

FORTUNE V SEPARATE ACCOUNT

STATEMENT OF ADDITIONAL INFORMATION

INDIVIDUAL FLEXIBLE PURCHASE PAYMENT DEFERRED ANNUITY CONTRACTS

ISSUED BY

UNIVERSAL LIFE INSURANCE COMPANY

SAN JUAN, PR 00917-2011

(787) 706-7095

May 1, 2026

This Statement of Additional Information (SAI) should be used to supplement information provided by the Prospectus, which describes the individual flexible purchase payment deferred annuity contracts ("Contract" or "Contracts") issued through the Fortune V Variable Account ("Variable Account") of Universal Life Insurance Company ("Universal Life" or the "Company").

Three versions, or "Classes," of the Contracts are available: (1) the base Universal VIA Contract (Class B); (2) the Universal VIA with Liquidity Rider Contract (Class L); and (3) the Universal VIA Select Contract (Class C). The Contract classes vary in the length of the surrender charge (Contingent Deferred Sales Charge) period and the amount of the annual Variable Account Charge.

This Statement of Additional Information is not a prospectus. The Statement of Additional Information should be read with the Prospectus. The Prospectus sets forth information about the Variable Account that an investor ought to know. The Prospectus may be obtained, without charge, upon written request to Universal Life Insurance Company, PO Box 2145, San Juan, PR 00922 – 9931 or by telephoning 787-706-7095. Please refer to the Table of Contents for a cross-reference index to the Prospectus.

The date of this Statement of Additional Information is May 1, 2026.

The date of the Prospectus is May 1, 2026.

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General Information and History

This section of the Statement of Additional Information provides certain information relating to the Variable Account and the sub-accounts of the Variable Account (the “Sub-Accounts”).

The Variable Account was established by Universal Life on March 1, 2007, pursuant to the applicable provisions of the Puerto Rico Insurance Code. Until 2021, the Variable Account was exempt from the Investment Company Act of 1940, as amended (the “1940 Act”). In 2021, the Variable Account registered with the Securities and Exchange Commission (“SEC”) under the 1940 Act as an open-end management investment company.

From 2007 through May 24, 2021, the Company sold the Contracts to residents of Puerto Rico without registering the Contracts as securities under the Securities Act of 1933, in reliance on an exemption in that Act for “intrastate” offerings. The U.S. securities laws were amended so that after May 24, 2021, that exemption no longer applied to variable annuities sold in Puerto Rico. Accordingly, the Company suspended sales of the Contracts while it was in the process of registering the Contracts as securities under the Securities Act of 1933. The suspension of sales lasted from May 24, 2021 until December 23, 2021, when the SEC declared the registration statement effective and the Company resumed sales of the Contracts.

Universal Life Insurance Company is a stock life insurance company originally organized as Eastern America Life Insurance Company in 1993 under the laws of the Commonwealth of Puerto Rico, with its home office at Metro Office Park Street 1, Lot 10, Guaynabo, PR 00968. Universal Life is a provider of several insurance products: individual, group life, group disability, credit life, annuities & IRA’s. It is admitted to do business for life, disability and variable insurance by the Office of Commissioner of Insurance in the Commonwealth of Puerto Rico. Universal Life is a member of the Universal Group of companies that operate in Puerto Rico. Universal Life is a wholly-owned subsidiary of Universal Insurance Company, Inc. (“Universal”).

Each of the Sub-Accounts seeks its investment objective by investing in a combination of underlying mutual funds (the “underlying funds”). Transamerica Asset Management, Inc. (“TAM” or the “Investment Manager”) is the investment manager for the underlying funds.

Each Sub-Account is non-diversified and is managed by Universal Financial Services, Inc. (“UFS” or “Universal Financial Services”) as the investment adviser contracted to manage the Sub-Accounts. Morningstar Investment Management LLC serves as portfolio construction manager in connection with the actively managed or ‘Asset Allocation’ Sub-Accounts.

Investment Objectives and Policies

The investment objective of each Sub-Account and the strategies each Sub-Account employs to achieve its objective are described in the Prospectus under “Investment Objectives and Policies.” There can be no assurance that a Sub-Account will achieve its objective.

Each Sub-Account’s investment objective and, unless otherwise noted, its investment policies and techniques may be changed by the Board of Directors of Fortune V Separate Account, without the approval of the persons possessing rights under the Contracts (the “Contract Owners”). A change in the investment objective or policies of a Sub-Account may result in the Sub-Account having an investment objective or policies different from those which a Contract Owner deemed appropriate at the time of investment. Please refer to the Prospectus for a description of the [fundamental investment policies of the Variable Account](#).

Fundamental Investment Policies

Fundamental investment policies of each Sub-Account may not be changed without the vote of a majority of the outstanding voting securities of the Sub-Account, defined under the 1940 Act as the lesser of (a) 67% or more of the voting securities of the Sub-Account present at a shareholder/investor meeting, if the holders of more than 50% of the outstanding voting securities of the Sub-Account are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of the Sub-Account.

Each Sub-Account has adopted the following fundamental policies:

1. Borrowing

The Sub-Account may not borrow money, except as permitted under the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.

2. Underwriting Securities

The Sub-Account may not engage in the business of underwriting the securities of other issuers except as permitted by the 1940 Act.

3. Making Loans

The Sub-Account may not make loans, except as permitted under the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.

4. Senior Securities

The Sub-Account may not issue any senior security, except as permitted under the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.

5. Real Estate

The Sub-Account may not purchase or sell real estate except as permitted by the 1940 Act.

6. Commodities

The Sub-Account may not purchase physical commodities or contracts relating to physical commodities, except as permitted under the 1940 Act, and as interpreted, modified or otherwise permitted by regulatory authority having jurisdiction, from time to time.

7. Concentrating Investments in Particular Industries

The Sub-Accounts invest entirely in shares of open-end management investment companies (commonly known as mutual funds). However, the Sub-Account allocation of assets among the underlying funds is based on prudent diversification principles, therefore they are not concentrated in a particular sector or particular industry (except that the Money Market Sub-Account generally invests entirely in a single money market mutual fund).

Additional Information about Fundamental Investment Policies:

The following provides additional information about each of the fundamental investment policies. This information does not form part of the fundamental investment policies.

With respect to the fundamental policy relating to borrowing money set forth in (1) above, the 1940 Act permits a Sub-Account to borrow money in amounts of up to one-third of the Sub-Account total assets from banks for any purpose, and to borrow up to 5% of the Sub-Account's total assets from banks or other lenders for temporary purposes (the Sub-Account total assets include the amounts being borrowed). To limit the risks attendant to borrowing, the 1940 Act requires the Sub-Account's to maintain at all times an "asset coverage" of at least 300% of the amount of its borrowings. Asset coverage means the ratio that the value of the Sub-Account's total assets (including amounts borrowed), minus liabilities other than borrowings, bears to the aggregate amount of all borrowings.

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With respect to the fundamental policy relating to underwriting set forth in (2) above, the 1940 Act does not prohibit a Sub-Account from engaging in the underwriting business or from underwriting the securities of other issuers; in fact, the 1940 Act permits a Sub-Account to have underwriting commitments of up to 25% of its assets under certain circumstances. Those circumstances currently are that the amount of the Sub-Account's underwriting commitments, when added to the value of the Sub-Account's investments in issuers where the Sub-Account owns more than 10% of the outstanding voting securities of those issuers, cannot exceed the 25% cap. A Sub-Account engaging in transactions involving the acquisition or disposition of portfolio securities may be considered to be an underwriter under the Securities Act of 1933, as amended (the "1933 Act"). Under the 1933 Act, an underwriter may be liable for material omissions or misstatements in an issuer's registration statement or prospectus. Securities purchased from an issuer and not registered for sale under the 1933 Act are considered restricted securities. If these securities are registered under the 1933 Act, they may then be eligible for sale but participating in the sale may subject the seller to underwriter liability. Although it is not believed that the application of the 1933 Act provisions described above would cause a Sub-Account to be engaged in the business of underwriting, the policy in (2) above will be interpreted not to prevent the Sub-Account from engaging in transactions involving the acquisition or disposition of portfolio securities, regardless of whether the Sub-Account may be considered to be an underwriter under the 1933 Act.

With respect to the fundamental policy relating to lending set forth in (3) above, the 1940 Act does not prohibit a Sub-Account from making loans; however, SEC staff interpretations currently prohibit funds from lending more than one-third of their total assets. Each Sub-Account will be permitted by this policy to make loans of money, including to other funds, Sub-Accounts, portfolio securities or other assets. A Sub-Account would have to obtain exemptive relief from the SEC to make loans of money to other funds and Sub-Accounts.

With respect to the fundamental policy relating to issuing senior securities set forth in (4) above, "senior securities" are defined as Sub-Account obligations that have a priority over the Sub-Account's shares with respect to the payment of dividends or the distribution of Sub-Account's assets. The 1940 Act prohibits a Sub-Account from issuing senior securities, except that the Sub-Account may borrow money in amounts of up to one-third of the Sub-Account's total assets from banks for any purpose. A Sub-Account also may borrow up to 5% of the Sub-Account's total assets from banks or other lenders for temporary purposes, and these borrowings are not considered senior securities. The issuance of senior securities by a Sub-Account can increase the speculative character of the Sub-Account's outstanding shares through leveraging.

With respect to the fundamental policy relating to real estate set forth in (5) above, the 1940 Act does not prohibit a Sub-Account from owning real estate; however, a Sub-Account is limited in the amount of illiquid assets it may purchase. To the extent that investments in real estate are considered illiquid, the current SEC staff position generally limits a Sub-Account's purchases of illiquid securities to 15% of net assets. The policy in (5) above will be interpreted not to prevent a Sub-Account from investing in real estate-related companies, companies whose businesses consist in whole or in part of investing in real estate, mortgage-backed securities instruments (like mortgages) that are secured by real estate or interests therein, or real estate investment trust securities. Investing in real estate may involve risks, including that real estate is generally considered illiquid and may be difficult to value and sell. In addition, owners of real estate may be subject to various liabilities, including environmental liabilities.

With respect to the fundamental policy relating to commodities set forth in (6) above, the 1940 Act does not prohibit a Sub-Account from owning commodities, whether physical commodities and contracts related to physical commodities (such as oil or grains and related futures contracts), or financial commodities and contracts related to financial commodities (such as currencies and, possibly, currency futures). However, a Sub-Account is limited in the amount of illiquid assets it may purchase. To the extent that investments in commodities are considered illiquid, the current SEC staff position generally limits a Sub-Account's purchases of illiquid securities to 15% of net assets.

The Sub-Account's fundamental policies are written and will be interpreted broadly. For example, the policies will be interpreted to refer to the 1940 Act and the related rules as they are in effect from time to time, and to interpretations and modifications of or relating to the 1940 Act by the SEC, its staff and others as they are given from time to time. When a policy provides that an investment practice may be conducted as permitted by the 1940 Act, the practice will be considered to be permitted if either the 1940 Act permits the practice or the 1940 Act does not prohibit the practice.

As a non-fundamental policy, the Sub-Accounts' investments will not be concentrated in particular industries or groups of industries. In accordance with the Sub-Accounts' investment programs set forth in the Prospectus, each of the Sub-Accounts may invest more than 25% of its assets in certain of the underlying funds.

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In regards to taking a defensive position, we have implemented the volatility control guidelines which apply to the Moderate Portfolio and Conservative Portfolio. Under these guidelines, the Portfolio Construction Manager may adjust the maximum equity allocation of the portfolio based on the implied volatility, such that higher implied volatility over a specified period will result in a lower maximum equity allocation. For more details see “[Additional Information About Investment Options Available Under the Contract](#)”

With respect to the money market Sub-Account, there has been no material events to inform at this time. The underlying fund of the money market Sub-Account tries to maintain a share price of \$1.00, and must follow strict rules as to the credit quality, diversification, liquidity and maturity of its investments. Each security, at the time of purchase by the underlying fund, has been determined by the sub-adviser to present minimal credit risk. Where required by these rules, the underlying fund’s sub-adviser or Board of Trustees will decide whether the security should be held or sold in the event of credit downgrades or certain other events occurring after purchase.

The Variable Account does not disclose its portfolio securities to any person, other than in public filings in which portfolio securities are required to be disclosed.

Management

A. Board

The management of the Variable Account’s business and affairs is the responsibility of the Board of Directors of the Fortune V Separate Account (the “Board”), even though the Variable Account is a part of Universal Life and Universal Life initially established the Board and has delegated certain responsibilities for the operation of the Variable Account to the Board.

The mailing address of each member of the Board is c/o Universal Life Insurance Company, PO Box 2145, San Juan, PR 00922 – 9931.

The members of the Board listed below are not “interested persons” of the Variable Account within the meaning of section 2(a)(19) of the 1940 Act (“Independent Board Members”).

(1) Name and Year of Birth	(2) Position(s) Held with Registrant	(3) Term of Office and Length of Time Served	(4) Principal Occupation(s) During Past 5 Years	(5) Number of Portfolios in Fund Complex Overseen by Director	(6) Other Directorships Held by Director
Manuel O. Morera, CPA, (1956)	Member, Board	Since 2021	Certified Public Accountant, tax and business advisor as a sole practitioner.	6	None
Francisco J. Perdomo, CPA (1961)	Member, Board	Since 2021	PSV CPA, LLC (accounting firm), Managing Director and Certified Public Accountant.	6	None

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The member of the Board listed below is an “interested person” of the Variable Account within the meaning of section 2(a)(19) of the 1940 Act.

(1) Name and Year of Birth	(2) Position(s) Held with Registrant	(3) Term of Office and Length of Time Served	(4) Principal Occupation(s) During Past 5 Years	(5) Number of Portfolios in Separate Account Overseen by Director or Nominee for Director	(6) Other Directorships Held by Director or Nominee For Director
Waldemar Fabery-Villaespesa (1965)	Member, Board	Since 2021	Counsel, Toro Colón Mullet, P.S.C., a legal services firm	6	*

* Mr. Waldemar Fabery-Villaespesa is designated as an “interested person” because he is a member of several boards of a controlling party of Universal Financial Services (“UFS”), the principal underwriter of the Variable Account.

The Board does not have a lead independent director and does not believe one is necessary given that a majority of the Board are not interested persons. The Board’s current structure is appropriate in view of the experience of its members, the longstanding working relationship of its independent members, and the nature of the Variable Account’s operations. In overseeing the Variable Account’s operations, the Board receives regular reports on various aspects of the Variable Account’s operations, such as performance, securities holdings and compliance.

Each Board member shall hold office until: 1) his or her successor is elected and qualified or 2) he or she resigns, retires or his or her term as a Board member is terminated in accordance with the Variable Account’s governing documents.

The Board believes that each Board member’s experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Board members lead to the conclusion that the Board possesses the requisite skills and attributes. The Board believes that the Board members’ ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with UFS, other services providers, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties, support this conclusion. The Board also has considered the following experience, qualifications, attributes and/or skills, among others, of its members in reaching its conclusion:

Mr. Morera is a certified public accountant with over forty (40) years of experience at major and multinational accounting firms. Among his notable experiences, Mr. Morera was appointed as the first Chief Financial Officer of a pharma/bio services company that registered with the SEC during his tenure.

Mr. Perdomo is a certified public accountant with over thirty-five (35) years of experience at accounting firms. Among his notable experiences, Mr. Perdomo has serviced companies related to SEC registered companies.

Mr. Fabery-Villaespesa is an attorney with over twenty-five (25) years of experience providing legal advice to multinational companies in corporate and tax matters. He has been a member of the Board of Directors of Universal Insurance Group, Inc. since 2015.

Risk Oversight

Through its oversight of the management and operations of the Sub-Accounts, the Board also has a risk oversight function, which includes (without limitation) the following: (i) requesting and reviewing reports on the operations of the Sub-Accounts (such as reports about the performance of the Sub-Accounts); (ii) reviewing compliance reports and approving compliance policies and procedures of the Sub-Accounts and their service providers; (iii) meeting with management to consider areas of risk and to seek assurances that adequate resources are available to address risks; (iv) meeting with service providers, including auditors, to review the Sub-Accounts' activities; and (v) meeting with the Chief Compliance Officer and other officers of the Variable Account and its service providers to receive information about compliance, and risk assessment and management matters. Such oversight is exercised primarily through the Board and its Audit Committee but, on an ad hoc basis, also can be exercised by the Independent Board Members during executive sessions.

