cash flow hedges are presented in the same category as the cash flows from the items being hedged in the Consolidated Statement of Cash Flows.

Other Investment and/or Risk Management Activities - The Company's other investment and/or risk management activities primarily relate to strategies used to reduce economic risk or replicate permitted investments and do not receive hedge accounting treatment. Changes in the fair value, including periodic derivative net coupon settlements, of derivative instruments held for other investment and/or risk management purposes are reported in current period earnings as net realized capital gains and losses.

1. Basis of Presentation and Significant Accounting Policies (continued)

Hedge Documentation and Effectiveness Testing

To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated changes in fair value or cash flow of the hedged item. At hedge inception, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking each hedge transaction. The documentation process includes linking derivatives that are designated as fair value, cash flow, or net investment hedges to specific assets or liabilities on the balance sheet or to specific forecasted transactions and defining the effectiveness and inef

2. Fair Value Measurements

The Company carries certain financial assets and liabilities at estimated fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants. Our fair value framework includes a hierarchy that gives the highest priority to the use of quoted prices in active markets, followed by the use of market observable inputs, followed by the use of unobservable inputs. The fair value hierarchy levels are as follows:

Level 1	Fair values based primarily on unadjusted quoted prices for identical assets, or liabilities, in active markets that the Company has the ability to access at the measurement date.
Level 2	Fair values primarily based on observable inputs, other than quoted prices included in Level 1, or based on prices for similar assets and liabilities.
Level 3	Fair values derived when one or more of the significant inputs are unobservable (including assumptions about risk). With little or no observable market, the determination of fair values uses considerable judgment and represents the Company’s best estimate of an amount that could be realized in a market exchange for the asset or liability. Also included are securities that are traded within illiquid markets and/or priced by independent brokers.

The Company will classify the financial asset or liability by level based upon the lowest level input that is significant to the determination of the fair value. In most cases, both observable inputs (e.g., changes in interest rates) and unobservable inputs (e.g., changes in risk assumptions) are used to determine fair values that the Company has classified within Level 3.

2. Fair Value Measurements (continued)

2. Fair Value Measurements (continued)

Predecessor Company

Assets and (Liabilities) Carried at Fair Value by Hierarchy Level as of December 31, 2017

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturities, AFS				
Asset backed securities ("ABS")	$ 819	$ —	$ 806	$ 13
Collateralized loan obligations ("CLOs")	888	—	815	73
Commercial mortgage-backed securities ("CMBS")	2,084	—	2,058	26
Corporate	14,038	—	13,595	443
Foreign government/government agencies	407	—	406	1
Bonds of municipalities and political subdivisions ("municipal bonds")	1,266	—	1,228	38
Residential mortgage-backed securities ("RMBS")	1,427	—	735	692
U.S. Treasuries	1,870	284	1,586	—
Total fixed maturities	22,799	284	21,229	1,286
Fixed maturities, FVO	32	—	32	—
Equity securities, trading [1]	12	12	—	—
Equity securities, AFS	154	61	47	46
Derivative assets				
Credit derivatives	1	—	1	—
Foreign exchange derivatives	(1)	—	(1)	—
Interest rate derivatives	47	—	47	—
GMWB hedging instruments	69	—	35	34
Macro hedge program	19	—	—	19
Total derivative assets [2]	135	—	82	53
Short-term investments	1,094	807	287	—
Reinsurance recoverable for GMWB	36	—	—	36
Modified coinsurance reinsurance contracts	55	—	55	—
Separate account assets [3]	113,302	73,538	38,677	185
Total assets accounted for at fair value on a recurring basis	**$ 137,619**	**$ 74,702**	**$ 60,409**	**$ 1,606**
Liabilities accounted for at fair value on a recurring basis				
Other policyholder funds and benefits payable				
GMWB embedded derivative	$ (75)	$ —	$ —	$ (75)
Total other policyholder funds and benefits payable	(75)	—	—	(75)
Derivative liabilities				
Foreign exchange derivatives	(187)	—	(187)	—
Interest rate derivatives	(403)	—	(374)	(29)
GMWB hedging instruments	(2)	—	(2)	—
Macro hedge program	4	—	—	4
Total derivative liabilities [4]	(588)	—	(563)	(25)
Total liabilities accounted for at fair value on a recurring basis	**$ (663)**	**$ —**	**$ (563)**	**$ (100)**

[1] Included in other investments on the Consolidated Balance Sheets.

[2] Includes derivative instruments in a net positive fair value position after consideration of the accrued interest and impact of collateral posting requirements which may be imposed by agreements and applicable law. See footnote 4 to this table for derivative liabilities.

[3] Approximately $3.6 billion and $2.5 billion of investment sales receivable, as of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company), respectively, are excluded from this disclosure requirement because they are trade receivables in the ordinary course of business where the carrying amount approximates fair value. Included in the total fair value amount are $468 and $902 of investments, as of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company), respectively, for which the fair value is estimated using the net asset value per unit as a practical expedient which are excluded from the disclosure requirement to classify amounts in the fair value hierarchy.

[4] Includes derivative instruments in a net negative fair value position (derivative liability) after consideration of the accrued interest and impact of collateral posting requirements which may be imposed by agreements and applicable law.

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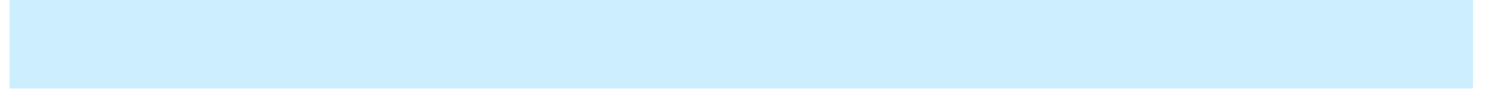
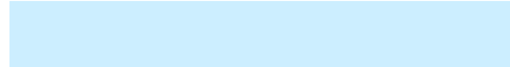
2. Fair Value Measurements (continued)

Valuation Inputs Used in Level 2 and 3 Measurements for Securities and Freestanding Derivatives

Level 2 Primary Observable Inputs	Level 3 Primary Unobservable Inputs
Fixed Maturity Investments	Level .64 297.15 9 Td (Level 3)Tj -43.65 -9 75.5 5 -9 a 1 3
Structured securities (inc2 Unobse	

2. Fair Value Measurements (continued)





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2. Fair Value Measurements (continued)

Credit Standing Adjustment

The credit standing adjustment is an estimate of the adjustment to the fair value that market participants would require in determining fair value to reflect the risk that GMWB benefit obligations or the GMWB reinsurance recoverables will not be fulfilled. The Company incorporates a blend of estimates of peer company and reinsurer bond spreads and credit default spreads from capital markets, adjusted for market recoverability.

