
AF Advantage® Variable Annuity
issued by
American Fidelity Separate Account B
and
American Fidelity Assurance Company

STATEMENT OF ADDITIONAL INFORMATION
May 1, 2026

This Statement of Additional Information (“SAI”) is not a prospectus. This SAI relates to the prospectus for the AF Advantage® Variable Annuity dated the same day as the SAI. The Prospectus contains information that a prospective investor should know before investing. For a copy of the Prospectus,

call us at:
1.800.662.1113 x8840

e-mail us at:
va.help@americanfidelity.com

TABLE OF CONTENTS

GENERAL INFORMATION AND HISTORY	2
NON-PRINCIPAL RISKS OF INVESTING IN THE AF ADVANTAGE® VARIABLE ANNUITY	2
ANNUITY PROVISIONS.....	2
OFFERING OF THE AF ADVANTAGE® VARIABLE ANNUITY.....	3
UNDERWRITER.....	3
CUSTODIAN, INDEPENDENT AUDITOR AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	3
INVESTMENT CONSULTANT	3
LEGAL OPINION.....	3
FINANCIAL STATEMENTS.....	3

GENERAL INFORMATION AND HISTORY

American Fidelity Assurance Company, which was organized in Oklahoma in 1960, is a wholly owned subsidiary of American Fidelity Corporation, an insurance holding company. American Fidelity Assurance Company is licensed to conduct life, annuity and accident and health insurance business in 49 states, the District of Columbia, Guam, American Samoa and Puerto Rico.

American Fidelity Assurance Company established Separate Account B as a separate account under Oklahoma insurance law in 1996 to hold the assets that underlie the AF Advantage® Variable Annuity policies. Separate Account B is registered with the SEC as a unit investment trust under the Investment Company Act of 1940; its inception date is October 27, 1997. The Separate Account is divided into multiple sub-accounts.

The stock of American Fidelity Corporation is controlled by a family investment partnership, Cameron Enterprises A Limited Partnership, an Oklahoma limited partnership. William M. Cameron and Lynda L. Cameron each own 50% of the common stock of Cameron Associates, Inc., the sole general partner of Cameron Enterprises A Limited Partnership, through their respective trusts.

NON-PRINCIPAL RISKS OF INVESTING IN THE AF Advantage® VARIABLE ANNUITY

The non-principal risks of investing in the AF Advantage® Variable Annuity are described in the prospectus.

ANNUITY PROVISIONS

Variable Annuity Payout

An owner may elect a variable annuity payout. Variable annuity payments reflect the investment performance of the underlying portfolios in accordance with the allocation of the value of the policy to the variable annuity options during the annuity period. Variable annuity payments are not guaranteed as to dollar amount.

American Fidelity Assurance Company will determine the number of annuity units payable for each payment by dividing the dollar amount of the first annuity payment by the annuity unit value for each applicable sub-account on the annuity date. This sets the number of annuity units for each applicable sub-account. The number of annuity units payable remains the same unless an owner transfers a portion of the annuity benefit to another variable investment option or to the fixed annuity option. The dollar amount is not fixed and will change from month to month, depending on the annuity unit value.

The dollar amount of the variable annuity payments for each applicable sub-account after the first payment is determined by multiplying the fixed number of annuity units per payment in each sub-account by the annuity unit value for the last valuation period of the month preceding the month for which the payment is due. This result is the dollar amount of the payment for each applicable sub-account. The total dollar amount of each variable annuity payment is the sum of all variable annuity payments reduced by the applicable portion of the policy maintenance charge.

Variable Annuity Unit

The value of an annuity unit for each sub-account was arbitrarily set initially at \$10. The annuity unit value at the end of any subsequent valuation period is determined as follows:

- The net investment factor for the current valuation period is multiplied by the value of the annuity unit for the sub-account for the immediately preceding valuation period; and
- The result is then divided by the assumed investment rate factor which equals 1.00 plus the assumed investment rate for the number of days since the preceding valuation date.

An owner can choose either a 1%, 3%, or 5% assumed investment rate. If one is not chosen, the assumed investment rate will be 3%.

The assumed investment rate is the assumed rate of return used to determine the first annuity payment for a variable annuity option. A higher assumed investment rate will result in a higher first payment; whereas, choosing a lower assumed investment rate will result in a lower first payment. Payments will increase whenever the actual net

annual rate of return exceeds the assumed investment rate and payments will decrease whenever the actual net annual rate of return is less than the assumed investment rate.

Fixed Annuity Payout

The dollar amount of each fixed annuity payment will not vary. The guaranteed annuity payment is based on the guaranteed interest rate stated in the policy issued.

OFFERING OF THE AF Advantage® VARIABLE ANNUITY

American Fidelity Separate Account B offers the AF Advantage® Variable Annuity primarily to public school educators in grades K-12 (including school administrators and staff) in order to address their retirement savings and other insurance product needs. This is accomplished by our sales representatives meeting directly with such educators.

UNDERWRITER

American Fidelity Securities, Inc., a wholly owned subsidiary of American Fidelity Assurance Company, is the principal underwriter for the annuity policies and acts as the distributor of the policies. The policies are offered on a continuous basis. The aggregate underwriting commissions paid to and retained by American Fidelity Securities in connection with Separate Account B for 2025, 2024, and 2023 were \$2,390,019, \$2,197,164, and \$1,852,656, respectively.

CUSTODIAN, INDEPENDENT AUDITOR AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The name and address of the person who maintains physical possession of the accounts, books and other documents of American Fidelity Separate Account B required by Section 31(a) of the Investment Company Act of 1940 is set forth in Separate Account B's most recent report on Form N-CEN.

The financial statements of American Fidelity Separate Account B, included in this Statement of Additional Information have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report and the statutory-basis financial statements of American Fidelity Assurance Company included in this Statement of Additional Information have been audited by Deloitte & Touche LLP, an independent auditor, as stated in their report. The address of Deloitte & Touche LLP is 100 N. Broadway Avenue, Suite 2340, Oklahoma City, Oklahoma 73102.

INVESTMENT CONSULTANT

InvesTrust Consulting, LLC, 5100 N. Classen Blvd., Suite 600, Oklahoma City, Oklahoma 73118, acts as an investment consultant for the registrant and American Fidelity Assurance Company. Under the Investment Consultant Agreement, from time to time, InvesTrust Consulting, LLC provides certain reports and information to Separate Account B and American Fidelity Assurance Company. InvesTrust Consulting, LLC is an indirect subsidiary of American Fidelity Corporation, which owns 100% of American Fidelity Assurance Company.

American Fidelity Assurance Company, the separate account's depositor, pays any compensation payable to InvesTrust Consulting, LLC for services provided to Separate Account B. InvesTrust Consulting received \$421,885, \$373,662, and \$295,753 for services provided to Separate Account B in 2025, 2024, and 2023, respectively.

LEGAL OPINION

McAfee & Taft A Professional Corporation, Oklahoma City, Oklahoma, has provided advice on certain matters relating to the federal securities and income tax laws in connection with the policies.

FINANCIAL STATEMENTS

Following are the financial statements of Separate Account B and the financial statements and schedules of American Fidelity Assurance Company. The financial statements of American Fidelity Assurance Company should be considered only as bearing upon the ability of American Fidelity Assurance Company to meet its obligations under the policies; they should not be considered as bearing on the investment performance of the assets held in Separate Account B.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Financial Statements

December 31, 2025

(With Report of Independent Registered Public Accounting Firm Thereon)



Deloitte & Touche LLP
100 N. Broadway
Avenue Suite 2340
Oklahoma City, OK
73102 USA

Tel: 918-560-1400
www.deloitte.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of American Fidelity Assurance Company and Contract Owners of American Fidelity Separate Account B:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statements of assets and liabilities of the Sub-Accounts listed in Appendix A of American Fidelity Separate Account B (the "Separate Account") of American Fidelity Assurance Company (the "Company") comprising each of the individual Sub-Accounts listed in Appendix A, as of December 31, 2025, the related statements of operations for the year then ended, statements of changes in net assets for each of the two years in the period then ended, financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements and financial highlights"). In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of each of the Sub-Accounts constituting the Separate Account as of December 31, 2025, and the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included

evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of investments owned as of December 31, 2025, by correspondence with the underlying fund managers. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP

February 27, 2026

We have served as the Company's auditor since 2020.

**American Fidelity Separate Account B of American Fidelity Assurance Company
Report of Independent Registered Public Accounting Firm**

Appendix A

Sub-Account
American Fund International
American Washington Mutual Investors
BNY Mellon Stock Index
BNY Mellon Sustainable US Equity
BNY Mellon Small Cap
Vanguard Total Bond Market Index
Vanguard Balanced
Vanguard Capital Growth
Vanguard Total Stock Index
Vanguard Mid Cap Index

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Assets and Liabilities

December 31, 2025

Segregated Subaccounts

	American Fund International	American Washington Mutual Investors*	BNY Mellon Stock Index	BNY Mellon Sustainable US Equity	BNY Mellon Small Cap*
Investments:					
American Fund International (3,273,842 shares at net asset value of \$22.33 per share) (cost \$61,977,549)	\$ 73,104,885	\$ —	\$ —	\$ —	\$ —
American Washington Mutual Investors (7,001,609 shares at net asset value of \$18.18 per share) (cost \$93,742,826)	—	127,289,253	—	—	—
BNY Mellon Stock Index (4,192,699 shares at net asset value of \$87.15 per share) (cost \$211,467,219)	—	—	365,393,702	—	—
BNY Mellon Sustainable US Equity (1,507,470 shares at net asset value of \$58.50 per share) (cost \$56,112,856)	—	—	—	88,186,994	—
BNY Mellon Small Cap (2,556,743 shares at net asset value of \$48.00 per share) (cost \$102,711,924)	—	—	—	—	122,723,674
Total assets	\$ 73,104,885	\$ 127,289,253	\$ 365,393,702	\$ 88,186,994	\$ 122,723,674
Total liabilities	—	—	—	—	—
Net assets	\$ 73,104,885	\$ 127,289,253	\$ 365,393,702	\$ 88,186,994	\$ 122,723,674
Accumulation units outstanding	4,631,257	5,916,749	4,994,840	1,608,304	8,835,834
Accumulation unit value	\$ 15.785	\$ 21.513	\$ 73.154	\$ 54.832	\$ 13.889

See accompanying notes to financial statements.

* See Note 1(b) for name change.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Assets and Liabilities

December 31, 2025

Segregated Subaccounts

	Vanguard Total Bond Market Index	Vanguard Balanced	Vanguard Capital Growth	Vanguard Total Stock Index	Vanguard Mid Cap Index
Investments:					
Vanguard Total Bond Market Index (3,791,505 shares at net asset value of \$10.80 per share) (cost \$42,801,929)	\$ 40,948,251	\$ —	\$ —	\$ —	\$ —
Vanguard Balanced (8,045,982 shares at net asset value of \$25.41 per share) (cost \$178,598,571)	—	204,448,411	—	—	—
Vanguard Capital Growth (3,993,376 shares at net asset value of \$61.82 per share) (cost \$154,084,513)	—	—	246,870,532	—	—
Vanguard Total Stock Index (3,605,587 shares at net asset value of \$60.93 per share) (cost \$155,030,134)	—	—	—	219,688,406	—
Vanguard Mid Cap Index (3,761,063 shares at net asset value of \$27.96 per share) (cost \$87,624,483)	—	—	—	—	105,159,330
Total assets	\$ 40,948,251	\$ 204,448,411	\$ 246,870,532	\$ 219,688,406	\$ 105,159,330
Total liabilities	—	—	—	—	—
Net assets	\$ 40,948,251	\$ 204,448,411	\$ 246,870,532	\$ 219,688,406	\$ 105,159,330
Accumulation units outstanding	2,975,504	5,010,640	3,311,989	6,941,932	4,467,462
Accumulation unit value	\$ 13.762	\$ 40.803	\$ 74.538	\$ 31.647	\$ 23.539

See accompanying notes to financial statements.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Operations

Year ended December 31, 2025

Segregated Subaccounts

	American Fund International	American Washington Mutual Investors*	BNY Mellon Stock Index	BNY Mellon Sustainable US Equity	BNY Mellon Small Cap*
Net investment income (loss):					
Investment income distribution from underlying mutual fund	\$ 1,048,409	\$ 1,972,356	\$ 3,452,587	\$ 204,652	\$ 735,637
Less expenses:					
Mortality and risk	770,671	1,490,248	4,166,679	1,019,384	1,417,653
Administration	92,480	178,830	500,001	122,326	170,118
Distribution	61,654	119,220	333,334	81,551	113,412
Total expenses	924,805	1,788,298	5,000,014	1,223,261	1,701,183
Net investment income (loss)	123,604	184,058	(1,547,427)	(1,018,609)	(965,546)
Realized gains on investments:					
Realized gains distributions from underlying mutual fund	—	7,936,757	18,273,447	6,539,326	—
Proceeds from sales	1,183,669	5,962,171	13,571,162	4,643,350	4,482,479
Cost of investments sold	1,099,425	4,512,636	8,347,191	3,099,128	4,016,656
Net realized gains on investments sold	84,244	1,449,535	5,223,971	1,544,222	465,823
Net realized gains on investments	84,244	9,386,292	23,497,418	8,083,548	465,823
Unrealized appreciation on investments, end of year	11,127,336	33,546,427	153,926,483	32,074,138	20,011,750
Unrealized appreciation (depreciation) on investments, beginning of year	(2,758,110)	25,571,434	125,863,288	27,999,842	9,025,669
Change in unrealized appreciation (depreciation) on investments	13,885,446	7,974,993	28,063,195	4,074,296	10,986,081
Net increase in net assets from operations	\$ 14,093,294	\$ 17,545,343	\$ 50,013,186	\$ 11,139,235	\$ 10,486,358

See accompanying notes to financial statements.

* See Note 1(b) for name change.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Operations

Year ended December 31, 2025

Segregated Subaccounts

	Vanguard Total Bond Market Index	Vanguard Balanced	Vanguard Capital Growth	Vanguard Total Stock Index	Vanguard Mid Cap Index
Net investment income (loss):					
Investment income distribution from underlying mutual fund	\$ 1,321,127	\$ 3,889,398	\$ 2,063,042	\$ 2,244,047	\$ 1,169,325
Less expenses:					
Mortality and risk	489,731	2,341,765	2,579,848	2,476,177	1,212,792
Administration	58,768	281,012	309,582	297,141	145,535
Distribution	39,178	187,341	206,388	198,094	97,024
Total expenses	587,677	2,810,118	3,095,818	2,971,412	1,455,351
Net investment income (loss)	733,450	1,079,280	(1,032,776)	(727,365)	(286,026)
Realized gains (losses) on investments:					
Realized gains distributions from underlying mutual fund	—	16,659,436	8,864,456	10,475,737	4,658,444
Proceeds from sales	2,791,062	7,919,175	5,734,145	7,241,747	2,157,327
Cost of investments sold	2,999,976	7,376,947	4,164,677	5,485,522	1,855,326
Net realized gains (losses) on investments sold	(208,914)	542,228	1,569,468	1,756,225	302,001
Net realized gains (losses) on investments	(208,914)	17,201,664	10,433,924	12,231,962	4,960,445
Unrealized appreciation (depreciation) on investments, end of year	(1,853,678)	25,849,840	92,786,019	64,658,272	17,534,847
Unrealized appreciation (depreciation) on investments, beginning of year	(3,357,075)	18,023,345	50,213,764	47,248,699	13,066,042
Change in unrealized appreciation (depreciation) on investments	1,503,397	7,826,495	42,572,255	17,409,573	4,468,805
Net increase in net assets from operations	\$ 2,027,933	\$ 26,107,439	\$ 51,973,403	\$ 28,914,170	\$ 9,143,224

See accompanying notes to financial statements.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Changes in Net Assets

Year ended December 31, 2025

Segregated Subaccounts

	American Fund International	American Washington Mutual Investors*	BNY Mellon Stock Index	BNY Mellon Sustainable US Equity	BNY Mellon Small Cap*
Increase in net assets from operations:					
Net investment income (loss)	\$ 123,604	\$ 184,058	\$ (1,547,427)	\$ (1,018,609)	\$ (965,546)
Net realized gains on investments	84,244	9,386,292	23,497,418	8,083,548	465,823
Unrealized appreciation during the year	13,885,446	7,974,993	28,063,195	4,074,296	10,986,081
Net increase in net assets from operations	14,093,294	17,545,343	50,013,186	11,139,235	10,486,358
Net increase (decrease) in net assets from contract transactions	6,760,303	(1,893,434)	(1,029,504)	(1,406,390)	1,795,550
Increase in net assets	20,853,597	15,651,909	48,983,682	9,732,845	12,281,908
Net assets, beginning of year	52,251,288	111,637,344	316,410,020	78,454,149	110,441,766
Net assets, end of year	<u>\$ 73,104,885</u>	<u>\$ 127,289,253</u>	<u>\$ 365,393,702</u>	<u>\$ 88,186,994</u>	<u>\$ 122,723,674</u>

See accompanying notes to financial statements.

* See Note 1(b) for name change.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Changes in Net Assets

Year ended December 31, 2025

Segregated Subaccounts

	Vanguard Total Bond Market Index	Vanguard Balanced	Vanguard Capital Growth	Vanguard Total Stock Index	Vanguard Mid Cap Index
Increase in net assets from operations:					
Net investment income (loss)	\$ 733,450	\$ 1,079,280	\$ (1,032,776)	\$ (727,365)	\$ (286,026)
Net realized gains (losses) on investments	(208,914)	17,201,664	10,433,924	12,231,962	4,960,445
Unrealized appreciation during the year	1,503,397	7,826,495	42,572,255	17,409,573	4,468,805
Net increase in net assets from operations	2,027,933	26,107,439	51,973,403	28,914,170	9,143,224
Net increase in net assets from contract transactions	2,487,231	1,165,682	8,053,322	5,559,721	6,569,716
Increase in net assets	4,515,164	27,273,121	60,026,725	34,473,891	15,712,940
Net assets, beginning of year	36,433,087	177,175,290	186,843,807	185,214,515	89,446,390
Net assets, end of year	<u>\$ 40,948,251</u>	<u>\$ 204,448,411</u>	<u>\$ 246,870,532</u>	<u>\$ 219,688,406</u>	<u>\$ 105,159,330</u>

See accompanying notes to financial statements.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Changes in Net Assets

Year ended December 31, 2024

Segregated Subaccounts

	American Fund International	American Washington Mutual Investors*	BNY Mellon Stock Index	BNY Mellon Sustainable US Equity	BNY Mellon Opportunistic Small Cap
Increase in net assets from operations:					
Net investment income (loss)	\$ (4,460)	\$ 355,603	\$ (966,798)	\$ (719,975)	\$ (891,200)
Net realized gains on investments	1,069	1,862,997	22,393,870	1,518,110	311,064
Unrealized appreciation during the year	667,377	14,657,529	37,475,479	13,955,883	3,883,613
Net increase in net assets from operations	663,986	16,876,129	58,902,551	14,754,018	3,303,477
Net increase (decrease) in net assets from contract transactions	5,680,882	(1,449,685)	(1,038,079)	(719,632)	1,430,629
Increase in net assets	6,344,868	15,426,444	57,864,472	14,034,386	4,734,106
Net assets, beginning of year	45,906,420	96,210,900	258,545,548	64,419,763	105,707,660
Net assets, end of year	<u>\$ 52,251,288</u>	<u>\$ 111,637,344</u>	<u>\$ 316,410,020</u>	<u>\$ 78,454,149</u>	<u>\$ 110,441,766</u>

See accompanying notes to financial statements.

* See Note 1(b) for name change.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Statements of Changes in Net Assets

Year ended December 31, 2024

Segregated Subaccounts

	Vanguard Total Bond Market Index	Vanguard Balanced	Vanguard Capital Growth	Vanguard Total Stock Index	Vanguard Mid Cap Index
Increase (decrease) in net assets from operations:					
Net investment income (loss)	\$ 420,489	\$ 1,270,747	\$ (741,555)	\$ (474,234)	\$ (123,834)
Net realized gains (losses) on investments	(262,839)	9,658,861	6,719,358	15,438,670	1,463,604
Unrealized appreciation (depreciation) during the year	(252,355)	9,377,836	13,004,955	17,464,470	8,887,255
Net increase (decrease) in net assets from operations	(94,705)	20,307,444	18,982,758	32,428,906	10,227,025
Net increase in net assets from contract transactions	3,260,912	2,807,184	8,576,825	7,885,742	5,464,161
Increase in net assets	3,166,207	23,114,628	27,559,583	40,314,648	15,691,186
Net assets, beginning of year	33,266,880	154,060,662	159,284,224	144,899,867	73,755,204
Net assets, end of year	<u>\$ 36,433,087</u>	<u>\$ 177,175,290</u>	<u>\$ 186,843,807</u>	<u>\$ 185,214,515</u>	<u>\$ 89,446,390</u>

See accompanying notes to financial statements.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Financial Highlights

December 31, 2025

American Fund International					
	2025	2024	2023	2022	2021
Net assets	\$ 73,104,885	52,251,288	45,906,420	33,978,084	35,546,189
Accumulation unit value	15.785	12.613	12.382	10.825	13.833
Number of accumulation units outstanding	4,631,257	4,142,811	3,707,391	3,138,927	2,569,721
Investment income as a percent of average net assets ⁽¹⁾	1.70%	1.50%	1.67%	2.13%	2.90%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	25.15	1.86	14.39	(21.75)	(2.70)
American Washington Mutual Investors*					
	2025	2024	2023	2022	2021
Net assets	\$ 127,289,253	111,637,344	96,210,900	83,048,455	89,959,822
Accumulation unit value	21.513	18.586	15.801	13.632	15.088
Number of accumulation units outstanding	5,916,749	6,006,612	6,089,008	6,091,993	5,962,406
Investment income as a percent of average net assets ⁽¹⁾	1.65%	1.84%	2.13%	2.17%	1.73%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	15.75	17.63	15.90	(9.65)	26.21
BNY Mellon Stock Index					
	2025	2024	2023	2022	2021
Net assets	\$ 365,393,702	316,410,020	258,545,548	202,592,632	245,721,669
Accumulation unit value	73.154	63.182	51.448	41.472	51.544
Number of accumulation units outstanding	4,994,840	5,007,913	5,025,331	4,885,019	4,767,215
Investment income as a percent of average net assets ⁽¹⁾	1.03%	1.17%	1.43%	1.34%	1.16%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	15.78	22.81	24.06	(19.54)	26.50
BNY Mellon Sustainable US Equity					
	2025	2024	2023	2022	2021
Net assets	\$ 88,186,994	78,454,149	64,419,763	53,025,155	69,040,172
Accumulation unit value	54.832	47.995	39.011	31.981	42.091
Number of accumulation units outstanding	1,608,304	1,634,629	1,651,341	1,658,007	1,640,247
Investment income as a percent of average net assets ⁽¹⁾	0.25%	0.53%	0.72%	0.51%	0.75%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	14.25	23.03	21.98	(24.02)	25.11
BNY Mellon Small Cap*					
	2025	2024	2023	2022	2021
Net assets	\$ 122,723,674	110,441,766	105,707,660	94,728,603	111,140,981
Accumulation unit value	13.889	12.703	12.326	11.450	13.940
Number of accumulation units outstanding	8,835,834	8,693,853	8,575,741	8,273,382	7,972,748
Investment income as a percent of average net assets ⁽¹⁾	0.65%	0.67%	0.32%	0.00%	0.11%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	9.34	3.06	7.66	(17.86)	14.72
Vanguard Total Bond Market Index					
	2025	2024	2023	2022	2021
Net assets	\$ 40,948,251	36,433,087	33,266,880	28,772,535	30,312,680
Accumulation unit value	13.762	13.063	13.098	12.594	14.730
Number of accumulation units outstanding	2,975,504	2,788,935	2,539,829	2,284,689	2,057,873
Investment income as a percent of average net assets ⁽¹⁾	3.37%	2.71%	2.39%	2.00%	2.05%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	5.35	(0.27)	4.00	(14.50)	(3.18)
Vanguard Balanced					
	2025	2024	2023	2022	2021
Net assets	\$ 204,448,411	177,175,290	154,060,662	131,679,659	149,942,704
Accumulation unit value	40.803	35.564	31.446	27.921	33.074
Number of accumulation units outstanding	5,010,640	4,981,870	4,899,152	4,716,085	4,533,549
Investment income as a percent of average net assets ⁽¹⁾	2.07%	2.27%	2.01%	1.88%	1.77%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	14.73	13.10	12.63	(15.58)	17.25
Vanguard Capital Growth					
	2025	2024	2023	2022	2021
Net assets	\$ 246,870,532	186,843,807	159,284,224	116,880,337	128,364,545
Accumulation unit value	74.538	58.664	52.507	41.647	50.023
Number of accumulation units outstanding	3,311,989	3,185,007	3,033,556	2,806,483	2,566,106
Investment income as a percent of average net assets ⁽¹⁾	0.99%	1.10%	1.03%	0.85%	0.92%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	27.06	11.73	26.08	(16.74)	19.73

AMERICAN FIDELITY SEPARATE ACCOUNT B

Financial Highlights

December 31, 2025

	Vanguard Total Stock Index				
	2025	2024	2023	2022	2021
Net assets	\$ 219,688,406	185,214,515	144,899,867	108,948,669	126,870,005
Accumulation unit value	31.647	27.472	22.542	18.168	22.937
Number of accumulation units outstanding	6,941,932	6,741,835	6,427,968	5,996,811	5,531,287
Investment income as a percent of average net assets ⁽¹⁾	1.13%	1.22%	1.11%	1.30%	1.17%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	15.20	21.87	24.08	(20.79)	23.77

	Vanguard Mid Cap Index				
	2025	2024	2023	2022	2021
Net assets	\$ 105,159,330	89,446,390	73,755,203	57,725,092	63,792,365
Accumulation unit value	23.539	21.422	18.897	16.561	20.709
Number of accumulation units outstanding	4,467,462	4,175,416	3,903,025	3,485,647	3,080,406
Investment income as a percent of average net assets ⁽¹⁾	1.20%	1.35%	1.38%	1.08%	1.06%
Expenses as a percent of average net assets ⁽²⁾	1.50	1.50	1.50	1.50	1.50
Total return ⁽³⁾	9.88	13.36	14.11	(20.03)	22.50

* See Note 1(b) for name change

⁽¹⁾ These ratios represent the dividends, excluding distributions of capital gains, received by the subaccount from the underlying mutual fund divided by the average net assets.