The Board recognizes that not all risks that may affect the Sub-Accounts can be identified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) to achieve the Sub-Accounts' goals, and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness. Moreover, reports received by the Board Members as to risk management matters are typically summaries of the relevant information. Most of the Sub-Accounts' investment management and business affairs are carried out by or through UFS, Morningstar, TAM, their affiliates, the sub-advisers and other service providers each of which has an independent interest in risk management but whose policies and the methods by which one or more risk management functions are carried out may differ from the Sub-Accounts' and each other in the setting of priorities, the resources available or the effectiveness of relevant controls. As a result of the foregoing and other factors, the Board's risk management oversight is subject to substantial limitations. In addition, it is important to note that each Sub-Account is designed for investors that are prepared to accept investment risk, including the possibility that as yet unforeseen risks may emerge in the future.

B. Remuneration of the Board

Members of the Board who are also active or retired officers, directors or employees of the Company do not receive any fees from the Variable Account. These members are deemed to be "interested persons" and receive direct remuneration or an indirect benefit as active or retired officers and/or stockholders of the Company.

Board Members designated as "interested person" receive an allowance in the amount of \$1,500 per board meeting. Independent Board Members receive a quarterly allowance in the amount of \$3,500 per quarter encompassing both Board and Audit Committee meetings. There have been 4 meetings during the year 2025, and accordingly the Board Members received an aggregate total allowance of \$34,000 during the year 2025.

C. Board Member Ownership of Equity Securities

None of the members of the Board owned shares of any Sub-Account as of December 31, 2025.

D. Committees of the Board

The Board has two standing committees: the Audit Committee and Nominating Committee. Both the Audit Committee and Nominating Committee are chaired by an Independent Board Member and composed of all of the Independent Board Members.

The Audit Committee is responsible for the following functions:

- a. Review the scope, plan, timing and results of the audit;
- b. Review with auditors and management the appropriateness and the implementation of applicable procedures for internal auditing, accounting and financial control; and
- c. Review of auditors' opinion and discussion with auditors of their experiences in conducting the audit.

In the last fiscal year, the Audit Committee has held a total of 5 meetings.

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The Nominating Committee is a forum for identifying, considering, selecting and nominating, or recommending for nomination by the Board, candidates to fill vacancies on the Board. When addressing vacancies, the Nominating Committee sets any necessary standards or qualifications for service on the Board and may consider nominees recommended by any source it deems appropriate, including management and Contract Owners. Contract Owners who wish to recommend a nominee should send recommendations to the Board's Secretary that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Board Members. A recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the Board and to serve if elected by Contract Owners.

The Nominating Committee also identifies potential nominees through its network of contacts and may also engage, if it deems appropriate, a professional search firm. The committee meets to discuss and consider such candidates' qualifications and then chooses a candidate by majority vote.

In the last fiscal year, the Nominating Committee did not hold any meetings.

E. Independent Board Members and Their Immediate Family Members

As of December 31, 2025, no Independent Board Member and no immediate family member of an Independent Board Member beneficially or of record owned any equity securities of the Company, the investment adviser or the principal underwriter of the Variable Account, or any person directly or indirectly controlling, controlled by, or under common control with the Company, the investment adviser or the principal underwriter of the Variable Account.

As of December 31, 2025, no Independent Board Member and no immediate family member of an Independent Board Member has, during the two most recently completed calendar years, had any direct or indirect interest, the value of which exceeded \$120,000, in any of the following:

- the Company, investment adviser or the principal underwriter of the Variable Account; or
- any person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with the Company, the investment adviser or the principal underwriter of the Variable Account.

As of December 31, 2025, no Independent Board Member and no immediate family member of an Independent Board Member has, during the two most recently completed calendar years, had any material direct or indirect interest in any transaction or series of similar transactions, in which the amount involved exceeded \$120,000 and to which any of the following persons was a party:

- the Variable Account, or officer thereof;
- any investment company or a person that would be an investment company but for the exclusions provided by sections 3(c)(1) and 3(c)(7) of the 1940 Act which has the same insurance company, investment adviser or principal underwriter as the Variable Account or has an insurance company, investment adviser or principal underwriter that directly or indirectly controls, is controlled by, or is under common control with an investment adviser or the principal underwriter of the Variable Account, or officer thereof;
- the Company, the investment adviser or the principal underwriter of the Variable Account, or officer thereof; or
- any person directly or indirectly controlling, controlled by, or under common control with the Company, the investment adviser or the principal underwriter of the Variable Account, or officer thereof.

As of December 31, 2025, no Independent Board Member and no immediate family member of an Independent Board Member has, during the two most recently completed calendar years, had any direct or indirect relationship, in which the amount involved exceeded \$120,000, with any of the following persons:

- the Variable Account, or officer thereof;

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- any investment company or a person that would be an investment company but for the exclusions provided by sections 3(c)(1) and 3(c)(7) of the 1940 Act which has the same insurance company, investment adviser or principal underwriter as the Variable Account or has an insurance company, investment adviser or principal underwriter that directly or indirectly controls, is controlled by, or is under common control with an investment adviser or the principal underwriter of the Variable Account, or officer thereof;
- the Company, the investment adviser or the principal underwriter of the Variable Account, or officer thereof; or
- any person directly or indirectly controlling, controlled by, or under common control with the Company, the investment adviser or the principal underwriter of the Variable Account, or officer thereof.

F. Code of Ethics

The Variable Account, the Company and UFS have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act, as amended. These codes of ethics permit personnel subject to the codes to invest in securities, including securities that may be purchased or held by the Variable Account, subject to certain restrictions.

G. Proxy Voting Policies and Procedures

The Variable Account has delegated the authority to vote proxies to the Company and has authorized the Company to delegate proxy voting authority to UFS. UFS's Proxy Voting Policy and Procedures are attached to this Statement of Additional Information as **Appendix A** (the "[Proxy Voting Policy](#)").

Information regarding how the Variable Account voted proxies relating to portfolio securities during the most recent 12-month period ended December 31 is available without charge, upon request, by calling 787-706-7095, or sending a written request to Universal Life Insurance Company, PO Box 2145, San Juan, PR 00922 – 9931, and on the U.S. Securities and Exchange Commission's website at <http://www.sec.gov>.

The codes of ethics can be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (212) 551-8090. The codes of ethics are also available on the EDGAR database on the SEC's website at <http://www.sec.gov>.

H. Officers

The mailing address of each officer is c/o Universal Life Insurance Company, PO Box 2145, San Juan, PR 00922 – 9931. The following table shows information about the officers, including their year of birth, their positions held with the Variable Account and their principal occupations during the past five years (their titles may have varied during that period). Each officer will hold office until his or her successor has been duly elected or appointed or until his or her earlier death, resignation or removal.

(1) Name and Year of Birth	(2) Position(s) Held with Registrant	(3) Term of Office and Length of Time Served	(4) Principal Occupation(s) During Past 5 Years
Nancy I. Martinez-Rivera (1965)	Chief Compliance Officer	Since 2022	Compliance Director of Universal Life Insurance Company and Chief Compliance Officer of Universal Financial Services. Previously Principal Operations Officer at Citi International Financial Services LLC with 25 plus years experience in the Financial Investment industry. Currently holds Series 7, 9/10, 66, 24, and 27 licenses.
Jose C. Benitez (1975)	President	Since 2021	President of Universal Life Insurance Company and Universal Financial Services (2006). Previously Senior Account Manager, Manulife Financial with 25 plus years of financial services experience. Currently holds Series 7, 24 & 27 licenses, FLMI Designation
Roberto Martinez (1964)	Secretary & Treasurer	Since 2021	CFO Universal Group, Inc, Previously COO Triple S Propiedad, SIMED and ASC Finance Manager and Audit Supervisor with KPMG.

Investment Advisory and Other Services

A. Investment Advisory Agreement and Portfolio Construction Agreement

Universal Financial Services, Inc., Metro Office Park, Street 1, Lot 10, Guaynabo PR 00968, is the investment adviser of the Variable Account. UFS, a Puerto Rico corporation, is a wholly-owned subsidiary of Universal Group, Inc. and an affiliate of Universal Life. UFS currently serves as investment adviser to the Variable Account pursuant to an investment advisory agreement (“Investment Advisory Agreement”) with the Company. The Investment Advisory Agreement must be renewed each year by a majority of the Board who are not parties to the agreement or interested persons of any such party. The Investment Advisory Agreement was last approved by the Board on June 1, 2025.

Morningstar Investment Management LLC serves as portfolio construction manager in connection with the actively managed Sub-Accounts, which include all Sub-Accounts other than the Money Market Portfolio. Please refer to the Prospectus for a description of the services provided by the portfolio construction manager.

Under the Investment Advisory Agreement, UFS provides “investment advisory services” to the Fortune V Separate Account. UFS provides the Company with such investment research, advice and supervision as the Company may from time to time consider necessary for the proper supervision of Sub-Accounts. UFS pays for maintaining the staff and personnel necessary to perform its obligations under the Investment Advisory Agreement. The Advisory Agreement provides that UFS may render services to others. Under the Investment Advisory Agreement, the Investment Adviser and its affiliates will not be liable for any error of judgment or mistake of law for any loss arising out of any investment or for any act or omission in the management of the Company’s assets under management, except for willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of reckless disregard of its obligations and duties under the Investment Advisory agreement.

For its advisory services to the Variable Account under the Investment Advisory Agreement, UFS charges an amount which equals, on an annual basis, 0.35% of the average daily net asset value of the Variable Account. As of December 31, 2025, the net asset value for the Variable Account was 324,963,167. For the fiscal years ended December 31, 2025, 2024, and 2023, the investment advisory fees paid by the Variable Account were 1,165,492, 1,252,058, and 1,332,542, respectively. For the fiscal years ended December 31, 2025, 2024 and 2023, the fees paid to the Portfolio Construction Manager by the Variable Account were 376,846, 287,425, and 374,770, respectively.

The investment advisory fees paid by each Sub-Account were as follows:

Fund Name	Advisory Fees 2025	Advisory Fees 2024	Advisory Fees 2023
Universal VIA Asset Allocation Conservative Portfolio	161,069	178,470	200,545
Universal VIA Asset Allocation Moderate Portfolio	669,952	729,415	784,044
Universal VIA Asset Allocation Moderate Growth Portfolio	177,323	189,865	190,832
Universal VIA Asset Allocation Growth Portfolio	131,594	127,356	127,139
Universal VIA Asset Allocation Intl Growth Portfolio	17,471	17,446	19,741
Universal Money Market Portfolio	8,083	9,506	10,241
TOTAL	1,165,492	1,252,058	1,332,542

Fund Name	Portfolio Construction Manager Fees 2025	Portfolio Construction Manager Fees 2024	Portfolio Construction Manager Fees 2023
Universal VIA Asset Allocation Conservative Portfolio	52,525	47,545	56,853
Universal VIA Asset Allocation Moderate Portfolio	218,884	136,685	222,265
Universal VIA Asset Allocation Moderate Growth Portfolio	57,762	50,759	54,094
Universal VIA Asset Allocation Growth Portfolio	42,087	37,342	36,035
Universal VIA Asset Allocation Intl Growth Portfolio	5,588	15,121	5,523
Universal Money Market Portfolio	-	-	-
TOTAL	376,846	287,452	374,770

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B. Custodian

State Street, located at One Lincoln Street, Boston, MA 02116, serves as the Variable Account's custodian.

State Street, among other things, maintains a custody account or accounts in the name of each Sub-Account, receives and delivers all assets for the Sub-Accounts upon purchase and upon sale or maturity, collects and receives all income and other payments and distributions on account of the assets of the Sub-Accounts and makes disbursements on behalf of the Sub-Accounts. State Street neither determines the underlying funds' investment policies nor decides which securities the Sub-Accounts will buy or sell. For its services, State Street receives a monthly fee based upon the daily average market value of securities held in custody and also receives securities transaction charges, including out-of-pocket expenses.

C. Independent Registered Public Accounting Firm

The statutory basis financial statements for Universal Life Insurance Company as of December 31, 2025 and 2024, and the results of its operations for the years ended 2025, 2024 and 2023, and the financial statements of Fortune V Separate Account as of December 31, 2025 and the statement of changes in net assets for the years ended 2025 and 2024, and the financial highlights from 2023 to 2025, are included in reliance on the reports of Grant Thornton Puerto Rico, LLP, formerly known as Kevane Grant Thornton LLP, independent registered public accounting firm. Grant Thornton Puerto Rico, LLP, provides independent audit services to Universal Life Insurance Company. Grant Thornton Puerto Rico, LLP's principal business address is 33 Calle Bolivia, Suite 400, San Juan, PR 00917, since their appointment on December 28, 2023.

Portfolio Managers

The representatives from Universal Financial Services oversee the portfolio construction managers and validate compliance with the investment objectives within each allocation portfolio. The responsible parties are:

- Jose C. Benitez Ulmer, President of Universal Life Insurance Company and Universal Financial Services (2006). Previously, Senior Key Accounts Manager, Manulife Financial.
- Nancy I. Martinez Rivera – As of August 15th, 2022, assumed the role of Compliance Director for Universal Life Insurance Company, Chief Compliance Officer of Universal Financial Services. Previously served as Principal Operations Officer for Citi International Financial Services, LLC.

The compensation structure for investment adviser representatives includes base, bonus (for officers of the Company). Actual pay within the range is determined based upon individual knowledge, skills, abilities and reviews of each manager's job performance.

Each participant has goals related to fulfilling various job responsibilities including overseeing the Variable Account in accordance with investment guidelines and their performance is measured based on the achievement of those goals as well as their contribution to the overall pool.

The portfolio managers of Universal Financial Services do not manage other accounts.

Morningstar Investment Management.

The portfolio construction managers for the Fortune V Separate Account are:

- Lucian Marinescu is a Senior Portfolio Manager for Morningstar Investment Management LLC and Head of Institutional and Retirement Solutions within Morningstar's Research and Investments group. He leads the Institutional Solutions & Retirement investment team, overseeing multi-asset portfolio management for some of the largest and most sophisticated retirement plans and institutional clients in the U.S. His work spans custom target-date fund design, glide-path engineering, managed-account portfolio construction, and development of strategic asset-allocation models rooted in Morningstar's total-wealth methodology. Before joining Morningstar Investment Management, he served as a Senior Consultant at Ibbotson Associates, where he advised institutional clients on asset allocation, portfolio construction, capital-market assumptions, and the integration of alternative investments into diversified portfolios. Since joining Morningstar Investment Management in 2007, he has driven the development of tailored retirement solutions. Prior to this, he spent three years managing financial solutions for Morningstar® Advisor WorkstationSM Enterprise Edition, spearheading the design and implementation of investment software products for institutional clients and financial professionals. He began his career at Morningstar in 2002 as a data analyst in the data business group. He holds a bachelor's degree in economics and business administration from Monmouth College and an MBA from the University of Chicago Booth School of Business, with concentrations in analytic finance, strategy, economics, and entrepreneurship. He is a Chartered Financial Analyst (CFA) and a member of both the CFA Institute and the Investment Analysts Society of Chicago.