Margins

The behavior risk margin adds a margin that market participants would require, in determining fair value, for the risk that the Company's assumptions about policyholder behavior could differ from actual experience. The behavior risk margin is calculated by taking the difference between adverse policyholder behavior assumptions and best estimate assumptions.

Valuation Inputs Used in Levels 2 and 3 Measurements for GMWB Embedded, Customized and Reinsurance Derivatives

Level 2 Primary Observable Inputs	Level 3 Primary Unobservable Inputs
• Risk-free rates as represented by the Eurodollar futures, LIBOR deposits and swap rates to derive forward curve rates • Correlations of 10 years of observed historical returns across underlying well-known market indices • Correlations of historical index returns compared to separate account fund returns • Equity index levels	• Market implied equity volatility assumptions • Credit standing adjustment assumptions Assumptions about policyholder behavior, including: • Withdrawal utilization • Withdrawal rates • Lapse rates • Reset elections

Significant Unobservable Inputs for Level 3 GMWB Embedded Customized and Reinsurance Derivatives

As of December 31, 2018 (Successor Company)			
Significant Unobservable Input	**Unobservable Inputs (Minimum)**	**Unobservable Inputs (Maximum)**	**Impact of Increase in Input on Fair Value Measurement [1]**
Withdrawal utilization [2]	15%	100%	Increase
Withdrawal rates [3]	—%	8%	Increase
Lapse rates [4]	1%	40%	Decrease
Reset elections [5]	20%	45%	Increase
Equity volatility [6]	17%	30%	Increase
Credit standing adjustment [7]	0.04%	0.28%	Decrease
As of December 31, 2017 (Predecessor Company)			
Significant Unobservable Input	**Unobservable Inputs (Minimum)**	**Unobservable Inputs (Maximum)**	**Impact of Increase in Input on Fair Value Measurement [1]**
Withdrawal utilization [2]	15%	100%	Increase
Withdrawal rates [3]	—%	8%	Increase
Lapse rates [4]	—%	40%	Decrease
Reset elections [5]	30%	75%	Increase
Equity volatility [6]	7%	30%	Increase

[1] Conversely, the impact of a decrease in input would have the opposite impact to the fair value as that presented in the table.
[2] Range represents assumed cumulative percentages of policyholders taking withdrawals.
[3] Range represents assumed annual amount withdrawn by policyholders.
[4] Range represents assumed annual percentages of full surrender of the underlying variable annuity contracts across all policy durations for in force business.
[5] Range represents assumed percentages of policyholders that would elect to reset their guaranteed benefit base.
[6] Range represents implied market volatilities for equity indices based on multiple pricing sources.
[7] Range represents Company credit spreads, adjusted for market recoverability.

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2. Fair Value Measurements (continued)

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the year ended December 31, 2017 (Predecessor Company), for which the Company has used significant unobservable inputs (Level 3):

2. Fair Value Measurements (continued)

Financial Assets and Liabilities Not Carried at Fair Value

		Successor Company		Predecessor Company	
	Fair Value Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		December 31, 2018		December 31, 2017	
Assets					
Policy loans	Level 3	$ 1,441	$ 1,441	$ 1,432	$ 1,432
Mortgage loans	Level 3	$ 2,100	$ 2,125	$ 2,872	$ 2,941
Liabilities					
Other policyholder funds and benefits payable [1]	Level 3	$ 6,186	$ 5,888	$ 5,905	$ 6,095
Consumer notes [2] [3]	Level 3	$ —	$ —	$ 8	$ 8
Assumed investment contracts [3]	Level 3	$ 185	$ 185	$ 342	$ 361

[1] Excludes group accident and health and universal life insurance contracts, including corporate owned life insurance.
[2] Excludes amounts carried at fair value and included in preceding disclosures.
[3] Included in other liabilities in the Consolidated Balance Sheets.

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3. Investments (continued)

Sales of AFS Securities

	Successor Company	Predecessor Company		
	June 1, 2018 to December 31, 2018	January 1, 2018 to May 31, 2018	For the years ended December 31, 2017	2016
Fixed maturities, AFS				
Sale proceeds	$ 2,523	$ 3,523	$ 7,979	$ 7,409
Gross gains	12	45	211	206
Gross losses	(37)	(47)	(56)	(85)
Equity securities, AFS				
Sale proceeds			$ 203	$ 321
Gross gains			13	4
Gross losses			(1)	(8)

Sales of AFS securities in 2018 were primarily a result of duration and liquidity management, as well as tactical changes to the portfolio as a result of changing market conditions.

The net unrealized gain (loss) on equity securities included in net realized capital gains (losses) related to equity securities still held as of December 31, 2018 (Successor Company), was $(14) and $(3) for the period of June 1, 2018 to December 31, 2018 (Successor Company), and the period of January 1, 2018 to May 31, 2018 (Predecessor Company), respectively. Prior to January 1, 2018, changes in net unrealized gains (losses) were included in AOCI.

Recognition 8,74) Int S Q,97s S4 securities iJanuary w 0 Td79.2

3. Investments (continued)

3. Investments (continued)

[2] Represents the amount of cumulative non-credit OTTI losses recognized in OCI on securities that also had credit impairments. These losses are included in gross unrealized losses as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company).