⁽²⁾ These ratios represent the annualized contract expenses of the separate account, consisting primarily of mortality and expense charges and administrative charges. The ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through the redemption of units and expenses of the underlying fund are excluded.

⁽³⁾ The total return for the period indicated, including changes in the value of the underlying fund, reflect deductions for all items included in the expense ratio. The total return does not include any expenses assessed through the redemption for units. Inclusion of these expenses in the calculation would result in a reduction in the total return presented.

See accompanying notes to financial statements.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2025

(1) Summary of Significant Accounting Policies

(a) Organization

American Fidelity Separate Account B (Account B) is a separate account of American Fidelity Assurance Company (AFA) and is registered as a unit investment trust under the Investment Company Act of 1940, as amended. The inception date of Account B was October 27, 1997. Account B is an investment company and applies the specialized accounting and reporting guidance in Financial Accounting Standards Board (FASB) ASC Topic 946 *Financial Services – Investment Companies*.

The assets of each of the segregated subaccounts are held for the exclusive benefit of the variable annuity contract owners and are not chargeable with liabilities arising out of the business conducted by any other account or by AFA. Contract owners allocate their variable annuity purchase payments to one or more of the segregated subaccounts. Such payments are then invested in the various funds underlying the subaccounts (collectively referred to as the Funds).

(b) Investments

On May 1, 2021, American Blue Chip Income & Growth Fund changed its name to American Washington Mutual Investors Fund.

On December 31, 2025, BNY Mellon VIF Opportunistic Small Cap Portfolio, changed its name to BNY Mellon VIF Small Cap Portfolio.

Investments in shares of the Funds are stated at fair value, which is the net asset value per share as determined daily by the Funds. Transactions are recorded on a trade-date basis by the Funds. Income from dividends and gains from realized gain distributions are recorded on the ex-distribution date.

Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are determined on the average cost basis.

Account B groups its financial assets measured at fair value in three levels, based on inputs and assumptions used to determine the fair value. These levels are as follows:

- Level 1 – quoted prices in active markets for identical securities.
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – significant unobservable inputs (including Account B’s own assumptions used to determine the fair value of investments).

There were no transfers of securities from Level 1 to Level 2 or vice versa throughout the year.

AMERICAN FIDELITY SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2025

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table summarizes the inputs used to value Account B's investments as of December 31, 2025:

Level 1	\$ 1,593,813,438
Level 2	—
Level 3	—
Total	<u>\$ 1,593,813,438</u>

The costs of purchases of investments for the year ended December 31, 2025 were as shown below:

	<u>2025</u>
American Fund International	\$ 7,057,876
American Washington Mutual Investors Fund*	10,630,892
BNY Mellon Stock Index	28,367,349
BNY Mellon Sustainable US Equity	8,757,678
BNY Mellon VIF Small Cap Portfolio*	5,312,483
VG Total Bond Market Index	6,011,742
VG Balanced	26,823,572
VG Capital Growth	21,619,146
VG Total Stock Index	22,549,840
VG Mid Cap Index	13,099,461

*See Note 1(b) for name change

(c) **Federal Income Taxes**

Account B is not taxed separately because the operations of Account B are part of the total operations of AFA. AFA files its federal income tax returns, under sections of the Internal Revenue Code (the Code) applicable to life insurance companies, as part of the American Fidelity Corporation and Subsidiaries consolidated federal income tax returns. Account B will not be taxed as a “regulated investment company” under subchapter M of the Code. Based on this, no charge is being made currently to Account B for federal income taxes. AFA will periodically review the status of this policy in the event of changes in the tax law. A charge may be made in future years for any federal income taxes that would be attributable to the contracts.

Account B recognizes and measures unrecognized tax positions in accordance with FASB ASC 740. Account B has no unrecognized tax positions as of December 31, 2025.

As of December 31, 2025, Account B has no accrued interest and penalties related to unrecognized tax positions. Account B would recognize interest accrued related to unrecognized tax positions in interest expense and penalties accrued in operating expense, should they occur.

The tax years 2020 through 2025 remain open to examination by the major taxing jurisdictions to which Account B is subject to tax. Account B, as part of AFA, is not currently under examination by

AMERICAN FIDELITY SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2025

any taxing authority and does not expect any material changes to its unrecognized tax positions within the next twelve months.

(d) *Annuity Reserves*

Annuity reserves are computed for current payable contracts according to the Progressive Annuity Mortality Table. The assumed interest rate is 3.5% unless the annuitant elects otherwise, in which case the rate may vary from 0% to 5.0% as regulated by the laws of the respective states. Charges to annuity reserves for mortality and expense risks experience are reimbursed to AFA, if the reserves required are less than originally estimated.

If additional reserves are required, AFA reimburses Account B. As of December 31, 2025, there were no contract owners who had elected the variable annuity method of payout. Accordingly, Account B held no annuity reserves as of December 31, 2025.

(e) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increase and decrease in net assets from operations during the reporting period. Actual results could differ from those estimates.

(2) **Expenses and Related-Party Transactions**

AFA manages the operations of Account B and assumes certain mortality and expense risks under the variable annuity contracts. Administrative fees are equal to 0.000411% of the Funds' daily net assets (0.15% per annum). Mortality and expense fees are equal to 0.003425% of the Funds' daily net assets (1.25% per annum). All such fees were paid to AFA. Distribution fees are equal to 0.000274% of the Funds' daily net assets (0.10% per annum). Policy maintenance charges are reflected within the net increase in net assets from contract transactions in the accompanying statements of changes in net assets and were as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
American Fund International	\$ 42,803	39,935
American Washington Mutual Investors Fund*	38,477	38,075
BNY Mellon Stock Index	168,240	162,448
BNY Mellon Sustainable US Equity	29,731	29,464
BNY Mellon VIF Small Cap Portfolio*	52,247	53,046
VG Total Bond Market Index	18,530	18,421
VG Balanced	76,342	76,834
VG Capital Growth	93,233	90,294
VG Total Stock Index	87,377	81,494
VG Mid Cap Index	52,379	50,740

*See Note 1(b) for name change

AMERICAN FIDELITY SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2025

During the accumulation period, contract owners may partially or totally withdraw from Account B by surrendering a portion or all of their accumulation units. The Code may limit certain withdrawals based upon age, disability, and other factors. When contract owners withdraw, they receive the current value of their accumulation units, less applicable withdrawal charges. These withdrawal charges, assessed through the redemption of units, range from 8.0% during policy year one to 0% beginning in policy year nine. Distribution fees, policy maintenance and withdrawal charges were paid to American Fidelity Securities, Inc., an affiliated broker dealer company.

(3) Unit Activity from Contract Transactions

Contract transactions for each segregated subaccount for the years ended December 31, 2025 and 2024 were as follows:

2025 – Segregated Subaccounts				
American Fund International		AM Washington Mutual Investors*		
Units	Dollars	Units	Dollars	
Payments received	753,770 \$	343,856	\$ 6,784,424	
Withdrawal of funds	(265,324)	(433,719)	(8,677,858)	
Net change from contract transactions	488,446 \$	(89,863)	\$ (1,893,434)	

2025 – Segregated Subaccounts				
BNY Mellon Stock Index		BNY Mellon Sustainable US Equity		
Units	Dollars	Units	Dollars	
Payments received	346,903 \$	98,663	\$ 4,917,567	
Withdrawal of funds	(359,976)	(124,988)	(6,323,957)	
Net change from contract transactions	(13,073) \$	(26,325)	\$ (1,406,390)	

2025 – Segregated Subaccounts				
BNY Mellon VIF Small Cap*		VG Total Bond Market Index		
Units	Dollars	Units	Dollars	
Payments received	839,666 \$	575,651	\$ 7,717,101	
Withdrawal of funds	(697,685)	(389,082)	(5,229,870)	
Net change from contract transactions	141,981 \$	186,569	\$ 2,487,231	

*See Note 1(b) for name change

AMERICAN FIDELITY SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2025

2025 – Segregated Subaccounts				
	VG Balanced		VG Capital Growth	
	Units	Dollars	Units	Dollars
Payments received	405,917	\$ 15,208,588	339,995	\$ 21,417,609
Withdrawal of funds	(377,147)	(14,042,906)	(213,013)	(13,364,287)
Net change from contract transactions	28,770	\$ 1,165,682	126,982	\$ 8,053,322

2025 – Segregated Subaccounts				
	VG Total Stock Market Index		VG Total Mid Cap Index	
	Units	Dollars	Units	Dollars
Payments received	719,471	\$ 20,538,888	564,999	\$ 12,677,312
Withdrawal of funds	(519,374)	(14,979,167)	(272,953)	(6,107,596)
Net change from contract transactions	200,097	\$ 5,559,721	292,046	\$ 6,569,716

2024 – Segregated Subaccounts				
	American Fund International		AM Washington Mutual Investors*	
	Units	Dollars	Units	Dollars
Payments received	712,125	\$ 9,319,929	389,113	\$ 6,790,479
Withdrawal of funds	(276,705)	(3,639,047)	(471,509)	(8,240,164)
Net change from contract transactions	435,420	\$ 5,680,882	(82,396)	\$ (1,449,685)

2024 – Segregated Subaccounts				
	BNY Mellon Stock Index		BNY Mellon Sustainable US Equity	
	Units	Dollars	Units	Dollars
Payments received	373,821	\$ 21,689,695	102,297	\$ 4,599,492
Withdrawal of funds	(391,239)	(22,727,774)	(119,009)	(5,319,124)
Net change from contract transactions	(17,418)	\$ (1,038,079)	(16,712)	\$ (719,632)

2024 – Segregated Subaccounts				
	BNY Mellon Opp Small Cap		VG Total Bond Market Index	
	Units	Dollars	Units	Dollars
Payments received	851,774	\$ 10,625,130	518,920	\$ 6,801,868
Withdrawal of funds	(733,662)	(9,194,501)	(269,814)	(3,540,956)
Net change from contract transactions	118,112	\$ 1,430,629	249,106	\$ 3,260,912

*See Note 1(b) for name change

AMERICAN FIDELITY SEPARATE ACCOUNT B

Notes to Financial Statements

December 31, 2025

2024 – Segregated Subaccounts				
VG Balanced		VG Capital Growth		
Units	Dollars	Units	Dollars	
Payments received	448,015	\$ 15,118,327	384,133	\$ 22,089,335
Withdrawal of funds	(365,297)	(12,311,143)	(232,682)	(13,512,510)
Net change from contract transactions	82,718	\$ 2,807,184	151,451	\$ 8,576,825

2024 – Segregated Subaccounts				
VG Total Stock Market Index		VG Total Mid Cap Index		
Units	Dollars	Units	Dollars	
Payments received	751,756	\$ 18,991,256	596,721	\$ 12,089,116
Withdrawal of funds	(437,889)	(11,105,514)	(324,330)	(6,624,955)
Net change from contract transactions	313,867	\$ 7,885,742	272,391	\$ 5,464,161

(4) Segment Disclosures

The AFA Variable Products Investment Review Committee acts as Account B’s chief operating decision maker (CODM) and is responsible for assessing performance and allocating resources with respect to Account B. The CODM has concluded that each of the segregated subaccounts operates as a single operating segment based on the fact that each has a single investment strategy as disclosed in its prospectus, against which the CODM assesses the performance, and it is the level at which discrete financial information is available. The financial information provided to and reviewed by the CODM is presented within each of the segregated subaccounts’ financial statements.

(5) Subsequent Events

There were no material events that occurred subsequent to December 31, 2025. Subsequent events have been considered through February 27, 2026, the date the financial statements were issued.

AMERICAN FIDELITY ASSURANCE COMPANY

Statutory Financial Statements and Supplemental Schedules

December 31, 2025 and 2024

(With Independent Auditor's Report Thereon)

AMERICAN FIDELITY ASSURANCE COMPANY
Index to Statutory Financial Statements

	Page
Independent Auditor's Report	1
Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus	4
Statutory Statements of Operations	6
Statutory Statements of Changes in Capital and Surplus	7
Statutory Statements of Cash Flow	8
Notes to Statutory Financial Statements	9
Supplemental Schedules	
Schedule I – Summary of Investments - Other than Investments in Related Parties	49
Schedule III – Supplementary Insurance Information	50
Schedule IV –Reinsurance	51

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Management of American Fidelity Assurance Company

Opinions

We have audited the statutory-basis financial statements of American Fidelity Assurance Company (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2025 and 2024, and the related statutory-basis statements of operations, changes in capital and surplus, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes to the statutory-basis financial statements (collectively referred to as 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 admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in accordance with the accounting practices prescribed or permitted by the Oklahoma Insurance Department described in Note 1 to the statutory-basis financial statements.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America 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 the Company as of December 31, 2025 and 2024, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2025.

Basis for Opinions

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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 14, the Company's statutory-basis financial statements may not be indicative of the financial position, results of operations and cash flows that may have resulted had the Company functioned as a stand-alone operation independent of its parent and affiliates. Our opinion is not modified with respect to this matter.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Oklahoma

Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Oklahoma Insurance Department.

The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the 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 Oklahoma Insurance Department. 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 the 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 the 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 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 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.

Report on Supplemental Schedules

Our 2025 audit was conducted for the purpose of forming an opinion on the 2025 statutory-basis financial statements as a whole. The supplemental information included in Schedule I – Summary of Investments - Other than Investments in Related Parties, Schedule III – Supplementary Insurance Information, and Schedule IV – Reinsurance as of and for the year ended December 31, 2025, are presented for purposes of additional analysis and are not a required part of the 2025 statutory-basis financial statements. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2025 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2025 statutory-basis financial statements as a whole.

/s/ Deloitte & Touche LLP

Oklahoma City, Oklahoma
April 14, 2026

AMERICAN FIDELITY ASSURANCE COMPANY

Statutory Statements of Admitted Assets,
Liabilities, and Capital and Surplus

December 31, 2025 and 2024

(Dollar amounts in thousands)

Admitted Assets	2025	2024
Cash and invested assets:		
Bonds, at amortized cost	\$ 4,692,557	\$ 4,618,750
Preferred stocks	6,102	5,866
Common stocks, at fair value (cost: \$240,231 and \$224,961 at December 31, 2025 and 2024, respectively)	226,416	235,611
Common stock, investment in affiliates at equity value (cost of \$104 as of December 31, 2025 and 2024)	1,186	1,144
Mortgage loans on real estate	735,371	764,905
Investment real estate, at cost	18,390	2,241
Investment real estate held for sale	—	20,100
Policy loans	55,595	54,099
Cash and short-term investments	345,068	323,680
Other invested assets	207,088	185,092
Receivable for securities	1,420	2,142
Total cash and invested assets	6,289,193	6,213,630
Life insurance premiums and annuity considerations deferred and uncollected	58,002	53,363
Accident and health premiums due and uncollected	49,336	49,960
Investment income due and accrued	42,943	41,773
Amounts recoverable from reinsurers	1,353	1,739
Other receivables under reinsurance contracts	1,675	4,995
Net deferred tax asset	47,102	47,716
Other assets	143,222	132,920
Separate Account assets	2,018,665	1,735,943
Total admitted assets	\$ 8,651,491	\$ 8,282,039

AMERICAN FIDELITY ASSURANCE COMPANYStatutory Statements of Admitted Assets,
Liabilities, and Capital and Surplus

December 31, 2025 and 2024

(Dollar amounts in thousands)

Liabilities and Capital and Surplus	2025	2024
Aggregate reserves:		
Life policies and contracts	\$ 3,177,370	\$ 3,068,034
Accident and health policies	961,867	936,152
Total aggregate reserves	4,139,237	4,004,186
Policy and contract claims reserves	148,359	138,863
Liability for premiums and other deposit funds	376,368	381,987
Remittances and items not allocated	22,089	19,821
Accrued general insurance expenses, taxes, licenses, and fees	185,060	160,527
Funds held under coinsurance	471,345	510,172
Separate Account liabilities	2,018,665	1,735,943
Borrowed money	194,999	224,557
Other liabilities	385,944	397,206
Total liabilities	7,942,066	7,573,262
Capital and surplus:		
Common stock (par value \$10 per share, 250,000 shares authorized, issued, and outstanding)	2,500	2,500
Paid-in capital	5,888	5,888
Unassigned surplus	701,037	700,389
Total capital and surplus	709,425	708,777
Total liabilities and capital and surplus	\$ 8,651,491	\$ 8,282,039

See accompanying notes to statutory financial statements.

AMERICAN FIDELITY ASSURANCE COMPANY

Statutory Statements of Operations
Years ended December 31, 2025, 2024 and 2023

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Income:			
Life insurance premiums and annuity considerations	\$ 525,355	\$ 482,882	\$ 445,442
Accident and health insurance premiums	1,108,633	1,050,266	1,044,994
Consideration for supplementary contracts with life contingencies	611	1,372	235
Net investment income	227,199	213,668	196,246
Commissions and expense allowances on reinsurance ceded	(23,543)	(23,993)	(14,803)
Other income	55,901	50,780	46,421
	<u>1,894,156</u>	<u>1,774,975</u>	<u>1,718,535</u>
Total income			
Benefits and other deductions:			
Death benefits and matured endowments	58,408	51,147	48,358
Accident and health and disability benefits	483,714	457,185	480,031
Interest and adjustments on policy or deposit-type contract funds	17,469	15,228	7,240
Other benefits to policyholders and beneficiaries	306,140	290,281	220,514
Increase in aggregate reserves for future policy benefits	135,051	118,580	142,968
Selling, other operating, administrative, and general expenses	614,763	558,294	578,291
	<u>1,615,545</u>	<u>1,490,715</u>	<u>1,477,402</u>
Total benefits and expenses			
Income before federal income taxes and net realized capital gains	278,611	284,260	241,133
Federal income taxes	44,836	55,773	48,110
	<u>233,775</u>	<u>228,487</u>	<u>193,023</u>
Income before net realized capital gains			
Net realized capital gains (losses), net of federal income tax expense (benefit)			
of \$(967), \$(6,136), and \$263, in 2025, 2024, and 2023, respectively			
(excluding gains (losses) of \$(2,947), \$(25,947), and \$(4,549) transferred to the			
interest maintenance reserve in 2025, 2024, and 2023 respectively)	(3,195)	(7,860)	(1,731)
	<u>(3,195)</u>	<u>(7,860)</u>	<u>(1,731)</u>
Net income	\$ <u>230,580</u>	\$ <u>220,627</u>	\$ <u>191,292</u>

See accompanying notes to statutory financial statements.

AMERICAN FIDELITY ASSURANCE COMPANY

Statutory Statements of Changes in Capital and Surplus

Years ended December 31, 2025, 2024 and 2023

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Capital and surplus, beginning of year	\$ 708,778	\$ 690,295	\$ 628,225
Net income	230,580	220,627	191,292
Change in net unrealized capital gains (losses), net of tax expense of (\$973), \$2,015 and (\$7,524) for 2025, 2024 and 2023, respectively	(21,225)	(3,634)	(15,499)
Change in net deferred tax assets	1,531	11,299	9,474
Change in nonadmitted assets	(25,282)	(12,152)	(12,295)
Change in asset valuation reserve	5,541	(5,332)	9,112
Dividends paid to stockholder	(190,000)	(193,000)	(120,000)
Change in liability for reinsurance in unauthorized companies	(498)	453	668
Other changes	<u>—</u>	<u>222</u>	<u>(682)</u>
Net change in capital and surplus	<u>647</u>	<u>18,483</u>	<u>62,070</u>
Capital and surplus, end of year	\$ <u><u>709,425</u></u>	\$ <u><u>708,778</u></u>	\$ <u><u>690,295</u></u>

See accompanying notes to statutory financial statements.

AMERICAN FIDELITY ASSURANCE COMPANY

Statutory Statements of Cash Flow

Years ended December 31, 2025, 2024 and 2023

(Dollar amounts in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Premiums and annuity considerations, net of reinsurance	\$ 1,623,687	\$ 1,540,601	\$ 1,497,276
Investment income received	221,608	209,554	192,848
Allowances and reserve adjustments on reinsurance ceded	(23,543)	(23,993)	(14,803)
Other income	50,279	42,907	34,342
Benefit and loss related payments	(858,179)	(836,015)	(756,317)
Net transfers to Separate Accounts	(3,275)	(10,274)	(38,136)
Commissions and other expenses paid	(581,831)	(552,015)	(512,804)
Federal income taxes paid	(43,006)	(67,505)	(49,437)
Dividends paid to policyholders	<u>(1,678)</u>	<u>(1,575)</u>	<u>(1,502)</u>
Net cash from operations	<u>384,062</u>	<u>301,685</u>	<u>351,467</u>
Proceeds from investments sold, matured, or repaid:			
Bonds	497,680	667,136	238,344
Stocks	8,408	2,910	6,658
Mortgage loans	76,714	63,473	68,544
Other Invested Assets	13,142	7,537	59,761
Other	<u>723</u>	<u>26,571</u>	<u>1,213</u>
Total investment proceeds	<u>596,667</u>	<u>767,627</u>	<u>374,520</u>
Cost of investments acquired:			
Bonds	(570,869)	(484,456)	(376,536)
Stocks	(22,625)	(204,100)	(3,838)
Mortgage loans	(47,180)	(62,013)	(118,088)
Other Invested Assets	(37,994)	(14,801)	(15,062)
Other	<u>(8,239)</u>	<u>(16,559)</u>	<u>(4,981)</u>
Total investments acquired	<u>(686,907)</u>	<u>(781,929)</u>	<u>(518,505)</u>
Net change in policy loans and loans on fund deposits	<u>(1,496)</u>	<u>(3,263)</u>	<u>(2,869)</u>
Net cash from investing	<u>(91,736)</u>	<u>(17,565)</u>	<u>(146,854)</u>
Other cash provided	(35,119)	7,433	(10,845)
Dividends paid to stockholder	(190,000)	(198,000)	(121,000)
Other cash applied	<u>(45,819)</u>	<u>(47,444)</u>	<u>(67,906)</u>
Net cash used in financing and miscellaneous sources	<u>(270,938)</u>	<u>(238,011)</u>	<u>(199,751)</u>
Net change in cash and short-term investments	21,388	46,109	4,862
Cash and short-term investments, beginning of year	<u>323,680</u>	<u>277,571</u>	<u>272,709</u>
Cash and short-term investments, end of year	\$ <u><u>345,068</u></u>	\$ <u><u>323,680</u></u>	\$ <u><u>277,571</u></u>

Note: Supplemental disclosures of cash flow information for non-cash transactions:

Securities exchange - bond proceeds	\$ 21,531	\$ 42,383	\$ 30,107
Securities exchange - bond acquisitions	21,531	42,383	30,107
Borrowed money maturities rolled to FHLB deposit type contracts	29,500	62,500	95,000
Interest capitalization-Net investment income	636	531	711
Interest capitalization-Cost of investments aquired, bonds	636	531	711
Liquidation Receivable-Miscellaneous Income	—	—	2,000
Liquidation Receivable-Other Cash Applied	—	—	2,000

See accompanying notes to statutory financial statements.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(1) Significant Accounting Policies

(a) Company Structure and Nature of Business

American Fidelity Assurance Company (the Company) was licensed as a life insurer on November 30, 1960, and provides a variety of financial services. The Company is a wholly owned subsidiary of American Fidelity Corporation (AFC), a Nevada insurance holding company. The Company is domiciled in the state of Oklahoma. The Company is subject to state insurance regulations and periodic examinations by state insurance departments. The Company's ultimate parent, AFC, is 94% owned by Cameron Enterprises A Limited Partnership (CEALP) whose general partner is Cameron Associates, Inc. Cameron Associates, Inc. is owned by William M. Cameron – 50% and Lynda L. Cameron – 50%. AFC also wholly owns American Public Life Insurance Company (APL), an insurance company, also domiciled in Oklahoma. See Note 14 for listing of affiliates.

The Company is licensed to conduct business in 49 states, the District of Columbia, American Samoa, Guam, and Puerto Rico, with approximately 70% of direct premiums written in California, Oklahoma, Ohio, Oregon, Texas, Mississippi, Kentucky, Alabama, and Indiana. Activities of the Company are largely concentrated in the group disability income, group and individual annuity, supplemental health, and individual medical markets. In addition, individual and group life business is also conducted. The primary source of the Company's sales is worksite marketing of voluntary products through the use of payroll deduction. The Company sells these voluntary products through a salaried sales force that is broken down into two primary divisions: Association Worksite Division (AWD) and American Fidelity Educational Services (AFES). AWD specializes in voluntary disability income insurance programs aimed at selected groups and associations whose premiums are funded by employees through payroll deductions. AFES focuses on marketing to public school employees with voluntary insurance products such as disability income, tax sheltered annuities, life insurance, dread disease, and accident only. These premiums are also funded by employees through payroll deductions. The expertise gained by the Company in worksite marketing of voluntary products is used by the Strategic Alliances Division in developing products to meet special situations. The Life Division was formed upon the acquisition of a block of life business in 2000. The Life Division administers closed blocks of individual life products that were marketed through independent brokers in the United States of America and Latin America.