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- Jared Watts is a Portfolio Manager for Morningstar Investment Management LLC. He manages multi-asset model portfolios and asset allocation solutions for a diverse set of institutional, intermediary, and sub-advised clients. His responsibilities include portfolio implementation, risk management, asset class and manager research with a focus on exchange traded products. Prior to joining Morningstar in 2006, he spent six years working at Allstate Financial and A.G. Edwards & Sons where he helped manage fund relationships, asset allocation services, and conducted mutual fund and stock research.
- Steve Tagarov is a Portfolio Manager for Morningstar Investment Management LLC. He works on funds-of-funds and institutional asset allocation programs for asset managers, broker/dealers, and insurance companies. He works with clients to design and implement customized asset allocation solutions, including target-risk and tax-efficient portfolios. Prior to joining Morningstar, he worked as a senior investment consultant at Aon Hewitt Investment Consulting. He earned a BA from Augustana College and an MBA from the University of Chicago Booth School of Business. He is also a CFA charter holder.
- Michael Stout is a portfolio manager Morningstar Investment Management LLC and a member of the Asset Allocation Committee. He focuses on asset-allocation strategies employing mutual funds and ETFs, and co-manages two mutual funds at the firm. Mike was an original member of the Morningstar Investment Management Group’s predecessor organization in 1998.
- Dominic Pappalardo is a Senior Portfolio Manager for Morningstar Investment Management LLC. Mr. Pappalardo has oversight responsibilities for managing Institutional Solutions Group that delivers customized solutions for institutional and third-party platform clients. Prior to joining Morningstar in 2020, he spent 19 years working in all aspects of fixed income portfolio management at McDonnell Investment Management, an affiliate of Natixis Investment Managers.

Information as of December 31, 2025 regarding other accounts for which any portfolio construction manager is primarily responsible for the day-to-day investment advice and management or recommendations is provided below.

Portfolio Manager	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	Number	Assets Managed	Number	Assets Managed	Number	Assets Managed
Michael Stout	5	\$ 323,206,005	None	None	40	\$ 2,041,300
Dominic Pappalardo	-	-	None	None	-	-
Lucian Marinescu	-	-	None	None	-	-
Jared Watts	5	\$ 791,639,300	None	None	-	-
Steve Tagarov	5	\$ 791,639,300	None	None	-	-

Morningstar Investment Management LLC’s portfolio managers and their team members who are responsible for the day-to-day management of a portfolio are paid a base salary plus a discretionary bonus. The salary is set at a fixed amount and is determined by Morningstar Investment Management’s management team and managers of the employees. The bonus is fully or partially determined by a combination of the Investment Management’s business unit’s overall revenue and profitability, Morningstar, Inc.’s overall annual revenue and profitability, and the individual’s contribution to the business unit. For most portfolio managers and their team members, part of their bonus is also based on select managed portfolio investment performance and risk metrics versus a corresponding benchmark over specified three-, five-, and/or seven-year periods. Benchmarks are used as a measure of investment performance and are chosen by senior personnel and approved by the Investment Management business unit’s Global Investment Policy Committee’s Regional Investment Policy Committee. To mitigate the conflict of interest that could arise from partially basing an employee’s bonus on performance of a select portfolio or portfolios, all investment decisions made within a portfolio must be peer reviewed by a regional governance body within the Regional Investment Policy Committee, which includes asset allocation committees, manager selection committees, and portfolio construction (peer review) committees.

Portfolio Manager Ownership Information

As of December 31, 2025, Mr. Benitez owns a Contract with an account value in the range of \$100,001-\$500,000. The other portfolio managers identified above do not currently own Contracts.

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Material Conflicts

The underlying mutual funds held by the Sub-Accounts may be offered through separate accounts of other insurance companies. Universal Life does not anticipate any disadvantages to this. However, it is possible that a conflict may arise between the interests of the Variable Account and one or more of the other separate accounts in which these underlying mutual funds participate.

Material conflicts may occur due to a change in law affecting the operations of variable life insurance policies and variable annuity contracts. If a material conflict occurs, Universal Life will take whatever steps are necessary to protect Contract Owners and Beneficiaries, including withdrawal of the Variable Account from participation in the underlying mutual fund(s) involved in the conflict.

Brokerage Allocation

UFS has no set formula for the distribution of brokerage business in connection with the placing of orders for the purchase and sale of investments. The primary consideration in placing portfolio security transactions with broker/dealers is execution at the most favorable prices and in the most effective manner possible.

The Sub-Accounts incurred no brokerage commissions on security transactions placed with affiliates of UFS for the year ended December 31, 2025, 2024 and 2023.

Purchase and Pricing of Securities Being Offered

Please refer to the section entitled "[The Contract; Purchases and Contract Value](#)," in the Statutory Prospectus.

Underwriters

The Contract is distributed by Universal Financial Services, Inc., Metro Office Park Street 1, Lot 10, Guaynabo PR 00968. UFS is a wholly-owned subsidiary of Universal Group, Inc. and an affiliate of Universal Life. UFS is registered with the Securities and Exchange Commission as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority. Registration as a broker-dealer does not mean that the SEC has passed upon the financial standing, fitness or conduct of any broker or dealer, or upon the merits of any security offering or upon any other matter relating to the business of any broker or dealer.

The Fortune V “Rule 12b-1 Plan”

As explained above, in the Fortune V Separate Account, the L Share and C Share Classes, as compared to the base B Share Class, have shorter surrender charge periods and higher Variable Account Charges.

The higher Variable Account Charges for the L share and C share Contracts (the amount by which the 1.75% and 1.95% Variable Account Charges exceed the 1.40% charge) come out of the Variable Account’s assets and compensate the Company for the lower revenue expected to be derived from the surrender charge. Amounts derived from the Variable Account Charges become part of the company’s general assets, and the Company uses its assets to pay expenses associated with the distribution of the Contracts (including marketing expenses, commissions and other compensation paid to dealers, prospectus preparation and delivery, etc.). Therefore, some or all of the higher Variable Account Charge may be deemed to be directly or indirectly financing sales or distribution activity out of the Variable Account’s assets.

Accordingly, the amount of the Variable Account Charge for the L Share and C Share Contracts that exceeds the base Variable Account Charge for the B Share Contracts might be viewed as using Variable Account assets to finance distribution of the Contracts. This could result in the Account being deemed to be acting as a distributor of the Contracts in violation of Rule 12b-1 under the 1940 Act, unless the Variable Account adopts a “Plan” pursuant to Rule 12b-1.

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Therefore, in 2021 the Fortune V Separate Account adopted a “Rule 12b-1 Plan,” to ensure compliance with Section 12(b) of the Investment Company Act of 1940. The Rule 12b-1 Plan does not increase, decrease, or otherwise change any of the fees and charges deducted under the Contracts or from the Variable Account; and the Plan does not add to, delete from, or otherwise change the services provided to the Variable Account by the Company or by Universal Financial Services, Inc. (“UFS,” the investment adviser contracted to manage the Sub-Accounts and the distributor or principal underwriter of the Contracts). The Plan authorizes and approves the current charges and all related activity of the Company and UFS. The Plan does not change the rights or benefits of Contract Owners; the Plan merely reflects the on-going operations of the Variable Account and the current terms and provisions of the Contracts. The Plan does not amend, revise, or alter the Contracts in any way.

The Company, on behalf of the Variable Account, is authorized to incur expenses, and to pay fees to and/or compensate the Variable Account’s principal underwriter and investment adviser (UFS, the “Distributor”), other securities dealers, Variable Account administrators, and other service providers of the Variable Account for (A) services provided and/pr amounts expended for purposes of promoting the sale of the Variable Account’s Class L and C Contracts, including promoting or encouraging additional premiums under in-force Contracts (collectively, “Distribution Services”) and (B) providing services to the Variable Account’s Class L and C contract owners (“Shareholder Services”).

Distribution Services may include, without limitation, (i) the formulation and implementation of marketing and promotional activities, such as mail promotions and television, radio newspaper, magazine, internet, and other mass media advertising; (ii) preparation, printing, and distribution of sales literature; (iii) preparation, printing, and distribution of prospectuses (including summary prospectuses) and reports; (iv) obtaining such information, analyses, and reports with respect to marketing and promotional activities as the Company or Distributor may from time to time deem advisable; (v) making payments to securities dealers engaged in the marketing and sales of the Contracts (particularly the L Share and C Share classes of Contracts); and (vi) providing training, marketing, and support to such securities dealers and others with respect to the sale of the Contracts (particularly the L Share and C Share classes of Contracts).

Shareholder Services may include, without limitation, (i) responding to customer inquiries of a general nature regarding the Contracts; (ii) arranging for bank wire transfer of funds to or from a customer’s account; (iii) responding to customer inquiries and requests regarding statements of additional information, shareholder reports, notices, proxies and proxy statements, and other Variable Account documents; (iv) forwarding prospectuses (including summary prospectuses), statements of additional information, tax notices, and annual and semi-annual reports to shareholders; (v) assisting the Variable Account in establishing and maintaining shareholder accounts and records; (vi) assisting customers in changing Contract account options, designations, and addresses; (vii) administering Contract benefits and features such as death benefits, annuity payouts, transfers between Sub-accounts, additional premium payments, dollar cost averaging, asset rebalancing, systematic surrenders, free looks, CSDC-free withdrawals, etc.; and (viii) providing such other similar services as may be appropriate for the Contracts and the Variable Account, consistent with applicable statutes, rules, or regulations.

The fees and expenses of the Fortune V Separate Account are as specified in the Contracts and the prospectus for the Contracts and this Plan does not add any additional fees or increase any fees. As compared to the base B Share Class, the L Share and C Share Classes have shorter surrender charge (CDSC) periods and higher Variable Account Charges. Specifically, the base Universal VIA Contract (Class B) has a nine year CDSC and a 1.40% Variable Account Charge; the Universal VIA w/ Liquidity Rider (Class L) Contract has a four year CDSC and a 1.75% Variable Account Charge; and the Universal VIA Select (Class C) Contract has no CDSC and a 1.95% Variable Account Charge.

To the extent that any part of the difference (the amount by which the 1.75% and 1.95% Variable Account Charges exceed the 1.40% charge) is deemed to be directly or indirectly financing sales or distribution activity, this Plan authorizes and approves such charges and all related activity. Without limitation, the Company and Distributor may, in turn, pay all or any portion of amounts derived from such charges (and amounts derived from any other fees and charges under the Contracts or with respect to the Variable Account) to brokers or dealers, administrators, or other service providers (including, but not limited to, any affiliates of the Company or Distributor) as commissions, asset-based sales charges, trail commissions, service fees, or other compensation for distribution or shareholder services under this Plan. The Company and Distributor may retain all or any portion of such payments and amounts as compensation for their services or expenses or as profit.

This Plan is *permissive only*; nothing in this Plan shall be deemed to restrict or limit the Company or Distributor from engaging in any otherwise lawful activity or taking any other lawful action.

Calculation of Performance Data

Historical Performance of the Sub-Accounts

Universal Life will advertise historical performance of the Sub-Accounts in accordance with any applicable regulatory prescribed calculations. Performance information is annualized. However, if a Sub-Account has been available in the Variable Account for less than one year, the performance information for that Sub-Account is not annualized. Performance information is based on historical earnings and is not intended to predict or project future results.

Market Indices

The Sub-Accounts will be compared to certain market indices. Indices are provided for comparison purposes only and are not intended to reflect the performance of the Sub-Accounts. Individuals cannot invest directly in an index.

Tracking & Rating Services; Publications

Universal Life's rankings and ratings may sometimes be published by financial news magazines and other services and web sites.

These rating services, publications and web sites rank the underlying mutual funds' performance against other funds. These rankings may or may not include the effects of sales charges or other fees.

Financial Rating Services

Universal Life is also rated by an independent financial rating service, A.M. Best Company. Universal Life may advertise these ratings. These ratings reflect Universal Life's financial strength or claims-paying ability. *The ratings are not intended to reflect the investment experience or financial strength of the Variable Account.*

Some Universal Life advertisements and endorsements may include lists of organizations, individuals or other parties that recommend Universal Life or the Contract. Furthermore, Universal Life may occasionally advertise comparisons of currently taxable and tax deferred investment programs, based on selected tax brackets, or discussions of alternative investment vehicles and general economic conditions.

Annuity Payments

Please refer to the Prospectus section entitled "[Annuity Period](#)," in the Statutory Prospectus.

Financial Statements

The statutory basis financial statements of Universal Life are included in Appendix F to this Statement of Additional Information. The financial statements of the Variable Account are incorporated herein by reference (https://www.sec.gov/Archives/edgar/data/1864054/000182912625001481/fortune5_ncsr.htm) from the Variable Account's Annual Report on Form N-CSR for the year ending December 31, 2025. The statutory basis financial statements of Universal Life that are included in Appendix F are different from the financial statements of the Variable Account. The statutory basis financial statements of Universal Life should be considered only as bearing upon the ability of Universal Life to meet its obligations under the Contracts and should not be considered as bearing on the investment performance of the assets held in the Variable Account.

APPENDIX A

Universal Financial Services, Inc.

Proxy Voting Policy and Procedures

Proxy Voting Rights

Voting Rights

Based on the structure of the Variable Account, it is not anticipated that it will receive any matters subject to a proxy vote. To the extent required by law, Universal Life will vote the underlying fund portfolios' shares held by the Fortune V Separate Account (the "Variable Account") at regular and special shareholder meetings of the underlying fund portfolios in accordance with instructions received from persons having voting interests in the portfolios, although none of the underlying fund portfolios hold regular annual shareholder meetings. If however, the 1940 Act or any regulation thereunder should be amended or if the present interpretation thereof should change, and as a result we will determine that it is permitted to vote the underlying fund portfolios shares in its own right, it may elect to do so.

APPENDIX F



Statutory-Basis Financial Statements with
Report of Independent Certified Public Accountants

Universal Life Insurance Company

December 31, 2025, and 2024

Universal Life Insurance Company

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Report of Independent Certified Public Accountants

**To the Board of Directors of
Universal Life Insurance Company:**

Opinion

We have audited the statutory-basis financial statements of **Universal Life Insurance Company**, which comprise the statements of admitted assets, liabilities, capital and surplus and other funds as of December 31, 2025 and 2024, and the related statements of operations, changes in capital and surplus and other funds for the years ended December 31, 2025, 2024 and 2023, and cash flows for the years ended December 31, 2025 and 2024, and the related notes to the statutory-basis financial statements.

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the financial position of **Universal Life Insurance Company** as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in Note (1)(b).

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of **Universal Life Insurance Company** as of December 31, 2025 and 2024, or the results of its operations or its cash flows for the years then ended.

Basis for Opinion

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

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

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

Grant Thornton Puerto Rico LLP
(formerly Kevane Grant Thornton LLP)
33 Bolivia Street
Suite 400
San Juan, Puerto Rico 00917-2013

T +1 787 754 1915

F +1 787 250 1046

E gt@pr.gt.com

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Responsibilities of Management for the Statutory-Basis Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

/s/ Grant Thornton Puerto Rico LLP
San Juan, Puerto Rico,
April 20, 2026.