[3] Effective January 1, 2018, with the adoption of new accounting standards for financial instruments, equity securities, AFS were reclassified to equity securities at fair value and are excluded from the table above as of December 31, 2018.

3. Investments (continued)

Unrealized Losses on AFS Securities

3. Investments (continued)

Mortgage Loans

Mortgage Loan Valuation Allowances

Mortgage loans are considered to be impaired when management estimates that, based upon current information and events, it is probable that the Company will be unable to collect amounts due according to the contractual terms of the loan agreement. The

3. Investments (continued)

agreements as collateralized borrowings. The securities transferred under repurchase agreements are included in fixed maturities, AFS with the obligation to repurchase those securities recorded in other liabilities on the Company's Consolidated Balance Sheets.

From time to time, the Company enters into reverse repurchase agreements where the Company purchases securities and simultaneously agrees to resell the same or substantially the same securities. The agreements require additional collateral to be transferred to the Company when necessary and the Company has the right to sell or re-pledge the securities received. The Company accounts for reverse repurchase agreements as collateralized financing. The receivable for reverse repurchase agreements is included within short term investments in the Company's Consolidated Balance Sheets.

Securities Lending and Repurchase Agreements

	Successor Company	Predecessor Company
	December 31, 2018	December 31, 2017
	Fair Value	Fair Value
Securities Lending Transactions:		
Gross amount of securities on loan	$ 277	$ 674
Gross amount of associated liability for collateral received [1]	$ 284	$ 689
Repurchase Agreements:		
Gross amount of recognized liabilities for repurchase agreements	$ 186	$ 202
Gross amount of collateral pledged related to repurchase agreements [2]	$ 190	$ 206
Gross amount of recognized receivables for reverse repurchase agreements [3]	$ 25	$ —

[1] Cash collateral received is reinvested in fixed maturities, AFS and short term investments which are included in the Consolidated Balance Sheets. Amount includes additional securities collateral received of $1 and $1 which are excluded from the Company's Consolidated Balance Sheets as of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company), respectively.

[2] Collateral pledged is included within fixed maturities, AFS and short term investments in the Company's Consolidated Balance Sheets.

[3] Collateral received is included within short term investments in the Company's Consolidated Balance Sheets.

Other Collateral Transactions

The Company is required by law to deposit securities with government agencies in certain states in which it conducts business. As of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company), the fair value of securities on deposit was $23 and $22, respectively.

For disclosure of collateral in support of derivative transactions, refer to the Derivative Collateral Arrangements section of Note 4 - Derivative Instruments of Notes to Consolidated Financial Statements.

Equity Method Investments

The majority of the Company's investments in limited partnerships and other alternative investments, including hedge funds, mortgage and real estate funds, and private equity and other funds (collectively, “limited partnerships”), are accounted for under the equity method of accounting. The Company recognized total equity method income of $67 for the period June 1, 2018 to December 31, 2018 (Successor Company), $41 for the period January 1, 2018 to May 31, 2018 (Predecessor Company), $75 and $96 for the periods ended December 31, 2017 and 2016 (Predecessor Company), respectively. Equity method income is reported in net investment income. The Company’s maximum exposure to loss as of December 31, 2018 (Successor Company) is limited to the total carrying value of $894. In addition, the Company has outstanding commitments totaling approximately $478, to fund limited partnership and other alternative investments as of December 31, 2018 (Successor Company). The Company’s investments in limited partnerships are generally of a passive nature in that the Company does not take an active role in the management of the limited partnerships. In 2018, aggregate investment income (losses) from limited partnerships and other alternative investments exceeded 10% of the Company’s pre-tax consolidated net income. Accordingly, the Company is disclosing aggregated summarized financial data for the Company’s limited partnership investments. This aggregated summarized financial data does not represent the Company’s proportionate share of limited partnership assets or earnings. Aggregate total assets of the limited partnerships in which the Company invested totaled $132.7 billion and $161.1 billion as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), respectively. Aggregate total liabilities of the limited partnerships in which the Company invested totaled $28.6 billion and $46.5 billion as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), respectively. Aggregate net investment income of the limited partnerships in which the Company invested totaled $653, $1.8 billion and $0.9 billion for the periods ended December 31, 2018 (Successor Company), 2017 (Predecessor Company) and 2016 (Predecessor Company), respectively. Aggregate net income excluding net investment income of the limited partnerships in which the Company invested totaled $8.9 billion, $8.1 billion, and $7.4 billion for the periods ended

3. Investments (continued)

December 31, 2018 (Successor Company), 2017 (Predecessor Company) and 2016 (Predecessor Company), respectively. As of, and for the period ended, December 31, 2018 (Successor Company), the aggregated summarized financial data reflects the latest available financial information.

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4. Derivatives (continued)

management purposes, unless otherwise noted in the following table. The notional amount of derivative contracts represents the basis upon which pay or receive amounts are calculated and is presented in the table to quantify the volume of the Company's derivative activity. Notional amounts are not necessarily reflective of credit risk. The following tables exclude investments that contain an embedded credit derivative for which the Company has elected the fair value option. For further discussion, see the Fair Value Option section of Note 2 - Fair Value Measurements of Notes to the Consolidated Financial Statements.