(b) Basis of Presentation

The accompanying statutory financial statements of the Company are prepared in conformity with accounting practices prescribed or permitted by the Oklahoma Insurance Department, which is a comprehensive basis of accounting other than US (United States) generally accepted accounting principles (GAAP). These prescribed Statutory Accounting Practices (SAP) include a variety of publications of the National Association of Insurance Commissioners (NAIC) including statements of SAP as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. There are no differences between the accounting practices prescribed or permitted by the Oklahoma Insurance Department and the accounting practices prescribed and permitted by the NAIC. There are no permitted practices granted to the Company for 2025, 2024, and 2023 by the Oklahoma Insurance Department.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(c) Differences between SAP and GAAP

SAP differs from GAAP in several respects, which causes differences in reported assets, liabilities, stockholder's equity (statutory capital and surplus), net income, and cash flows. The differences between SAP and GAAP include:

- Investments in bonds are generally carried at amortized cost, except those with an NAIC designation of "6", which are stated at the lower of amortized cost or fair value. Investments in preferred stocks are generally carried at amortized cost, except those with an NAIC designation of "4" through "6", which are stated at the lower of amortized cost or fair value. Under GAAP, investments in bonds and preferred stocks, other than those classified as held to maturity, are carried at fair value.
- The change in unrealized gains or losses on certain investments is recorded as an increase or decrease in statutory surplus under SAP. Under GAAP, such unrealized gains and losses are recorded as a component of comprehensive income (loss).
- Realized capital gains and losses are determined based upon specific identification of the investments sold. Changes in admitted asset carrying amounts of investments that are carried at fair value are recorded directly in unassigned surplus as a change in net unrealized capital gains and losses. Under GAAP, realized capital gains and losses are recorded as a component of earnings.
- Interest maintenance reserve (IMR) represents the deferral of interest-related realized gains and losses, net of tax, on primarily fixed maturity investments, which are amortized into income over the remaining life of the investment sold under SAP. No such reserve is required under GAAP.
- Investments in subsidiaries are generally carried on a statutory equity basis with equity in the earnings of subsidiaries reflected in unassigned surplus. Under GAAP, controlled subsidiaries are consolidated, and results of operations are included in net income.
- Asset valuation reserve (AVR) represents a contingency reserve for credit-related risk on most invested assets of the Company and is charged to statutory surplus under SAP. No such reserve is required under GAAP.
- GAAP requires an allowance for expected credit losses for certain financial assets. SAP requires an incurred loss model for these financial assets, with incurred losses recorded as a direct write down to the asset.
- Certain assets, principally certain deferred taxes, furniture, equipment, prepaid expenses, and premiums due from policyholders, agents' balances, and amounts recoverable from reinsurers over 90 days are designated as nonadmitted assets and excluded from assets by a charge to statutory surplus under SAP. Under GAAP, such amounts are carried with an appropriate valuation allowance when necessary.
- A provision is established for unsecured reinsurance recoverable balances from unauthorized reinsurers. The change in this provision is credited or charged to unassigned statutory surplus. Under GAAP, a provision is established for expected uncollectible reinsurance balances with any changes to this provision reflected in earnings for the period.
- Reserves are reported net of ceded reinsurance under SAP. Under GAAP, reserves relating to business in which the ceding company is not legally relieved of its liability are reported gross with an offsetting reinsurance receivable.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

- Aggregate reserves for life, annuities and accident and health are based on statutory mortality and interest requirements without consideration for anticipated withdrawals except where allowed. Morbidity assumptions are based on the statutory morbidity requirements or Company's experience where allowed. Under GAAP, the reserves are based on either (i) the present value of future benefits less the present value of future net premiums based on mortality, morbidity, and other assumptions that represent the Company's best-estimates as of the reporting date (in accordance with ASU 2018-12), or (ii) the account value for certain contracts without significant life contingencies.
- Policy acquisition costs are expensed as incurred under SAP, while under GAAP, successful acquisition costs are deferred and recognized over the estimated life of the cohort of contracts.
- Deferred income taxes are recognized for both SAP and GAAP; however, the amount permitted to be recognized is generally more restrictive under SAP and the change in deferred taxes is reported as a direct charge to surplus.
- Leases are accounted for as operating leases, and rental payments under these leases are charged to expense when incurred. Under GAAP, leases are generally recognized on the balance sheet as a lease liability with a corresponding right-of-use asset according to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*.
- Premiums on annuity contracts are recognized when received. Under GAAP, premiums on annuity contracts are not recognized as revenue but as deposits.
- Premiums for universal life policies and investment products consist of the entire premium received, and benefits represent the death benefits paid and the change in policy reserves, unless the products do not incorporate mortality or morbidity risk. Under GAAP, premiums received in excess of policy charges are not recognized as premium revenue, and benefits represent the excess of benefits paid over the policy account values and interest credited to the account values.
- The Statutory Statements of Cash Flow differs in certain respects from the presentation required by GAAP, including the presentation of the changes in cash and short-term investments instead of cash and cash equivalents and restricted cash. Short-term investments include securities with maturities of one year or less at the time of acquisition. For statutory purposes, there is no reconciliation between net income and cash from operations.
- SAP does not require the presentation of a Statement of Comprehensive Income; however, GAAP does require a Statement of Comprehensive Income.

(d) Use of Estimates

The preparation of the financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of 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. The estimates susceptible to significant change are those used in determining the liability for aggregate reserves for future policy benefits, losses, and claims. Although some variability is inherent in these estimates, management believes the amounts provided are adequate.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(e) Recognition of Revenue and Related Expenses

Life premiums are recognized as income when due from policyholders under the terms of the insurance contract. For accident and health contracts, premiums are recognized as income when due from the policyholders, but no earlier than the effective date of coverage, under the terms of the contract. Both life and accident and health premiums are increased by reinsurance premiums assumed and reduced by reinsurance premiums ceded. Contracts issued that do not incorporate mortality or morbidity risk are not accounted for as insurance contracts. Amounts received as payments for such contracts are recorded as direct increases to the policy reserves.

The Company estimates accrued retrospective premium adjustments (premium rate stabilization) for certain contracts in its group health and group life business based on contractually determined formulas by group. The amount of net premiums written by the Company for the years ended December 31, 2025, 2024, and 2023 that were subject to retrospective rating features were approximately \$165, \$165, and \$172, respectively, which represented approximately 0.02%, 0.03% and 0.03% of net premiums written for group health and group life products in 2025, 2024, and 2023, respectively. No other net premiums written by the Company were subject to retrospective rating features.

(f) Equipment and Software

Equipment and software are nonadmitted assets and stated at cost less accumulated depreciation. See Note 2 for nonadmitted assets disclosure. Equipment is depreciated on a straight-line basis using estimated lives of five to fifteen years. Additions, renewals, and betterments are capitalized. Expenditures for maintenance and repairs are expensed. Upon retirement or disposal of an asset, the asset and related accumulated depreciation are eliminated, and any related gain or loss is included in income. Capitalized internally developed software (IDS) costs are amortized on a straight-line basis with a useful life of three years from the date placed in service. Hosted arrangements of capitalized IDS are recorded as prepaid assets amortized over the contract period. Total depreciation and amortization expenses were \$8,462, \$6,884, and \$7,078 for the years ended December 31, 2025, 2024, and 2023, respectively. IDS in the developmental stage is held in IDS work in process until software is placed in service.

	<u>2025</u>		<u>2024</u>
Leasehold improvements	\$ 35,386	\$	34,028
Work in process	15,510		10,156
Internally-developed software	19,901		7,959
Accumulated depreciation & amortization	(40,853)		(28,837)
Total	<u>\$ 29,944</u>	\$	<u>23,306</u>

(g) Investments

The investment portfolio includes bonds, preferred stocks, common stocks, mortgage loans, real estate, policy loans, other invested assets, and short-term investments.

Investments are carried in accordance with rules established by the NAIC. Bonds rated as NAIC 1 - 5 are carried at cost, adjusted where appropriate for accretion of premium or amortization of discount using the modified scientific interest method and taking into consideration stated interest and principal provisions. Additionally, bonds rated as NAIC 6 are carried at the lower of their amortized cost or fair value. Preferred stocks rated as NAIC 1 - 3 are carried at cost. Preferred stocks rated NAIC 4 - 6 are

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

carried at the lower of cost or fair value. Perpetual preferred stocks are carried at fair value regardless of NAIC designation. Common stocks are carried at fair value.

Policy loans are stated at their aggregate unpaid principal balances.

Mortgage loans on real estate are stated at their aggregate unpaid principal balances.

Real estate held for investment is carried at cost less accumulated depreciation and encumbrances. Encumbrances as of December 31, 2025 and 2024 were \$0 and \$0, respectively. Real estate held for sale is carried at the lower of depreciated cost or fair value, less encumbrances and estimated costs to sell.

There were no non-admitted amounts related to bond holdings as of December 31, 2025 and 2024.

Realized investment gains or losses are determined on a specific identification basis and recorded on the trade date, are reduced by amounts transferred to IMR and are reflected as an element of net income, net of related tax. For bonds and preferred stocks carried at fair value, the difference between amortized cost and fair value is reflected as unrealized gains and losses on investments in unassigned surplus. Changes in the fair value of common stocks are reflected as unrealized gains and losses on investments in unassigned surplus.

The Company holds a significant amount of assets that it intends to match with its liabilities in relation to maturity and interest margin. To maximize earnings and minimize risk, the Company invests in a diverse portfolio of investments. The portfolio is diversified by geographic region, investment type, underlying collateral, maturity, and industry. Management does not believe that the Company has any significant concentration of credit risk in its investments.

The Company generally does not invest in any below-investment-grade high-yield investment bonds (junk bonds). Certain bonds are guaranteed by the U.S. government. The Company limits its risks by investing in bonds and stocks of rated companies, mortgage loans adequately collateralized by real estate, selective real estate supported by appraisals, and policy loans collateralized by policy cash values. In addition, the Company performs due diligence procedures before making mortgage loans. These procedures include evaluations of the creditworthiness of the borrowers and/or tenants and independent appraisals.

(h) Fair Value Measurements

The Company holds certain long-term bonds, preferred stocks, common stocks, and separate account assets which are carried at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect a view of market assumptions in the absence of observable market information. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. All assets carried or disclosed at fair value are classified and disclosed in one of the following three categories:

Level 1 – quoted prices in active markets for identical instruments.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – instruments whose significant value drivers are unobservable.

(i) Investment Income Due and Accrued

Accrued investment income consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded as earned on the ex-dividend date. Due and accrued income is not recorded on: (a) bonds in default and (b) bonds delinquent more than 90 days or where collection of interest is improbable. As of December 31, 2025 and 2024, the Company's non-admitted investment income due and accrued was zero. The cumulative amount of paid-in-kind (PIK) interest included in current principal balances was approximately \$2,665 and \$2,030 on December 31, 2025 and 2024 respectively.

(j) Non-admitted Assets

Certain assets, principally certain deferred income tax assets, software, prepaid expenses, and leasehold improvements are designated as non-admitted assets and are excluded from assets by a charge to statutory surplus. Changes in these non-admitted assets are presented as changes in unassigned surplus.

(k) Aggregate Reserves and Liability for Deposit-Type Contracts

Aggregate reserves for life policies and contracts include reserve amounts principally for life insurance policies, deferred and payout annuity policies, and supplemental health insurance policies including cancer and disability insurance policies. The life insurance reserves are principally based on the 1941, 1958, 1980, 2001, and 2017 Commissioners Standard Ordinary (CSO) mortality tables and are established with interest rate assumptions ranging from 2.0% to 6.0%. Deferred and payout annuity insurance reserves are principally based on the 1983a, Annuity 2020, and 2012 Individual annuity reserve (IAR) mortality tables and are established with interest rate assumptions ranging from 1.7% to 8.8%. Cancer policy reserves are principally based on the 1985 and 2016 Cancer Claim Cost Tables and are established with interest rate assumptions ranging from 3.0% to 5.5%. Disability reserves are principally based on the 2012 Group Long Term Disability Table, with adjustments for actual Company experience. The tabular interest, tabular reserves less actual reserves released, and the tabular cost are determined by formula. Aggregate reserves for accident and health policies include the present value of amounts not yet due on claims, additional reserves, and unearned premiums.

Liability for premiums and other deposit funds include reserves for payout annuities without life contingencies and other accumulation policies that do not subject the Company to any risks from policyholder mortality and morbidity. Such reserves are established using guaranteed interest rates of 1.0% to 8.3%.

The Company waives deduction of deferred fractional premiums upon death of the insured and returns any portion of the final premium beyond the month of death for policies developed and issued subsequent to December 1977.

Surrender values are not promised in excess of the legally computed reserves.

Extra premiums are charged for substandard lives in addition to the regular gross premium for the true age. Mean reserves are determined by computing the regular mean reserve for the plan at the true age and holding in addition one half of the extra premium charge for the year.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(l) Liability for Policy and Contract Claims

Policy and contract claim reserves include a provision for reported claims and claims incurred but not reported. The provision for claims incurred but not reported is estimated based primarily on Company experience. Although these provisions are the Company's best estimate of the ultimate value, the actual results may vary from these values.

(m) Interest Maintenance Reserve

IMR represents the deferral of interest-related realized capital gains and losses, net of tax, on primarily fixed maturity investments. These gains and losses are amortized into loss on a level yield method, based on statutory factor tables over the estimated remaining life of the investment sold or called. The IMR balance is included in the other liabilities line in the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus.

(n) Asset Valuation Reserve

AVR is a contingency reserve for credit-related losses on most investments and is recorded as a liability through a charge to statutory surplus. The reserve is calculated based on credit quality using factors provided by the NAIC. The AVR balance is included in the other liabilities line in the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus.

(o) Federal Income Taxes

Current income taxes incurred includes current income taxes for the amount of federal income taxes paid or payable for the current year. These amounts are determined based on estimates of federal income taxes for the current year, including tax contingencies and benefits. The Company's current tax recoverable is reported as a component of other assets and its current tax payable is reported as a component of other liabilities. The changes in current taxes are reflected in the Statutory Statements of Operations.

Deferred income tax assets and liabilities are determined based on differences between statutory financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as operating loss, capital loss, and tax credit carryforwards. Temporary differences related to AVR and IMR are not included in the determination of gross deferred income taxes while temporary differences for unrealized gains/losses and nonadmitted assets are included. Gross deferred tax assets (DTA) are reduced by a valuation allowance if it is more likely than not (i.e. greater than 50% likelihood) that some portion or all of the gross deferred tax assets will not be realized. The deferred tax assets and liabilities are measured using federal enacted tax rates. Deferred income tax assets are limited as to their admissibility. The changes in net deferred tax assets and liabilities are reflected in surplus. The Company's net admitted deferred tax assets are reported as a component of other assets.

(p) Reinsurance

The Company accounts for reinsurance transactions as prescribed by the applicable accounting standards, which require the reporting of reinsurance transactions relating to the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus on a net basis and precludes immediate gain recognition on reinsurance contracts.

(q) Guaranty Association Assessments

The Company is required by law to participate in the guaranty associations of the various states in which it is licensed to do business. The state guaranty associations ensure payment of guaranteed benefits, with certain restrictions, to policyholders of impaired or insolvent insurance companies by assessing all other companies involved in similar lines of business.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(r) Statutory Capital and Surplus and Dividend Restriction

Capital and surplus of the Company is restricted as to payment of dividends by statutory limitations applicable to insurance companies. Without prior approval of the respective state insurance department, dividends that can be paid are generally limited to the greater of 10% of statutory capital and surplus or the statutory net gain from operations before net realized capital gains/losses reported for the previous calendar year. The maximum dividend payout which may be made without prior approval in 2026 is approximately \$233,775.

On March 27, 2025, the Company declared an ordinary dividend payable to AFC in an amount not to exceed \$190,000 to be paid all or in part by December 31, 2025.

During 2025, the Company paid cash dividends to AFC in the amount of approximately \$190,000.

On March 5, 2024, the Company declared an ordinary dividend payable to AFC in an amount not to exceed \$160,000 to be paid all or in part by December 31, 2024. On October 1, 2024, the Company declared an additional \$33,000 ordinary dividend payable to AFC, totaling \$193,000 to be paid all or in part by December 31, 2024.

During 2024, the Company paid cash dividends to AFC in the amount of approximately \$198,000, of which \$5,000 related to dividends outstanding from 2023.

The portion of unassigned (surplus) funds represented or reduced by cumulative unrealized gains and losses was \$(2,105) and \$19,120, respectively, for the years ended December 31, 2025 and 2024.

The Oklahoma Insurance Department has adopted Risk-Based Capital (RBC) requirements for life insurance companies. The RBC calculation serves as a benchmark for the regulation of life insurance companies by state insurance regulators. RBC provides surplus formulas similar to target surplus formulas used by commercial rating agencies. The formulas specify various weighting factors that are applied to statutory financial balances or various levels of activity based on the perceived degree of risk and are set forth in the RBC requirements. The Company has calculated RBC in accordance with the NAIC's Model Rule and RBC rules as adopted by the Oklahoma Insurance Department. The RBC, as calculated by the Company, exceeds levels requiring Company or regulatory action as of December 31, 2025 and 2024.

(s) Separate Accounts

The Company maintains a separate account under Oklahoma insurance law designated as American Fidelity Separate Account A (Account A). Account A's investment is in the Vanguard Total Stock Market Index Fund. Under Oklahoma law, the assets of Account A are segregated from the Company's assets, are held for the exclusive benefit of the variable annuity contract owners and are not chargeable with liabilities arising out of the business conducted by any other account or by the Company.

The Company also maintains separate accounts under Oklahoma insurance law designated as American Fidelity Separate Account B (Account B) and American Fidelity Separate Account C (Account C). Account B and Account C are registered as unit investment trusts under the Investment Company Act of 1940, as amended. Under Oklahoma law, the assets of each of the ten (10) segregated subaccounts of Account B and the ten (10) segregated subaccounts of Account C are held for the exclusive benefit of the variable annuity contract owners and are not chargeable with liabilities arising out of the business conducted by any other account or by the Company.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The separate accounts maintained by the Company represent funds for nonguaranteed variable annuities. The assets of these accounts are carried at fair value. The net investment experience of the separate account is credited directly to the policyholder and can be positive or negative. These variable annuities generally provide an incidental death benefit of the greater of the account value or the premium paid. The minimum guaranteed death benefit reserve is held in the Company's general account. For the years ended December 31, 2025, 2024, and 2023, the amount of premiums, considerations, or deposits was approximately \$126,549, \$117,149, and \$110,691, respectively.

(t) *Investments in Affiliates, Joint Ventures, Partnerships, or Limited Liability Companies*

The statutory financial statements include the Company's investment in its wholly-owned subsidiaries. Intercompany accounts and transactions have not been eliminated from the statutory financial statements. The Company's wholly and majority-owned subsidiaries as of December 31, 2025 and 2024 are noninsurance entities that have no significant ongoing operations other than to hold assets that are primarily for the direct or indirect benefit or use of the Company or its affiliates and are carried at the underlying equity of the respective entity's financial statements adjusted to a statutory basis of accounting.

The Company's investments in joint ventures, partnerships, and limited liability companies are recorded at cost, adjusted for the Company's share of the GAAP basis earnings or losses of the investee, net of any distributions received. Such investments are reported as other invested assets, and the related adjustments are reported as unrealized capital gains or losses in surplus. Distributions are recognized in investment income when declared to the extent that they are not more than undistributed accumulated earnings. Distributions more than undistributed earnings are recorded as a reduction of the carrying amount of the investment.

(u) *Company Owned Life Insurance*

The Company is the owner of three single-premium insurance policies and one group variable life insurance policy for certain current and former executives of the Company, where the Company is the beneficiary. These policies, accounted for using the investment method, are recorded in other assets at their net cash surrender values, as reported by the four issuing insurance companies, whose Standard & Poor's financial strength ratings are AA+ for the single premium insurance policies and A for the group variable life insurance policy. The net cash surrender values totaled approximately \$106,369 and \$95,537 as of December 31, 2025 and 2024, respectively. The face value (death benefit) of the life insurance policies underlying the contracts was approximately \$209,879 and \$197,401 as of December 31, 2025 and 2024, respectively.

(v) *Application of Accounting Pronouncements*

In 2024, the NAIC adopted revisions to SSAP No. 26R, *Bonds*, SSAP No. 43R, *Loan-Backed and Structured Securities*, and SSAP No. 21R, *Other Admitted Assets*, in accordance with the principles-based bond definition project. These updates were effective for the Company January 1, 2025. There were no securities reclassified out of bonds and no impact to statutory surplus as a result of the adoption.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(2) Admitted and Nonadmitted Assets

Assets in the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus are stated at admitted asset values, which are the values permitted to be reported in the annual report to the Oklahoma Insurance Department. All other assets are “nonadmitted assets” and are excluded from the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus by a charge to surplus. Nonadmitted assets as of December 31 were as follows:

	<u>2025</u>	<u>2024</u>
Deferred tax asset	\$ 72,758	\$ 64,960
Furniture and equipment	9,013	10,312
Prepays, deposits, and other receivables	32,111	22,273
Uncollected premiums	8,418	8,104
Equipment and software	21,152	13,004
Amounts receivable from reinsurers	1,227	1,227
Agents' balances	1	18
Reinsurance Recoverable	500	-
	<u>\$ 145,180</u>	<u>\$ 119,898</u>

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(3) Investments

(a) Bonds, Preferred and Common Stocks

As of December 31, 2025 and 2024, the carrying value and estimated fair value of bonds, preferred stock, and common stock were as follows:

	2025			
	Carrying value/ amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Bonds:				
Issuer credit obligations:				
U.S. Treasury	\$ 703	\$ 2	\$ (10)	\$ 695
Other U.S. government	350,819	625	(50,109)	301,335
Non-sovereign	9,971	—	(2,039)	7,932
Municipal	630,643	1,268	(150,445)	481,466
Project finance bonds	174,891	260	(18,460)	156,691
Corporates	2,101,842	22,677	(251,074)	1,873,445
Bonds issued by funds representing operating entities	197,449	1,596	(16,047)	182,998
Other issuer credit obligations	54,890	—	(4,076)	50,814
Asset-backed securities:				
Agency mortgage-backed	632,481	4,405	(88,919)	547,967
Non-agency mortgage-backed	129,935	985	(27,660)	103,260
Non-agency CLOs	292,729	1,191	(33)	293,887
Other asset-backed securities	116,204	522	(3,516)	113,210
Total bonds	<u>4,692,557</u>	<u>33,531</u>	<u>(612,388)</u>	<u>4,113,700</u>
Preferred and common stocks:				
Preferred stocks	5,223	1,331	(127)	6,427
Common stocks - unaffiliated	240,231	9,766	(23,581)	226,416
Common stocks - affiliated	104	1,082	—	1,186
Total stocks	<u>245,558</u>	<u>12,179</u>	<u>(23,708)</u>	<u>234,029</u>
Total	<u>\$ 4,938,115</u>	<u>\$ 45,710</u>	<u>\$ (636,096)</u>	<u>\$ 4,347,729</u>

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

	2024			
	Carrying value/ amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Bonds:				
U.S. Treasury securities	\$ 508	\$ —	\$ (31)	\$ 477
Special revenue	659,718	2,357	(124,364)	537,712
States and territories	398,509	805	(86,251)	313,063
Foreign government	9,969	-	(2,495)	7,474
Industrial & miscellaneous	2,455,943	12,036	(355,522)	2,112,457
Mortgage-backed & other structured securities	1,094,103	3,460	(141,149)	956,413
Total bonds	4,618,750	18,658	(709,812)	3,927,596
Preferred and common stocks:				
Preferred stocks	5,223	1,002	(89)	6,136
Common stocks - unaffiliated	224,961	13,993	(3,343)	235,611
Common stocks - affiliated	104	1,040	—	1,144
Total stocks	230,288	16,035	(3,432)	242,891
Total	\$ 4,849,038	\$ 34,693	\$ (713,244)	\$ 4,170,487

(b) Bonds by Contractual Maturity

The carrying value and estimated fair value of investments in bonds as of December 31, 2025, by expected maturity, are shown below. Scheduled contractual maturities may differ from expected maturities because the issuers of such securities may have the right to call or prepay obligations with or without call or prepayment penalties.

	Carrying value/ amortized cost	Estimated fair value
Due in one year or less	\$ 93,765	\$ 89,881
Due after one year through five years	547,456	519,388
Due after five years through ten years	573,143	550,295
Due after ten years	2,306,843	1,895,813
Asset-backed securities	1,171,350	1,058,323
Net gains (losses) on conversions and exchanges	\$ 4,692,557	\$ 4,113,700

For the years ended December 31, 2025, 2024, and 2023, investment income was generated as a result of prepayment penalty and/or acceleration fees that were approximately \$259, \$296, and \$0, respectively.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

Selected information about disposals of bonds is as follows:

	As of December 31,		
	2025	2024	2023
Bonds:			
Proceeds from sales	\$ 126,380	\$ 334,646	\$ 79,303
Gross realized gains	549	1,780	302
Gross realized losses	(4,576)	(29,769)	(2,989)
Net gains (losses) on calls and redemptions	23	73	(851)
Net losses on conversions and exchanges	527	(4,568)	(2,148)

(c) Other-Than-Temporary Impairments

The Company periodically reviews its investment portfolio to determine if provisions for possible losses or provisions for other than temporary impairment (OTTI) are necessary. In connection with this determination, management reviews published fair values, credit ratings, independent appraisals, expected cash flows, and other valuation information. Securities with impairments are written down to the present value of expected cash flows to be collected unless the Company has the intent to sell or inability to retain the security until recovery of amortized cost.