Universal Life Insurance Company

Statutory-Basis Statements of Admitted Assets, Liabilities, Capital and Surplus and Other Funds As of December 31, 2025 and 2024

	2025	2024
Admitted assets		
Cash and invested assets:		
Debt securities	\$ 1,424,434,706	\$ 1,403,227,738
Equity securities	204,836,874	203,055,544
Restricted investments	-	1,299,602
Cash and short-term investments	180,884,494	166,516,294
Receivable for securities	48,119	19,620
Other invested assets	27,315,159	34,318,831
Total cash and invested assets	<u>1,837,519,352</u>	<u>1,808,437,629</u>
Premiums due and unpaid	3,484,004	3,505,434
Accrued investment income	14,242,718	14,400,673
Reinsurance recoverable on paid losses and other	14,114,747	10,252,214
Receivable from parent, subsidiaries, and affiliates	100,001,623	52,582,023
Accounts receivable – other	188,533	219,801
Current federal and foreign income tax	864,842	909,997
Deferred income tax asset	244,751	541,273
Electronic data processing equipment and software:		
Net of accumulated depreciation of \$9,635,070 and \$6,205,923 as of December 31, 2025 and 2024, respectively	1,262,654	2,335,124
Aggregate write-ins for other than invested assets	330,571,753	295,381,752
Separate account assets	371,067,344	357,792,825
Total admitted assets	<u>\$ 2,673,562,321</u>	<u>\$ 2,546,358,745</u>

Continued

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

Universal Life Insurance Company

Statutory-Basis Statements of Admitted Assets, Liabilities, Capital and Surplus and Other Funds As of December 31, 2025 and 2024

	2025	2024
Liabilities, capital and surplus and other funds		
Liabilities:		
Policy liabilities:		
Aggregate reserves for life, annuities, and accident and health policies and contracts	\$ 982,540,742	\$ 844,892,798
Unpaid policy and contract claims:		
Life	3,385,392	3,682,935
Accident and health	1,347,849	1,300,288
Total policy liabilities	987,273,983	849,876,021
Reinsurance payable	26,855,592	27,061,573
Commissions due	1,511,565	1,387,100
Accrued expenses and other liabilities – net of expense allowances recognized in reserves of \$(1,551,316) and \$(1,622,728) as of December 31, 2025 and 2024, respectively	10,511,460	5,829,033
Payable to affiliates	1,250	1,981,576
Separate account liabilities	370,703,405	357,465,737
Funds held under reinsurance treaties	854,757,680	921,891,665
Borrowed money and interest	57,169,997	80,924,777
Payable for securities	4,724	5,004,052
Asset valuation reserve	25,829,345	26,972,927
Aggregate write-ins for liabilities	132,643,681	68,088,139
Total liabilities	2,467,262,682	2,346,482,600
Capital and surplus and other funds:		
Common stock, \$100 par value – authorized, 100,000 shares; issued and outstanding, 25,000 shares	2,500,000	2,500,000
Gross paid-in and contributed surplus	47,391,608	47,391,608
Unassigned funds – surplus	156,408,031	149,984,537
Total capital and surplus and other funds	206,299,639	199,876,145
Total liabilities, capital and surplus and other funds	\$ 2,673,562,321	\$ 2,546,358,745

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

Universal Life Insurance Company

Statutory-Basis Statements of Operations Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Revenues:			
Premiums and annuities considerations earned:			
Premiums and annuities considerations written	\$ 634,376,385	\$ 622,266,861	\$ 505,162,303
Premiums and annuities considerations assumed	435,335	400,750	333,114
Premiums and annuities considerations ceded	(449,067,527)	(450,313,478)	(351,804,293)
Net premiums and annuities considerations earned	185,744,193	172,354,133	153,691,124
Net investment income	88,184,700	90,746,193	85,389,883
Income from fees associated with investment management and administration of separate accounts	2,872,858	3,027,212	3,175,583
Commissions and expense allowance on reinsurance ceded	57,670,004	58,450,653	48,284,009
Other income	25,211,566	7,769,801	6,080,934
Total revenues	<u>359,683,321</u>	<u>332,347,992</u>	<u>296,621,533</u>
Losses and expenses:			
Death, disability, and other benefits	91,769,267	83,191,526	109,775,948
Net increase in aggregate reserves for life, accident, and health policies and contracts	141,295,526	128,971,765	78,406,787
Commission expense	32,696,458	33,714,408	28,220,604
Other underwriting expenses	34,709,352	32,993,872	30,902,465
Aggregate write-ins for deductions	48,554,850	56,153,974	56,503,092
Total losses and expenses	<u>349,025,453</u>	<u>335,025,545</u>	<u>303,808,896</u>
Reserve adjustment on reinsurance ceded	(10,862,456)	(27,841,959)	(27,435,310)
Net transfers to separate accounts	21,786,057	48,123,628	45,609,328
Income before income taxes and net realized capital gains (losses)	21,581,469	17,604,116	10,986,655
Income taxes	120,813	642,861	1,737,296
Net realized capital (losses) gains - net of capital gains (losses) transferred to IMR, net of tax	(11,078,686)	(8,491)	(78,342)
Net income	<u>\$ 10,381,970</u>	<u>\$ 16,952,764</u>	<u>\$ 9,171,017</u>

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

Universal Life Insurance Company

Statutory-Basis Statements of Changes in Capital and Surplus and Other Funds Years Ended December 31, 2025, 2024 and 2023

	Common Stock	Gross Paid-in and Contributed Surplus	Unassigned Funds – Surplus	Total
Balance – January 1, 2023	\$ 2,500,000	\$ 22,391,608	\$ 117,208,065	\$ 142,099,673
Net income	-	-	9,171,017	9,171,017
Changes in:				
Unrealized capital gains, net of tax	-	-	1,830,022	1,830,022
Nonadmitted assets	-	-	(29,085,094)	(29,085,094)
Changes in surplus in separate accounts	-	-	(50,964)	(50,964)
Asset valuation reserve	-	-	(3,124,560)	(3,124,560)
Paid in Surplus	-	25,000,000	-	25,000,000
Dividend to stockholder	-	-	(8,500,000)	(8,500,000)
Balance – December 31, 2023	<u>2,500,000</u>	<u>47,391,608</u>	<u>87,448,486</u>	<u>137,340,094</u>
Net income	-	-	16,952,764	16,952,764
Changes in:				
Unrealized capital gains, net of tax	-	-	982,471	982,471
Nonadmitted assets	-	-	41,372,544	41,372,544
Changes in surplus in separate accounts	-	-	228,372	228,372
Asset valuation reserve	-	-	8,999,900	8,999,900
Dividend to stockholder	-	-	(6,000,000)	(6,000,000)
Balance – December 31, 2024	<u>\$ 2,500,000</u>	<u>\$ 47,391,608</u>	<u>\$ 149,984,537</u>	<u>\$ 199,876,145</u>
Net income	-	-	10,381,970	10,381,970
Changes in:				
Unrealized capital gains, net of tax	-	-	1,186,091	1,186,091
Nonadmitted assets	-	-	(325,000)	(325,000)
Changes in surplus in separate accounts	-	-	36,850	36,850
Asset valuation reserve	-	-	1,143,583	1,143,583
Dividend to stockholder	-	-	(6,000,000)	(6,000,000)
Balance – December 31, 2025	<u>\$ 2,500,000</u>	<u>\$ 47,391,608</u>	<u>\$ 156,408,031</u>	<u>\$ 206,299,639</u>

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

Universal Life Insurance Company

Statutory-Basis Statements of Cash Flows Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Premiums and annuities considerations collected – net of reinsurance	\$ 244,477,322	\$ 163,770,695
Investment income received	83,354,807	86,999,235
Miscellaneous income received	85,664,690	69,267,950
Death, disability, and other benefits paid	(135,353,236)	(157,063,410)
Net transfers from separate accounts	22,624,942	48,383,618
Federal and foreign income taxes paid	(201,243)	(282,539)
Commissions and other underwriting expenses paid	(114,988,537)	(121,308,588)
Net cash provided by operating activities	<u>185,578,745</u>	<u>89,766,961</u>
Cash flows from investing activities:		
Proceeds from sales and redemptions of investments	228,199,542	281,152,746
Cost of investments acquired	(257,584,471)	(281,422,565)
Net cash used in investing activities	<u>(29,384,929)</u>	<u>(269,819)</u>
Cash flows from financing and miscellaneous sources:		
Borrowed funds paid	(23,754,780)	(14,614,226)
Net deposits on deposit-type contracts and other insurance liabilities	162,299	(105,117)
Dividends paid	(6,000,000)	(6,000,000)
Other cash used	(112,233,135)	(86,850,842)
Net cash used in financing and miscellaneous sources	<u>(141,825,616)</u>	<u>(107,570,185)</u>
Net change in cash and short-term investments	14,368,200	(18,073,043)
Cash and short-term investments – beginning of year	166,516,294	184,589,337
Cash and short-term investments – end of year	<u>\$ 180,884,494</u>	<u>\$ 166,516,294</u>

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

(1) Organization and summary of significant accounting policies:

(a) Organization and operations -

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

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

(b) Basis of accounting -

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

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

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

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

The Commissioner requires that insurance companies domiciled in Puerto Rico prepare their statutory-basis financial statements in accordance with SAP subject to any deviations prescribed or permitted by the Commissioner. There is no difference between the Company’s net income as reported in the accompanying statutory-basis financial statements and NAIC SAP.

The years “2025”, “2024” and “2023” refer to the years ended December 31, 2025, 2024 and 2023, respectively.

In 2025, 2024 and 2023, the Company was in compliance with the Risk Based Capital (RBC) requirements and would have been in such compliance if it had not used the above prescribed practice.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

(c) **Use of estimates -**

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

(d) **Investments -**

On January 1, 2025, the Company adopted revisions to SSAP No. 26 “Bond”, to incorporate a principle-based bond definition. Revisions were also made to SSAP No. 43 “Asset Backed Securities” and SSAP No. 21 “Other Admitted Assets”. The revised definition includes criteria that must be met in order for a debt instrument to be reported as a bond, classified as either an issuer credit obligation or asset-backed security. This shift aims to enhance the accuracy of bond classifications, ensuring they reflect the true nature of financial instruments held by insurers. The adoption of this guidance had no material impact to these statutory financial statements.

Issuer credit obligations are stated at amortized cost and any premium or discount is amortized to income using the effective interest method. Issuer credit obligations in or near default (NAIC designation 6) are stated at the lower of amortized cost or fair value.

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

Unaffiliated common stocks are carried at fair value. The change in fair value is recorded as a change in net unrealized capital gains (losses), a component of unassigned funds-surplus. Redeemable preferred stocks are carried at cost, except for those rated NAIC designation 4 or lower which are carried at fair value. Perpetual preferred stock is stated at fair value.

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

Investment income consists primarily of interest and dividends. Interest is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Investment income is reduced for amounts which have been determined to be uncollectible. Realized capital gains and losses are determined on the specific identification basis and are recorded in earnings.

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

When an issuer credit obligation, preferred stock, or common stock is deemed to be OTTI, the difference between the investments' amortized cost and its fair value is recognized as a net realized capital loss and reported in net income.

The new cost basis of an impaired security is not adjusted for subsequent increases in fair value. In periods subsequent to the recognition of an OTTI, the impaired security is accounted for as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis may be accreted into investment income in future periods based on the prospective changes in cash flow estimates to reflect adjustments to the effective yield.

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

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

(e) Separate accounts -

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

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

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

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

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

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

The credit life aggregate reserve is computed using the following valuation tables and interests:

Effective Year	Valuation Table and Interest
2012-2013	120% 2001 CSO 3.75% ALB
2014	120% 2001 CSO 4.00% ALB
2015-2016	120% 2001 CSO 3.75% ALB
2017-2018	120% 2001 CSO 3.50% ALB
2019	120% 2001 CSO 3.75% ALB
2020	120% 2001 CSO 3.25% ALB
2021	120% 2001 CSO 3.00% ALB
2022	120% 2001 CSO 3.25% ALB
2023	120% 2001 CSO 4.25% ALB
2024-2025	120% 2001 CSO 4.50% ALB

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

For ordinary life products the aggregate reserves are computed using the following valuation tables and interests:

Valuation Table and Interest	
2006-2012	100% 2001 CSO (4.00% - 4.50%) ANB CRVM
2013-2020	100% 2001 CSO (3.50% - 3.75%) ANB CRVM
2021-2024	100% 2001 CSO (3.00% - 3.25%) ANB CRVM
2025	100% 2001 CSO (3.50% - 3.75%) ANB CRVM

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

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

Reserves for group annuities are based on discounting the monthly benefits at prescribed interest rates ranging from 3.00% to 5.25% and applying the 1994 group annuity reserving mortality table which includes projection scale AA.

(h) Reinsurance -

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

(i) Unpaid policy and contract claims -

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

(j) Asset valuation reserve (AVR) and Interest maintenance reserve (IMR) -

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

(k) Electronic data processing equipment and software -

Electronic data processing equipment is carried at cost, less accumulated depreciation using the straight-line method over the estimated useful lives of the assets, which have been established at three years. Depreciation and amortization expense related to electronic data processing equipment and software amounted to \$3,429,147, \$1,222,173 and \$1,141,572 for the years ended December 31, 2025, 2024 and 2023, respectively, and are included within other underwriting expense in the accompanying statutory-basis statements of operations.

(l) Guaranty fund assessments -

Pursuant to the PR Insurance Code, Universal Life is a member of the Puerto Rico Insurance Guaranty Association for Life, Disability, and Health Insurance. As a member, Universal Life is required to provide funds for the settlement of claims and reimbursement of unearned premiums of insurance policies issued by insolvent insurance companies. Universal Life accrues guaranty fund assessments when it is probable that an assessment liability has been incurred and the amount of loss can be reasonably estimated. During 2025, 2024 and 2023 no assessments or accrual for possible future assessments were made.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

(m) Fair values of financial instruments -

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

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

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

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

(2) Investment securities:

The amortized cost, gross unrealized gains, gross unrealized losses, and fair value of investment securities as of December 31, 2025 and 2024 are as follows:

Description of securities	2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities – bonds and notes:				
Issuer credit obligations	\$ 867,483,126	\$ 6,307,992	\$ 63,353,435	\$ 810,437,683
Asset-backed securities	561,084,011	4,800,414	57,057,286	508,827,139
Total debt securities	<u>1,428,567,137</u>	<u>11,108,406</u>	<u>120,410,721</u>	<u>1,319,264,822</u>
Equity securities:				
Mutual funds	9,547,101	406,832	352,763	9,601,170
Common stocks	10,074,285	7,038,116	284,054	16,828,347
Preferred stocks	191,977,249	1,233,878	14,825,971	178,385,156
Total equity securities	<u>211,598,635</u>	<u>8,678,826</u>	<u>15,462,788</u>	<u>204,814,673</u>
Total	<u>\$ 1,640,165,772</u>	<u>\$ 19,787,232</u>	<u>\$ 135,873,509</u>	<u>\$ 1,524,079,495</u>

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

Description of securities	2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities – bonds and notes:				
Issuer credit obligations	\$ 787,676,539	\$ 1,801,027	\$ 79,032,069	\$ 710,445,497
Asset-backed securities	620,171,413	1,780,193	68,844,426	553,107,180
Total debt securities	<u>1,407,847,952</u>	<u>3,581,220</u>	<u>147,876,495</u>	<u>1,263,552,677</u>
Equity securities:				
Mutual funds	6,910,837	174	627,206	6,283,805
Common stocks	6,699,582	5,761,185	31,351	12,429,416
Preferred stocks	198,755,689	1,222,112	15,793,784	184,184,017
Total equity securities	<u>212,366,108</u>	<u>6,983,471</u>	<u>16,452,341</u>	<u>202,897,238</u>
Total	<u>\$ 1,620,214,060</u>	<u>\$ 10,564,691</u>	<u>\$ 164,328,836</u>	<u>\$ 1,466,449,915</u>

The fair value and gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2025 and 2024 are as follows:

Description of Securities	2025					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Debt securities – bonds and notes:						
Issuer credit obligations	\$ 114,119,018	\$ 2,202,946	\$ 414,421,293	\$ 61,150,489	\$ 528,540,311	\$ 63,353,435
Asset-backed securities	35,503,655	866,616	265,595,603	56,190,670	301,099,258	57,057,286
Total debt securities	<u>149,622,673</u>	<u>3,069,562</u>	<u>680,016,896</u>	<u>117,341,159</u>	<u>829,639,569</u>	<u>120,410,721</u>
Equity securities – mutual funds						
	<u>3,435,913</u>	<u>95,099</u>	<u>770,903</u>	<u>257,664</u>	<u>4,206,816</u>	<u>352,763</u>
Equity securities – common stocks						
	1,190,419	284,054	-	-	1,190,419	284,054
Equity securities – preferred stocks						
	<u>37,955,492</u>	<u>1,013,114</u>	<u>108,116,519</u>	<u>13,812,857</u>	<u>146,072,011</u>	<u>14,825,971</u>
Total	<u>\$ 192,204,497</u>	<u>\$ 4,461,829</u>	<u>\$ 788,904,318</u>	<u>\$ 131,411,680</u>	<u>\$ 981,108,815</u>	<u>\$ 135,873,509</u>

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

Description of Securities	2024					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Debt securities – bonds and notes:						
Issuer credit obligations	\$ 147,057,976	\$ 4,279,640	\$ 465,389,529	\$ 74,752,429	\$ 612,447,505	\$ 79,032,069
Asset-backed securities	119,310,339	2,233,005	295,205,637	66,611,421	414,515,976	68,844,426
Total debt securities	266,368,315	6,512,645	760,595,166	141,363,850	1,026,963,481	147,876,495
Equity securities – mutual funds	2,693,115	80,163	3,246,702	547,043	5,939,817	627,206
Equity securities – common stocks	318,233	31,351	-	-	318,233	31,351
Equity securities – preferred stocks	26,931,815	931,755	122,022,269	14,862,029	148,954,084	15,793,784
Total	\$ 296,311,478	\$ 7,555,914	\$ 885,864,137	\$ 156,772,922	\$ 1,182,175,615	\$ 164,328,836

The number of individual securities that have been in a continuous loss position, by investment category and by length of time, as of December 31, 2025 and 2024, are as follows:

Description of Securities	2025			2024		
	Less than 12 Months	12 Months or Greater	Total	Less than 12 Months	12 Months or Greater	Total
	Debt securities – bonds and notes:					
U.S. government and its agencies and authorities	7	41	48	21	79	100
States, municipalities, and political subdivisions	59	250	309	65	279	344
Industrial and miscellaneous	34	211	245	67	238	305
Asset-backed securities	18	200	218	56	214	270
Total debt securities	118	702	820	209	810	1,019
Equity securities – mutual funds	25	3	28	24	23	47
Equity securities – common stocks	6	0	6	1	0	1
Equity securities – preferred stocks	14	87	101	9	95	104
Total	163	792	955	243	928	1,171

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

The Company recorded OTTI losses on equity securities amounting to \$39,750 and \$39,300 during 2024, and 2023, respectively.