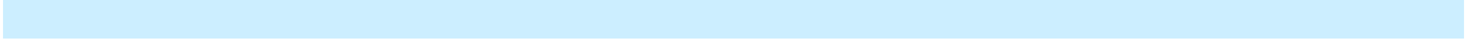
	Net Derivatives				Asset Derivatives [1]		Liability Derivatives [1]	
	Notional Amount		Fair Value		Fair Value		Fair Value	
	Successor Company	Predecessor Company	Successor Company	Predecessor Company	Successor Company	Predecessor Company	Successor Company	Predecessor Company
Hedge Designation/ Derivative Type	**Dec 31, 2018**	**Dec 31, 2017**	**Dec 31, 2018**	**Dec 31, 2017**	**Dec 31, 2018**	**Dec 31, 2017**	**Dec 31, 2018**	**Dec 31, 2017**
Cash flow hedges								
Interest rate swaps	$ —	$ 1,486	$ —	$ —	$ —	$ 1	$ —	$ (1)
Foreign currency swaps	—	182	—	(12)	—	5	—	(17)
Total cash flow hedges	**—**	**1,668**	**—**	**(12)**	**—**	**6**	**—**	**(18)**
Non-qualifying strategies								
Interest rate contracts								
Interest rate swaps and futures	3,152	3,219	(101)	(356)	38	203	(139)	(559)
Foreign exchange contracts								
Foreign currency swaps and forwards	225	342	(9)	(6)	7	—	(16)	(6)
Fixed payout annuity hedge	270	540	(82)	(170)	—	—	(82)	(170)
Credit contracts								
Credit derivatives that purchase credit protection	45	80	(1)	(3)	—	—	(1)	(3)
Credit derivatives that assume credit risk [2]	372	380	3	3	3	3	—	—
Credit derivatives in offsetting positions	43	200	—	1	5	7	(5)	(6)
Variable annuity hedge program								
GMWB product derivatives [3]	9,957	11,390	(80)	(75)	—	—	(80)	(75)
GMWB reinsurance contracts	2,115	2,372	40	35	40	35	—	—
GMWB hedging instruments	7,793	9,452	71	67	114	116	(43)	(49)
Macro7								

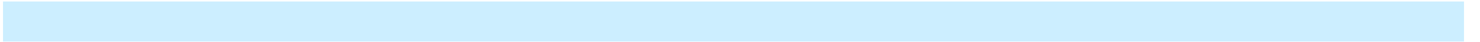
4. Derivatives (continued)

Offsetting of Derivative Assets/Liabilities

The following tables present the gross fair value amounts, the amounts offset, and net position of derivative instruments eligible for offset in the Company's Consolidated Balance Sheets. Amounts offset include fair value amounts, income accruals and related cash collateral receivables and payables associated with derivative instruments that are traded under a common master netting agreement, as described in the preceding discussion. Also included in the tables are financial collateral receivables and payables, which are contractually permitted to be offset upon an event of default, although are disallowed for offsetting under U.S. GAAP.

4. Derivatives (continued)





4. Derivatives (continued)

Credit Risk Assumed through Credit Derivatives

The Company enters into credit default swaps that assume credit risk of a single entity or referenced index in order to synthetically replicate investment transactions that are permissible under the Company's investment policies. The Company will receive periodic payments based on an agreed upon rate and notional amount and will only make a payment if there is a credit event. A credit event payment will typically be equal to the notional value of the swap contract less the value of the referenced security issuer's debt obligation after the occurrence of the credit event. A credit event is generally defined as a default on contractually obligated interest or principal payments or bankruptcy of the referenced entity. The credit default swaps in which the Company assumes credit risk primarily reference investment grade single corporate issuers and baskets, which include standard diversified portfolios of corporate ertfolio4 of cor4orate

[illegible]

4. Derivatives (continued)

Derivative Collateral Arrangements

The Company enters into various collateral arrangements in connection with its derivative instruments, which require both the pledging and accepting of collateral. As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the Company pledged cash collateral associated with derivative instruments with a fair value of $2 and $6, respectively, for which the collateral receivable has been recorded in other assets or other liabilities on the Company's Consolidated Balance Sheets, as determined by the Company Company's election to offset on the balance sheet. The Company also pledged securities collateral associated with derivative instruments with a fair value of $191 and $729, respectively, as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company) which have been included in fixed maturities on the Consolidated Balance Sheets. The counterparties have the right to sell or re-pledge these securities. In addition, as of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the Company has pledged initial margin of cash and securities to clearinghouses and exchanges related to OTC-cleared and exchange traded derivatives of $85 and $136, respectively.

As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the Company accepted cash collateral associated with derivative instruments of $402 and $310, respectively, which was invested and recorded in the Company's Consolidated Balance Sheets in fixed maturities and short-term investments with corresponding amounts recorded in other investments or other liabilities as determined by the Company's election to offset on the balance sheet. The Company also accepted securities collateral as of December 31, 2018 (Successor Company) with a fair value of $76, all of which the Company has the ability to sell or repledge. As of December 31, 2018 (Successor Company), the Company had not repledged securities and did not sell any securities. The non-cash collateral accepted was held in separate custodial accounts and was not included in the Company’s Consolidated Balance Sheets. As of December 31, 2017 (Predecessor Company), the Company did not hold any securities collateral.

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6. Deferred Policy Acquisition Costs and Value of Business Acquired

7. Reserves for Future Policy Benefits and Separate Account Liabilities

Changes in Reserves for Future Policy Benefits

Successor Company			
	Universal Life-Type Contracts		
	GMDB/GMWB [1]	Life Secondary Guarantees	Traditional Annuity and Other Contracts [2]

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7. Reserves for Future Policy Benefits and Separate Account Liabilities (continued)

Account Value by GMDB/GMWB Type as of December 31, 2018 (Successor Company)

	Account Value (“AV”) [9]	Net amount at Risk (“NAR”) [10]	Retained Net Amount at Risk (“RNAR”) [10]	Weighted Average Attained Age of Annuitant
MAV [1]				
MAV only	$ 11,460	$ 2,543	$ 516	72
With 5% rollup [2]	942	177	68	72
With Earnings Protection Benefit Rider (“EPB”) [3]	2,899	452	76	72
With 5% rollup & EPB	400	92	20	74
Total MAV	15,701	3,264	680	
Asset Protection Benefit ("APB") [4]	7,958	676	447	70
Lifetime Income Benefit ("LIB") – Death Benefit [5]	362	8	8	72
Reset [6] (5-7 years)	2,105	10	9	71
Return of Premium ("ROP") [7] /Other	5,654	76	73	72
Variable Annuity without GMDB [8]	1,846	—	—	68
Subtotal Variable Annuity [11]	**$ 33,626**	**$ 4,034**	**$ 1,217**	**71**
Less: General Account Value	3,387			
Subtotal Variable Annuity Separate Account Liabilities	**30,239**			
Separate Account Liabilities - Other	68,575			
Total Separate Account Liabilities	**$ 98,814**			

[1] MAV GMDB is the greatest of current AV, net premiums paid and the highest AV on any anniversary before age 80 years (adjusted for withdrawals).