As of December 31, 2025 and 2024, the Company recorded OTTI of \$559 and \$4,701, respectively. There were no OTTI recorded on bonds, preferred, or common stocks in 2023. While management believes that no additional provisions for OTTI are currently necessary, adjustments may be necessary in the future due to changes in economic conditions.

(d) Net Investment Income

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

	2025	2024	2023
Interest on bonds	\$ 193,628	\$ 194,984	\$ 187,338
Dividends on preferred and common stocks	21,688	7,804	449
Interest on mortgage loans	34,774	34,936	32,950
Investment real estate income	4,046	7,570	7,055
Interest on policy loans	3,238	3,260	2,927
Interest on cash & short-term investments & other	9,784	10,266	11,963
Gross investment income	267,158	258,820	242,682
Less investment expenses	39,959	45,152	46,436
Net investment income	\$ 227,199	\$ 213,668	\$ 196,246

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

Net realized capital gains (losses) for the years ended December 31, 2025, 2024, and 2023 consisted of the following:

		2025	2024	2023
Realized loss on bonds	\$	(3,477)	\$ (32,483)	\$ (5,686)
Realized gain on common stocks of nonaffiliates		1,053	1,661	4,154
Loss on bonds OTTI		(559)	(4,701)	—
Other capital (loss) gain		(4,126)	(4,420)	(4,485)
Total realized capital (losses) gains before federal income tax and IMR transfers		(7,109)	(39,943)	(6,017)
Less federal income tax expense (benefit)		(967)	(6,136)	263
Less IMR transfers		(2,947)	(25,947)	(4,549)
Net realized capital (losses) gains	\$	<u>(3,195)</u>	<u>\$ (7,860)</u>	<u>\$ (1,731)</u>

(e) Unrealized Losses

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities are in a continuous unrealized loss position, as of December 31, 2025 and 2024 were as follows:

	2025					
	Less than 12 months		12 months or longer		Total	
	Estimated Fair value	Unrealized losses	Estimated Fair value	Unrealized losses	Estimated Fair value	Unrealized losses
Issuer credit obligations:						
U.S. Treasury	\$ —	\$ —	\$ 493	\$ (10)	\$ 493	\$ (10)
Other U.S. government	15,688	(4)	194,469	(50,105)	210,157	(50,109)
Non-sovereign	—	—	7,932	(2,039)	7,932	(2,039)
Municipal	2,331	(154)	445,580	(150,291)	447,911	(150,445)
Project finance bonds	—	—	137,410	(18,460)	137,410	(18,460)
Corporates	140,034	(2,886)	1,219,062	(248,188)	1,359,096	(251,074)
Bonds issued by funds representing operating entities	17,650	(100)	115,630	(15,947)	133,280	(16,047)
Other issuer credit obligations	—	—	49,618	(4,076)	49,618	(4,076)
Asset-backed securities:						
Agency mortgage-backed	7,411	(55)	343,144	(88,864)	350,555	(88,919)
Non-agency mortgage-backed	—	—	80,233	(27,660)	80,233	(27,660)
Non-agency CLOs	11,994	(33)	—	—	11,994	(33)
Other asset-backed securities	4,370	(28)	54,725	(3,488)	59,095	(3,516)
Total	<u>\$ 199,478</u>	<u>\$ (3,260)</u>	<u>\$ 2,648,296</u>	<u>\$ (609,128)</u>	<u>\$ 2,847,774</u>	<u>\$ (612,388)</u>

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

	2024					
	Less than 12 months		12 months or longer		Total	
	Estimated Fair value	Unrealized losses	Estimated Fair value	Unrealized losses	Estimated Fair value	Unrealized losses
U.S. Treasury securities \$	—	\$ —	\$ 477	\$ (31)	\$ 477	\$ (31)
Special revenue	93,908	(1,454)	363,695	(122,909)	457,603	(124,363)
States & territories	8,834	(412)	283,618	(85,839)	292,452	(86,251)
Foreign government	—	—	7,474	(2,495)	7,474	(2,495)
Corporate bonds	357,538	(22,627)	1,506,374	(332,896)	1,863,912	(355,523)
Loan-backed securities	147,576	(2,475)	468,205	(138,674)	615,781	(141,149)
Total	\$ 607,856	\$ (26,968)	\$ 2,629,843	\$ (682,844)	\$ 3,237,699	\$ (709,812)

The investments included in U.S. Treasury, other U.S. government, non-sovereign, and municipals are high-grade investment quality bonds and have unrealized losses due to an increase in interest rates since acquisition. Because the securities were acquired during a period of low interest rates, unrealized losses may continue and may become more severe in a rising interest rate environment. The Company expects the unrealized losses to reverse as the securities shorten in duration and mature, and because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

The investments included in project finance bonds, corporates, bonds issued by funds representing operating entities and other issuer credit obligations represent obligations of operating entities and are high-grade investment quality bonds. The unrealized loss is due to interest rate fluctuations, the current market, and the economic environment, which affects corporate credit ratings and changes in sector spreads. The unrealized loss may continue and may become more severe if the economy slows or interest rates rise. Because the decline in fair value is attributable to interest rates and economic changes and a slight decline in credit quality, and because the Company expects all contractual cash flows will be received and has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

The investments included in asset-backed securities are comprised primarily of U.S. government-sponsored agency mortgage-backed securities for which the U.S. government is not directly obligated, private label whole loan collateralized mortgage obligations, and private label collateralized loan obligations. The unrealized losses on these categories of securities are a result of interest rate fluctuations, which resulted in a decline in market values from original purchase price. Because the decline in fair value is attributable mainly to changes in market and economic conditions and the Company believes all contractual cash flows will be received and has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired. When the Company believes it will not receive all contractual cash flows, the securities are considered other-than-temporarily impaired.

The Company has no direct exposure to subprime mortgage-related risk. An extensive pre-purchase analysis is performed on every loan-backed security. By purchasing only agency mortgage-backed securities and AAA collateralized mortgage-backed whole loan securities, direct exposure to sub-prime mortgages is virtually eliminated.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

There were no loan-backed securities that recognized OTTI in 2025, 2024, and 2023, and there were no securities where the present value of cash flows expected to be collected is less than the amortized cost basis.

(f) Mortgage Loans

During 2025, the Company invested \$47,180 in new commercial mortgage loans.

The commercial mortgage loan portfolio is invested in a variety of commercial property types located in the United States. As of December 31, 2025 and 2024, the distribution of the portfolio by property type and geographic location was as follows:

	2025		2024	
	Carrying Value	% of Total	Carrying Value	% of Total
Property type:				
Office	\$ 192,583	26%	\$ 203,390	27%
Retail	252,984	35%	264,392	35%
Industrial	149,174	20%	151,339	20%
Apartments	61,523	8%	67,534	8%
Other	79,107	11%	78,250	10%
Total recorded investment	735,371	100%	764,905	100%
Less valuation allowance	—	—	—	—
Carrying value, net of valuation allowance	\$ 735,371	100%	\$ 764,905	100%
	2025		2024	
	Carrying Value	% of Total	Carrying Value	% of Total
Geographic location:				
New England	\$ 19,193	3%	\$ 20,301	3%
Middle Atlantic	77,080	10%	69,829	9%
East North Central	121,636	17%	124,179	16%
West North Central	19,009	3%	17,865	2%
South Atlantic	122,056	17%	136,154	18%
East South Central	81,077	11%	80,028	11%
West South Central	75,932	10%	83,449	11%
Mountain	84,565	11%	100,369	13%
Pacific	134,823	18%	132,731	17%
Total recorded investment	735,371	100%	764,905	100%
Less valuation allowance	—	—	—	—
Carrying value, net of valuation allowance	\$ 735,371	100%	\$ 764,905	100%

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The following table contains the risk categories of the loan portfolio. Loans are rated from CM1 (highest quality) to CM3 (medium quality). The factors that contribute to the CM category include the sector type, the loan-to-value ratio (LTV), the debt service coverage ratio (DSC), whether the loan is a construction loan, and whether the loan has cash reserves. These loans are transitional or under construction and may not yet be income-producing. The information for this credit quality indicator was updated in December 2025.

	2025		2024	
	Carrying Value	Number of Loans	Carrying Value	Number of Loans
Risk categories:				
CM1	\$ 636,241	275	\$ 668,720	282
CM2	88,492	23	87,677	25
CM3	10,638	3	8,508	2
Carrying value, net of valuation allowance	<u>\$ 735,371</u>	<u>301</u>	<u>\$ 764,905</u>	<u>309</u>

The maximum and minimum lending rates for mortgage loans originated during 2025 were 6.45% and 5.75%, respectively. The maximum and minimum lending rates for mortgage loans originated during 2024 were 6.50% and 4.50%, respectively. The maximum percentage of any one loan to the value of the security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 80% during 2025 and 2024. During 2025 and 2024, the Company did not reduce interest rates on any outstanding mortgage loans. During 2025 and 2024, the Company held no mortgages with interest more than 180 days past due or impaired mortgage loans. The Company did not have any mortgage loans past due as of December 31, 2025 and 2024.

No commercial mortgage loans were written off in 2025 or 2024.

(g) *Securities Lending*

Securities loaned are re-registered but remain beneficially owned by the Company. None of the collateral is restricted. Cash collateral received is recorded in securities lending reinvested collateral and the offsetting liabilities are recorded in payable for securities lending. There were no securities loaned outstanding as of December 31, 2025 and 2024.

(h) *Real Estate*

The Company holds a real estate investment located in Arlington, Texas. This investment consists of land and buildings which are leased as commercial office space.

Through November 2025, the Company classified the property as held for sale. The Company recognized \$4,126 in impairment loss to record the property at the lower of its carrying value or fair value while the property was classified as held for sale.

In December 2025, the Company reclassified its Texas real estate investment from held for sale to held for the production of income as the property did not meet the criteria of being actively marketed for sale. At the time of reclassification, the Company recognized a realized loss of \$1,558, which is included in total impairment losses of \$4,126 disclosed above.

During 2024, the Company recognized \$926 in impairment losses on real estate held for sale.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

On December 31, 2024, the Company sold its real estate investment in Irving, Texas to a third-party for \$18,250. A loss on sale of \$3,216 was recognized in net realized capital gains (losses) in the Statutory Statement of Operations.

In 2023, increasing vacancy rates and declining fair values in the commercial real estate market led to the Company's Arlington, Texas and Irving, Texas properties being evaluated for recoverability. Recoverability testing indicated that the properties' carrying values exceeded the sum of their undiscounted cash flows, and the properties were impaired. Fair value was independently determined for each property from a third-party appraisal. An impairment loss of \$734 and \$4,787 was recognized for the Arlington, TX property and the Irving, TX property, respectively, in November 2023.

All impairment losses are recorded in net realized capital gains (losses) in the Statutory Statements of Operations.

(i) **Restricted Assets**

The following table sets forth restricted assets including pledged assets held by the Company as of December 31, 2025 and 2024:

	Gross (admitted and nonadmitted) restricted			
Restricted asset category	Total 2025 admitted restricted	Total 2024 admitted restricted	Increase/ (decrease)	% of 2025 Total Admitted Assets
FHLB capital stock *	\$ 25,625	\$ 27,218	\$ (1,593)	0.30%
On deposit with states	3,169	3,064	105	0.04%
Pledged collateral to FHLB	881,238	927,095	(45,857)	10.19%
Total restricted assets	<u>\$ 910,032</u>	<u>\$ 957,377</u>	<u>\$ (47,345)</u>	<u>10.52%</u>

* Federal Home Loan Bank (FHLB)

There were no general account restricted assets, including pledged assets, supporting separate account activity as of December 31, 2025 and 2024.

As of December 31, 2025 and 2024, the Company held no other restricted assets.

(4) **Fair Value of Financial Instruments**

Assets that are recorded at fair value are categorized into a three-level fair value hierarchy as required by SSAP No. 100R, *Fair Value Measurements*. The balances of these assets as of December 31, 2025 and 2024 were as follows:

	2025			
	Level 1	Level 2	Level 3	Total
Assets recorded at fair value:				
Common stock – unaffiliated	226,159	257	—	226,416
Common stock – affiliated	—	1,186	—	1,186
Separate account assets	2,018,665	—	—	2,018,665
Perpetual preferred stock	1,090	—	—	1,090
Total assets at fair value	<u>\$ 2,245,914</u>	<u>\$ 1,443</u>	<u>\$ —</u>	<u>\$ 2,247,357</u>

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

	2024			
	Level 1	Level 2	Level 3	Total
Assets recorded at fair value:				
Common stock – unaffiliated	233,656	1,955	—	235,611
Common stock – affiliated	—	1,144	—	1,144
Separate account assets	1,735,943	—	—	1,735,943
Perpetual preferred stock	854	—	—	854
Total assets at fair value	<u>\$ 1,970,453</u>	<u>\$ 3,099</u>	<u>\$ —</u>	<u>\$ 1,973,552</u>

As of December 31, 2025 and 2024, there were no securities reported at fair value with unobservable inputs (Level 3).

The following tables set forth the Company's financial instruments' fair value, carrying amount and level of fair value amounts as of December 31, 2025 and 2024:

Financial Instruments	Carrying amount	Estimated fair value as of December 31, 2025					
		Level 1	Level 2	Level 3	Not Practicable (Carrying Value)	Net Asset Value or Equivalent	Total
Assets:							
Separate account assets	\$ 2,018,665	\$ 2,018,665	\$ —	\$ —	\$ —	\$ —	\$ 2,018,665
Policy loans	55,595	—	—	—	55,595	—	55,595
Other invested assets	207,088	—	10,386	7,197	—	190,662	208,245
Cash and short-term investments	345,068	345,068	—	—	—	—	345,068
Bonds	4,692,557	695	4,051,299	61,706	—	—	4,113,700
Common stock	227,602	226,159	1,443	—	—	—	227,602
Preferred stock	6,102	1,974	4,452	—	—	—	6,426
Mortgage loans	735,371	—	—	699,920	—	—	699,920
Liabilities:							
Certain policy liabilities	\$ 2,346,619	\$ —	\$ —	\$ 2,345,974	\$ —	\$ —	\$ 2,345,974
Borrowed money	194,500	—	193,275	—	—	—	193,275

Financial Instruments	Carrying amount	Estimated fair value as of December 31, 2024					
		Level 1	Level 2	Level 3	Not Practicable (Carrying Value)	Net Asset Value or Equivalent	Total
Assets:							
Separate account assets	\$ 1,735,943	\$ 1,735,943	\$ —	\$ —	\$ —	\$ —	\$ 1,735,943
Policy loans	54,099	—	—	—	54,099	—	54,099
Other invested assets	185,092	—	9,783	2,402	—	173,719	185,904
Cash and short-term investments	323,680	323,680	—	—	—	—	323,680
Bonds	4,618,750	477	3,868,200	58,918	—	—	3,927,595
Common stock	236,755	233,656	3,099	—	—	—	236,755
Preferred stock	5,866	1,777	4,359	—	—	—	6,136
Mortgage loans	764,905	—	—	699,643	—	—	699,643
Liabilities:							
Certain policy liabilities	\$ 2,306,243	\$ —	\$ —	\$ 2,305,492	\$ —	\$ —	\$ 2,305,492
Borrowed money	224,000	—	219,145	—	—	—	219,145

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(a) Cash and Short-Term Investments

The carrying amounts of the financial instruments listed above approximate their fair values because they mature within a relatively short period of time, and do not present unanticipated credit concerns.

(b) Bonds, Common Stocks, Preferred Stocks, and Other Invested Assets

For fixed maturities and marketable equity securities, for which market quotations generally are available, the Company primarily uses independent pricing services to assist in determining fair value measurements. When the fair value of certain securities is not readily available, the fair value estimates are based on quoted market prices of similar instruments adjusted for the differences between the quoted instruments and the instruments being valued, or fair value is estimated using discounted cash flow analysis. Interest rates used in this analysis are similar to currently offered contracts with comparable maturities as the investments being valued. The Company's investments also include certain less liquid or private fixed-maturity debt and equity securities, such as private placements and certain structured notes. Valuations are estimated based on nonbinding broker prices or valuation models such as discounted cash flow models and other similar techniques that use observable or unobservable inputs and are considered Level 3.

Certain of the Company's other invested assets include investments in limited partnerships that are measured using net asset value (NAV) as a practical expedient to fair value. Investment strategies of these investments include private equity, direct real estate, middle market lending, and commercial mortgage lending. Investments measured at NAV totaling \$75,600 are in closed-end investment vehicles that cannot be redeemed until maturity, ranging from 2025 to 2035.

The fair value of equity securities is based on quotations from independent pricing services, published bid prices, or bid quotations received from securities dealers.

Separate account assets, which consist of common stocks, are valued at unadjusted quoted prices and are classified as Level 1.

(c) Mortgage Loans

Fair values are estimated for portfolios of loans with similar characteristics using a discounted cash flow model. Commercial mortgage loans have average net yield rates of 4.52% and 4.42% for December 31, 2025 and 2024, respectively. These rates reflect the credit and interest rate risk inherent in the loans. Assumptions regarding credit risk, cash flows, and discount rates are judgmentally determined using available market information and specific borrower information.

(d) Policy Loans

Policy loans have average interest yields of 5.90% and 6.21% as of December 31, 2025 and 2024, respectively, and have no specified maturity dates. These loans typically carry an interest rate that is tied to the crediting rate applied to the related policy and contract reserves. Policy loans are an integral part of the life insurance policies that the Company has in force and cannot be valued separately.

(e) Certain Policy Liabilities

Certain policies sold by the Company are investment-type contracts. These liabilities are segregated into two categories: premiums and other deposit funds and immediate annuities. These liabilities are further defined to segregate the deferred annuity contract with life contingencies, which are reported as aggregate reserves for life policies and contracts. The fair value of aggregate reserves for life policies and contracts is estimated as the fund value of each policy less applicable surrender charges. The fair value of the immediate annuities without life contingencies and premiums and other deposit funds is

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

estimated as the discounted cash flows of expected future benefits less the discounted cash flows of expected future premiums, using the current U.S. Treasury spot rates.

	2025		2024	
	Carrying value/cost	Estimated fair value	Carrying value/cost	Estimated fair value
Aggregate reserves				
for life policies & contracts	\$ 2,346,619	\$ 2,345,974	\$ 2,306,243	\$ 2,305,492
Annuities	\$ 16,365	\$ 16,549	\$ 16,935	\$ 16,663

(f) Borrowed Money

The fair value of the Company's notes payable is estimated by the present value of a stream of future expected cash flows using an appropriate discount rate. Discount factors are based on current borrowing rates adjusted for the remaining duration of those borrowings.

(5) Low-Income Housing Tax Credits

Low-income housing tax credits (LIHTC) are recorded within other invested assets in the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus. During the years ended December 31, 2025 and 2024 and as of December 31, 2025 and 2024, LIHTC were as follows:

2025					
Fund Name	Initial Investment	Remaining Years of Unexpired Credits	Remaining Years Required to Hold LIHTC Investments	Amount of LIHTC & Other Tax Benefits Recognized	Balance of Investment Recognized
Oklahoma Fund III, LP	2010	0	3	\$ 6	\$ 5
Oklahoma Fund IV, LP	2012	0	3	3	43
MHEG Community Fund 41, LP	2013	2	7	16	68
MHEG Community Fund 43, LP	2014	2	7	59	72
MHEG Community Fund 45, LP	2015	3	8	74	124
Total				<u>\$ 158</u>	<u>\$ 312</u>

2024					
Fund Name	Initial Investment	Remaining Years of Unexpired Credits	Remaining Years Required to Hold LIHTC Investments	Amount of LIHTC & Other Tax Benefits Recognized	Balance of Investment Recognized
Oklahoma Fund III, LP	2010	0	4	\$ 6	\$ 11
Oklahoma Fund IV, LP	2012	0	4	4	46
MHEG Community Fund 41, LP	2013	3	8	74	84
MHEG Community Fund 43, LP	2014	3	8	35	129
MHEG Community Fund 45, LP	2015	4	9	79	195
Total				<u>\$ 198</u>	<u>\$ 465</u>

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

LIHTC property is not subject to regulatory reviews and does not exceed 10% of total admitted assets as of December 31, 2025 and 2024. The Company did not recognize impairment losses on the LIHTC investments in 2025 or 2024.

(6) Separate Accounts

The Company utilizes Separate Accounts to record and account for variable annuity business. In accordance with the Insurance Code of the State of Oklahoma, variable annuities are supported for separate account classification by Title 36, Chapter 2, Section 6061. As of December 31, 2025 and 2024, the Company Separate Account statement included legally insulated assets of approximately \$2,018,665 and \$1,735,943, respectively, attributed to variable annuity contracts. The Separate Accounts held by the Company represent nonguaranteed variable annuity funds. The Separate Accounts do not have a securities lending program.

The assets of these accounts are carried at fair value. The net investment experience of the Separate Accounts is credited directly to the policyholder and can be positive or negative. These variable annuities generally provide an incidental death benefit of the greater of account value or premium paid. The minimum guaranteed death benefit reserve is held in Exhibit 5, Miscellaneous Reserves Section, of the Company's general account annual statement.

	2025	2024	2023
1. Premiums, considerations, or deposits for year ended December 31	\$ 126,549	\$ 117,149	\$ 110,691
2. Reserves as of December 31:			
For accounts with assets at:			
a. Fair value	\$ 2,018,665	\$ 1,735,943	\$ 1,482,468
b. Amortized cost	—	—	—
c. Total reserves	<u>\$ 2,018,665</u>	<u>\$ 1,735,943</u>	<u>\$ 1,482,468</u>
3. By withdrawal characteristics:			
a. Subject to discretionary withdrawal	\$ —	\$ —	\$ —
b. With market value adjustment	—	—	—
c. At book value without market value adjustment and with current surrender charge of 5% or more	—	—	—
d. At fair value	\$ 2,018,665	\$ 1,735,943	\$ 1,482,468
e. At book value without market value adjustment and with current surrender charge less than 5%	—	—	—
f. Subtotal	<u>\$ 2,018,665</u>	<u>\$ 1,735,943</u>	<u>\$ 1,482,468</u>
g. Not subject to discretionary withdrawal	—	—	—
h. Total	<u>\$ 2,018,665</u>	<u>\$ 1,735,943</u>	<u>\$ 1,482,468</u>
4. Reserves for asset default risk in lieu of AVR	\$ —	\$ —	\$ —

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

Reconciliation of net transfers to or (from) Separate Accounts.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Transfers as reported in the statements of operations of the separate accounts statements:			
Transfers to separate accounts	\$ 126,549	\$ 117,149	\$ 110,691
Transfers from separate accounts	<u>(123,974)</u>	<u>(107,222)</u>	<u>(73,715)</u>
Net transfers to separate accounts	<u>2,575</u>	<u>9,927</u>	<u>36,976</u>

(7) Aggregate Reserves

As of December 31, 2025 and 2024 the following table summarizes the aggregate reserves for the Company:

	<u>2025</u>	<u>2024</u>
Life, accident and health annual statement:		
Life insurance, net	\$ 757,599	\$ 690,628
Accidental death benefits, net	8,689	7,389
Disability - active lives, net	21,474	17,898
Disability - disabled lives, net	7,008	7,000
Miscellaneous reserves, net	<u>17,261</u>	<u>19,472</u>
Total Aggregate Reserves	<u>\$ 812,031</u>	<u>\$ 742,387</u>

The Company had approximately \$1,091,507 and \$1,176,509 of insurance in force (after reinsurance ceded) for which the gross premiums are less than the net premiums according to the standard valuation set by the state of Oklahoma as of December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the total gross annuity actuarial reserves and deposit liabilities were approximately \$4,752,663 and \$4,436,577, respectively, and the net annuity actuarial reserves and deposit liabilities were approximately \$4,748,284 and \$4,432,189, respectively. The ceded amount of annuity actuarial reserves and deposit liabilities was approximately \$4,379 and \$4,388 as of December 31, 2025 and 2024, respectively. The Company's earnings related to these products are impacted by conditions in the overall interest rate environment.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The following table summarizes the analysis of life and annuity actuarial reserves by withdrawal characteristics as of December 31, 2025 and 2024:

	Cash Value		Reserves	
	2025	2024	2025	2024
Subject to discretionary withdrawal, surrender values or policy loans:				
Term Policies with Cash Value	\$ 20	\$ 3,628	\$ 8	\$ 2,105
Universal Life	22,567	24,441	23,238	25,057
Universal Life with Secondary Guarantees	25,320	27,041	25,507	27,284
Other Permanent Cash Value Life Insurance	480,582	456,187	758,092	713,947
Miscellaneous Reserves	-	-	1,252	2,756
Not subject to discretionary withdrawal or no cash values:				
Term Policies without Cash Value	XXX	XXX	274,045	261,975
Accidental Death Benefits	XXX	XXX	8,757	7,468
Disability - Active Lives	XXX	XXX	21,521	17,951
Disability - Disabled Lives	XXX	XXX	8,258	8,233
Miscellaneous Reserves	XXX	XXX	197,276	233,008
Total, gross	\$ 528,489	\$ 511,297	\$ 1,317,954	\$ 1,299,784
Reinsurance Ceded	188,851	198,258	505,923	557,397
Total, net	\$ 339,638	\$ 313,039	\$ 812,031	\$ 742,387

The amount of annuities (Group and Individual) with life contingencies as of December 31, 2025 and 2024 were as follows:

	General Accounts		Separate Account Nonguaranteed	
	2025	2024	2025	2024
Individual & Group Annuities				
Subject to discretionary withdrawal				
At book value less current surrender charge of 5% or more	\$ 19,099	\$ 21,008	\$ -	\$ -
At fair value	-	-	2,018,665	1,724,554
At book value without adjustment (minimal or no charge or adjustment)	2,331,833	2,289,582	-	-
Not subject to discretionary withdrawal	18,735	19,421	-	-
Total, gross	\$ 2,369,667	\$ 2,330,011	\$ 2,018,665	\$ 1,724,554
Reinsurance ceded	4,329	4,363	-	-
Total, net	\$ 2,365,338	\$ 2,325,648	\$ 2,018,665	\$ 1,724,554

The amount included in annuities subject to discretionary withdrawal at book value less current surrender charges of 5% or more that will move to annuities subject to discretionary withdrawal at book value without adjustments was \$6,053 and \$8,413 respectively as of December 31, 2025 and 2024.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The amount of deposit-type contract funds as of December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Subject to discretionary withdrawal, book value	\$ 205	\$ 193
Not subject to discretionary withdrawal	376,214	381,819
Total, gross	376,419	382,012
Reinsurance ceded	51	25
Total, net	<u>\$ 376,368</u>	<u>\$ 381,987</u>

Reconciliation of Reserves

	<u>2025</u>	<u>2024</u>
Life & Accident & Health Annual Statement		
Annuities	\$ 2,346,619	\$ 2,306,243
Supplementary Contracts w/ Life Contingencies	18,719	19,405
Deposit-Type Contracts	376,368	381,987
Subtotal	2,741,706	2,707,635
Separate Accounts Annual Statement	2,018,665	1,724,554
Combined Total	<u>\$ 4,760,371</u>	<u>\$ 4,432,189</u>

(8) Liability for Accident and Health Reserves

Activity in the liabilities for accident and health policy reserves and policy claims is summarized in the following table. The liabilities for accident and health policy reserves and policy claims include policy and contract claims in process and the corresponding claims reserve. The amounts are included as a component of the aggregate reserves for accident and health policies and the policy and contract claims presented in the accompanying Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Liability beginning of year, net of reinsurance	\$ 561,319	\$ 595,190	\$ 616,497
Incurred related to:			
Current year	525,859	494,887	515,006
Prior years	(52,553)	(53,420)	(51,862)
Total incurred	473,306	441,467	463,144
Paid related to:			
Current year	305,019	278,852	269,844
Prior years	174,153	196,486	214,607
Total paid	479,172	475,338	484,451
Liability end of year, net of reinsurance	<u>\$ 555,453</u>	<u>\$ 561,319</u>	<u>\$ 595,190</u>

Reinsurance recoverable on paid losses was approximately \$23 and \$28 as of December 31, 2025 and 2024, respectively.