The Company recorded OTTI losses on debt securities amounting to \$34,753 and \$535,390 during 2024 and 2023, respectively. There was no OTTI on debt and equity securities recorded during the year ended December 31, 2025.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

The Company invested funds in certain collateralized notes receivable and surplus notes, which are recorded at carrying value and presented within other invested assets in the accompanying statement of admitted assets, liabilities, capital and surplus and other funds. During 2025, the Company recorded OTTI losses on other invested assets amounting to \$11,551,727, presented in net realized capital gains and losses in the statutory statements of operations. There were no OTTI losses recorded on 2024 or 2023.

The table below presents a rollforward of the cumulative credit loss component of the OTTI loss recognized in earnings on investments and other invested assets still held by the Company at December 31, 2025, 2024 and 2023:

	2025	2024	2023
Balance – beginning of year	\$ 764,349	\$ 689,846	\$ 115,156
Impairment – OTTI recognized on securities not previously impaired	11,551,727	-	535,390
Additional impairment – OTTI recognized on securities previously impaired	-	74,503	39,300
Reduction – due to sales (or maturities, pay downs, or prepayments) during the period of securities previously OTTI	(764,349)	-	-
Balance – end of year	<u>\$ 11,551,727</u>	<u>\$ 764,349</u>	<u>\$ 689,846</u>

The amortized cost and fair value of investment securities with fixed maturities at December 31, 2025, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Investments Maturing Within	Amortized Cost	Fair Value
One year	\$ 58,957,722	\$ 58,811,492
After one to five years	206,562,504	204,417,607
After five to ten years	184,483,756	181,079,326
Ten years and over	415,028,626	364,079,807
No maturity	2,450,518	2,049,451
Asset-backed securities	561,084,011	508,827,139
Total	<u>\$ 1,428,567,137</u>	<u>\$ 1,319,264,822</u>

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

Net investment income for the years ended December 31, 2025, 2024 and 2023 is summarized as follows:

	2025	2024	2023
Debt securities	\$ 71,619,705	\$ 73,376,102	\$ 68,290,533
Equity securities	10,416,439	13,202,904	14,140,797
Other invested assets	1,467,252	1,080,632	171,550
Interest-bearing deposits	32,650	1,656	26,143
IMR amortization	(98,757)	(245,590)	(45,924)
Investment income recognized as a result of prepayment penalties	13,363	131,738	-
Other	4,734,048	3,198,751	2,806,784
Total	<u>\$ 88,184,700</u>	<u>\$ 90,746,193</u>	<u>\$ 85,389,883</u>

Proceeds from the sale of investments and realized capital gains and losses - net of capital gains tax and transfers to IMR for the years ended December 31, 2025, 2024 and 2023 were as follows:

	2025	2024	2023
Proceeds from sales	<u>\$ 113,068,699</u>	<u>\$ 287,193,505</u>	<u>\$ 139,275,742</u>
Gross realized capital gains	\$ 1,455,464	\$ 484,942	\$ 30,580,545
Gross realized capital losses	(2,080,138)	(5,986,721)	(5,932,471)
OTTI	(11,551,727)	(74,503)	(574,690)
AVR gains (losses) ceded to reinsurer	1,319,395	5,305,642	(24,540,582)
Transfer to IMR	(96,692)	290,324	426,799
Net realized capital gains (losses)	<u>(10,953,698)</u>	<u>19,684</u>	<u>(40,399)</u>
Less capital gains tax:			
Provision for capital losses income taxes	(119,553)	(1,089,871)	(1,106,721)
Capital gains tax transferred to IMR	244,541	1,118,046	1,144,664
Capital gains tax – net	<u>124,988</u>	<u>28,175</u>	<u>37,943</u>
Net realized capital losses – net of capital gains tax	<u>\$ (11,078,686)</u>	<u>\$ (8,491)</u>	<u>\$ (78,342)</u>

As of December 31, 2025 and 2024, the Company's restricted assets were as follows:

Description of Securities	2025	2024
Debt securities:		
Short-term investments – deposited with the Commissioner	<u>\$ 1,594,460</u>	<u>\$ 1,594,460</u>
Funds withheld under reinsurance contracts	<u>\$ 854,757,680</u>	<u>\$ 921,891,665</u>
Separate accounts assets held under modified coinsurance contracts	<u>\$ 371,067,344</u>	<u>\$ 357,792,825</u>

The Company's restricted assets in short-term investments are restricted under the provision of the PR Insurance Code and are deposited with the Commissioner.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

(3) Borrowed money and interest:

The Company uses margin accounts to enhance investment portfolio income through leverage strategies and to access short-term funding. The margin account balance amounted to \$0 as of December 31, 2025 and 2024, respectively. This account was used to fund intercompany short-term notes. Funding cost of the margin account was 4.88%, 6.04% and 6.06% during 2025, 2024 and 2023, respectively, which was calculated on the daily balance.

On December 9, 2022, the Company entered into a \$30,000,000 revolving credit facility with an original maturity date of November 1, 2023. The credit facility has been continuously amended for additional extension of maturity date, with the latest current maturity of May 16, 2026. Under the revolving credit facility, interest is payable in arrears on a monthly basis, calculated based on the Secured Overnight Financing Rate (SOFR) in effect on the first day of each calendar month plus 2.5% on the basis of a year of 360 days and for the number of actual days elapsed. The Company had an outstanding balance under this revolving credit facility of \$29,842,000 and \$22,930,000 as of December 31, 2025 and 2024, respectively. The credit facility was collateralized by investment securities in the amount of \$43,807,113 and \$45,765,472 as of December 31, 2025 and 2024, respectively. The credit facility contains various affirmative and negative covenants, including financial and nonfinancial covenants. At December 31, 2025 and 2024, the Company was in compliance with financial covenants. Total interest incurred related to this revolving credit facility for the years ended December 31, 2025, 2024 and 2023 amounted to \$1,382,641, \$1,700,667 and \$1,541,527, respectively.

(4) Securities sold under agreements to repurchase:

The Company entered into bilateral repurchase agreements whereby the Company sells securities and simultaneously agrees to repurchase the same or substantially the same securities. These repurchase agreements are accounted for as collateralized borrowings with the proceeds from the sale of the securities recorded as a liability and the underlying securities continue to be recorded as an investment by the Company. Earnings on these investments are recorded as investment income and the difference between the proceeds and the amount at which the securities will be subsequently reacquired is amortized as interest expense. Repurchase agreements are used as a tool for the overall portfolio management to help ensure the Company maintains adequate assets in order to provide yield, spread and duration to support liabilities and other corporate needs.

The Company provides collateral, as dictated by the repurchase agreements, to the counterparty in exchange for a loan. If the fair value of the securities sold becomes less than the loan, the counterparty may require additional collateral.

Securities sold under agreements to repurchase (repurchase agreements) amounted to \$27,300,000 and \$57,908,388 as of December 31, 2025 and 2024, respectively. The borrowings bear interest at a range from 3.95% to 4.88% and 4.75% to 5.88% in 2025 and 2024, respectively. These borrowings generally mature within 30 days to 90 days from the transaction date. These amounts are included within borrowed money and interest in the accompanying statutory-basis statements of admitted assets, liabilities, capital and surplus and other funds.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

Additional information related to repurchase agreements as of December 31, 2025 and 2024, were as follows:

	2025	2024
Maximum aggregate balance of repurchase agreements outstanding during the year	\$ 67,181,965	\$ 57,908,388
Repurchase agreement balance at year end	\$ 27,300,000	\$ 57,908,388
Securities underlying repurchase agreements:		
U.S. Government and its agencies and authorities carrying value of underlying collateral	\$ 28,115,387	\$ 62,182,879
Fair value of underlying collateral	\$ 27,940,822	\$ 60,607,121

Accrued interest as of December 31, 2025 and 2024 amounted to \$27,997 and \$86,389, respectively.

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

(5) Related-party transactions:

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

In the normal course of business, related entities provide management and other services to Universal Life. Universal Life also reimburses related entities for expenses incurred on its behalf. The following are the transactions with related parties:

On March 1, 2007, the Company entered into an agreement with Universal Financial Services, Inc. (UFS) to provide the following services:

- Investment advisory services: Fees for investment advisory services provided by UFS during the years ended December 31, 2025, 2024 and 2023 amounted to \$333,168, \$353,864 and \$382,706, respectively.
- Sale of variable annuity products: Commission expenses charged by UFS for the sale of variable annuity products during the years ended December 31, 2025, 2024 and 2023, amounted to \$14,702, \$15,996 and \$28,734, respectively.

Annually, the Company enters into an administrative services agreement with UFS. During 2025, 2024 and 2023, the Company charged fees to UFS for these services amounted to \$174,957, \$166,076 and \$215,400.

The Company issued short-term notes receivable from UGI and Universal Finance, Inc., bearing interest based on the Secured Overnight Financing Rate (SOFR) plus 2.5% on the basis of a year of 360 days and for the number of actual days elapsed, plus servicing fees of 0.125%. Interest rates as of December 31, 2025 and 2024 were 3.69% and 4.33%, respectively. These short-term notes receivable mature between April and December 2026 and are presented within receivable from parent, subsidiaries, and affiliates within the accompanying statutory-basis statement of admitted assets, liabilities, capital and surplus and other funds. Total interests earned during the year ended December 31, 2025, 2024, and 2023 amounted to \$1,118,505, \$951,599 and \$1,133,939, respectively.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

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

The amounts due to and from related entities as of December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Due from:		
Universal Finance, Inc.	\$ 31,110,779	\$ 5,193,535
Universal Insurance Company	1,255,888	-
Point Guard Insurance Company, Inc.	726	726
Universal Financial Services, Inc.	13,233	-
Universal Group, Inc.	67,620,997	47,387,762
Total	<u>\$ 100,001,623</u>	<u>\$ 52,582,023</u>
Due to:		
Universal Finance, Inc.	\$ 1,250	-
Universal Insurance Company	-	1,684,288
Universal Financial Services, Inc.	-	7,145
Universal Group, Inc.	-	290,143
Total	<u>\$ 1,250</u>	<u>\$ 1,981,576</u>

(6) Reinsurance:

Universal Life cedes risks to reinsurers under various agreements, which cover mostly annuities, life, accident, and health insurance risks. The Company does not carry reinsurance for its credit life business. These reinsurance arrangements provide greater diversification of business and minimize the Company's exposure arising from large or volume-related risks, although they do not discharge the primary liability of Universal Life as direct insurer of the ceded risks. Universal Life evaluates the financial strength of reinsurers and continually monitors the financial condition of reinsurers. At December 31, 2025 and 2024, reinsurance recoverable on paid losses associated with the largest single reinsurer amounted to approximately \$199,750 and \$163,000, respectively.

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

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

Effective March 1, 2008, the Company entered into an agreement to reinsure group life and group accidental death and dismemberment coverage. The form of reinsurance is on an excess of loss basis with retention of the first \$25,000 and ceded up to \$500,000 on an automatic basis. Effective May 1, 2020, the Company amended the reinsurance agreement to increase retention amount to \$50,000 and ceded up to \$950,000 on an automatic basis. In May 2025, the contract was terminated and the reinsured business was transferred to new reinsurer. No gain or loss resulted from this transaction.

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

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

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

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

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

The reinsurance company that is party to this coinsurance agreement is an unauthorized reinsurer as defined in Rule 98 of the Insurance Code of Puerto Rico, whereby the reinsurer will be required to maintain, as collateral, qualified investments in compliance with the investments guidance as set forth in the reinsurance contract. In accordance to these requirements, the parties entered into a Reinsurance Trust and Custodian Agreements for the benefit of the Company. At December 31, 2025 and 2024, the assets held in the trusts and/or the amounts contractually owed to the reinsurer exceeded statutory reserve requirements, which allowed the Company to receive reinsurance credit. The reinsurance contract provides for a five (5%) requirement of assets in excess statutory reserves to protect the Company from unforeseen declines in value of the assets held in the trusts.

Effective May 31, 2019, the Company stopped ceding new business under this reinsurance agreement, as the reinsurer is in default of its reinsurance obligations. Total reserves ceded by the Company under this reinsurance agreement as of December 31, 2025 and 2024 amounted to \$276,098,761 and \$311,143,692, respectively. Refer to Note (18) for further details.

Effective October 1, 2018, the Company entered into an agreement to reinsure 75% of the principal and 100% of the interest payment portion of the equity-indexed deferred annuities. The form of reinsurance is a coinsurance agreement with a funds withheld structure. As part of this agreement, the Company transferred approximately \$453 million of assets related to the preexisting in-force block of business to a Reserve Credit Trust. The cash surrender value of the in-force block reinsured at October 1, 2018 amounted to \$453,323,304. The coinsurance agreement contained a one-time fee payable by the reinsurer to the Company which was initially recorded as direct write-in to surplus and amortized to operations as earnings emerged from the business reinsured. At December 31, 2019, the one-time fee was fully amortized.

The reinsurance company that is party to this coinsurance agreement is an unauthorized reinsurer in compliance with Rule 98 of the Insurance Code of Puerto Rico, whereby the reinsurer will be required to maintain, as collateral, qualified investments in compliance with the investments guidance as set forth in the reinsurance contract. In accordance to these requirements, the parties entered into a Reinsurance Trust and Custodian Agreements for the benefit of the Company. At December 31, 2025 and 2024 the assets held in the trusts and/or the amounts contractually owed to the reinsurer exceeded statutory reserve requirements, which allowed the Company to receive reinsurance credit. The reinsurance contract provides for a five (5%) requirement of assets in excess statutory reserves to protect the Company from unforeseen declines in value of the assets held in the trusts.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

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

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

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

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

The reinsurance company that is party to this coinsurance agreement is an unauthorized reinsurer as defined in Rule 98 of the Insurance Code of Puerto Rico, whereby the reinsurer will be required to maintain, as collateral, qualified investments in compliance with the investments guidance as set forth in the reinsurance contract. In accordance to these requirements, the parties entered into a Reinsurance Trust and Custodian Agreements for the benefit of the Company. At December 31, 2025 and 2024, the assets held in the trusts and/or the amounts contractually owed to the reinsurer exceeded statutory reserve requirements, which allowed the Company to receive reinsurance credit. The reinsurance contract provides for a two (2%) requirement of assets in excess statutory reserves to protect the Company from unforeseen declines in value of the assets held in the trusts.

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

Effective May 1, 2025, the Company entered into an agreement to reinsure group life and group accidental death and dismemberment coverage. The form of reinsurance is on an excess of loss basis with retention of the first \$50,000 and ceded up to \$950,000 on an automatic basis.