[2] Rollup GMDB is the greatest of the MAV, current AV, net premium paid and premiums (adjusted for withdrawals) accumulated at generally 5% simple interest up to the earlier of age 80 years or 100% of adjusted premiums.

[3] EPB GMDB is the greatest of the MAV, current AV, or contract value plus a percentage of the contract’s growth. The contract’s growth is AV less premiums net of withdrawals, subject to a cap of 200% of premiums net withdrawals.

[4] APB GMDB is the greater of current AV or MAV, not to exceed current AV plus 25% times the greater of net premiums and MAV (each adjusted for premiums in the past 12 months).

[5] LIB GMDB is the greatest of current AV; net premiums paid; or, for certain contracts, a benefit amount generally based on market performance that ratchets over time.

[6] Reset GMDB is the greatest of current AV, net premiums paid and the most recent five to seven year anniversary AV before age 80 years (adjusted for withdrawals).

[7] ROP GMDB is the greater of current AV and net premiums paid.

[8] Includes account value for contracts that had a GMDB at issue but no longer have a GMDB due to certain elections made by policyholders or their beneficiaries.

[9] AV includes the contract holder’s investment in the separate account and the general account.

[10] NAR is defined as the guaranteed minimum death benefit in excess of the current AV. RNAR represents NAR reduced for reinsurance. NAR and RNAR are highly sensitive to equity market movements and increase when equity markets decline.

[11] Some variable annuity contracts with GMDB also have a life-contingent GMWB that may provide for benefits in excess of the return of the GRB. Such contracts included in this amount have $5.0 billion of total account value and weighted average attained age of 74 years. There is no NAR or retained NAR related to these contracts.

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7. Reserves for Future Policy Benefits and Separate Account Liabilities (continued)

Account Balance Breakdown of Variable Separate Account Investments

	Successor Company	Predecessor Company
Asset type	**December 31, 2018**	**December 31, 2017**
Equity securities (including mutual funds)	$ 28,953	$ 34,496
Cash and cash equivalents [1]	1,286	M 33sVEo15.15 r3r3r3r7es (coE

8. Other Intangible Assets

Other

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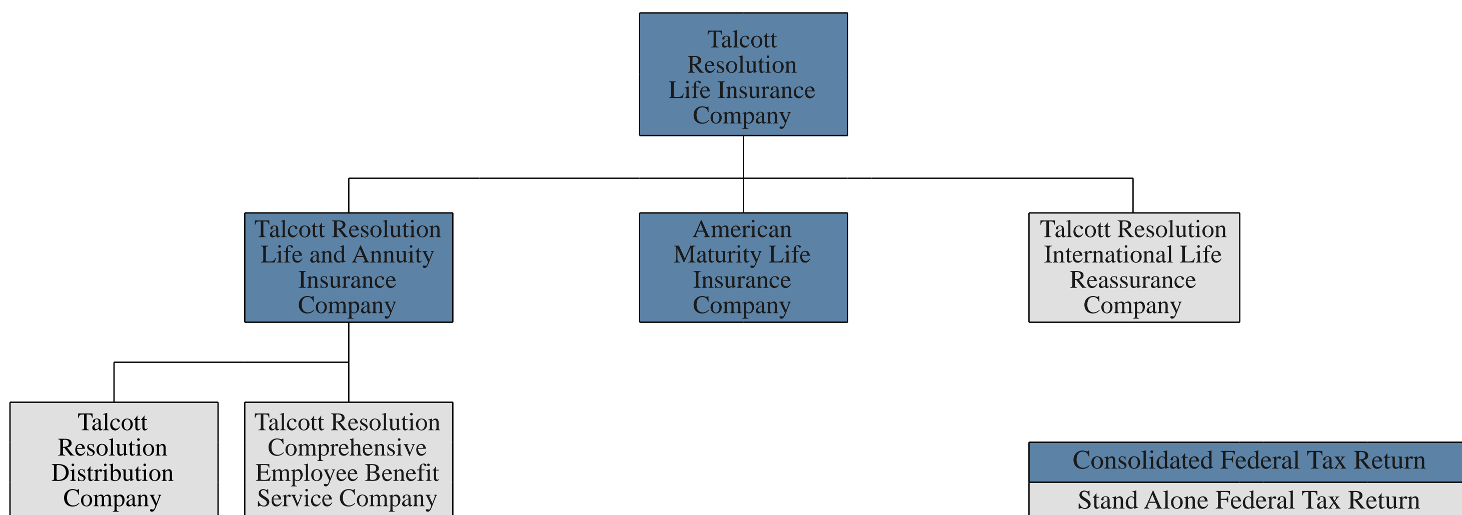
TALCOTT RESOLUTION LIFE INSURANCE COMPANY

10. Income Taxes

The provision (benefit) for income taxes consists of the following:

10. Income Taxes (continued)

Due to the Talcott Resolution Sale Transaction, the Company will be part of The Hartford's consolidated tax return for the period January 1, 2018 through May 31, 2018. The Company's tax liability for this period is an allocable portion of The Hartford's consolidated liability, and is computed in accordance with a written agreement with The Hartford. For the of period June 1, 2018 through December 31, 2018 the Company will file a separate consolidated return and stand alone federal income tax returns for the members noted below:



The federal audits have been completed through 2013 and the Company is not currently under examination for any open years. Management believes that adequate provision has been made in the consolidated financial statements for any potential adjustments that may result from tax examinations and other tax-related matters for all open tax years. For the periods ending December 31, 2018 (Successor Company), and December 31, 2017 and May 31, 2018 (Predecessor Company), the Company had no reserves for uncertain tax positions. At December 31, 2018, there was no unrecognized tax benefit that if recognized would affect the effective tax rate and that is reasonably possible of significantly increasing or decreasing within the next 12 months.