The liability for unpaid policy claims is comprised of claims incurred but not reported and claims reported and in course of settlement. The accident and health policy reserve includes a claim reserve of

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

approximately \$430,460 and \$440,869 in 2025 and 2024, respectively, which represents the estimated present value of future benefits.

The liability for policy and contract claims presented in the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus also included \$23,366 and \$18,413 of life contract claims as of December 31, 2025 and 2024, respectively.

The provision for accident and health (A&H) benefits pertaining to prior years decreased approximately \$52,553 in 2025 from the prior year estimate. This decrease overall includes better than expected experience of approximately \$47,869 for disability, \$2,498 for group medical, and worse than expected experience of approximately \$2,186 for cancer/individual medical.

The provision for A&H benefits pertaining to prior years decreased approximately \$53,420 in 2024 from the prior year estimate. This decrease overall includes better than expected experience of approximately \$34,344 for disability, \$23,030 for group medical, and worse than expected experiences of approximately \$3,954 for cancer/individual medical.

The provision for A&H benefits pertaining to prior years decreased approximately \$51,862 in 2023 from the prior year estimate. This decrease overall includes better than expected experience of approximately \$38,012 for disability, \$537 as group medical, and approximately \$16,774 in all other lines of A&H business, and worse than expected experiences of approximately \$3,461 for cancer/individual medical.

The Company did not incur additional expense stemming from lawsuits for extra contractual obligations or bad faith in 2025, 2024 or 2023.

(9) Reinsurance

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Management believes that all reinsurers presently used are financially sound and will be able to meet their contractual obligations; therefore, no significant allowance for uncollectible amounts has been included in the Company's statutory financial statements as of December 31, 2025 and 2024.

On March 6, 2019, Scottish Re US Inc. ("Scottish Re"), a reinsurance company domiciled in Delaware, was ordered into receivership for the purposes of rehabilitation by the Court of Chancery of the State of Delaware (the "Court"). The proposed Plan of Rehabilitation of Scottish Re was filed in the Court on June 30, 2020. On July 18, 2023, Scottish Re was declared insolvent and ordered to liquidate by the Court. As set forth in the Liquidation and Injunction Order (the "Order"), all agreements of reinsurance issued by Scottish Re were canceled September 30, 2023. At the time of cancellation, reinsurance recoverables on paid losses of approximately \$2,454 related to Scottish Re were written off. Additionally, the Company removed an associated reserve credit of approximately \$10,567 as of September 30, 2023. See Note 17 for impact of liquidation on Mid-Continent Life block of business.

The Company established a liquidation receivable of approximately \$2,230, net of impairment of approximately \$2,230; however, the timing of the receipt of payment is currently not known as the final liquidation policy and procedures documents have not yet been finalized by the Court. The liquidation receivable is an encumbered asset, and as a result, the Company elected to non-admit the full receivable. The Company will continue to monitor developments related to the Order, including any expected recovery of outstanding amounts receivable. On January 22, 2026, the Deputy Receiver on behalf of Scottish Re

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

distributed procedures and established a Bar Date of June 23, 2027, for submission of general claims. The Company is reviewing these procedures and will continue to monitor the liquidation plan as details emerge.

For reinsurance arrangements outside of Scottish Re, the estimated amounts that reduced the reserves for future policy benefits as of December 31, 2025 and 2024 for reinsurance ceded were approximately \$842,290 and \$881,624, respectively. As of December 31, 2025 and 2024, amounts that reduced the reserves for future policy benefits of approximately \$484,248 and \$521,950, respectively, were associated with one reinsurer.

As of December 31, 2025 and 2024, the Company had unsecured aggregate recoverable from the following reinsurers for policy and contracts claims, paid and unpaid, that exceeds 3% of the Company's surplus, as follows:

Group	2025	2024
Hannover Reassurance (Ireland) LTD	\$ 28,278	\$ 19,315
Hannover Life Reassurance Company	2,420	2,775
Total group	<u>\$ 30,698</u>	<u>\$ 22,090</u>

Reinsurance agreements in effect for life insurance policies provide for retention amounts that vary according to the age of the insured and the type of risk. The maximum retention for most life insurance plans is \$500. Lower limits apply for certain coverages. Higher amounts, not exceeding \$1,000, are retained for certain policies that were reinsured under agreements terminated on September 30, 2023, due to the liquidation of Scottish Re. The maximum retention for currently issued group life insurance is \$25, and the maximum retention for Latin American individual life insurance is \$250. As of December 31, 2025 and 2024, the face amounts of life insurance in force that are reinsured amounted to approximately \$5,645,625 and \$6,184,600, respectively (approximately 12.78% and 15.06% of total life insurance in force, respectively).

Reinsurance agreements in effect for accident and health insurance policies vary with the type of coverage. There are no accident and health reinsurance treaties subject to retention limits.

The effects of reinsurance agreements on earned premiums, prior to deductions for benefits and commission allowances, are as follows for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
Reinsurance ceded	\$ 70,722	\$ 71,119	\$ 107,609
Reinsurance assumed	3,801	4,581	29,904

Reinsurance agreements reduced benefits paid for life and accident and health policies by approximately \$141,445, \$159,664, and \$163,673 for the years ended December 31, 2025, 2024 and 2023, respectively.

The Company had no commutation of reinsurance or ceding entities that utilized captive reinsurers to assume reserves subject to the XXX/AXXX Captive Framework in 2025 or 2024.

The Company had no certified reinsurance rating downgraded or status subject to revocation. The Company had no reinsurance of variable annuity contracts/certificates with an affiliate captive reinsurer. There were no reinsurance agreements with affiliated captive reinsurers.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(10) Federal Home Loan Bank Funding Agreement

The Company is a member of the Federal Home Loan Bank (FHLB) of Topeka, KS. Through its membership, the Company has issued debt to the FHLB Topeka in exchange for cash advances in the amount of \$194,500 and \$358,500 in funding agreements. The Company evaluates the agreements issued to the FHLB on an individual basis and accounts for them according to the substance of the individual arrangement. Funding agreements, including those used in an investment spread capacity, are accounted for in accordance with SSAP No. 52, Deposit-Type Contracts. Any funds obtained from the FHLB Topeka for use in general operations are accounted for consistently with SSAP No. 15, Debt and Holding Company Obligations, as borrowed money. The pledged securities are held in the Company's name in a custodial account at United Missouri Bank, N.A. to secure current and future borrowings. To participate in this available credit, the Company has acquired 256 shares of FHLB common stock with a total carrying value of approximately \$25,625 and \$27,218 as of December 31, 2025 and 2024, respectively.

(a) FHLB Capital Stock

Aggregate totals as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Membership Stock-Class A	\$ 600	\$ 600
Activity stock	24,385	25,938
Excess stock	640	680
Aggregate total	<u>\$ 25,625</u>	<u>\$ 27,218</u>
Actual or estimated borrowing capacity as determined by the insurer	\$ 633,819	\$ 629,395

As of December 31, 2025, \$100 of Class A membership stock is eligible for redemption within six months. The remaining Class A membership stock is not eligible for redemption.

(b) Collateral Pledged to FHLB

The Company is required to maintain a collateral security deposit against these borrowings with the custodian bank. As of December 31, 2025, assets having a fair value and carrying value of \$744,656 and \$881,238, respectively, were in a segregated fund at the custodian bank. For the year ended December 31, 2025, the maximum amount pledged had a fair value and a carrying value of \$786,608 and \$941,851, respectively. Total aggregate borrowings at the time of maximum collateral were \$592,500.

As of December 31, 2024, assets having a fair value and carrying value of \$753,626 and \$927,095 respectively, were in a segregated fund at the custodian bank. For the year ended December 31, 2024, the maximum amount pledged had a fair value and a carrying value of \$822,391 and \$1,027,304, respectively. Total aggregate borrowings at the time of maximum collateral were \$587,500.

(c) FHLB Borrowings

As of December 31, 2025 and 2024, the face amount and carrying value of borrowings accounted for as debt were \$194,500 and \$224,000, respectively. These borrowings have issue dates ranging from 2016 to 2025.

Interest accrues at a rate of 1.13% to 4.17%. The effective interest rate was 2.97%. FHLB has the option to convert the initial rate of interest to an adjustable rate of interest on one of these borrowings. If FHLB exercises its conversion option, the Company may prepay the advance in full or in part without fee on the initial rate reset date and any subsequent rate reset date.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

Interest paid on advances during the years ended December 31, 2025, 2024 and 2023 was approximately \$6,496, \$7,301, and \$9,158, respectively, and is included in investment expenses in net investment income in the accompanying Statutory Statements of Operations. As of December 31, 2025 and 2024, \$499 and \$557 in interest were due on these advances for each year, respectively.

The maximum amount of aggregate borrowings during the year was \$592,500.

Scheduled maturities (excluding interest) of the above indebtedness as of December 31, 2025 were as follows:

2026	\$	90,500
2027		66,500
2028		37,500
	\$	<u>194,500</u>

(11) Income Taxes

The Company determined its income taxes pursuant to SSAP No. 101, *Income Taxes*, for the year ended December 31, 2025 and 2024.

The Company's net deferred tax assets and deferred tax liabilities as of December 31 and the change from the prior year are comprised of the following components:

	2025			2024			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 147,994	\$ 4,659	\$ 152,653	\$ 143,459	\$ 1,460	\$ 144,919	\$ 4,535	\$ 3,199	\$ 7,734
Statutory valuation allowance adjustments	—	—	—	—	—	—	—	—	—
Adjusted gross deferred tax assets	147,994	4,659	152,653	143,459	1,460	144,919	4,535	3,199	7,734
Deferred tax asset nonadmitted	72,653	105	72,758	64,960	—	64,960	7,693	105	7,798
Sub-total net admitted deferred tax assets	75,341	4,554	79,895	78,499	1,460	79,959	(3,158)	3,094	(64)
Deferred tax liabilities	29,418	3,375	32,793	26,116	6,127	32,243	3,302	(2,752)	550
Net admitted deferred tax assets (liabilities)	<u>\$ 45,923</u>	<u>\$ 1,179</u>	<u>\$ 47,102</u>	<u>\$ 52,383</u>	<u>\$ (4,667)</u>	<u>\$ 47,716</u>	<u>\$ (6,460)</u>	<u>\$ 5,846</u>	<u>\$ (614)</u>

Management has reviewed whether a valuation allowance is needed on its total gross deferred tax assets reported above based on factors such as past history and trends, projected taxable income, and expiration of carryforwards. Management believes that in 2025 and 2024 it is more likely than not that the results of operations will generate sufficient taxable income to realize its gross deferred tax assets on ordinary items. Additionally, in 2025 and 2024, management believes that there are sufficient capital gains available in its capital assets portfolio and that holding its fixed debt securities in a loss position to maturity or recovery substantiates the Company's ability to realize its gross deferred tax assets on capital items. Therefore, no statutory valuation allowance adjustments are needed in 2025 or 2024.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The Company's admission calculation components are as follows:

	2025			2024			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(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 tax assets from (a) above) after application of the threshold limitation. (The lesser of (b)1 and (b)2 below):									
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	45,923	1,179	47,102	47,395	321	47,716	(1,472)	858	(614)
2. Adjusted gross deferred tax assets allowed per limitation threshold	—	—	99,348	—	—	99,159	—	—	189
Lesser of b(1) or b(2)	45,923	1,179	47,102	47,395	321	47,716	(1,472)	858	(614)
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by gross deferred tax liabilities	29,418	3,375	32,793	31,104	1,139	32,243	(1,686)	2,236	550
(d) Deferred tax assets admitted									
Total ((a) + (b) + (c))	\$ 75,341	\$ 4,554	\$ 79,895	\$ 78,499	\$ 1,460	\$ 79,959	\$ (3,158)	\$ 3,094	\$ (64)

	2025	2024
Ratio percentage used to determine recovery period and threshold limitation amount	690%	762%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in (b)2 above	\$ 622,323	\$ 661,061

As of December 31, the change in the net deferred income taxes is comprised of the following (this analysis is exclusive of the nonadmitted deferred tax assets as the change in nonadmitted assets is reported separately from the change in net deferred income taxes in the Statutory Statements of Changes in Capital and Surplus):

	2025	2024	Change
Gross deferred tax assets	\$ 152,653	\$ 144,919	\$ 7,734
Gross deferred tax liabilities	32,793	32,243	550
Net deferred tax assets/deferred tax liabilities	119,860	112,676	7,184
Tax effect of unrealized (gains)	480	(5,173)	5,653
Net deferred income taxes	\$ 119,380	\$ 117,849	\$ 1,531

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The impact of the Company's tax planning strategies as of December 31 is as follows:

	2025		2024		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
Adjusted gross deferred tax assets	\$ 147,994	\$ 4,659	\$ 143,459	\$ 1,460	\$ 4,535	\$ 3,199
Percentage of adjusted gross deferred tax assets attributable to the impact of tax planning strategies	— %	3.1 %	— %	1.0 %	— %	2.1 %
Net admitted adjusted gross deferred tax assets	\$ 75,341	\$ 4,554	\$ 78,499	\$ 1,460	\$ (3,158)	\$ 3,094
Percentage of net admitted adjusted gross deferred tax asset attributable to the impact of tax planning strategies	— %	5.7 %	— %	1.8 %	— %	3.9 %

None of the Company's tax-planning strategies include the use of reinsurance.

There are no temporary differences for which deferred tax liabilities are not recognized.

As of December 31, current income taxes incurred consist of the following major components:

	2025	2024	Change
Current federal income tax – operations	\$ 44,836	\$ 55,773	\$ (10,937)
Foreign income tax	—	—	—
Subtotal	44,836	55,773	(10,937)
Current federal income tax on capital gains taxes incurred	(967)	(6,136)	5,169
Federal and foreign income taxes incurred	<u>\$ 43,869</u>	<u>\$ 49,637</u>	<u>\$ (5,768)</u>

	2024	2023	Change
Current federal income tax – operations	\$ 55,773	\$ 48,110	\$ 7,663
Foreign income tax	—	—	—
Subtotal	55,773	48,110	7,663
Current federal income tax on capital gains taxes incurred	(6,136)	263	(6,399)
Federal and foreign income taxes incurred	<u>\$ 49,637</u>	<u>\$ 48,373</u>	<u>\$ 1,264</u>

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

As of December 31, deferred income tax assets and liabilities consist of the following major components:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Deferred tax assets:			
Ordinary:			
Discounting of unpaid losses	\$ 17,300	\$ 16,941	\$ 359
Policyholder reserves	26,159	24,291	1,868
Deferred acquisition costs	74,060	68,835	5,225
Fixed assets	—	6,784	(6,784)
Compensation and benefits accrual	14,147	13,640	507
Pension accrual	—	—	—
Receivables – nonadmitted	15,221	11,537	3,684
Other	1,107	1,431	(324)
Subtotal	147,994	143,459	4,535
Nonadmitted	72,653	64,960	7,693
Admitted ordinary deferred tax assets	<u>75,341</u>	<u>78,499</u>	<u>(3,158)</u>
Capital:			
Investments	3,473	1,133	2,340
Real Estate	1,180	321	859
Other	6	6	—
Subtotal	4,659	1,460	3,199
Nonadmitted	105	—	105
Admitted capital deferred tax assets	<u>4,554</u>	<u>1,460</u>	<u>3,094</u>
Admitted deferred tax assets	<u>79,895</u>	<u>79,959</u>	<u>(64)</u>
Deferred tax liabilities:			
Ordinary:			
Investments	1,529	1,336	193
Fixed assets	2,243	—	2,243
Deferred and uncollected premium	21,433	19,568	1,865
Other	4,213	5,212	(999)
Subtotal	29,418	26,116	3,302
Capital:			
Investments	3,375	6,127	(2,752)
Subtotal	3,375	6,127	(2,752)
Deferred tax liabilities	32,793	32,243	550
Net deferred tax assets	\$ <u>47,102</u>	\$ <u>47,716</u>	\$ <u>(614)</u>

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The following items are included in other ordinary deferred tax liabilities:

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Change in reserve method	\$ 8	\$ 1,664	\$ (1,656)
Scottish Re liquidation receivable allowances	1,962	1,962	-
Investments Other Bonds, Stocks, and Real Estate	1,862	1,262	600
Other (items <5% of total ordinary tax liabilities)	381	324	57
Total	<u>\$ 4,213</u>	<u>\$ 5,212</u>	<u>\$ (999)</u>

The Company's income tax incurred and change in deferred tax differ from the amount obtained by applying the federal statutory rate of 21% to income before income taxes and net realized capital gains (losses) as follows:

	<u>2025</u>	<u>Effective 2025 tax rate</u>	<u>2024</u>	<u>Effective 2024 tax rate</u>	<u>2023</u>	<u>Effective 2023 tax rate</u>
Income before taxes and realized capital gains	\$ 278,611	—%	\$ 284,260	—%	\$ 241,133	—%
Income tax expense at 21% statutory rate	58,508	21.00%	59,694	21.00%	50,638	21.00%
Increase (decrease) in tax resulting from:						
Dividends received deduction	(1,430)	-0.5%	(1,755)	-0.6%	(1,081)	-0.4%
Nondeductible expenses for meals and other items	(944)	-0.3%	(482)	-0.2%	(68)	0.0%
Management fees	(2,941)	-1.1%	(3,570)	-1.3%	(2,667)	-1.1%
Tax credits	(1,749)	-0.6%	(1,795)	-0.6%	(1,717)	-0.7%
Tax-exempt income	(1,985)	-0.7%	(2,028)	-0.7%	(2,089)	-0.9%
Tax adjustment for IMR	(1,181)	-0.4%	(1,653)	-0.6%	(2,117)	-0.9%
Deferred tax benefit on nonadmitted assets	(3,684)	-1.3%	(148)	-0.1%	(307)	-0.1%
Timing differences on realized gains and losses	(257)	-0.1%	(2,123)	-0.7%	(1,037)	-0.4%
Prior year return to provision and amended return adjustments	(1,032)	-0.4%	(1,666)	-0.6%	(919)	-0.4%
Total income tax expected	<u>\$ 43,305</u>	<u>15.6%</u>	<u>\$ 44,474</u>	<u>15.6%</u>	<u>\$ 38,636</u>	<u>16.1%</u>
Current income taxes incurred (excludes tax on net realized gains and losses)	\$ 44,836	16.1%	\$ 55,773	19.6%	\$ 48,110	20.0%
Net change in deferred income taxes (excludes tax on unrealized gains and losses)	(1,531)	-0.5%	(11,299)	-4.0%	(9,474)	-3.9%
Total income tax reported	<u>\$ 43,305</u>	<u>15.6%</u>	<u>\$ 44,474</u>	<u>15.6%</u>	<u>\$ 38,636</u>	<u>16.1%</u>

As of December 31, 2025, there are no operations loss deductions, capital loss, or tax credit carryforwards available for tax purposes. For purposes of the Corporate Alternative Minimum Tax ("CAMT"), the Company is a nonapplicable reporting entity.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

	Ordinary	Capital	Total
December 31, 2025	\$ —	\$ —	\$ —
December 31, 2024	\$ —	\$ —	\$ —
December 31, 2023	\$ —	\$ —	\$ —

Capital losses can be carried back three years to the extent that capital gains were generated in the carryback years. The amounts in this table represent the income tax incurred on capital gains in the current and prior years that will be available for recoupment in the event of future net capital losses.

As of December 31, 2025, there were no deposits admitted under Section 6603 of the Internal Revenue Code.

The Company is included in a consolidated federal income tax return with the following entities:

American Fidelity Corporation	Home Rentals Inc.
American Public Life Insurance Company	Apple Creek Apartments, Inc.
American Fidelity Securities, Inc.	American Fidelity International Holdings, Inc.
Market Place Realty Corporation	AF Apartments, Inc.
American Fidelity General Agency, Inc.	American Fidelity Property Services, LLC
First Financial Securities of America, Inc.	American Fidelity Community Services, Inc.
American Fidelity Property Company	InvesTrust
AF Professional Employment Group, LLC	American Fidelity Administrative Services, LLC
Alcott HR Group, LLC	Cameron Ventures International I, Inc.

The method of tax allocation between the companies is subject to a written agreement approved by the Board of Directors. Allocation is based on separate return calculations at the group's effective tax rate with current credit for net losses. Intercompany tax balances are settled annually.

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

As of December 31, 2025, the Company did not owe or pay any Repatriation Transition Tax installments under the Tax Cuts and Jobs Act of 2017.

As of December 31, 2025, the Company has no AMT credit carryforward.

The Company files income tax returns in the US federal jurisdiction and various states. The tax years 2020 through 2025 remain open to US federal, state, and local income tax examinations. The Company is not currently under examination by any taxing authority.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(12) Employee Benefit Plans

The Company participates in a pension plan (the Plan), sponsored by AFC, and is not directly liable for obligations under the Plan. The Plan covers all employees who have satisfied longevity and age requirements. The Company's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The Company contributed approximately \$12,000, \$0, and \$5,000 to the Plan during the years ended December 31, 2025, 2024 and 2023, respectively. AFC also offers certain postretirement benefits other than the Plan.

The Company participates in a defined-contribution thrift and profit-sharing plan as provided under Section 401(a) of the Internal Revenue Code (the Code), which includes the tax deferral feature for employee contributions provided by Section 401(k) of the Code. The Company contributed approximately \$16,601, \$14,743, and \$14,136 to this plan during the years ended December 31, 2025, 2024 and 2023, respectively.

(13) Leases

The Company leases various properties to nonaffiliates under operating lease agreements, which expire or are cancelable within one year. The properties leased are included in the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus as investment real estate. Rental income on these properties is included in the Statutory Statements of Operations as net investment income.