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

The Company's reinsurance ceded amounts reduced certain items in the accompanying statutory-basis financial statements by the following amounts:

	2025	2024	2023
Statutory-basis statements of admitted assets, liabilities, and capital and surplus:			
Reinsurance recoverable on paid losses and other	\$ 14,114,747	\$ 10,252,214	\$ 151,917,856
Aggregate reserves ceded	\$ 2,939,573,349	\$ 2,567,778,155	\$ 2,178,301,172
Unpaid policy and contract claims ceded	\$ 3,236,864	\$ 3,246,232	\$ 3,325,213
Reinsurance payable	\$ 26,855,592	\$ 27,061,573	\$ 29,610,284
Funds withheld from reinsurer	\$ 854,757,680	\$ 921,891,665	\$ 1,004,250,005
Statutory-basis statements of income:			
Premiums ceded	\$ 449,067,527	\$ 450,313,478	\$ 351,804,293
Death, disability, and other benefits ceded	\$ 2,882,760	\$ 2,130,159	\$ 3,858,119
Commissions and expense allowances on reinsurance ceded	\$ 57,670,004	\$ 58,450,653	\$ 48,284,009
Change in expense allowance ceded	\$ 203,934	\$ (434,996)	\$ (776,394)
Reserve adjustment on reinsurance ceded	\$ 10,862,456	\$ 27,841,959	\$ (27,435,310)
Aggregate write ins for deductions	\$ 48,554,850	\$ 56,153,974	\$ 56,503,092

(7) Policy liabilities:

Aggregate reserves for life, annuities, and accident and health policies and contracts and related insurance in force as of December 31, 2025 and 2024 are summarized as follows:

	Aggregate Reserves		Life Insurance In-force	
	2025	2024	2025	2024
Life insurance	\$ 15,155,503	\$ 15,300,302	\$ 4,221,342,997	\$ 4,012,799,992
Annuities subject to discretionary withdrawal	945,019,098	821,545,864		
Annuities not subject to discretionary withdrawal	20,987,589	6,688,161		
Accident and health policies	1,378,552	1,358,471		
Total	\$ 982,540,742	\$ 844,892,798		

Universal Life Insurance Company**Notes of Statutory-Basis Financial Statements
December 31, 2025 and 2024**

The Company's annuity reserves as of December 31, 2025 and 2024 are summarized as follows:

	2025		
	Gross	Ceded	Net
Type of annuity:			
Fixed annuities	\$ 1,502,228,809	\$ 1,116,756,703	\$ 385,472,106
Equity-indexed annuities	2,341,978,751	1,782,341,759	559,636,992
Immediate group annuities	54,584,930	33,749,379	20,835,551
Payout group annuities	608,151	456,113	152,038
Guarantees on variable annuities	131,125	131,125	-
Total aggregate reserve for annuities	<u>3,899,531,766</u>	<u>2,933,435,079</u>	<u>966,096,687</u>
Variable annuities actuarial reserve	365,521,582	218,501,173	147,020,409
Total	<u>\$ 4,265,053,348</u>	<u>\$ 3,151,936,252</u>	<u>\$ 1,113,117,096</u>
	2024		
	Gross	Ceded	Net
Type of annuity:			
Fixed annuities	\$ 1,213,656,851	\$ 903,328,620	\$ 310,328,231
Equity-indexed annuities	2,149,692,908	1,638,475,275	511,217,633
Immediate group annuities	26,752,645	20,064,484	6,688,161
Guarantees on variable annuities	198,343	198,343	-
Total aggregate reserve for annuities	<u>3,390,300,747</u>	<u>2,562,066,722</u>	<u>828,234,025</u>
Variable annuities actuarial reserve	352,428,654	208,348,340	144,080,314
Total	<u>\$ 3,742,729,401</u>	<u>\$ 2,770,415,062</u>	<u>\$ 972,314,339</u>

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

The Company's annuity reserves that are subject to discretionary withdrawal (with or without adjustment) as of December 31, 2025 and 2024 are summarized as follows:

	2025		
	General Account	Separate Account Nonguaranteed	Total
Subject to discretionary withdrawal:			
At book value less current surrender charge	\$ 2,417,532,611	\$ -	\$ 2,417,532,611
At fair value	131,125	365,521,582	365,652,707
Subtotal	2,417,663,736	365,521,582	2,783,185,318
At book value without adjustment	1,423,535,249	-	1,423,535,249
Not subject to discretionary withdrawal	55,193,081	-	55,193,081
Total gross	3,896,392,066	365,521,582	4,261,913,648
Less reinsurance ceded	(2,930,385,379)	(218,501,173)	(3,148,886,552)
Total net annuity reserves	\$ 966,006,687	\$ 147,020,409	\$ 1,113,027,096
Reconciliation to Exhibit 5 and Exhibit 7 of the Company's annual statement:			
Annuities – total, net			\$ 964,960,120
Deposit-Type contracts – total, net			1,046,567
General account subtotal			966,006,687
Separate accounts annual statement:			
Annuities – total net			365,521,582
Reserve ceded, net			(218,501,173)
Separate account subtotal			147,020,409
Total			\$ 1,113,027,096

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

	2024		
	General Account	Separate Account Nonguaranteed	Total
Subject to discretionary withdrawal:			
At book value less current surrender charge	\$ 2,251,079,832	\$ -	\$ 2,251,079,832
At fair value	198,343	352,428,654	352,626,997
Subtotal	2,251,278,175	352,428,654	2,603,706,829
At book value without adjustment	1,112,269,927	-	1,112,269,927
Not subject to discretionary withdrawal	26,752,645	-	26,752,645
Total gross	3,390,300,747	352,428,654	3,742,729,401
Less reinsurance ceded	(2,562,066,722)	(208,348,340)	(2,770,415,062)
Total net annuity reserves	<u>\$ 828,234,025</u>	<u>\$ 144,080,314</u>	<u>\$ 972,314,339</u>
Reconciliation to Exhibit 5 and Exhibit 7 of the Company's annual statement:			
Annuities – total, net			\$ 827,349,757
Deposit-Type contracts – total, net			884,268
General account subtotal			<u>828,234,025</u>
Separate accounts annual statement:			
Annuities – total net			352,428,654
Reserve ceded, net			(208,348,340)
Separate account subtotal			<u>144,080,314</u>
Total			<u>\$ 972,314,339</u>

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

Unpaid policy and contract claims as of December 31, 2025 and 2024 consisted of:

	2025	2024
Life policies	\$ 3,385,392	\$ 3,682,935
Accident and health policies	1,347,849	1,300,288
Total	\$ 4,733,241	\$ 4,983,223

The activity in the policy and contract claims reserve for the accident and health business as of December 31, 2025 and 2024 is as follows:

	2025	2024
Balance – at beginning of year – net of reinsurance recoverables of \$1,157,152 in 2025 and \$1,204,910 in 2024	\$ 1,300,288	\$ 1,428,837
Incurred related to:		
Current year	2,148,005	1,795,712
Prior years	(14,604)	(72,885)
Total incurred	2,133,401	1,722,827
Paid related to:		
Current year	1,235,359	961,010
Prior years	850,481	890,366
Total paid	2,085,840	1,851,376
Balance – at end of year – net of reinsurance recoverable of \$1,239,459 in 2025 and \$1,157,152 in 2024	\$ 1,347,849	\$ 1,300,288

Because the liabilities for unpaid policy and contract claims include various actuarially developed estimates, the Company's actual benefits expenses may be more or less than the Company's previously developed estimates. As a result of change in estimates of insured events in prior years, the incurred benefits for prior year insured events during the years ended 2025, 2024 and 2023 were lower, with exception of 2023, due to a favorable development of claims that is attributed to the accident and health line of business. Management believes that the amount of unpaid policy and contract claims is reasonable and adequate to cover the Company's liability for unpaid policy and contract claims incurred, but not yet reported as of December 31, 2025 and 2024.

Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2025 were as follows:

Type	Gross	Net of Loading
Ordinary new business	\$ 1,114	\$ 1,114
Ordinary renewal	27,760	27,760
Credit life	253,598	253,598
Group life	722,283	722,283
Total	\$ 1,004,755	\$ 1,004,755

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

(8) Taxes:

As a qualified domestic life insurance company, the Company is only subject to Puerto Rico taxes on capital gains and alternative minimum tax. The main difference between income tax expense calculated at the statutory tax rate of 18.5% and the actual effective tax rate for 2025 is due to the Company's taxable income from Puerto Rico being limited to the Company's capital gains taxed at the rate of 20%.

Provision for income taxes as of December 31, 2025, 2024 and 2023 consisted of:

	2025	2024	2023
Alternative minimum tax	\$ (100,756)	\$ 601,962	\$ 1,618,838
Foreign income tax	221,569	40,899	118,458
Total income taxes	120,813	642,861	1,737,296
Provision for realized capital gains	(119,553)	(1,089,871)	(1,106,721)
Provision for realized capital gains transferred to IMR	244,541	1,118,046	1,144,664
Total provision for income taxes	<u>\$ 245,801</u>	<u>\$ 671,036</u>	<u>\$ 1,775,239</u>

The components of the net deferred income tax asset recognized in the accompanying statement of admitted assets, liabilities, capital and surplus and other funds as of December 31, 2025, 2024 and 2023 are as follows:

	2025	2024	Change (2025 vs 2024)	2023	Change (2024 vs 2023)
Capital:					
Gross deferred income tax assets	\$ 244,751	\$ 541,273	\$ (296,522)	\$ 785,592	\$ (244,319)
Statutory valuation allowance adjustments	-	-	-	-	-
Adjusted gross deferred income tax assets	244,751	541,273	(296,522)	785,592	(244,319)
Deferred income tax assets nonadmitted	-	-	-	-	-
Subtotal net admitted deferred income tax assets	244,751	541,273	(296,522)	785,592	(244,319)
Deferred income tax liabilities	-	-	-	-	-
Net admitted deferred income tax assets (liabilities)	<u>\$ 244,751</u>	<u>\$ 541,273</u>	<u>\$ (296,522)</u>	<u>\$ 785,592</u>	<u>\$ (244,319)</u>

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

	2025	2024	Change
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred income tax assets from a. above) after application of the threshold limitation (see computation below)	244,751	541,273	(296,522)
c. Adjusted gross deferred income tax assets (excluding the amount of deferred income tax assets from a. and b. above) offset by gross deferred income tax liabilities	-	-	-
Deferred income tax assets admitted as a result of application of SSAP No. 101	<u>\$ 244,751</u>	<u>\$ 541,273</u>	<u>\$ (296,522)</u>
Computation of adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred income tax assets from a. above) after application of the threshold limitation (the lesser of b.i. and b.ii. below):			
b. i. Adjusted gross deferred income tax assets expected to be realized following the balance sheet date	\$ 244,751	\$ 541,273	\$ (296,522)
b. ii. Adjusted gross deferred income tax assets allowed per limitation threshold	<u>\$ 30,718,835</u>	<u>\$ 29,549,962</u>	<u>\$ 1,168,873</u>

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

Other admissibility criteria to determine recovery period and threshold limitation as of December 31, 2025 and 2024 are as follows:

	2025	2024
Ratio percentage used to determine recovery period and threshold limitation amount	1056%	1115%
Amount of adjusted capital and surplus to determine recovery period and threshold limitations	<u>\$ 204,792,233</u>	<u>\$ 196,999,748</u>

The tax effects of temporary differences that give rise to the deferred income tax asset as of December 31, 2025 and 2024 are as follows:

	2025	2024	Change
Capital:			
Deferred income tax asset:			
Capital loss carryforward	\$ 101,577	\$ 101,577	\$ -
Unrealized net loss on valuation of securities	143,174	439,696	(296,522)
Net admitted deferred income tax asset	<u>\$ 244,751</u>	<u>\$ 541,273</u>	<u>\$ (296,522)</u>

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For the years ended December 31, 2025, 2024 and 2023, the net change in deferred income taxes related to the unrealized gains or losses on valuation of equity and fixed securities amounting to (\$296,522), (\$244,319), and (\$457,505), respectively, was presented as part of the change in unrealized capital gains or losses in the accompanying statutory-basis statements of changes in capital and surplus and other funds.

Pursuant to Section 1018A of the Puerto Rico Internal Revenue Code, the Company annually withholds, on behalf of the contract holders of the separate accounts, a special tax of 0.10% of their corresponding net asset value and remits them to the Puerto Rico Treasury Department. The payments made during the years ended December 31, 2025, 2024 and 2023 amounted to \$369,679, \$355,572 and \$375,632, respectively.

(9) Net statutory income and capital stock and surplus:

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

During the year ended December 31, 2025, 2024 and 2023, the Company declared and paid ordinary dividends of \$6,000,000, \$6,000,000 and \$8,500,000, respectively.

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

The Law requires, among other things, that all insurance companies, including all health insurance organizations, authorized to conduct business in Puerto Rico comply with the RBC requirements as adopted by the NAIC, to annually file a RBC report with the NAIC and the Commissioner of Insurance on or before March 31 and maintain a minimum RBC level of 250% of the ACLCL. The Law states that the Commissioner of Insurance will provide a ruling whereby a RBC compliance transition period of five years will be established. On January 5, 2010, Rule 92, Standards for Implementing the Provisions Related to Risk-Based Capital (Rule 92 or the Rule), was approved by the Commissioner of Insurance to establish the requirements to implement the Law. Rule 92 established a phased transition period of five years to comply with the minimum 250% RBC level requirement depending on the RBC of the Company at the Rule's effective date. The Company's minimum RBC requirement at December 31, 2025, 2024 and 2023 was 250% of the ACLCL. At December 31, 2025, 2024 and 2023, the actual RBC of the Company was 1,057%, 1,117% and 999%, respectively.

As of December 31, 2023, the Company reported a capital contribution from Parent Company amounting to \$25,000,000 made pursuant to SSAP No. 72 and treated as a Type I subsequent event under SSAP No. 9. The Office of the Commissioner of Insurance of Puerto Rico approved the transaction on March 27, 2024 pursuant to SSAP No. 72. This amount was collected on March 26, 2024.

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(10) Nonadmitted assets:

As described in Note (1), certain assets are excluded from the statutory-basis statements of admitted assets, liabilities, capital and surplus and other funds by a charge to unassigned funds-surplus. Nonadmitted assets as of December 31, 2025 and 2024 consisted of:

	<u>2025</u>	<u>2024</u>
Uncollected premiums and agent's balance in the course of collection	\$ 560,607	\$ 99,475
Amounts recoverable from reinsurers	20,000	100,000
Furniture and equipment	99,646	139,399
Negative IMR	1,502,775	1,678,885
Other receivables, supplies, stationery, and printer materials	469,135	309,404
Total nonadmitted assets	<u>\$ 2,652,163</u>	<u>\$ 2,327,163</u>

(11) Separate accounts:

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

- Universal Variable Investment Annuity
- Universal Variable Generation Growth

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

The Company maintains nonguaranteed separate accounts with assets and liabilities of approximately \$371.1 million and \$357.8 million at December 31, 2025 and 2024, respectively, which are invested in mutual funds and are segregated from the Company's general account. Charges assessed against the separate account contract holders for mortality, administrative, and other services are included as part of revenues in the accompanying statutory-basis statements of operations.