The Company classifies interest and penalties (if applicable) as income tax expense in the consolidated financial statements. The Company recognized no interest expense for the period of June 1, 2018 to December 31, 2018 (Successor Company), the period of January 1, 2018 to May 31, 2018 (Predecessor Company) and for the year ended December 31, 2017 (Predecessor Company). The Company had no interest payable as of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company). The Company does not believe it would be subject to any penalties in any open tax years and, therefore, has not recorded any accrual for penalties.

The application of purchase and pushdown accounting resulted in market value adjustments to the Company's assets and liabilities, which resulted in a corresponding increase in the Company's deferred tax asset. For further information, see Note 1- Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements.

The Company believes it is more likely than not that all deferred tax assets will be fully realized. In assessing the need for a valuation allowance, management considered future taxable temporary difference reversals, future taxable income exclusive of reversing temporary differences and carryovers, taxable income in open carry back years and other tax planning strategies. From time to time, tax planning strategies could include holding a portion of debt securities with market value losses until recovery, making investments which have specific tax characteristics and business considerations such as asset-liability matching.

Net deferred income taxes include the future tax benefits associated with the net operating loss carryover and foreign tax credit carryover as follows:

Net Operating Loss Carryover

As of December 31, 2018 (Successor Company) and 2017 (Predecessor Company), the net deferred tax asset included the expected tax benefit attributable to net operating losses of $982 and $3,243, respectively. The December 31, 2018 total includes $596 of U.S. losses generated prior to 2017 that are subject to limits on the period for which they can be carried forward. If not utilized, these losses will expire from 2027 to 2030. Utilization of these loss carryovers is dependent upon the generation of sufficient future taxable income. The December 31, 2018 total also includes $386 of U.S. losses generated in the Successor Company's taxable year beginning June 1, 2018; primarily due to the Commonwealth Annuity Reinsurance Agreement. These losses do not expire, but their utilization in any carryforward year is limited to 80% of taxable income in that year.

10. Income Taxes (continued)

Given the continued run off of the U.S. fixed and variable annuity business, the exposure to taxable losses is significantly lessened, and given the Company's expected future earnings, the Company believes sufficient taxable income will be generated in the future to utilize its net operating loss carryover. Although the Company believes there will be sufficient future taxable income to fully recover the remainder of the loss carryover, the Company's estimate of the likely realization may change over time. In connection with the Talcott Resolution Sale Transaction, the Company has forgone approximately $555 of deferred tax assets associated with net operating loss carryovers that were retained by The Hartford.

Foreign Tax Credit Carryover

As of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company), the net deferred tax asset included the

11. Commitments and Contingencies

Contingencies Relating to Corporate Litigation and Regulatory Matters

Management evaluates each contingent matter separately. A loss is recorded if probable and reasonably estimable. Management establishes reserves for these contingencies at its “best estimate,” or, if no one number within the range of possible losses is more probable than any other, the Company records an estimated liability at the low end of the range of losses.

Litigation

The Company is involved in claims litigation arising in the ordinary course of business with respect to life and annuity contracts. The Company accounts for such activity through the establishment of reserves for future policy benefits. Management expects that the ultimate liability, if any, with respect to such ordinary-course claims litigation, after consideration of provisions made for potential losses and costs of defense, will not be material to the consolidated financial condition, results of operations or cash flows of the Company.

The Company is also involved in other kinds of legal actions, some of which assert claims for substantial amounts. Such actions have alleged, for example, bad faith in the handling of insurance claims and improper sales practices in connection with the sale of insurance and investment products. Some of these actions also seek punitive damages. Management expects that the ultimate liability, if any, with respect to such lawsuits, after consideration of provisions made for estimated losses, will not be material to the consolidated financial condition of the Company. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company’s consolidated financial condition, results of operations or cash flows in particular quarterly or annual periods.

Lease Commitments

The rent paid to Hartford Fire Insurance Company ("Hartford Fire") for operating leases was $1 for the period of June 1, 2018 to December 31, 2018 (Successor Company), $1 for the period of January 1, 2018 to May 31, 2018 (Predecessor Company) and $2 and $2 for the years ended December 31, 2017 and 2016 (Predecessor Company), respectively.

	Operating Leases
2019	$ 2
2020	2
2021	1
2022	1
2023	1
Thereafter	—
Total minimum lease payments	**$ 7**

Unfunded Commitments

As of December 31, 2018 (Successor Company), the Company has outstanding commitments totaling $577, of which $478 is committed to fund limited partnership and other alternative investments, which may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. Additionally, $42 of the outstanding commitments relate to various funding obligations associated with private debt and equity securities. The remaining outstanding commitments of $57 relate to mortgage loans. Of the $577 in total outstanding commitments, $18 are related to mortgage loan commitments which the Company can cancel unconditionally.

Guaranty Fund and Other Insurance-related Assessments

In all states, insurers licensed to transact certain classes of insurance are required to become members of a guaranty fund. In most states, in the event of the insolvency of an insurer writing any such class of insurance in the state, members of the funds are assessed to pay certain claims of the insolvent insurer. A particular state’s fund assesses its members based on their respective written premiums in the state for the classes of insurance in which the insolvent insurer was engaged. Assessments are generally limited for any year to one or two percent of premiums written per year depending on the state.

Liabilities for guaranty funds and other insurance-related assessments are accrued when an assessment is probable, when it can be reasonably estimated, and when the event obligating the Company to pay an imposed or probable assessment has occurred. Liabilities for guaranty funds and other insurance-related assessments are not discounted and are included as part of other liabilities in the Consolidated Balance Sheets. As of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company) the liability balance was $8. As of December 31, 2018 (Successor Company) and December 31, 2017 (Predecessor Company) amounts related to premium tax offsets of $4 and $11, respectively, were included in other assets.