Investment real estate held for lease is as follows as of December 31:

	<u>2025</u>		<u>2024</u>
Land and buildings, net of encumbrances	\$ 28,761	\$	32,561
Less accumulated depreciation	<u>(12,612)</u>		<u>(12,461)</u>
Net investment in real estate held for lease	<u>\$ 16,149</u>	\$	<u>20,100</u>

Rent expense for the years ended December 31, 2025, 2024 and 2023 was approximately \$29,669, \$28,556, and \$26,832, respectively. A portion of rent expense relates to leases that expire or are cancelable within one year. The approximate aggregate minimum annual rental commitments as of December 31, 2025 under noncancelable long-term leases for office space are as follows:

2026	\$ 7,355
2027	7,435
2028	7,037
2029	7,015
2030	7,140
Thereafter	53,376

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

(14) Transactions with Affiliates

The following is a summary of the significant ownership and affiliated entity relationships that existed as of December 31, 2025:

William M. Cameron and Lynda L. Cameron	Cameron Ventures, LLC and its affiliate
Cameron Associates, Inc.	American Fidelity Community Services, Inc.
American Fidelity Corporation	American Fidelity General Agency, Inc.
American Public Life Insurance Company	American Fidelity Property Company and its affiliates
American Fidelity International Ltd.	American Fidelity Property Services, LLC
American Fidelity Global Solutions Ltd.	Home Rentals, Inc. and its affiliates
American Fidelity Administrative Services, LLC	InvesTrust Wealth Management, LLC and its affiliates
American Fidelity Securities, Inc.	InvesTrust
First Fidelity Bancorp, Inc. and its affiliates	Market Place Realty Corporation
First Financial Securities of America, Inc.	Oklahoma Winery Partners, LLC
9000 Broadway Owners Association, LLC	Chateau Cameron, LP and its affiliates
AF Apartments, Inc.	Cameron Capital Management, Inc. and its affiliates
AF Professional Employment Group, LLC	Cameron Family Legacy Fund, LP and its affiliates
Alcott HR Group, LLC, and its affiliates	Cameron Brokerage, LLC and its affiliates
American Fidelity International Holdings, Inc. and its affiliates	
Cameron Enterprises A Limited Partnership and its affiliates	

See ultimate parent and ownership disclosed in Note 1a. The operations of the Company may not be indicative of those that would have occurred had the company operated as a stand-alone entity. As of December 31, 2025, the Company reported approximately \$1,132 as a net amount receivable from AFC. As of December 31, 2024 and 2023, the Company reported approximately \$15 and \$5,237, respectively, as a net amount payable to AFC.

The Company leases office space from an affiliate company, Cameron Family Legacy Fund, LP. The rent payments associated with this lease were approximately \$13,707, \$13,304, and \$12,540 in 2025, 2024 and 2023, respectively.

Under a service agreement approved by the Oklahoma Insurance Department, AFC provides certain services on a cost basis with no mark-up. During the years ended December 31, 2025, 2024 and 2023, the Company paid management fees to AFC totaling approximately \$9,325, \$23,382 and \$10,029, respectively.

The Company leases automobiles, furniture, and equipment from CEALP that owns a controlling interest in AFC. These operating leases are cancelable upon one month's notice. During the years ended December 31, 2025, 2024 and 2023, payments under these leases were approximately \$13,416, \$12,550 and \$11,831, respectively.

Under a service agreement approved by the Oklahoma Insurance Department, the Company provides certain services to American Fidelity International Ltd. (AFIL), formerly American Fidelity International Bermuda Ltd. AFIL. paid management fees to the Company of approximately \$5,917, \$5,549 and \$3,078 for each of the years ended December 31, 2025, 2024 and 2023.

Under a service agreement approved by the Oklahoma Insurance Department, the Company provides certain services to APL. APL paid management fees to the Company of approximately \$2,200, \$2,200 and \$2,200 for each of the years ended December 31, 2025, 2024 and 2023.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

During the years ended December 31, 2025, 2024 and 2023, the Company paid investment advisory fees to a subsidiary of the partnership that owns a controlling interest in AFC totaling approximately \$26,920, \$28,561 and \$26,781, respectively.

On January 26, 2026, the Company was named beneficiary of a line of credit established by AFIL for \$4,600 in relation to certain term life business reinsured by AFIL.

(15) Commitments and Contingencies

(a) Commitment

As of December 31, 2025 and 2024, the Company had future commitments of \$24,664 and \$27,086, respectively, on its investments in limited partnerships, and \$4,404 and \$4,290, respectively in bank loans. These limited partnerships are part of the Company's private equity program. Underlying partnership assets are primarily unaffiliated common or preferred stocks. The funding commitments relate to future equity stakes taken in a portfolio of private companies.

(b) Guaranty Association Assessments

The Company is subject to state guaranty association assessments in all states in which it is licensed to do business. These associations generally guarantee certain levels of benefits payable to resident policyholders of insolvent insurance companies. Many states allow premium tax credits for all or a portion of such assessments, thereby allowing potential recovery of these payments over a period of years. However, several states do not allow such credits. The Company estimates its liabilities for guaranty association assessments by using the latest information available from the National Organization of Life and Health Insurance Guaranty Associations. The Company monitors and revises its estimates for assessments as additional information becomes available, which could result in changes to the estimated liabilities. As of December 31, 2025 and 2024, liabilities for guaranty association assessments totaled approximately \$1,127 and \$1,456, respectively. Other operating expenses related to state guaranty association assessments were minimal for the years ended December 31, 2025, 2024 and 2023.

(c) Litigation

In the normal course of business, there are various legal actions and proceedings pending against the Company and its subsidiaries. In management's opinion, the ultimate liability, if any, resulting from these legal actions will not have a material adverse effect on the Company's financial position.

(16) Health Savings Accounts

The Company acts as a custodian and administrator for health savings accounts (HSA). As of December 31, 2025 and 2024, the Company reported \$245,363 and \$239,356, respectively, of cash held as a custodian for HSA accounts in cash and short-term investments respectively. The Company maintains an offsetting liability of \$245,363 and \$239,356, respectively, in other liabilities on the Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus as of December 31, 2025 and 2024.

(17) Acquired Business – Mid-Continent Life Insurance Company

Effective December 31, 2000, the Company entered into an assumption reinsurance agreement with the Commissioner of Insurance of the State of Oklahoma, in his capacity as receiver of Mid-Continent Life Insurance Company (MCL) of Oklahoma City, Oklahoma. Under this agreement, the Company assumed

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

MCL's policies in force, with the exception of a small block of annuity policies that was assumed effective January 1, 2001. In a concurrent reinsurance agreement, the Company ceded 100% of the MCL policies assumed to Hannover Life Reassurance Company of America. In 2002, this agreement was then transferred to Hannover Life Reassurance Company of Ireland (HLR). The agreement with HLR is a funds withheld arrangement, with the Company ceding net policy assets and liabilities of approximately \$471,250 and \$509,913 to HLR and maintaining a funds withheld liability as of December 31, 2025 and 2024, respectively.

Under the terms of the agreement with the receiver, the Company guaranteed the amount of premiums charged under the assumed "Extra-Life" contracts would not increase during the 17-year period beginning December 31, 2000 and would only increase thereafter if certain conditions were met. Since 2018, the Company has demonstrated to the Oklahoma Department of Insurance that those certain conditions had been met and the company has implemented rate increases every year since then. The Company also guaranteed that the current dividend scale on the assumed "Extra-Life" contracts would not be reduced or eliminated during the five-year period beginning December 31, 2000. Beginning January 1, 2006, the dividends on the assumed "Extra Life" contract were no longer guaranteed pursuant to the assumption reinsurance agreement with the Commissioner of Insurance of the State of Oklahoma.

As required by the terms of the assumption reinsurance agreement with the Commissioner of Insurance of the State of Oklahoma, the Company and HLR agreed that a Supplemental Policyholder Reserve (SPR) would be established. The initial SPR is equal to the net of the assets and liabilities received from MCL under the assumption agreement, less amounts ceded to other reinsurance carriers. The SPR is 100% ceded to HLR.

The purpose of the SPR is to provide additional protection to the MCL policyholders against premium increases and to ensure that profits are recognized over the lives of the underlying policies, rather than being recognized up front. The method for calculation of the initial SPR was specified precisely in the agreement with the receiver. The method for calculating the SPR for periods beyond the purchase date was developed by the Company, as this reserve is not otherwise required statutorily or under existing actuarial valuation guidance. The SPR is divided into two parts: (a) an additional reserve for future benefits, which is an estimate of the amount needed, in addition to the policy reserves and liability for future dividends, to fund benefits assuming there are no future premium rate increases, and (b) an additional reserve for future estimated profit, which represents the profit the Company expects to earn on this business over the lives of the underlying policies. The SPR is reprojected each year to recognize current and future profits as a level percentage of future projected required capital amounts each year, resulting in a level return on investment. Any remaining SPR will not automatically be released after the premium guarantee period of 17 years because the SPR is to be held until there is an actuarial certainty that premium rate increases will not be needed. The calculation of the SPR is subject to significant volatility, as it is highly dependent upon assumptions regarding mortality, lapse experience, and investment return. Small shifts in any of these underlying assumptions could have a dramatic impact on the value of the SPR. The SPR was approximately \$172,508 and \$206,805 for 2025 and 2024, respectively.

Under the terms of the agreement with HLR, HLR has agreed to share future profits on a 50/50 basis with the Company through an experience refund account. The experience refund account is calculated as premium income plus investment income less reserve increases (including the SPR), benefits paid, and administrative expense allowances paid to the Company and is settled on a quarterly basis. Losses are not shared on a 50/50 basis, except to the extent that a net loss in the experience account at the end of a quarter carries forward to future quarters. There was no experience refund earned by the Company in 2025 and 2024. Due to the nature of a funds withheld reinsurance arrangement, the components of the experience refund calculation are reported as separate components in the accompanying Statutory Statements of Operations. Premium income, reserve increases, and benefits paid related to this block are reported as

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

reductions of premium income, changes in reserves, and benefits for reinsurance ceded, as required by the terms of the agreement. Investment income on the funds withheld is included in the Company's investment income, and administrative expense allowances paid to the Company are reported as a reduction of the Company's expense. The impact of ceding investment income on funds withheld is reported as a reduction of net investment income in the accompanying Statutory Statements of Operations.

As indicated in Note 9, one of the Company's reinsurers, Scottish Re, was declared insolvent and ordered liquidated by the Court. Reinsurance coverage was cancelled as of September 30, 2023. As a result of the cancellation of the treaty, the reinsurance recoverable on paid losses of approximately \$1,865 and the reserve credit of approximately \$1,983 related to Scottish Re for the MCL block of business were transferred to Hannover in accordance with the assumption agreement between the Company and Hannover. In addition, the Company recorded a liquidation receivable of approximately \$11,504, net of impairment of \$11,504, which was also transferred to Hannover in accordance with that same assumption agreement.

(18) Life Contracts – Premiums

Deferred and uncollected life insurance premiums and annuity considerations as of December 31:

	2025		2024	
	Gross	Net of loading	Gross	Net of loading
Ordinary new business	\$ 54,666	\$ 4,793	\$ 45,737	\$ 4,420
Ordinary renewal	91,018	61,508	83,333	56,891
Group Life	119	119	156	156
Total	\$ 145,803	\$ 66,420	\$ 129,226	\$ 61,467

(19) Managing General Agents and Third-Party Administrators

There are no Managing General Agents or Third-Party Administrators arrangements with direct written premium greater than 5% of surplus as of December 31, 2025, 2024 and 2023, respectively. Total aggregate direct written premium was approximately \$1,126, \$3,766 and \$26,165 as of December 31, 2025, 2024 and 2023, respectively.

(20) Guaranty Assessments

As of December 31, 2025 and 2024, the Company did not receive notice of any assessments that would have a material financial impact.

The amount of recognized liabilities under SSAP No. 35R Accounting for Guaranty Funds and Other Assessments is approximately \$1,127 and \$1,456 as of December 31, 2025 and 2024, respectively, and the related asset for premium tax credits is approximately \$317 and \$317 as of December 31, 2025 and 2024, respectively. The Company expects that the assessments would be billed and paid over the next year and the majority of the premium tax offsets would be realized over the next five years after that.

AMERICAN FIDELITY ASSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2025 and 2024

(Dollar amounts in thousands)

	2025	2024
Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 1,509	\$ 1,263
Decreases current year:		
Premium tax offset applied	286	237
Payments on insolvencies which were set up as payables prior to the current year	95	521
Reduction in the estimated assessment liability based on the new projections at the end of the current year	325	-
Increases current year:		
Assessment payments less refunds on insolvencies billed during the current year	144	563
Increase in the estimated assessment liability based on the new projections at the end of the current year	420	441
Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	<u>\$ 1,367</u>	<u>\$ 1,509</u>

(21) Subsequent Events

There have been no events occurring subsequent to December 31, 2025 which may have a material effect on the financial condition of the Company that have not already been disclosed elsewhere. The Company has evaluated events subsequent through April 14, 2026, the date the statutory audited financial statements were issued.

AMERICAN FIDELITY ASSURANCE COMPANY

Schedule I - Summary of Investments-Other than Investments in Related Parties

Year ended December 31, 2025

(Dollar amounts in thousands)

<u>Type of investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Amount at which shown in the balance sheet</u>
Bonds:			
Issuer Credit Obligations:			
US Treasury	\$ 703	\$ 695	\$ 703
Other US Government	350,819	301,335	350,819
Non-Sovereign	9,971	7,932	9,971
Municipal	630,643	481,466	630,643
Project Finance Bonds	174,891	156,690	174,891
Corporates	2,101,842	1,873,446	2,101,842
Bonds Issued by Funds Representing Operating Entities	197,449	182,998	197,449
Other Issuer Credit Obligations	54,890	50,815	54,890
Asset-Backed Securities:			
Agency Mortgage-Backed	632,481	547,966	632,481
Non-Agency Mortgage-Backed	129,935	103,260	129,935
Non-Agency CLOs	292,729	293,887	292,729
Other Asset-Backed Securities	116,204	113,210	116,204
Total bonds:	<u>4,692,557</u>	<u>4,113,700</u>	<u>4,692,557</u>
Equity securities:			
Preferred stock	\$ 5,223	\$ 6,426	\$ 6,102
Common stock - unaffiliated	240,231	226,416	226,416
Total equity securities:	<u>245,454</u>	<u>232,842</u>	<u>232,518</u>
Mortgage loans on real estate	735,371	699,920	735,371
Real estate	18,390	20,880	18,390
Cash and short-term investments	345,068	345,068	345,068
Contract loans	55,595	55,595	55,595
Other long-term investments	200,406	208,245	207,088
Receivable for securities	1,420	1,420	1,420
Total investments	<u>\$ 6,294,261</u>	<u>\$ 5,677,670</u>	<u>\$ 6,288,007</u>

¹The amount shown on the balance sheet for NAIC 6 bonds are presented at fair value as fair value is lower than cost.
See accompanying independent auditors' report.

AMERICAN FIDELITY ASSURANCE COMPANY

Schedule III- Supplementary Insurance Information

December 31, 2025

(Dollar amounts in thousands)

Segment	As of December 31,				For the years ended December 31,					
	Deferred policy acquisition cost (1)	Future policy benefits losses, claims and loss expenses (3)	Unearned premiums (3)	Other policy claims and benefits payable (3)	Premium revenue and annuity, pension and other contract considerations	Net investment income	Benefits, claims, losses and settlement expenses	Amortization of deferred policy acquisition costs (1)	Other operating expense	Premiums written (2)
2025										
Life	\$ —	\$ 812,032	\$ —	\$ 24,204	\$ 265,599	\$ 60,562	\$ 58,408	\$ —	\$ 99,840	—
Annuity	—	2,346,619	—	273	259,756	115,851	291,902	—	41,284	—
Supplementary										
Contract	—	18,719	—	16,394	611	653	2,018	—	(41)	—
Accident and										
Health	—	956,328	5,539	140,078	1,108,633	50,133	483,714	—	471,861	—
Total	<u>\$ -</u>	<u>\$ 4,133,698</u>	<u>\$ 5,539</u>	<u>\$ 180,949</u>	<u>\$ 1,634,599</u>	<u>\$ 227,199</u>	<u>\$ 836,042</u>	<u>\$ -</u>	<u>\$ 612,944</u>	<u>-</u>
2024										
Life	\$ —	\$ 742,387	\$ —	\$ 19,196	\$ 234,648	\$ 60,461	\$ 51,147	\$ —	\$ 78,428	—
Annuity	—	2,306,243	—	249	248,234	113,128	279,152	—	41,873	—
Supplementary										
Contract	—	19,404	—	16,977	1,372	718	2,093	—	(53)	—
Accident and										
Health	—	930,726	5,426	133,881	1,050,266	39,361	457,185	—	436,004	—
Total	<u>\$ -</u>	<u>\$ 3,998,760</u>	<u>\$ 5,426</u>	<u>\$ 170,303</u>	<u>\$ 1,534,520</u>	<u>\$ 213,668</u>	<u>\$ 789,577</u>	<u>\$ -</u>	<u>\$ 556,252</u>	<u>-</u>
2023										
Life	\$ —	\$ 681,386	\$ —	\$ 21,739	\$ 207,940	\$ 55,063	\$ 48,358	\$ —	\$ 61,931	—
Annuity	—	2,267,630	—	162	237,502	100,702	211,272	—	68,336	—
Supplementary										
Contract	—	19,614	—	17,507	235	696	2,134	—	12	—
Accident and										
Health	—	911,486	5,491	149,633	1,044,994	39,785	480,031	—	446,425	—
Total	<u>\$ -</u>	<u>\$ 3,880,116</u>	<u>\$ 5,491</u>	<u>\$ 189,041</u>	<u>\$ 1,490,671</u>	<u>\$ 196,246</u>	<u>\$ 741,795</u>	<u>\$ -</u>	<u>\$ 576,704</u>	<u>-</u>

(1) Does not apply to financial statements of life insurance companies which are prepared on a statutory basis.

(2) Does not apply to life insurance.

(3) Advance premiums and other deposit funds are included in other policy claims and benefits payable.

See accompanying independent auditors' report.

AMERICAN FIDELITY ASSURANCE COMPANY

Schedule IV- Reinsurance

December 31, 2025

(Dollar amounts in thousands)

	<u>Gross amount</u>	<u>Ceded to other companies</u>	<u>Assumed from other companies</u>	<u>Net amount</u>	<u>Percentage of amount assumed to net</u>
Year ended December 31, 2025:					
Life insurance in force	\$ 44,164	\$ 5,646	\$ —	\$ 38,518	N/A
Premiums:					
Life insurance	\$ 576,424	\$ 51,069	\$ —	\$ 525,355	N/A
Accident and health insurance	1,124,485	19,653	3,801	1,108,633	0.34%
Total premiums	<u>\$ 1,700,909</u>	<u>\$ 70,722</u>	<u>\$ 3,801</u>	<u>\$ 1,633,988</u>	<u>0.23%</u>
Year ended December 31, 2024:					
Life insurance in force	\$ 41,078	\$ 6,185	\$ —	\$ 34,893	N/A
Premiums:					
Life insurance	\$ 531,749	\$ 48,867	\$ —	\$ 482,882	N/A
Accident and health insurance	1,067,938	22,253	4,581	1,050,266	0.44%
Total premiums	<u>\$ 1,599,687</u>	<u>\$ 71,120</u>	<u>\$ 4,581</u>	<u>\$ 1,533,148</u>	<u>0.30%</u>
Year ended December 31, 2023:					
Life insurance in force	\$ 38,475	\$ 6,592	\$ —	\$ 31,883	N/A
Premiums:					
Life insurance	\$ 495,652	\$ 50,210	\$ —	\$ 445,442	N/A
Accident and health insurance	1,072,489	57,399	29,904	1,044,994	2.86%
Total premiums	<u>\$ 1,568,141</u>	<u>\$ 107,609</u>	<u>\$ 29,904</u>	<u>\$ 1,490,436</u>	<u>2.01%</u>

See accompanying independent auditors' report.

[RIDER 1 – DFIN insert Sep Account Financials];
[RIDER 2 – DFIN insert AFA Financials]

PART C

OTHER INFORMATION

ITEM 27. EXHIBITS

- a Resolution adopted by the Board of American Fidelity Assurance Company authorizing the establishment of Separate Account B. Incorporated by reference to Exhibit 99.B1 to Registrant's registration statement on Form N-4 filed on April 23, 1997.
<https://www.sec.gov/Archives/edgar/data/1029446/0000928389-97-000109-index.html>
- c Amended and Restated Principal Underwriter's Agreement dated June 10, 2006 between American Fidelity Assurance Company, on behalf of the Registrant, and American Fidelity Securities, Inc. Incorporated by reference to Exhibit 3 to Post-Effective Amendment No. 13 to Registrant's registration statement on Form N-4 filed on April 30, 2007.
<https://www.sec.gov/Archives/edgar/data/1029446/000090933407000141/afsabex3-123106.htm>
- c.1 First Amendment to Amended and Restated Principal Underwriter's Agreement between American Fidelity Assurance Company, on behalf of the Registrant, and American Fidelity Securities, Inc. dated June 10, 2009. Incorporated by reference to Exhibit 3.1 to Registrant's Registration Statement on Post-Effective Amendment No. 27 to Form N-4 filed on April 27, 2018.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112818000045/exhibit31firstamendment.htm>
- c.2 Second Amendment to Amended and Restated Principal Underwriter's Agreement between American Fidelity Assurance Company, on behalf of the Registrant, and American Fidelity Securities, Inc. dated April 20, 2012. Incorporated by reference to Exhibit 3.1 to Post-Effective Amendment No. 60 to Registrant's registration statement on Form N-4 filed on April 30, 2012.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112812000040/exhibit3-1.htm>
- c.3 Third Amendment to Amended and Restated Principal Underwriter's Agreement between American Fidelity Assurance Company, on behalf of the Registrant, and American Fidelity Securities, Inc. dated June 10, 2015. Incorporated by reference to Exhibit 3.3 to Registrant's Registration Statement on Post-Effective Amendment No. 27 to Form N-4 filed on April 27, 2018.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112818000045/exhibit33thirdamendment.htm>
- c.4 Fourth Amendment to Amended and Restated Principal Underwriter's Agreement between American Fidelity Assurance Company, on behalf of the Registrant, and American Fidelity Securities, Inc. dated May 24, 2018. Incorporated by reference to Exhibit 3.4 to Registrant's Registration Statement on Post-Effective Amendment No. 28 to Form N-4 filed on April 30, 2020.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112820000031/34fourthamendment.htm>
- c.5 Fifth Amendment to Amended and Restated Principal Underwriter's Agreement between American Fidelity Assurance Company, on behalf of the Registrant, and American Fidelity Securities, Inc. dated May 17, 2021. Incorporated by reference to Exhibit 3.5 to Post-Effective Amendment No. 33 to Registrant's Registration Statement on Form N-4 filed on April 27, 2023.
<https://www.sec.gov/Archives/edgar/data/1029446/000119312523120345/d464319dex99c5.htm>
- c.6 Sixth Amendment to Amended and Restated Principal Underwriter's Agreement between American Fidelity Assurance Company, on behalf of the Registrant, and American Fidelity Securities, Inc. dated June 10, 2024. Incorporated by reference to Exhibit 3.6 to Post-Effective Amendment No. 34 to Registrant's Registration Statement on Form N-4 filed on April 25,

2025.