Information regarding separate accounts of the Company as of and for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Premiums and annuity considerations	\$ 30,606,954	\$ 18,184,663
Reserves:		
Total reserves for accounts with assets – at market value	<u>\$ 365,521,582</u>	<u>\$ 352,428,654</u>
Total reserves by withdrawal characteristics – at market value	<u>\$ 365,521,582</u>	<u>\$ 352,428,654</u>

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A reconciliation of the net transfers to separate accounts for the years ended December 31, 2025, 2024 and 2023 is as follows:

	2025	2024	2023
1. Transfers as reported in the summary of operations of the separate account statement:			
a. Transfers to separate accounts	\$ 71,136,834	\$ 29,468,292	\$ 12,080,016
b. Transfers from separate accounts	(93,126,825)	(77,156,924)	(56,912,950)
Net transfer to or (from) separate accounts	<u>\$ (21,989,991)</u>	<u>\$ (47,688,632)</u>	<u>\$ (44,832,934)</u>
2. Reconciling adjustments:			
a. Change in expense allowance ceded	<u>\$ 203,934</u>	<u>\$ (434,996)</u>	<u>\$ (776,394)</u>
3. Net transfer as reported in the summary of operations of the life, accident, and health annual statement:			
a. Net transfer to or (from) separate accounts net of reinsurance	<u>\$ (21,786,057)</u>	<u>\$ (48,123,628)</u>	<u>\$ (45,609,328)</u>

To compensate the general account for the risk taken, the separate account has paid \$23,505, \$24,484 and \$27,060 in risk charges for the years ending December 31, 2025, 2024 and 2023 respectively.

(12) Aggregate write ins for other than invested assets:

In connection with the Private Bankers and Annuity Co., Ltd. (PBLA) case, disclosed in Note (18), a settlement agreement with regards to reinsurance recoverable from PBLA was executed on December 30, 2022. As part of this agreement, the Company was transferred the rights, title and interests in AAPC Holdings LLC (AAPC) preferred stocks (195,500,000 units) and accrued returns as a guaranty of a cash settlement due by December 31, 2023. No such settlement occurred, and as a result, the Company executed its rights and interests over AAPC preferred stocks and accrued returns. These preferred stocks have a liquidation preference of \$1 per unit, plus accrued preferred return, which accrues at 18%. The estimated fair value of the collateral received amounts to approximately \$330.6 million and \$295.4 million as of December 31, 2025 and 2024, respectively.

As a result from this transaction, the Company recognized \$331 million and \$295.4 million as of December 31, 2025 and 2024, respectively, in aggregate write-ins for other than invested assets as an admitted asset in the statutory statement of admitted assets, liabilities and capital and surplus and other funds. Also, the excess of the fair value of the asset over the reinsurance recoverable which amounted to approximately \$133 million and \$68 million as of December 31, 2025 and 2024, respectively, is recorded in aggregate write-ins for other liabilities.

(13) Employee benefit plans:

Universal Life has a qualified noncontributory profit-sharing plan, which provides retirement benefits to eligible employees. The plan calls for a voluntary contribution by Universal Life of no less than 1% of the annual participant's compensation, as defined, plus a portion of the administrative expenses of the plan during the first 10 years. Universal Life's contributions to the profit-sharing plan for the years ended December 31, 2025, 2024 and 2023 amounted to \$183,910, \$153,996 and \$117,958, respectively.

Universal Life's employees participate in a qualified defined-contribution savings plan. Universal Life matching contributions are set at 50% of the participants' pretax contributions up to the first 6% of each participant's contribution. Universal Life's contributions to the savings plan for the years ended December 31, 2025, 2024 and 2023 amounted to \$72,657, \$69,818 and \$55,672, respectively.

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(14) Significant concentrations of risk:

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

A significant portion of Universal Life's business derives from the sale of fixed, indexed and variable annuities. As such, the Company is subject to business concentration risks. Regulatory changes, interest rates environments, and market volatility affecting these products could result in reduced demand or changes to products offerings. Management continually monitors these risks and evaluates opportunities to diversify product offerings. However, no assurances can be given that such efforts will mitigate all concentration risks inherent to the Company's business model.

Certain short-term certificates of deposits are placed with local financial institutions. Such credit risk is mitigated by depositing the funds with federally insured financial institutions and limiting the amount of credit exposure in any financial institution.

(15) Fair value measurements:

The approximate statement value and estimated fair value of financial instruments as of December 31, 2025 and 2024 were as follows (in thousands):

Financial Assets	2025		2024	
	Statement Value	Fair Value	Statement Value	Fair Value
Debt securities	\$ 1,424,435	\$ 1,319,265	\$ 1,403,228	\$ 1,263,553
Preferred stocks	\$ 178,407	\$ 178,385	\$ 184,342	\$ 184,184
Common stock and other equity securities	\$ 26,430	\$ 26,430	\$ 18,713	\$ 18,713
Other invested assets	\$ 27,315	\$ 24,819	\$ 34,319	\$ 30,967
Restricted investment	\$ -	\$ -	\$ 1,300	\$ 1,300
Cash and short-term investments	\$ 180,885	\$ 180,912	\$ 166,516	\$ 166,522
Aggregate write-ins for other than invested assets	\$ 330,572	\$ 330,572	\$ 295,382	\$ 295,382
Separate account assets	\$ 371,067	\$ 371,067	\$ 357,793	\$ 357,793

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

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

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A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The principal market is the market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability. The most advantageous market is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received for the asset or minimizes the amount that would be paid to transfer the liability.

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

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

Recurring fair value measurements

As of December 31, 2025 and 2024, the Company’s assets and liabilities that are measured at fair value on a recurring basis and recognized as such within the statutory-basis statements of admitted assets, liabilities, capital and surplus and other funds were as follows (in thousands):

	2025			
	Level 1	Level 2	Level 3	Total
Invested assets:				
Issuer credit obligations	\$ 1,727	\$ -	\$ -	\$ 1,727
Asset-backed securities	-	1,847	-	1,847
Preferred stocks	169,710	-	1,598	171,308
Mutual funds	9,048	-	553	9,601
Common stocks	16,829	-	-	16,829
Cash equivalents	7,924	-	-	7,924
Other invested assets	-	-	732	732
Total invested assets	\$ 205,238	\$ 1,847	\$ 2,883	\$ 209,968
Aggregate write-ins for other than invested assets	\$ -	\$ -	\$ 330,572	\$ 330,572
Separate account assets	\$ 371,067	\$ -	\$ -	\$ 371,067
Separate account liabilities	\$ 370,703	\$ -	\$ -	\$ 370,703

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	2024			
	Level 1	Level 2	Level 3	Total
Invested assets:				
Issuer credit obligations	\$ 3,890	\$ -	\$ -	\$ 3,890
Asset-backed securities	-	1,155	-	1,155
Preferred stocks	177,281	-	-	177,281
Mutual funds	5,949	-	334	6,283
Common stocks	12,430	-	-	12,430
Cash equivalents	1,691	-	-	1,691
Other invested assets	-	-	1,156	1,156
Total invested assets	\$ 201,241	\$ 1,155	\$ 1,490	\$ 203,886
Aggregate write-ins for other than invested assets	\$ -	\$ -	\$ 295,382	\$ 295,382
Separate account assets	\$ 357,793	\$ -	\$ -	\$ 357,793
Separate account liabilities	\$ 357,466	\$ -	\$ -	\$ 357,466

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

The following table presents the reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the periods ended on December 31, 2025, 2024 and 2023, respectively:

	Balance – January 1, 2025	Transfer in and/or out of Level 3	Net Gains (Losses) Included in		Other Temporary Impairment	Purchases, Issuances, and Settlements	Other	Balance – December 31, 2025
			Net Income	Unassigned Funds – Surplus				
Preferred stocks	\$ -	\$ 1,597,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,597,500
Equity securities – mutual funds	333,750	-	-	106,696	-	112,502	-	552,948
Other invested assets	1,155,961	-	-	-	-	(424,427)	-	731,534
Aggregate write-ins for other than invested assets	295,381,752	-	-	-	-	-	35,190,001	330,571,753
	<u>\$ 296,871,463</u>	<u>\$ 1,597,500</u>	<u>\$ -</u>	<u>\$ 106,696</u>	<u>\$ -</u>	<u>\$ (311,925)</u>	<u>\$ 35,190,001</u>	<u>\$ 333,453,735</u>

	Balance – January 1, 2024	Transfer in and/or out of Level 3	Net Gains (Losses) Included in		Other Temporary Impairment	Purchases, Issuances, and Settlements	Other	Balance – December 31, 2024
			Net Income	Unassigned Funds – Surplus				
Equity securities – mutual funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,750	\$ -	\$ 333,750
Other invested assets	-	-	-	-	-	1,155,961	-	1,155,961
Aggregate write-ins for other than invested assets	-	-	-	-	-	295,381,752	-	295,381,752
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,871,463</u>	<u>\$ -</u>	<u>\$ 296,871,463</u>

	Balance – January 1, 2023	Transfer in and/or out of Level 3	Net Gains (Losses) Included in		Other Temporary Impairment	Purchases, Issuances, and Settlements	Other	Balance – December 31, 2023
			Net Income	Unassigned Funds – Surplus				
Equity securities – mutual funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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Fair value of all financial instruments by Levels 1, 2, and 3

The tables below reflect the fair value and admitted values of all admitted assets and liabilities that are financial instruments, as of December 31, 2025 and 2024. The fair values are also categorized into the three-level fair value hierarchy.

	2025					
	<u>Fair Value</u>	<u>Admitted Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Practicable</u>
	(In thousands)					
Debt securities:						
Issuer credit obligations	\$ 810,437	\$ 867,082	\$ 2,049	\$ 741,886	\$ 66,502	\$ -
Asset-backed securities	508,827	557,353	-	503,818	5,009	-
Equity securities:						
Preferred stock	178,385	178,407	174,670	69	3,646	-
Common Stocks	26,430	26,430	25,877	-	553	-
Cash and short-term investments	180,911	180,884	74,176	106,735	-	-
Other invested assets	24,819	27,315	-	18,949	732	5,138
Aggregate write-ins for other than invested assets	330,572	330,572	-	-	330,572	-
Separate account assets	371,067	371,067	371,067	-	-	-
Total assets	<u>\$ 2,431,448</u>	<u>\$ 2,539,110</u>	<u>\$ 647,839</u>	<u>\$ 1,371,457</u>	<u>\$ 407,014</u>	<u>\$ 5,138</u>

	2024					
	<u>Fair Value</u>	<u>Admitted Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Practicable</u>
	(In thousands)					
Debt securities						
Issuer credit obligations	\$ 709,916	\$ 787,014	\$ 11,623	\$ 698,293		\$ -
Asset-backed securities	553,107	616,214		552,917	\$ 190	
Equity securities:						
Preferred stock	184,184	184,342	184,111	73	-	-
Common Stocks	18,714	18,714	18,380	-	334	-
Restricted investment	1,300	1,300	1,300	-	-	-
Cash and short-term investments	166,522	166,516	54,766	111,756	-	-
Other invested assets	30,967	34,319	-	13,221	1,156	16,590
Aggregate write-ins for other than invested assets	295,382	295,382	-	-	295,382	-
Separate account assets	357,793	357,793	357,793	-	-	-
Total assets	<u>\$ 2,317,885</u>	<u>\$ 2,461,594</u>	<u>\$ 627,973</u>	<u>\$ 1,376,260</u>	<u>\$ 297,062</u>	<u>\$ 16,590</u>

Valuation Methodologies

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis:

Debt Securities – Fair value measurements are based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as discounted cash flow methodologies, adjusted for the security's credit rating, prepayment assumptions, and other factors, such as credit loss assumptions. Level 1 debt securities include those identical securities traded in active markets, such as exchange-traded mutual funds. Level 2 debt securities primarily include those issued by U.S. government (Treasuries), U.S. agencies, U.S. state and municipalities, U.S. agency asset-backed (ABS) and mortgage-backed securities, collateralized mortgage obligations (CMOs) and corporate debt securities.

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The fair value of U.S. Treasury notes are based on yields that are interpolated from the constant maturity treasury curve. US agency securities fair value is based on an active exchange market and on quote market prices for similar securities. For states and municipalities market inputs are used in the evaluation process include all or some of the following; trades, bid price or spread, two sided markets, and benchmark curves such as the Treasury curve. Asset-backed securities are priced based on values derived from similar bonds defined by credit quality and market sector. Collateralized mortgage obligations are priced on a bond's theoretical value derived from similar bonds defined by credit quality and market sector and for which fair value incorporates an option adjusted spread. Corporate debt securities are also considered Level 2 given that quoted prices are given based on similar instruments. Other ABS with limited liquidity, are classified as Level 3 due to the insufficiency of inputs, such as executed trades, credit information and cash flows. Other corporate debt securities are classified as Level 3 since their fair value is determined by using a third-party cash flow models, loan-to-value and asset coverage analysis and other relevant data using unobservable inputs.

Equity Securities – Equity securities include common and preferred stocks and are classified as Level 1, since the valuation is based on identical securities traded in active markets.

Aggregate write-ins for other than invested assets – Preferred stocks recognized within Aggregate write-ins for other than invested assets are classified as Level 3 since the valuation was determined using unobservable inputs. The fair value of \$331 million and \$295.4 million as of December 31, 2025 and 2024, respectively, was determined using a combination of income and market approaches, applying market multiple of 20 derived from a set of comparable entities in the market sector and the preferred stock accrued preferred returns.

Separate Account Assets – The fair value of separate account assets is based on quoted prices of the underlying investments in the subaccounts. The subaccounts invest in open-ended mutual funds with readily available fair value.

(16) Supplemental disclosure of cash flows information:

Additional information concerning the components of cash flows from investing activities as of December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Proceeds from sales and redemptions of investments:		
Debt securities	\$ 218,852,338	\$ 188,221,264
Equity securities	8,922,776	92,682,168
Other invested assets	424,427	249,314
Miscellaneous proceeds	1	-
Total proceeds from sales and redemptions of investments	<u>228,199,542</u>	<u>281,152,746</u>
Cost of investments acquired:		
Debt securities	240,086,992	234,410,782
Equity securities	7,369,650	6,085,339
Other invested assets	5,100,000	1,200,000
Payable for securities	5,027,829	39,726,444
Total cost of investments acquired	<u>257,584,471</u>	<u>281,422,565</u>
Net cash used in investing activities	<u>\$ (29,384,929)</u>	<u>\$ (269,819)</u>

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Additional information concerning the components of cash flows from financing and miscellaneous sources as of December 31, 2025 and 2024 is as follows:

	2025	2024
Cash flows from financing and miscellaneous sources – other cash provided (applied):		
Borrowed funds	\$ (23,754,780)	\$ (14,614,226)
Dividends paid	(6,000,000)	(6,000,000)
Funds held under reinsurance treaties	(67,133,985)	(82,358,340)
Receivable from parent, subsidiaries and affiliates	(47,419,600)	(98,003)
Other components	2,482,749	(4,499,616)
Net cash used in financing and miscellaneous	<u>\$ (141,825,616)</u>	<u>\$ (107,570,185)</u>

The following schedule summarizes non-cash activities for the year ended December 31, 2025 and 2024:

	2025	2024
Collateral aggregate received:		
Aggregate write-ins for other than invested assets	<u>\$ (35,190,000)</u>	<u>\$ (295,381,752)</u>
Aggregate write-ins for liabilities	<u>\$ 64,555,542</u>	<u>\$ 68,088,139</u>
Reinsurance recoverable	<u>\$ (33,055,892)</u>	<u>\$ 227,293,613</u>

(17) Contingencies:

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

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

(18) Risks and uncertainties:

Market risk

The market value of the portfolio has shown improvement, as interest rates seem to stabilize. Universal Life continues to strengthen its credit risk by allocating the reinvestments into governments, municipalities and high credit mortgage agencies. Universal Life maintains a portfolio with an average duration of 4 years, which benefits the Company as the book and market value converge to par as maturity approaches. Market prices of securities and other assets could also be impacted by events or conditions that affect particular sectors, industries or issuers. Adverse market conditions may be prolonged and may not have the same impact on all types of securities or other assets. Also, recently approved "One Big Beautiful Bill Act" which implemented several tax, healthcare, military, law enforcement and budget changes could also impact the market value of all or certain asset segments.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

Other contingencies

In January 2020, Universal Life demanded arbitration against Private Bankers and Annuity Co., Ltd. (PBLA) under the reinsurance agreement and an arbitration panel (the “Panel”) was duly constituted. Universal Life requested the Arbitration Panel to order PBLA to deposit cash or equivalents totaling approximately \$524,000,000 constituting the Statutory Reserves as of December 31, 2019 for the fixed annuity inforce portfolio, less cash. In June 2, 2020, the Panel granted an arbitration award (the “Award”) to Universal Life for \$524,000,000 and required PBLA to pay such funds by June 16, 2020, after which interest shall accrue at 6% per annum.