11. Commitments and Contingencies (continued)

Derivative Commitments

Certain of the Company’s derivative agreements contain provisions that are tied to the financial strength ratings, as set by nationally recognized statistical agencies or risked-based capital ("RBC") tests, of the individual legal entity that entered into the derivative agreement. If the legal entity’s financial strength were to fall below certain thresholds, the counterparties to the derivative agreements could terminate the agreements and demand immediate settlement of all outstanding derivative positions traded under each impacted bilateral agreement. The settlement amount is determined by netting the derivative positions transacted under each agreement. If the termination rights were to be exercised by the counterparties, it could impact the legal entity’s ability to conduct hedging activities by increasing the associated costs and decreasing the willingness of counterparties to transact with the legal entity. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position as of December 31, 2018 (Successor Company) is $181. Of this $181 the legal entities have posted collateral of $190, which is inclusive of initial margin

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TALCOTT

13. Statutory Results (continued)

Prior to the close of the Talcott Resolution Sale Transaction, the Hartford Life Insurance Company (Predecessor Company) paid approximately $619 in dividends to its parent and subsequently to The Hartford. TL, formerly known as Hartford Life Insurance Company, contributed $309 and TLA, formally known as Hartford Life and Annuity Insurance Company, contributed $308 including other intercompany transactions net settled between TL and The Hartford prior to closing.

14. Changes in and Reclassifications From Accumulated Other Comprehensive Income

Changes in AOCI, Net of Tax for the Period of June 1, 2018 to December 31, 2018 (Successor Company)

	Changes in			
	Net Unrealized Gain on Securities	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	AOCI, net of tax
Beginning balance	**$ —**	**$ —**	**$ —**	**$ —**
OCI before reclassifications	(198)	—	2	(196)
Amounts reclassified from AOCI	25	—	—	25
OCI, net of tax	(173)	—	2	(171)
Ending balance	**$ (173)**	**$ —**	**$ 2**	**$ (171)**

Changes in AOCI, Net of Tax for the Period of January 1, 2018 to May 31, 2018 (Predecessor Company)

	Changes in	
	Net Unrealized Gain on Securities	Net Gain on

TALCOTT RESOLUTION LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Changes In and Reclassifications From Accumulated Other Comprehensive Income (continued)

Reclassification from AOCI

	Successor Company	Predecessor Company			
	June 1, 2018 to December 31, 2018	January 1, 2018 to May 31, 2018	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016	Affected Line Item in the Consolidated Statement of Operations
Net Unrealized Gain on Securities					
Available-for-sale securities	$ (32)	$ (2)	$ 153	$ 89	Net realized capital gains (losses)
	(32)	**(2)**	**153**	**89**	**Income before income taxes**
	(7)	—	54	31	Income tax expense
	$ (25)	**$ (2)**	**$ 99**	**$ 58**	**Net income (loss)**
Net Gains on Cash-Flow Hedging Instruments					
Interest rate swaps	$ —	$ —	$ (1)	$ 1	Net realized capital gains (losses)
Interest rate swaps	—	8	26	25	Net investment income
Foreign currency swaps	—	(2)	11	(2)	Net realized capital gains (losses)
	—	**6**	**36**	**24**	**Income before income taxes**
	—	1	13	8	Income tax expense
	$ —	**$ 5**	**$ 23**	**$ 16**	**Net income (loss)**
Total amounts reclassified from AOCI	**$ (25)**	**$ 3**	**$ 122**	**$ 74**	**Net income (loss)**

15. Quarterly Results (Unaudited)

Successor Company

	Three Months Ended		
	June 30, 2018 [1]	September 30, 2018	December 31, 2018
Total revenues	$ 156	$ 317	$ 749
Total benefits, losses and expenses	$ 85	$ 263	$ 406
Net income	$ 57	$ 67	$ 285

[1] Represents the period of June 1, 2018 to June 30, 2018 (Successor Company) as a result of the sale of the Company on May 31, 2018.

Predecessor Company

	Three months ended					
	March 31,		June 30,		September 30,	December 31,
	2018	2017	2018 [2]	2017	2017	2017
Total revenues	$ 591	$ 527	$ 245	$ 595	$ 533	$ 577
Total benefits, losses and expenses	$ 447	$ 441	$ 288	$ 450	$ 462	$ 503
Net income (loss)	$ 125	$ 75	$ (31)	$ 112	$ 83	$ (316)

[2] Represents the period of April 1 2018 to May 31, 2018 (Predecessor Company) as a result of the sale of the Company on May 31, 2018.

TALCOTT RESOLUTION LIFE INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE I
SUMMARY OF INVESTMENTS—OTHER THAN INVESTMENTS IN AFFILIATES
($ in millions)

	Successor Company
	As of December 31, 2018
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TALCOTT RESOLUTION LIFE INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE IV
REINSURANCE
(In millions)

	Gross Amount	Ceded to Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
For the period of June 1, 2018 to December 31, 2018 (Successor Company)					
Life insurance in force	$ 259,930	$ 191,858	$ 487	$ 68,559	1 %
Insurance revenues					
Life insurance and annuities	$ 1,404	$ 937	$ 66	$ 533	12 %
Accident and health insurance	35	35	—	—	— %
Total insurance revenues	**$ 1,439**	**$ 972**	**$ 66**	**$ 533**	**12%**
For the period of January 1, 2018 to May 31, 2018 (Predecessor Company)					
Life insurance in force	$ 266,190	$ 197,736	$ 515	$ 68,969	1 %
Insurance revenues					
Life insurance and annuities	$ 1,033	$ 658	$ 48	$ 423	11 %
Accident and health insurance	26	26	—	—	— %
Total insurance revenues	**$ 1,059**	**$ 684**	**$ 48**	**$ 423**	**11%**
For the year ended December 31, 2017 (Predecessor Company)					
Life insurance in force	$ 271,213	$ 202,003	$ 526	$ 69,736	1 %
Insurance revenues					
Life insurance and annuities	$ 2,361	$ 1,466	$ 116	$ 1,011	11 %
Accident and health insurance	73	73	—	—	— %
Total insurance revenues	**$ 2,434**	**$ 1,539**	**$ 116**	**$ 1,011**	**11%**
For the year ended December 31, 2016 (Predecessor Company)					
Life insurance in force	$ 284,779	$ 213,221	$ 558	$ 72,116	1 %
Insurance revenues					
Life insurance and annuities	$ 2,524	$ 1,527	$ 129	$ 1,126	11 %
Accident and health insurance	135	89	—	46	— %
Total insurance revenues	**$ 2,659**	**$ 1,616**	**$ 129**	**$ 1,172**	**11%**