<https://www.sec.gov/Archives/edgar/data/1029446/000119312525096723/d946056dex99c6.htm>

- d.1* Flexible Premium Variable and Fixed Deferred Annuity.
- d.2* 403(b) Plan Loan Rider.
- d.3* 403(b) Annuity Rider.
- d.4* Roth 403(b) Annuity Rider
- d.5* Roth Individual Retirement Annuity Rider
- d.6* Traditional Individual Retirement Annuity Rider
- d.7* Form of Rider re: Waiver of Withdrawal Charge
- e.1* Form of Master Application Group Deferred Variable Annuity.
- f.1 Articles of Incorporation of American Fidelity Assurance Company. Incorporated by reference to Exhibit 99.B6(i) to Pre-Effective Amendment No. 1 to Registrant's registration statement on Form N-4 filed on October 10, 1997.
<https://www.sec.gov/Archives/edgar/data/1029446/0000928389-97-000217-index.html>
- f.2* Second Amended and Restated Bylaws of American Fidelity Assurance Company dated May 26, 2020.
- h.1 Fund Participation and Service Agreement dated August 19, 2014 by and among American Fidelity Assurance Company, on behalf of the Registrant, American Funds Distributors, Inc., American Funds Service Company, Capital Research and Management Company and the American Funds Insurance Series. Incorporated by reference to Exhibit 8.1 to Post-Effective Amendment No. 23 to Registrant's registration statement on Form N-4 filed on April 30, 2015.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112815000020/exhibit8-1.htm>
- h.1.1 Amendment No. 1 to Fund Participation and Service Agreement, dated November 14, 2017 by and among American Fidelity Assurance Company, on behalf of the Registrant, American Funds Distributors, Inc., American Funds Service Company, Capital Research and Management Company, and the American Funds Insurance Series. Incorporated by reference to Exhibit 8.1.1 to Registrant's Registration Statement on Post-Effective Amendment No. 27 to Form N-4 filed on April 27, 2018.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112818000045/exhibit811amendmcnt.htm>
- h.1.2 Amendment No. 2 to Fund Participation and Service Agreement dated September 19, 2018 by and among American Fidelity Assurance Company, on behalf of the Registrant, American Funds Distributors, Inc., American Funds Service Company, Capital Research and Management Company, and the American Funds Insurance Series. Incorporated by reference to Exhibit 8.1.2 to Post-Effective Amendment No. 33 to Registrant's registration statement on Form N-4 filed on April 27, 2023.
<https://www.sec.gov/Archives/edgar/data/1029446/000119312523120345/d464319dex99h12.htm>
- h.1.3 Rule 22c-2 Agreement dated September 12, 2014 between American Fidelity Assurance Company and American Funds Service Company. Incorporated by reference to Exhibit 8.1.1 to Post-Effective Amendment No. 23 to Registrant's registration statement on Form N-4 filed on April 30, 2015.
https://www.sec.gov/Archives/edgar/data/1029446/000106112815000020/exhibit8_1-1.htm

- h.1.4 Business Agreement dated August 19, 2014 by and among American Fidelity Assurance Company, American Fidelity Securities, Inc., American Funds Distributors, Inc. and Capital Research and Management Company. Incorporated by reference to Exhibit 8.1.2 to Post-Effective Amendment No. 23 to Registrant’s registration statement on Form N-4 filed on April 30, 2015.
https://www.sec.gov/Archives/edgar/data/1029446/000106112815000020/exhibit8_1-2.htm
- h.1.5 Amendment No. 1 to Business Agreement dated September 19, 2018 by and among American Fidelity Assurance Company, American Fidelity Securities, Inc., American Funds Distributors, Inc., and Capital Research and Management Company. Incorporated by reference to Exhibit 8.1.5 to Post-Effective Amendment No. 33 to Registrant’s registration statement on Form N-4 filed on April 27, 2023.
<https://www.sec.gov/Archives/edgar/data/1029446/000119312523120345/d464319dex99h15.htm>
- h.2 Fund Participation Agreement dated May 13, 1997 between American Fidelity Assurance Company and each of Dreyfus Variable Investment Fund, The Dreyfus Sustainable U.S. Equity Portfolio, Inc. and Dreyfus Life and Annuity Index Fund, Inc. (d/b/a Dreyfus Stock Index Fund), as amended by Amendment thereto effective January 1, 1999. Incorporated by reference to Exhibit 8.2 to Post-Effective Amendment No. 2 to Registrant’s registration statement on Form N-4 on April 30, 1999. <https://www.sec.gov/Archives/edgar/data/1029446/0000950134-99-003391-index.html>
- h.2.1 Amendment to Fund Participation Agreement between American Fidelity Assurance Company and each of Dreyfus Variable Investment Fund, The Dreyfus Sustainable U.S. Equity Portfolio, Inc. and Dreyfus Life and Annuity Index Fund, Inc. (d/b/a Dreyfus Stock Index Fund), dated March 1, 2001. Incorporated by reference to Exhibit 8.3 to Post-Effective Amendment No. 5 to Registrant’s registration statement on Form N-4 filed on April 30, 2001.
<https://www.sec.gov/Archives/edgar/data/1029446/000090933401500006/sab83.txt>
- h.2.2 Amendment to Fund Participation Agreement between American Fidelity Assurance Company and each of Dreyfus Variable Investment Fund, The Dreyfus Sustainable U.S. Equity Portfolio, Inc. and Dreyfus Life and Annuity Index Fund, Inc. (d/b/a Dreyfus Stock Index Fund) dated June 3, 2002. Incorporated by reference to Exhibit 8.5 to Post-Effective Amendment No. 7 to Registrant’s registration statement on Form N-4 filed April 7, 2003.
<https://www.sec.gov/Archives/edgar/data/1029446/000090933403000144/0000909334-03-000144-index.htm>
- h.2.3 Amendment to Fund Participation Agreement between American Fidelity Assurance Company and each of Dreyfus Variable Investment Fund, Dreyfus Investment Portfolios, The Dreyfus Sustainable U.S. Equity Portfolio, Inc. and Dreyfus Stock Index Fund, Inc. (f/k/a “The Dreyfus Life and Annuity Index Fund, Inc. (d/b/a Dreyfus Stock Index Fund)”) dated November 1, 2010. Incorporated by reference to Exhibit 8.3.3 to Post-Effective Amendment No. 18 to Registrant’s registration statement on Form N-4 filed on April 29, 2011.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112811000034/afsabex833-2011.htm>
- h.2.4 Amendment No. 5 to Fund Participation Agreement between American Fidelity Assurance Company and each of Dreyfus Variable Investment Fund, Dreyfus Investment Portfolios, The Dreyfus Sustainable U.S. Equity Portfolio, Inc. and Dreyfus Stock Index Fund, Inc. (f/k/a “The Dreyfus Life and Annuity Index Fund, Inc. (d/b/a Dreyfus Stock Index Fund)”) dated April 15, 2011. Incorporated by reference to Exhibit 8.3.9 to Post-Effective Amendment No. 18 to Registrant’s registration statement on Form N-4 filed on April 29, 2011.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112811000034/afsabex839-2011.htm>
- h.2.5 Amendment to Fund Participation Agreement between American Fidelity Assurance Company and each of Dreyfus Variable Investment Fund, Dreyfus Investment Portfolios, Dreyfus Stock Index Fund, Inc. (formerly known as “The Dreyfus Life and Annuity Index Fund, Inc. [d/b/a/

- Dreyfus Stock Index Fund]), and The Dreyfus Sustainable U.S. Equity Portfolio, Inc. (formerly known as “The Dreyfus Socially Responsible Growth Fund, Inc.) dated July 1, 2017. Incorporated by reference to Exhibit 8.3.5 to Registrant’s Registration Statement on Post-Effective Amendment No. 27 to Form N-4 filed on April 27, 2018.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112818000045/exhibit835amdtofundpartagrmt.htm>
- h.2.6 Agreement dated May 13, 1997 between American Fidelity Assurance Company and The Dreyfus Corporation. Incorporated by reference to Exhibit 8.18 to Post-Effective Amendment No. 10 to Registrant’s registration statement on Form N-4 filed March 31, 2005.
<https://www.sec.gov/Archives/edgar/data/1029446/000090933405000093/sab-exh818.txt>
- h.2.7 Amendment to the Agreement between The Dreyfus Corporation and American Fidelity Assurance Company dated January 1, 1999. Incorporated by reference to Exhibit 8.19 to Post-Effective Amendment No. 10 to Registrant’s registration statement on Form N-4 filed March 31, 2005. <https://www.sec.gov/Archives/edgar/data/1029446/000090933405000093/sab-exh819.txt>
- h.2.8 Amendment No. 2 to the Agreement between The Dreyfus Corporation and American Fidelity Assurance Company dated March 15, 2005. Incorporated by reference to Exhibit 8.23 to Post-Effective Amendment No. 11 to Registrant’s registration statement on Form N-4 filed April 27, 2005. <https://www.sec.gov/Archives/edgar/data/1029446/000090933405000122/sab-exh823.txt>
- h.2.9 Amendment to Agreement by and between The Dreyfus Corporation and each of American Fidelity Assurance Company and American Fidelity Securities, Inc. dated November 1, 2010. Incorporated by reference to Exhibit 8.3.7 to Post-Effective Amendment No. 18 to Registrant’s registration statement on Form N-4 filed on April 29, 2011.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112811000034/afsabex837-2011.htm>
- h.2.10 Amendment to Agreement by and between The Dreyfus Corporation and each of American Fidelity Assurance Company and American Fidelity Securities, Inc. dated July 1, 2017. Incorporated by reference to Exhibit 8.3.10 to Registrant’s Registration Statement on Post-Effective Amendment No. 27 to Form N-4 filed on April 27, 2018.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112818000045/exhibit8310amdtoagmt.htm>
- h.2.11 2006 Supplemental Agreement (22c-2 Agreement) dated October 1, 2006 by and between Dreyfus Service Corporation and American Fidelity Assurance Company. Incorporated by reference to Exhibit 8.3.6 to Post-Effective Amendment No. 13 to Registrant’s registration statement on Form N-4 filed on April 30, 2007.
<https://www.sec.gov/Archives/edgar/data/1029446/000090933407000141/afsabex836-123106.htm>
- h.3* Participation Agreement among Vanguard Variable Insurance Fund and The Vanguard Group, Inc. and Vanguard Marketing Corporation and American Fidelity Assurance Company dated December 8, 2025.
- h.4 Amended and Restated Investment Consultant Agreement between American Fidelity Assurance Company and InvesTrust Consulting, L.L.C. effective October 1, 2017. Incorporated by reference to Exhibit 8.5 to Registrant’s Registration Statement on Post-Effective Amendment No. 27 to Form N-4 filed on April 27, 2018.
<https://www.sec.gov/Archives/edgar/data/1029446/000106112818000045/exhibit85.htm>
- h.4.1 First Amendment to Amended and Restated Investment Consultant Agreement between American Fidelity Assurance Company and InvesTrust Consulting, LLC effective October 1, 2020. Incorporated by reference to Exhibit 8.5.1 to Post-Effective Amendment No. 33 to Registrant’s registration statement on Form N-4 filed on April 27, 2023.

<https://www.sec.gov/Archives/edgar/data/1029446/000119312523120345/d464319dex99h51.htm>

- h.4.2 Second Amendment to Amended and Restated Investment Consultant Agreement between American Fidelity Assurance Company and InvesTrust Consulting, LLC effective October 1, 2023. Incorporated by reference to Exhibit 8.5.2 to Post-Effective Amendment No. 34 to Registrant's registration statement on Form N-4 filed on May 1, 2024.
<https://www.sec.gov/Archives/edgar/data/1029446/000119312524127281/d807270dex99h42.htm>
- k* Opinion and Consent of Counsel (McAfee & Taft A Professional Corporation).
- l* Consent of Independent Auditor and Independent Registered Public Accounting Firm (Deloitte & Touche LLP).
- x* Power of Attorney.
- y* Relationship chart.
- * Filed herewith.

ITEM 28. *DIRECTORS AND OFFICERS OF THE INSURANCE COMPANY*

The following are the executive officers and directors of American Fidelity Assurance Company:

Name and Principal Business Address	Positions and Offices with Insurance Company
Mollie Andrews 2312 NW 10 th Street Oklahoma City, Oklahoma 73107	Director
Paul S. Arvin 9000 Cameron Parkway Oklahoma City, OK 73114	Assistant Vice President
John M. Bendheim, Jr. 361 Canon Drive Beverly Hills, California 90210	Director
Tim Bolden 9000 Cameron Parkway Oklahoma City, Oklahoma 73114	Secretary
Lynda L. Cameron 9000 Cameron Parkway Oklahoma City, Oklahoma 73114	Director
William M. Cameron 9000 Cameron Parkway Oklahoma City, Oklahoma 73114	Board Chair, Chief Executive Officer, Director
David R. Carpenter 9000 Cameron Parkway Oklahoma City, Oklahoma 73114	Director
John K. Cassil 9000 Cameron Parkway Oklahoma City, Oklahoma 73114	Senior Vice President, Executive Chief Financial Officer, Treasurer
Aaron Voloj Dessauer 425 W. Jefferson Street Tallahassee, Florida 32306	Director
William E. Durrett 9000 Cameron Parkway Oklahoma City, Oklahoma 73114	Senior Board Chair, Director
Theodore M. Elam 8 th Floor, Two Leadership Square 211 North Robinson Oklahoma City, Oklahoma 73102	Director
Lynn C. Fritz 3909 Frei Road Sebastopol, CA 95472	Director
Caroline L. Ikard 9000 Cameron Parkway Oklahoma City, OK 73114	Director
Christopher T. Kenney 9000 Cameron Parkway Oklahoma City, Oklahoma 73114	Senior Vice President, General Counsel, Secretary
Paula Marshall 2727 East 11 th Street Tulsa, Oklahoma 74104	Director

Tom J. McDaniel
9000 Cameron Parkway
Oklahoma City, Oklahoma 73114

Director

Jeanette Rice
9000 Cameron Parkway
Oklahoma City, Oklahoma 73114

Director

Henry Sohn
45B Portage Avenue
Palo Alto, CA 94306

Director

Weston Waller
9000 Cameron Parkway
Oklahoma City, Oklahoma 73114

President

ITEM 29. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH THE INSURANCE COMPANY OR REGISTERED SEPARATE ACCOUNT

A relationship chart is included as Exhibit y. The subsidiaries of American Fidelity Assurance Company reflected in the chart are recorded in the financial statements of American Fidelity Assurance Company in accordance with statutory accounting practices.

ITEM 30. INDEMNIFICATION

The Bylaws of American Fidelity Assurance Company (Article XI) provide, in part, that:

(a) The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of or with the consent of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), amounts paid in settlement (whether with or without court approval), judgments, or fines actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith or did not act in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, that the person did not have reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify every person who is or was a party or is or was threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of or with the consent of the Corporation as a director, officer, employee, or agent or in any other capacity of or in another corporation, or a partnership, joint venture, trust, or other enterprise, or by reason of any action alleged to have been taken or not taken by him while acting in such capacity, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such threatened, pending, or completed action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation. The termination of any such threatened or actual action or suit by a settlement or by an adverse judgment or order shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation. Nevertheless, there shall be no indemnification with respect to expenses incurred in connection with any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

(c) To the extent that a director, officer, employee, or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Subsections (a) and (b) hereof, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with such defense.

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted directors and officers or controlling persons of the Registrant pursuant to the foregoing, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling persons of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

ITEM 31. PRINCIPAL UNDERWRITERS

(a) American Fidelity Securities, Inc. is the principal underwriter for the Registrant, American Fidelity Separate Account A and American Fidelity Separate Account C.

(b) The following persons are the officers and directors of American Fidelity Securities, Inc. The principal business address for each of the following officers and directors is 9000 Cameron Parkway, Oklahoma City, Oklahoma 73114.

Name and Principal Business Address	Positions and Offices with Underwriter
Timothy H. Bolden	Director, Board Chair
Taryn Colon	Assistant Vice President, Principal Financial Officer and Treasurer, Financial and Operations Principal, Principal Operations Officer
James Doherty	Principal Operations Officer
A. Faith Grant	Director; Investment Company and Variable Contract Products Principal
Courtney Keeling	Director; President, Chief Executive Officer, Chief Compliance Officer, Investment Company and Variable Contract Products Principal
Linda Overfield	Assistant Vice President, AML Compliance Officer, Investment Company and Variable Contract Products Principal
Brandy Yelton	Secretary

(c) The commissions received by American Fidelity Securities, Inc. in connection with Separate Account B in 2025 were \$2,390,019, representing the 0.10% Distribution Fee, withdrawal charges and policy maintenance charge to the Registrant. It received no other compensation from or on behalf of the Registrant during the year.

ITEM 32. LOCATION OF ACCOUNTS AND RECORDS

This information is included in the Registrant's most recent report on Form N-CEN.

ITEM 33. MANAGEMENT SERVICES

Not Applicable.

ITEM 34. FEE REPRESENTATION

American Fidelity Assurance Company hereby represents that the fees and charges deducted under the policies described in the Prospectus, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by American Fidelity Assurance Company.

OTHER REPRESENTATIONS

American Fidelity Assurance Company hereby represents that it is relying upon a No-Action Letter issued to the American Council of Life Insurance dated November 28, 1988 (Commission ref. IP-6-88) and that the following provisions have been complied with:

1. Include appropriate disclosure regarding the redemption restrictions imposed by Section 403(b)(11) in each registration statement, including the prospectus, used in connection with the offer of the contract;
2. Include appropriate disclosure regarding the redemption restrictions imposed by Section 403(b)(11) in any sales literature used in connection with the offer of the contract;
3. Instruct sales representatives who solicit participants to purchase the contract specifically to bring the redemption restrictions imposed by Section 403(b)(11) to the attention of the potential participants;
4. Obtain from each plan participant who purchases a Section 403(b) annuity contract, prior to or at the time of such purchase, a signed statement acknowledging the participant's understanding of (1) the restrictions on redemption imposed by Section 403(b)(11), and (2) other investment alternatives available under the employer's Section 403(b) arrangement to which the participant may elect to transfer his contract value.

AMERICAN FIDELITY ASSURANCE COMPANY

(a Stock Company)

9000 CAMERON PARKWAY OKLAHOMA CITY, OKLAHOMA 73114

For Customer Service call: 1-800-662-1106

Flexible Premium Variable And Fixed Deferred Annuity

In this policy, "you" and "your" refer to the Owner. "We", "us", "our" and "Company" refer to American Fidelity Assurance Company.

Policy Agreement

While this policy is in force, we will pay annuity and other benefits as provided in this policy. The provisions of this and the following pages and any attached application are part of this policy. This policy is issued in return for the application and payment of the first purchase payment.

Right To Examine Policy

You may return the policy to us or to our agent within 20 days after it is delivered. If returned, the policy will be void from the beginning and we will refund the greater of: the purchase payments paid; or, the Account Value as of the earlier of the date we receive the policy at our home office, or the date our agent receives the policy.

READ THIS POLICY CAREFULLY. This Policy is a legal contract between you and us.

WARNING

Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information may be guilty of insurance fraud.

Signed for us at our home office in Oklahoma City, Oklahoma.



President



Secretary

**Flexible Premium Variable and Fixed Deferred Annuity
Non-participating**

ALL PAYMENTS AND VALUES PROVIDED IN THIS POLICY, WHEN BASED ON INVESTMENT EXPERIENCE OF A SEPARATE ACCOUNT, ARE VARIABLE AND ARE NOT GUARANTEED AS TO DOLLAR AMOUNT.

GUIDE TO POLICY PROVISIONS

	Page		Page
Policy Agreement	1	Proceeds Payable on Death - (cont'd)	
		Death of Owner on or After the Annuity Date	9
Right To Examine Policy	1	Death of Annuitant on or After the Annuity Date	9
		Payment of Death Benefit	9
Warning	1	Beneficiary	9
		Suspension or Deferral of Payments Provision	10
Guide To Policy Provisions	2		
		Ownership and Assignment Provisions	
Policy Schedule	3	Ownership	10
		Joint Owner	10
Guaranteed Interest Account Option	3a	Assignment of a Policy	10
Guaranteed Interest Account Provisions	3a		
Guaranteed Interest Account Values	3a	Annuity Provisions	
Interest	3a	Annuity Date	11
Fixed Period Table	3a	Selection of an Annuity Option	11
Life Income Table	3b	Annuity Options	11
		Fixed Annuity	12
Definitions	4	Variable Annuity	12
		Variable Annuity Unit	12
Purchase Payments		Mortality Tables	12
Purchase Payments	5		
Allocation of Purchase Payments	5	General Provisions	
		The Separate Account	13
Variable Investment Options		The Policy	13
Available Variable Investment Options	5	Misstatement of Age	13
Variable Investment Option Value	5	Incontestability	13
Accumulation Unit	6	Changes	13
Accumulation Unit Value	6	Section 72	13
Net Investment Factor	6	Non-Alienation of Benefits	13
Mortality and Expense Risk,		Reserves	13
Administrative, and Distribution		Non-Participating	13
Expense Charges	6	Evidence of Survival	13
		Proof of Age	13
Policy Maintenance Charge	6	Reports	13
		Taxes	14
Transfer Provisions			
Transfers During the Accumulation Period	7	3% Life Income Table	14
Transfer During the Annuity Period	7		
		5% Life Income Table	15
Withdrawal Provisions			
Withdrawals	7	Application	Insert
Withdrawal Charge	8		
Systematic Withdrawal Program	8	Riders (if any)	Insert
Proceeds Payable on Death			
Death Benefit Amount Prior to the			
Annuity Date	8		
Death of Owner Prior to the Annuity Date	8		
Death Benefit Options - Death of Owner			
Prior to the Annuity Date	8		
Death of Annuitant Prior to the Annuity			
Date	9		

POLICY SCHEDULE

ANNUITANT:

AGE AT ISSUE:

OWNER:

AGE AT ISSUE:

POLICY NUMBER:

DATE OF ISSUE:

ANNUITY DATE:

POLICY MAINTENANCE CHARGE: \$15 per Policy Year

MORTALITY AND EXPENSE RISK CHARGE: 1.25% of the average daily net asset value of the Separate Account per Policy Year

ADMINISTRATIVE CHARGE: .15% of the average daily net asset value of the Separate Account per Policy Year. This charge may be increased but the maximum charge will never be more than .25%.

DISTRIBUTION EXPENSE CHARGE: .10% of the average daily net asset value of the Separate Account per Policy Year. This charge may be increased but the maximum charge will never be more than .25%.

NUMBER OF FREE TRANSFERS DURING ACCUMULATION PERIOD: 12 per Policy Year

NUMBER OF FREE TRANSFERS DURING ANNUITY PERIOD: 1 Per Policy Year

TRANSFER FEE: The lesser of \$25 or 2% of the amount transferred

MINIMUM AMOUNT TO BE TRANSFERRED: \$500, or your entire interest in the Variable Investment Option or Guaranteed Interest Account, if less. All transfers must be in whole percentages.

MINIMUM PARTIAL WITHDRAWAL AMOUNT: \$250 This requirement is waived if the partial withdrawal is pursuant to the Systematic Withdrawal Program.

ELIGIBLE FUNDS:

American Funds IS International Fund
American Funds IS Washington Mutual Investors Fund
BNY Mellon Stock Index Fund, Inc
BNY Mellon Sustainable U.S. Equity Portfolio, Inc..
BNY Mellon VIF Opportunistic Small Cap Portfolio

Vanguard® VIF Balanced Portfolio
Vanguard® VIF Capital Growth Portfolio
Vanguard® VIF Total Bond Market Index Portfolio
Vanguard® VIF Mid-Cap Index Portfolio
Vanguard® VIF Total Stock Market Index Portfolio

GENERAL ACCOUNT: American Fidelity Guaranteed Interest Account Option

GUARANTEED INTEREST ACCOUNT OPTION: Initial Guaranteed Minimum Interest Rate 2.40%

GUARANTEED INTEREST ACCOUNT PROVISIONS

GUARANTEED INTEREST ACCOUNT VALUES

The Guaranteed Interest Account Value, at any given time, is equal to:

1. the total of all purchase payments allocated to the Guaranteed Interest Account; plus,
2. any amounts transferred to the Guaranteed Interest Account; plus,
3. credited interest; less,
4. any prior withdrawals and Withdrawal Charges from the Guaranteed Interest Account (see Withdrawal Charge Provision); less,
5. any amounts transferred from the Guaranteed Interest Account; less,
6. any applicable premium taxes, Policy Maintenance Charges or Transfer Fees deducted from the Guaranteed Interest Account.

INTEREST RATE GUARANTEE

The initial guaranteed interest rate is in effect until January 1st, following the Date of Issue.

Each year on November 1st, We will determine the guaranteed minimum interest rate to take effect on the following January 1st. The guaranteed minimum interest rate could change each year.

The basis of the calculation to determine the guaranteed minimum interest rate will be an annual indexed rate determined as the lesser of three percent (3%) per annum and the five year Constant Maturity Treasury Rate reported by the Federal Reserve over a three month average, reduced by 1.25%, rounded to the nearest .05%.

The guaranteed minimum interest rate would never be less than one percent (1%) per annum.

FIXED PERIOD TABLE*

PAYMENT FOR EACH \$1,000 OF PROCEEDS					
Years of Fixed Period	Annual Payment	Monthly Payment	Years of Fixed Period	Annual Payment	Monthly Payment
5		\$17.08	18	\$60.38	\$5.05
6	\$170.84	14.30	19	57.48	4.81
7	147.16	12.32	20	54.87	4.59
8	129.40	10.83	21	52.51	4.40
9	115.58	9.68	22	50.36	4.22
10	104.54	8.75	23	48.40	4.05
11	95.50	7.99	24	46.61	3.90
12	87.97	7.36	25	44.96	3.76
13	81.60	6.83	26	43.43	3.64
14	76.14	6.37	27	42.03	3.52
15	71.41	5.98	28	40.72	3.41
16	67.27	5.63	29	39.50	3.31
17	63.62	5.33	30	38.36	3.21
<i>*The above Fixed Period Table assumes accumulation at 1% minimum interest rate. We may pay or credit excess interest at our discretion.</i>					

1% LIFE INCOME TABLE*

MONTHLY LIFE INCOME PER \$1,000 OF CASH VALUE			
AGE LAST BIRTHDAY	LIFE INCOME ONLY NO GUARANTEED PERIOD	LIFE INCOME WITH 10 YEARS GUARANTEED	LIFE INCOME WITH 20 YEARS GUARANTEED
50	\$2.74	\$2.73	\$2.56
51	2.80	2.79	2.60
52	2.86	2.85	2.65
53	2.93	2.91	2.70
54	3.00	2.98	2.75
55	3.07	3.05	2.81
56	3.15	3.13	2.87
57	3.23	3.21	2.92
58	3.31	3.29	2.99
59	3.41	3.38	3.05
60	3.50	3.47	3.12
61	3.60	3.56	3.19
62	3.71	3.67	3.26
63	3.83	3.77	3.34
64	3.95	3.89	3.42
65	4.08	4.01	3.50
66	4.22	4.13	3.59
67	4.37	4.27	3.69
68	4.53	4.41	3.79
69	4.70	4.56	3.89
70	4.89	4.71	4.00
71	5.09	4.88	4.11
72	5.30	5.05	4.23
73	5.53	5.23	4.36
74	5.78	5.41	4.49
75	6.05	5.60	4.63

**This table is applicable for a Fixed Annuity payout or may be selected as an Assumed Investment Rate for a Variable Annuity payout. If a Variable Annuity is selected and an Assumed Investment Rate is not chosen, the above table will be used to determine the first annuity payment. Additional Assumed Investment Rate tables are listed in the back of this contract.*

DEFINITIONS

We define here some of the words and phrases used in this policy. We explain others in other parts of the text.

Accumulation Period is the period during which you may make purchase payments.

Accumulation Unit is a unit of measure used to determine the value of your Variable Investment Option(s) during the Accumulation Period.

Account Value for any Valuation Period is the sum of the values of each of the Investment Options during the Accumulation Period.

Adjusted Account Value is the Account Value minus the Policy Maintenance Charge and taxes, if any.

Annuitant is the person on whose life annuity payments are based.

Annuity Date is the date the annuity payments begin. The Annuity Date is shown on the Policy Schedule. (Please refer to Annuity Provisions for further details.)

Annuity Period is the period of time during which annuity payments are made by us.

Annuity Unit is the accounting unit of measure used to calculate the payment amounts during the Annuity Period.

Assumed Investment Rate is the assumed rate of return used to determine the first annuity payment for a Variable Annuity Option. (Please refer to the Variable Annuity Unit, page 12 for further details.)