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

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

On July 30, 2020, the NY District Court issued the Award as presented. Despite the opposition by PBLA, the NY District Court issued a final judgment confirming such Award on August 11, 2020, complementing parallel legal proceedings and strategy followed in the North Carolina court to execute the Owner’s personal guaranty. Such legal proceeding have promoted transactional conversations with the Owner to comply with the Award and accelerate the recapture of the in-force portfolio.

On September 2020, the Supreme Court of Bermuda appointed Deloitte LTD, Bermuda (Deloitte) as provisional receiver for the PBLA operations in order to replace its management team and continue conducting business affairs in compliance with Bermuda laws and regulations, as well as its other general and contractual obligations. Among the empowered functions, Deloitte was instructed to preserve the value of PBLA, comply with laws and regulations, and make all necessary efforts to conduct regular business matters.

Universal Life has been working closely and diligently with Deloitte in order to adequately serve provisions under the reinsurance agreement and continue operations until Portfolio is recaptured. As previously disclosed, the Portfolio is constituted of assets backing the statutory liabilities and are held in a trust for the benefit of Universal Life.

Universal Life has been collaborating with Deloitte since 2021 in order to perform key endeavors ultimately connected to the monetization and eventual recapture. Assets held in the trust were identified to start the process of monetization in order to manage future probable liquidity needs. In addition to the assets held in the trust, Universal Life has access to assets held in PBLA’s general account plus other internal sources, including Universal Insurance Company’s surplus notes and related facility up to \$100 million and other internal liquidity and funding sources.

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

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

Subsequent to the May 3rd judgment, the North Carolina courts have been very active receiving, considering and granting motions from and to all parties, including the Durham County Superior Court's determination on August 9th granting Universal Life's motion to enforce the May 3rd Final Judgment against PBLA's ultimate owner and determination to hear arguments on and rule on Universal Life's Motion for a Charging Order against several hundreds of PBLA's ultimate owner North Carolina Limited Liability Companies during a hearing scheduled for August 29th. As a result of such increased judicial activity arising from Universal Life's collective efforts to enforce and domesticate the May 3rd Final Judgment by the Middle District in multiple jurisdictions, as well as Universal Life's Motion for Charging Order against PBLA's ultimate owner hundreds of LLC's charging PBLA's ultimate owner interests with payment of the May 3rd Final Judgment, settlement discussions between the Owner, Deloitte and the Company have initiated. Constructive conversations have been taking place and the parties have been conducting preliminary meetings with a potential mediator in order to pursue possible extrajudicial solutions, which are ongoing to date.

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

On September 19, 2022, the Durham County Superior Court ordered a mediation process among all parties in controversy, the Bermuda companies, the North Carolina rehabilitator and the Owner and his entities. Judge, Gerald E. Rosen, was subsequently appointed as mediator. The mediation's main objective was to reach a global settlement attending claims from all the Owner's creditors, including Universal Life and PBLA. Settlement discussions started on November 2, 2022, and continue to date. Notwithstanding, on December 30, 2022, Universal Life received a partial payment of \$25 million. In addition, an agreement was reached between the parties for Universal Life to receive as assignee the economic benefits of preferred stocks, plus accrued preferred returns of AAPC Holdings, LLC. (AAPC), a subsidiary of Global Growth Holdings, Inc. currently held in an independent trust, for approximately \$260 million, to serve as additional collateral for the PBLA Annuity Contracts.

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

On July 15, 2024, the Durham County Superior Court granted Universal Life a charging order of the Owner's economic interests in Global Growth Holdings LLC (GGH). Accordingly, any dividends or distributions that would have been or will be paid to the Owner, shall be paid to Universal Life.

Additionally, the Court appointed a Limited Receivership over GGH which purpose is to impose additional restraints to the Owner and GGH actions in order to further protect and preserve its financial assets and operating companies. On July 9, 2024, Universal Life filed a complaint on the Superior Court of Wake County to appoint a General Receiver over the Owner's assets. Shortly thereafter, on August 9, 2024, the Court granted Universal Life's motion and the Limited Receiver previously appointed will act as General Receiver with the authority to carry Universal Life's judgment of approximately \$524 million into effect.

On November 1st, 2024, the Owner and the United States Department of Justice entered into a plea agreement whereby the Owner agreed to pay a full restitution to several insurance companies, including Universal Life.

Universal Life Insurance Company

Notes of Statutory-Basis Financial Statements December 31, 2025 and 2024

On January 23, 2025, the United States District Court Western District of North Carolina issued an order appointing an attorney to serve as Special Master (SM) and a Financial Advisor (FA) to identify, receive, track and distribute monies from assets ultimately pertaining to the Owner towards the full restitution to certain parties, Universal Life included. As part of this order, AAPC was identified amongst the assets to be transferred to and controlled by the SM. Consequently, an assignment agreement was executed whereby the Owner transferred and assigned his rights, title and interests in AAPC to the SM to formally begin with the sale of operating assets and the restitution process.

Meanwhile, Universal Life continues collaborating with interested parties and stakeholders, including the SM and FA, on the sale of specific assets, which are projected to be sufficient to satisfy the total amount due to Universal Life. Consequently, Universal Life received approximately \$83 million from the sale of an operating entity in September 2025. The SM and all interested parties continue the process of monetizing remaining other available assets towards the full restitution of impacted parties including, Universal Life.

As of the statement date, no impairment is foreseen as of the date these financial statements are issued.

(19) Subsequent events:

The Company has evaluated all subsequent events through April 20, 2026, the date the statutory-basis financial statements were issued.

FORTUNE V SEPARATE ACCOUNT

PART C **OTHER INFORMATION**

INDIVIDUAL FLEXIBLE PURCHASE PAYMENT DEFERRED ANNUITY CONTRACTS ISSUED BY

UNIVERSAL LIFE INSURANCE COMPANY

**SAN JUAN, PR 00917-2011
(787) 706-7095**

Item 32. Exhibits

- | | | |
|---------|---|---|
| (a) | Resolutions of Board of Directors of Universal Life Insurance Company creating the Fortune V Separate Account. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (b) | By-Laws [or similar rules] of Fortune V Separate Account. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (c) | Custodian Agreement with respect to securities of the Fortune V Separate Account. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (d) (1) | Investment Advisory Agreement between Universal Life Insurance Company and Universal Financial Services, Inc., with respect to Fortune V Separate Account. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (2) | Asset Allocation Management Agreement between Universal Financial Services, Inc. and Morningstar Associates, LLC, with respect to Fortune V Separate Account. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (e) (1) | Principal Underwriting Agreement with Universal Financial Services (UFS). | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (2) | Form of Broker-Dealer Sales Agreement between UFS and Dealers. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |

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|---|---|
| (f) (1) Form of Variable Annuity Contract. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (2) Form of Liquidity Rider. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (3) Form of Principal Protection Rider. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (4) Form of Income for Life Rider. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (g) Form of variable annuity application. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (h) (1) Certificate of Incorporation of Universal Life Insurance Company. | Incorporated herein by reference to Item 27, Exhibit F of the Form N-4 Registration Statement for Fortune VII Separate Account (File No. 333-260539) filed with the Securities and Exchange Commission on October 28, 2021. |
| (2) By-Laws of Universal Life Insurance Company. | Incorporated herein by reference to Item 27, Exhibit F of the Form N-4 Registration Statement for Fortune VII Separate Account (File No. 333-260539) filed with the Securities and Exchange Commission on October 28, 2021. |
| (i) Coinsurance Agreement between Universal Life Insurance Company and Transamerica Life Insurance Company. | Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant's Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021. |
| (j) Bonus or Profit Sharing Contracts. | Not Applicable. |
| (k) Administrative Contracts. | Not Applicable. |
| (l) Other Material Contracts. | Not Applicable. |

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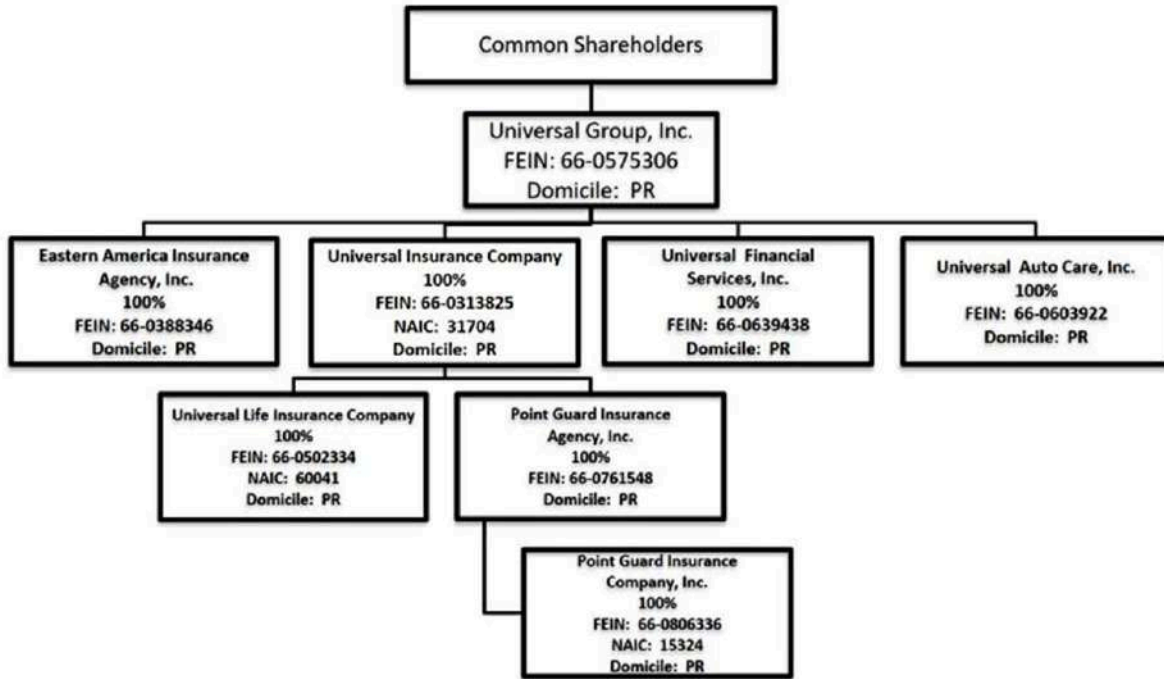
- (m) [Legal Opinion \(Opinion of Counsel as to Legality of Securities Being Registered\)](#) Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant’s Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021.
- (n) [Consent of Independent of Registered Public Accounting Firm](#) Filed herewith.
- (o) Omitted Financial Statements Not Applicable.
- (p) Initial Capital Agreements. Not Applicable.
- (q) [Code of Ethics](#). Incorporated herein by reference to the like-numbered Exhibit of Pre-Effective Amendment No. 3 to the Registrant’s Form N-3 Registration Statement (File No.333-259232) filed with the Securities and Exchange Commission on December 23, 2021.
- (r) Form of Initial Summary Prospectus. Not applicable

Item 33. Directors and Officers of the Insurance Company

Set forth below is information regarding the directors and principal officers of the Depositor and Registrant. The Depositor’s address is Metro Office Park, Street 1 Lot 10, Guaynabo, Puerto Rico, 00968. The business address of each of the persons listed below is that of the Depositor unless otherwise noted.

(1) Name and Principal Business Address	(2) Positions and Offices with Insurance Company	(3) Positions and Offices with Registrant
Jose C. Benitez	President	President
Josely Vega	CEO, Secretary & Director	None
Maritere Jimenez	Treasurer	None
Monique Miranda	Director	None
Jose Medina	Director	None
Waldemar Fabery-Villaespesa	Director	Director
Jaime Toro	Director	None
Raul Ramirez	Director	None
Luis Perez	Director	None
Roberto Martinez	Chief Financial Officer	Secretary & Treasurer

Item 34. Persons Controlled By or Under Common Control with the Insurance Company or Registrant



Item 35. Indemnification.

(a) Indemnification of Directors and Officers

The By-Laws of Universal Life Insurance Company provide the following indemnifications:

Indemnification of Directors and Officers (a) To the extent permitted by the Commonwealth of Puerto Rico and subject to all applicable requirements thereof:

- (i) any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that he or she, or his or her testator or intestate, is or was a director, officer shall be indemnified by the Company;
 - (ii) any person made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that he or she, or his or her testator or intestate, serves or served any other organization in any capacity at the request of the Company may be indemnified by the Company; and
 - (iii) the related expenses of any such person in any of said categories may be advanced by the Company.
- (1) To the extent permitted by the law of the Commonwealth of Puerto Rico, the Company may provide for further indemnification or advancement of expenses by resolution of shareholders of the Company or the Board of Directors, by amendment of these By-Laws, or by agreement. (Business Corporation Law ss. 721-726; Insurance Law ss. 1216)

The directors and officers of Universal Life Insurance Company are insured under policies issued by AIG INSURANCE COMPANY. The annual limit on such policies is \$10 million, and the policies insure the officers and directors against certain liabilities arising out of their conduct in such capacities.

(b) Indemnification of Principal Underwriter

To the extent permitted by law of the Commonwealth of Puerto Rico and subject to all applicable requirements thereof, Universal Financial Services has undertaken to indemnify each of its respective directors and officers who is made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact the director or officer, or his or her testator or intestate, is or was a director or officer of Universal Financial Services

Item 36. Business and Other Connections of Investment Adviser

See Item 34 above and Item 37 below for additional information regarding Universal Financial Services, Inc.

Item 37. Principal Underwriters

(a) Other activity – Universal Financial Services, Inc. (“UFS”) also serves as principal underwriter for Fortune VII, a unit investment trust separate account of Universal Life Insurance Company.

(b) Directors and officers of Universal Financial Services, Inc.

(1) Name and Address Principal Address	(2) Positions and Offices with Underwriter	(3) Positions and Offices with Registrant
Jose C. Benitez Ulmer	Executive Representative & Director	President
Raul Ramirez	Chief Investment Officer & Director	None
Roberto Martinez	Chief Financial Officer	Secretary & Treasurer

(c) Compensation from the Registrant during the Registrant’s recent fiscal year (the year ended December 31, 2023):

(1) Name of Principal Underwriter	(2) Net Underwriting Discounts and Commissions	(3) Compensation on Redemption or Annuitization	(4) Brokerage Commissions	(5) Other Compensation
UFS	\$0	\$0	\$0	\$0

Item 38. Location of Accounts and Records

Each account book or other document required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the rules (17 CAFI 270.31A-1 to 31A-3) promulgated thereunder are held by Universal Life Insurance Company, Metro Office Park Street 1, Lot 10, Guaynabo, PR 00968.

Item 39. Management Services

None.

Item 40. Fee Representation

Universal Life Insurance Company hereby represents that the fees and charges deducted under the Contracts, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by Universal Life Insurance Company.

SIGNATURES

As required by the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets the requirements of Securities Act Rule 485(b) for effectiveness of this registration statements and has caused this registration statement to be signed on its behalf by the undersigned, duly authorized, in San Juan, Puerto Rico, on May 1, 2026.

FORTUNE V SEPARATE ACCOUNT

/s/ Jose C. Benitez

Jose C. Benitez

President

UNIVERSAL LIFE INSURANCE COMPANY

/s/ Jose C. Benitez

Jose C. Benitez

President

SIGNATURES

As required by the Securities Act of 1933, this amended Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

FORTUNE V SEPARATE ACCOUNT:

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Jose Benitez</u> [Jose Benitez]	President	May 1, 2026
<u>/s/ Roberto Martinez</u> [Roberto Martinez]	Secretary & Treasurer	May 1, 2026
<u>/s/ Manuel Morera</u> [Manuel Morera]	Director	May 1, 2026
<u>/s/ Waldemar Fabery</u> [Waldemar Fabery]	Director	May 1, 2026
<u>/s/ Francisco Perdomo</u> [Francisco Perdomo]	Director	May 1, 2026