TALCOTT RESOLUTION LIFE INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE V
VALUATION AND QUALIFYING ACCOUNTS
(In millions)

Successor Company

	Balance June 1,	Charged to Costs and Expenses	Write-offs/ Payments/Other	Balance December 31,
2018				
Valuation allowance on mortgage loans	$ —	$ 6	$ (1)	$ 5

Predecessor Company

	Balance January 1,	Charged to Costs and Expenses	Write-offs/ Payments/Other	Balance May 31,
2018				
Valuation allowance on mortgage loans	$ —	$ —	$ —	$ —

	Balance January 1,	Charged to Costs and Expenses	Write-offs/ Payments/Other	Balance December 31,
2017				
Valuation allowance on mortgage loans	$ 19	$ 1	$ (20)	$ —
2016				
Valuation allowance on mortgage loans	$ 19	$ —	$ —	$ 19

TALCOTT RESOLUTION LIFE INSURANCE COMPANY AND SUBSIDIARIES

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

FORM 10-K

EXHIBITS INDEX

The exhibits attached to this Form 10-K are those that are required by Item 601 of Regulation S-K.

Exhibit No.	Description
3.01	Restated Certificate of Incorporation of Talcott Resolution Life Insurance Company (the “Company”), effective April 2, 1982, as amended by Amendment No. 1, effective August 3, 1984, as amended by Amendment No. 2 effective December 31, 1996, as amended by Amendment No. 3, effective July 25, 2000, as amended by Amendment No. 4, effective June 1, 2018.
3.02	Amended and Restated By-Laws of Talcott Resolution Life Insurance Company, effective June 1, 2018.
10.01	Annuity Reinsurance Agreement between Hartford Life Insurance Company (the "Company") and Commonwealth Annuity and Life Insurance Company (the "Reinsurer") dated as of June 1 2018.^
10.02	Annuity Reinsurance Agreement between Hartford Life and Annuity Insurance Company (the "Company") and Commonwealth Annuity and Life Insurance Company (the "Reinsurer") dated as of June 1 2018.^
10.03	Transition Services Agreement by and between Hartford Fire Insurance Company and Hartford Life, Inc. dated as of May 31, 2018.^
21.01	Subsidiaries of Talcott Resolution Life Insurance Company*
23.01	Consent of Deloitte & Touche LLP*
24.01	Power of Attorney*
31.01	Certification of Peter F. Sannizzaro, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.02	Certification of Robert R. Siracusa, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.01	Certification of Peter F. Sannizzaro, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.02	Certification of Robert R. Siracusa, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed with the Securities and Exchange Commission as an exhibit to this report. The Company agrees to furnish supplementally a copy of any omitted exhibit to the Securities and Exchange Commission upon request.

^ Certain portions exhib0s with0

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TALCOTT RESOLUTION LIFE INSURANCE COMPANY

/s/ Michael R. Hazel

Michael R. Hazel
Vice President and Controller

Date: February 22, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Peter F. Sannizzaro Peter F. Sannizzaro	President and Chief Executive Officer	February 22, 2019
/s/ Robert R. Siracusa Robert R. Siracusa	Vice President and Chief Financial Officer	February 22, 2019
/s/ Michael R. Hazel Michael R. Hazel	Vice President and Controller	February 22, 2019
* Richard J. Carbone	Director	February 22, 2019
* Henry Cornell	Director	February 22, 2019
* Gilles M. Dellaert	Director	February 22, 2019
* Oliver M. Goldstein	Director	February 22, 2019
* Brion S. Johnson	Director	February 22, 2019
* Emily R. Pollack	Director	February 22, 2019
* Michael S. Rubinoff	Director	February 22, 2019
* David I. Schamis	Director	February 22, 2019
* Robert W. Stein	Director	February 22, 2019
* Heath L. Watkin	Director	February 22, 2019

* By /s/ Lisa M. Proch
Lisa M. Proch
As Attorney-in-Fact

Exhibit 21.01

Talcott Resolution Life Insurance Company

Organizational List - Domestic and Foreign Subsidiaries

American Maturity Life Insurance Company (Connecticut)

Talcott Resolution Comprehensive Employee Benefit Service Company (Connecticut)

Talcott Resolution Distribution Company, Inc. (Connecticut)

Talcott Resolution Life and Annuity Insurance Company (Connecticut)

Talcott Resolution International Life Reassurance Corporation (Connecticut)

21 Church Street R, LLC

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements on Form S-3 of our report dated February 22, 2019, relating to the consolidated financial statements and financial statement schedules of

EXHIBIT 24.01

POWER OF ATTORNEY

Each person whose signature appears below does hereby make, constitute and appoint ROBERT R. SIRACUSA, LISA M. PROCH, MICHAEL R. HAZEL and LESLIE T. SOLER, and each of them, with full power to act as his or her true and lawful attorneys-in-fact and agents, in his or her name, place and stead to execute on his or her behalf, as an officer and/or director of Talcott Resolution Life Insurance Company (the "Company"), an

Exhibit 31.01

TALCOTT RESOLUTION LIFE INSURANCE COMPANY

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Exhibit 31.02

TALCOTT RESOLUTION LIFE INSURANCE COMPANY

CERTIFICATION PURSUANT TO

Exhibit 32.01

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2018 of Talcott Resolution Life Insurance Company (the “Company”), filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350 as enacted by section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter F. Sannizzaro

Peter F. Sannizzaro
President and Chief Executive Officer
February 22, 2019

Exhibit 32.02

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2018 of Talcott Resolution Life Insurance Company (the “Company”), filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350 as enacted by section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert R. Siracusa

Robert R. Siracusa
Vice President and Chief Financial Officer

February 22, 2019