Cash Value at any given time, is equal to the Account Value minus taxes due, if any, minus the Withdrawal Charge and Policy Maintenance Charge that would apply if the entire value was withdrawn.

Date of Issue is the date from which policy years and policy anniversaries will be determined. The Date of Issue is shown on the Policy Schedule.

Eligible Funds are listed on the Policy Schedule. Each of the Eligible Funds is available as a corresponding Variable Investment Option or "sub-account" of the Separate Account.

Fixed Annuity is an annuity providing payments that are guaranteed as to dollar amount by us. These payments are made during the Annuity Period.

General Account is the general investment account which contains our assets other than those in the Separate Account or any other segregated asset account.

Guaranteed Interest Account Option is the investment option that is within the General Account; it earns a minimum interest credited by us during the Accumulation Period. We may declare additional interest at our discretion. Refer to Policy Schedule, Page 3a, for guaranteed minimum interest rate.

Investment Options include the Guaranteed Interest Account Option and the Variable Investment Options.

Owner refers to the person or entity listed on the Policy Schedule, and is entitled to the ownership rights stated in this policy.

Policy Anniversary means the anniversary of the Date of Issue shown on the Policy Schedule.

Policy Year is the annual period which begins on the Date of Issue and each anniversary of that Date.

Separate Account means our Separate Account which provides Variable Investment Options. This account is called American Fidelity Separate Account B.

Valuation Date means each day on which the New York Stock Exchange and the company are open for business.

Valuation Period is the period of time beginning at the close of business of the New York Stock Exchange on each Valuation Date and ending at the close of business for the next succeeding Valuation Date.

Variable Annuity is an annuity providing payments during the Annuity Period that vary as to dollar amount in relation to the investment performance of Variable Investment Options.

Variable Investment Options are sub-accounts of the Separate Account. These options provide benefits which are variable and are not guaranteed as to dollar amount.

PURCHASE PAYMENTS

PURCHASE PAYMENTS

You may make purchase payments at any time during the Accumulation Period. You may increase, decrease, or change the frequency of such payments. However, each payment must be at least \$25. If in any year no purchase payments are made, the policy will not lapse. We reserve the right to reject any application or purchase payment. We may deduct amounts from purchase payments for premium taxes, if any.

ALLOCATION OF PURCHASE PAYMENTS

We will allocate the first net purchase payment to one or more Investment Options according to your directions. Subsequent purchase payments are allocated in the same manner as the first unless you change your directions. You may change the allocations of Investment Options by using a form we accept. We reserve the right to limit the available Investment Options from which you may choose. All allocations must be in whole percentages, and must not be less than \$25.

VARIABLE INVESTMENT OPTIONS

AVAILABLE VARIABLE INVESTMENT OPTIONS

We may, from time to time, add additional Eligible Funds to those shown on the Policy Schedule. You may be permitted to transfer account values or allocate purchase payments to the additional Variable Investment Options. However, the right to make such transfers or allocations will be limited by the terms and conditions imposed by us.

Shares of an Eligible Fund may become unavailable for investment by the Separate Account; or, we may deem further investment in shares of an Eligible Fund inappropriate. In this event, we may limit further investment in the corresponding Variable Investment Option and/or move your investment in such option to another Variable Investment Option or the Guaranteed Interest Account. We will give you written notice of the removal and replacement of Eligible Funds.

VARIABLE INVESTMENT OPTION VALUE

The value of the Variable Investment Options are variable and are not guaranteed as to dollar amount. The value of a Variable Investment Option is determined by multiplying the number of Accumulation Units allocated to the Variable Investment Option by the Accumulation Unit Value.

ACCUMULATION UNIT

Accumulation Unit is a unit of measure for Variable Investment Options during the Accumulation Period. It is used to account for all amounts allocated to or withdrawn from the Variable Investment Options. Amounts allocated or withdrawn result from purchase payments, withdrawals, transfers, or fees and charges. We will determine the number of Accumulation Units purchased or surrendered. This will be done by dividing the amount allocated to, or withdrawn from, the Variable Investment Option by the dollar value of one Accumulation Unit of the Variable Investment Option as of the end of the Valuation Period during which the request for the transaction is received at our home office.

ACCUMULATION UNIT VALUE

The Accumulation Unit Value is the value of one Accumulation Unit of a Variable Investment Option. The Accumulation Unit Value for each Variable Investment Option was arbitrarily set initially at \$10. Subsequent Accumulation Unit Values for each Variable Investment Option are determined by multiplying the Accumulation Unit Value for the immediately preceding Valuation Period by the Net Investment Factor for the Variable Investment Option for the current period.

NET INVESTMENT FACTOR

The Net Investment Factor for each Variable Investment Option is equal to:

$$\frac{A}{B} - C$$

"A" equals the following and is referred to as the Adjusted Net Asset Value:

1. the net asset value per share of the Eligible Fund held by the Variable Investment Option at the end of the current Valuation Period; plus,
2. any dividends or gains per share of the Eligible Fund held by the Variable Investment Option for the current Valuation Period; less,
3. any per accumulation unit amount for taxes or any amount set aside as a reserve for taxes attributable to the operation of the Separate Account for the current Valuation Period.

"B" equals the Adjusted Net Asset Value for the immediately preceding Valuation Period.

"C" equals the charges per share deducted from the Variable Investment Option on each Valuation Period for the Mortality and Expense Risk Charge, the Administrative Charge and the Distribution Expense Charge.

The Accumulation Unit Value may increase or decrease from Valuation Period to Valuation Period.

MORTALITY AND EXPENSE RISK, ADMINISTRATIVE, AND DISTRIBUTION EXPENSE CHARGES

Each Valuation Period, we deduct charges from the Separate Account for Mortality and Expense Risk, Administration, and Distribution Expense. The Mortality and Expense Risk Charge compensates us for assuming the mortality and expense risks under this policy. The Administrative Charge compensates us for the costs associated with the administration of this policy and the Separate Account. The Distribution Expense Charge compensates us for the costs associated with the sale and distribution of the policy(ies).

The charges are equal, on an annual basis, to a percentage of the average daily net asset value of the Separate Account. The Mortality and Expense Risk, Administrative, and Distribution Expense Charges are listed on the Policy Schedule, page 3.

POLICY MAINTENANCE CHARGE

We deduct the Policy Maintenance Charge shown on the Policy Schedule from the Account Value each year. We will deduct this Charge by subtracting values from the Guaranteed Interest Account and/or by surrendering Accumulation Units from each applicable Variable Investment Option. The Policy Maintenance Charge reimburses us for expenses relating to maintenance of this policy. The Policy

Maintenance Charge will be deducted from the Investment Options in the same proportion as the values of the Variable Investment Option(s) and the Guaranteed Interest Account Option bear to the total Account Value. During the Annuity Period, the Policy Maintenance Charge will be deducted pro-rata from Annuity Payments. This deduction will result in a reduction of each Annuity Payment.

We reserve the right to change the Policy Maintenance Charge; however, this Charge will never exceed the maximum of \$36 per Policy Year.

During the Accumulation Period, the Policy Maintenance Charge will be deducted from the Account Value on each Policy Anniversary while this policy is in force.

TRANSFER PROVISIONS

You may direct transfers of assets between all Investment Options of this policy. A transfer request must be in a form we accept. We reserve the right to limit the number of transfers that may be made.

If you elect to use this transfer privilege, we will not be liable for transfers made as instructed by you. Amounts, Accumulation Units and Annuity Units eligible for transfer will be determined as of the end of the Valuation Period during which the request for transfer is received at our home office. All transfers must be in whole percentages. All asset transfers on a given date count as one transfer.

We reserve the right, at any time and without prior notice, to end, suspend or change the transfer privilege described.

TRANSFERS DURING THE ACCUMULATION PERIOD

The number of free transfers you may make each Policy Year during the Accumulation Period is shown on the Policy Schedule. We will charge a transfer fee for each transfer over the number of free transfers allowed in a Policy Year. This transfer fee is shown on the Policy Schedule. The transfer fee is deducted from the Investment Option which is the source of the transfer. If your entire interest in an Investment Option is being transferred, the amount being transferred will be reduced by the transfer fee. If there are multiple source Investment Options, the transfer fee will be deducted pro-rata from each source Investment Option.

TRANSFERS DURING THE ANNUITY PERIOD

During the Annuity Period, you may transfer Annuity Unit values among the Variable Investment Options. You may also transfer Annuity Unit values from the Variable Investment Options underlying a Variable Annuity to the Guaranteed Interest Account Option to provide a Fixed Annuity. You may make only one transfer per Policy Year during the Annuity Period. There will be no fee charged for this privilege. You will not be allowed to transfer from your Fixed Annuity to a Variable Investment Option.

WITHDRAWAL PROVISIONS

WITHDRAWALS

During the Accumulation Period, you may withdraw all or some of the Cash Value. You must apply using a form we accept. Any partial withdrawal amount must be at least the amount shown on the Policy Schedule, but must not reduce the Account Value below \$100.00. Any amount withdrawn will be deducted from the Investment Option(s) in the same proportion as the Variable Investment Option(s) and the Guaranteed Interest Account Option values bear to the total Account Value. In the event you wish to withdraw amounts in any other proportion, you must specify the Investment Option(s) to be surrendered using a form we accept. If a total withdrawal is made on other than a Policy Anniversary, the Policy Maintenance Charge will be deducted at the time of withdrawal. We will mail any payment within seven days after the date of receipt of the acceptable request unless the Suspension or Deferral of Payment Provision is in effect.

WITHDRAWAL CHARGE

During the first Policy Year, any withdrawals will have a Withdrawal Charge. After the first Policy Year, you may make a withdrawal of up to 10% of the Account Value once each Policy Year without incurring a Withdrawal Charge. This 10% free withdrawal amount will not be carried forward to the next Policy Year.

The Withdrawal Charge is a percentage of the amount withdrawn in excess of the free withdrawal amount as shown below:

Policy Year	Withdrawal Charge %	Policy Year	Withdrawal Charge %
1	8%	6	3%
2	7%	7	2%
3	6%	8	1%
4	5%	9 +	0%
5	4%		

The Charge is calculated at the time of each withdrawal. The Withdrawal Charge will never exceed 8% of the total purchase payments. For partial withdrawals, the Charge will be deducted from the Account Value remaining in the policy. No Withdrawal Charge will be applied upon payment of a death benefit or payment under any Life, Joint and Survivor, or Period Certain annuity providing at least seven annual or 72 monthly payments.

SYSTEMATIC WITHDRAWAL PROGRAM

After the first Policy Year, you may be able to participate in a Systematic Withdrawal Program in lieu of the 10% free withdrawal option. If the total amount of systematic withdrawals during a Policy Year exceeds the 10% free withdrawal, a Withdrawal Charge will be incurred. During the Policy Year that systematic withdrawals begin, the 10% free withdrawal will be based on the Account Value on the Valuation Date immediately preceding the date the request for systematic withdrawals is processed. The request must be made on a form that we accept. During subsequent years, the free withdrawal will be based on the Account Value on the last Policy Anniversary. Systematic Withdrawals can be made monthly, quarterly or semi-annually. We reserve the right to: limit the terms and conditions under which systematic withdrawals can be elected; and, stop offering any or all systematic withdrawals at any time.

PROCEEDS PAYABLE ON DEATH

DEATH BENEFIT AMOUNT PRIOR TO THE ANNUITY DATE

The death benefit will be the greater of: the purchase payments, less any withdrawals and Withdrawal Charges; or, Adjusted Account Value determined as of the Valuation Period during which we receive both due proof of death and an election for the payment period.

DEATH OF OWNER PRIOR TO THE ANNUITY DATE

If you or any Joint Owner die prior to the Annuity Date, the death benefit will be paid to the Beneficiary you designate. Upon the death of any Joint Owner, the surviving Joint Owner, if any, will be treated as the Primary Beneficiary. Any other Beneficiary designation on record at the time of death will be treated as a Contingent Beneficiary. The death benefit will be paid under one of the Death Benefit Options below. If the Beneficiary is your spouse, he or she may continue this policy as the Owner.

DEATH BENEFIT OPTIONS - DEATH OF OWNER PRIOR TO THE ANNUITY DATE

In the event of the death of the Owner or any Joint Owner prior to the Annuity Date, a non-spousal Beneficiary must elect the death benefit to be paid under one of the following options:

1. lump sum payment of the death benefit;
2. payment of the entire death benefit within five years of the date of your death or the death of any Joint Owner; or,

3. payment of the death benefit under an Annuity Option provided that:
 - a. the annuity is distributed over the lifetime of the Beneficiary or over a period not extending beyond the life expectancy of the Beneficiary; and,
 - b. the distribution begins within one year of the date of your death or any Joint Owner's death.

Any portion of the death benefit that is not applied under an Annuity Option within one year of the date of death must be distributed within five years of the date of death.

A spousal Beneficiary may:

1. elect to continue this policy in his or her own name at the current Account Value;
2. elect a lump sum payment of the death benefit; or,
3. apply the death benefit to an Annuity Option.

If the deceased Owner was also the Annuitant and the spousal Beneficiary elects to continue the policy or apply the death benefit to an Annuity Option, the spousal Beneficiary will become the new Annuitant.

If a lump sum payment is requested, the amount will be paid within seven days of receipt of proof of death and the election, unless the Suspension or Deferral of Payments Provision is in effect. Payment to the Beneficiary, other than in a lump sum, may only be elected during the 60 day period beginning with the date of receipt of proof of death.

DEATH OF ANNUITANT PRIOR TO THE ANNUITY DATE

If you are not the Annuitant and the Annuitant dies prior to the Annuity Date, the death benefit will be paid to the Beneficiary. The death benefit will be paid in a lump sum payment and must be paid in full within five years of the date of death. If the Owner is a non-individual, the death of any Annuitant will be treated as the death of the Owner.

DEATH OF OWNER ON OR AFTER THE ANNUITY DATE

If you, or any Joint Owner who is not the Annuitant, die during the Annuity Period, any remaining payments under the Annuity Option elected will continue at least as rapidly as under the method of distribution in effect at your death or such Joint Owner's death. Upon the death of any Owner during the Annuity Period, the Beneficiary becomes the Owner. Upon the death of any Joint Owner during the Annuity Period, the surviving Joint Owner, if any, will be treated as the Primary Beneficiary. Any other Beneficiary designation on record at the time of death will be treated as a Contingent Beneficiary.

DEATH OF ANNUITANT ON OR AFTER THE ANNUITY DATE

Upon the death of an Annuitant on or after the Annuity Date, the death benefit, if any, will be as specified in the Annuity Option elected. Death benefits will be paid at least as rapidly as under the method of distribution in effect at the Annuitant's death.

PAYMENT OF DEATH BENEFIT

We will require due proof of death before any death benefit is paid. All death benefits will be paid in accordance with applicable law or regulations governing death benefit payments.

BENEFICIARY

The Beneficiary is the person or entity who will receive the death benefit payable under this policy. The Beneficiary designation in effect on the Date of Issue will remain in effect, unless changed. Unless you provide otherwise, the death benefit will be paid in equal shares or all to the survivor as follows:

1. to the Primary Beneficiary who survives the Owner's and/or the Annuitant's death as applicable; or if there is none,
2. to the Contingent Beneficiaries who survive the Owner's and/or the Annuitant's death, as applicable; or if there are none,
3. to your estate or legal successors.

In the event the Beneficiary and the Owner or Annuitant, as applicable, die at the same time, we will assume that the Beneficiary died first for purpose of payment of the death benefit. You can name any Beneficiary to be an irrevocable Beneficiary. The interest of an irrevocable Beneficiary cannot be changed without his or her consent. Otherwise, you can change Beneficiaries as explained below.

You can change the Beneficiary at any time during the Annuitant's life. To do so, send a request to our home office. The request must be on a form we accept. The change will go into effect when signed, subject to any payments we make or actions we take before we record the change. A change cancels all prior Beneficiaries, except a change will not cancel any irrevocable Beneficiary without his or her consent. The interest of the Beneficiary will be subject to: any assignment of this policy which is binding on us; and, any annuity income option in effect at the Annuitant's death.

SUSPENSION OR DEFERRAL OF PAYMENTS PROVISION

We reserve the right to suspend or postpone payments from the Separate Account for a withdrawal or transfer for any period when:

1. the New York Stock Exchange is closed (other than customary weekend and holiday closings);
2. trading on the New York Stock Exchange is restricted;
3. an emergency exists as a result of which disposal of securities held in the Separate Account is not reasonably practicable or it is not reasonably practicable to determine the value of the Separate Account's net assets; or,
4. during any other period when the Securities and Exchange Commission, by order, so permits for the protection of Owners; provided that applicable rules and regulations of the Securities and Exchange Commission will govern as to whether the conditions described in 2 and 3 exist.

We further reserve the right to postpone payment from the Guaranteed Interest Account for a period of up to six months.

OWNERSHIP AND ASSIGNMENT PROVISIONS

OWNERSHIP

As the Owner, you can exercise the rights given by this policy. You can name a new Owner. A change of Owner will revoke any prior designation of Owner. Any change in ownership must be sent to our home office on a form we accept. The change will go into effect when it is signed, subject to any payments we make or other actions we take before we record it. We will not be liable for any payment made or action taken before we record the change.

JOINT OWNER

A policy may be owned by Joint Owners. If Joint Owners are named, any Joint Owner must be the spouse of the other Owner. Upon the death of either Owner, the surviving spouse will be the Primary Beneficiary. Any other Beneficiary designation will be treated as a Contingent Beneficiary unless otherwise indicated in a form we accept.

ASSIGNMENT OF A POLICY

During the Annuitant's life, you can assign some or all of your rights under this policy to someone else. A signed copy of the assignment must be sent to our home office on a form we accept. The assignment will go into effect when it is signed, subject to any payments we make or other actions we take before we record it. We are not responsible for the validity or effect of any assignment. If there are irrevocable Beneficiaries, you need their consent before assigning your ownership rights in the policy. Any assignment made after the death benefit has become payable will be valid only with our consent. If the policy is assigned, your rights may only be exercised with the consent of the assignee of record.

ANNUITY PROVISIONS

ANNUITY DATE

You may select an Annuity Date at any time during the Accumulation Period. You must notify us of this date at least 30 days prior to the date you wish your annuity payments to begin. The Annuity Date must be the first day of a calendar month. The Annuity Date may not be later than the earlier of when the Annuitant reaches attained age 85 or the maximum date permitted under state law. Prior to the Annuity Date, you may, subject to the above, change the Annuity Date by written request. Any change must be requested at least 30 days prior to the new Annuity Date.

SELECTION OF AN ANNUITY OPTION

A selection to receive annuity payments under an annuity option described below must be made at least 30 days prior to the Annuity Date. If no option is selected, Option 2 with 120 monthly payments guaranteed will automatically be applied. Prior to the Annuity Date, you may change the Annuity Option selected by written request. Any change must be requested at least 30 days prior to the Annuity Date. If an option is based on life expectancy, proof of the payee's date of birth will be required.

ANNUITY OPTIONS

You may elect to have a Fixed Annuity, a Variable Annuity, or a combination Fixed Annuity and Variable Annuity. Depending on your election, the Adjusted Account Value will be applied to provide the annuity payment. If no election has been made 30 days prior to the Annuity Date, amounts in fixed investment options will be used to provide a fixed annuity and amounts in variable investment options will be used to provide a variable annuity.

The amount of the first annuity payment will depend on the Annuity Option elected and the age of the Annuitant at the time the first payment is due. The Adjusted Account Value will be applied to the applicable Annuity Table based upon the Annuity Option you selected. The Annuity Tables show the amount of the first annuity payments for each \$1,000 of Adjusted Account Value.

The following Annuity Options, or any other annuity option acceptable to us, may be selected:

OPTION 1. LIFETIME ONLY ANNUITY:We will make monthly payments during the life of the Annuitant. If this option is elected, payments will cease immediately upon the death of the Annuitant and the annuity will end without further value.

OPTION 2. LIFETIME ANNUITY WITH GUARANTEED PERIODS:We will make monthly payments for the guaranteed period selected and thereafter for the life of the Annuitant. Upon the death of the Annuitant, any amounts remaining under the guaranteed period selected will be distributed to the Beneficiary at least as rapidly as under the method of distribution being used as of the date of the Annuitant's death. The guaranteed period may be 10 years or 20 years.

OPTION 3. JOINT AND SURVIVOR ANNUITY:We will make monthly payments during the joint lifetime of the Annuitant and a Joint Annuitant. Payments will continue during the lifetime of the surviving Annuitant and will be computed on the basis of 100%, 66 2/3% or 50% of the annuity payment in effect during the joint lifetime. Annuity Tables are available upon request.

OPTION 4. PERIOD CERTAIN:We will make monthly payments for a specified period. The specified period must be at least five years and cannot be more than 30 years. This option is available as a Fixed Annuity only.

FIXED ANNUITY

You may elect to have the Adjusted Account Value applied to provide a Fixed Annuity. The dollar amount of each payment will be at least as great as that determined in accordance with the Income Tables on page 3a and 3b. The Fixed Annuity provides an annual guaranteed minimum interest rate on all Annuity Options. The guaranteed minimum interest rate will never be less than allowed by law in the state that it was issued. We may pay or credit excess interest at our discretion.

VARIABLE ANNUITY

You may elect to have the Adjusted Account Value applied to provide a Variable Annuity. Variable Annuity payments reflect the investment performance of the Separate Account in accordance with the allocation of the Adjusted Account Value to the Variable Investment Options during the Annuity Period. Variable Annuity payments are not guaranteed as to dollar amount.

The dollar amount of the first Variable Annuity payment is determined in accordance with the second paragraph in the Annuity Options section. We will determine the number of Annuity Units payable for each payment. We will divide the dollar amount of the first annuity payment by the Annuity Unit Value for each applicable Variable Investment Option on the Annuity Date. This sets the number of Annuity Units for each applicable Variable Investment Option. The number of Annuity Units payable remains the same unless you transfer a portion of the annuity benefit to another Variable Investment Option or to a Fixed Annuity. The dollar amount is not fixed and will change from month to month.

The dollar amount of the Variable Annuity payments for each applicable Variable Investment Option after the first payment is determined by multiplying the fixed number of Annuity Units per payment in each Variable Investment Option by the Annuity Unit Value for the Variable Investment Option for the last Valuation Period of the month preceding the month for which the payment is due. This result is the dollar amount of the payment for each applicable Variable Investment Option. The total dollar amount of each Variable Annuity payment is the sum of all Variable Investment Option Annuity payments reduced by the applicable portion of the Policy Maintenance Charge.

VARIABLE ANNUITY UNIT

The value of any Annuity Unit for each Variable Investment Option was arbitrarily set initially at \$10. The Variable Investment Option Annuity Unit Value at the end of any subsequent Valuation Period is determined as follows:

1. The Net Investment Factor for the current Valuation Period is multiplied by the value of the Annuity Unit for the Variable Investment Option for the immediately preceding Valuation Period.
2. The result is then divided by the Assumed Investment Rate Factor which equals 1.00 plus the Assumed Investment Rate for the number of days since the preceding Valuation Date.

You may choose an Assumed Investment Rate from any of the Life Income Tables listed in this contract. Life Income Tables are located on pages 3b, 14 and 15. If you do not choose an Assumed Investment Rate, the Assumed Investment Rate for your Annuity Option will be from the Life Income Table on page 3b.

The Assumed Investment Rate is the assumed rate of return used to determine the first annuity payment for a Variable Annuity Option. A higher Assumed Investment Rate will result in a higher first payment. Choice of a lower Assumed Investment Rate will result in a lower first payment. Payments will increase whenever the actual return exceeds the chosen rate. Payments will decrease whenever the actual return is less than the chosen rate.

MORTALITY TABLES

The mortality table used in establishing the Annuity Tables is the Annuity 2000 Mortality Table. The dollar amount of an annuity payment for any age not shown in the Tables, or for any other form of Annuity Option agreed to by us, will be provided by us upon request.

GENERAL PROVISIONS

THE SEPARATE ACCOUNT

The Separate Account, American Fidelity Separate Account B, consists of assets set aside by us, which are kept separate from that of the general assets and all other Separate Account assets of the company. The assets of the Separate Account equal to reserves and other policy liabilities with respect to the Separate Account will not be chargeable with liabilities arising out of any other business we may conduct.

THE POLICY

The entire contract consists of this policy and any attached endorsements and application. A copy of the application is attached to the policy.

MISSTATEMENT OF AGE

If the age of any payee has been incorrectly stated, any benefits payable under this policy will be those that the purchase payments would have purchased for the correct age. After annuity payments have begun, any underpayments will be made up in one sum with the next annuity payment. Any overpayments will be deducted from future annuity payments until the total is repaid.

INCONTESTABILITY

This policy will not be contestable from the Date of Issue.

CHANGES

Any change in this policy or waiver of its provisions must be made in writing and signed by an authorized officer of the Company.

SECTION 72

In the event of any conflict between Section 72 of the Internal Revenue Code and the terms of this policy, such Internal Revenue Code section will govern so as to maintain the treatment of this policy as an annuity policy.

NON-ALIENATION OF BENEFITS

To the extent allowed by law, the values represented in this policy will be free from creditor's claims or legal process brought against you or any payee. The Annuitant, if other than the Owner, shall have no right to assign, sell or otherwise decrease the value of this policy.

RESERVES

The reserves and guaranteed values for this policy will at no time be less than the minimum benefits required by law of the state in which it is delivered.

NON-PARTICIPATING

This policy is non-participating. It does not share in the profits of the Company.

EVIDENCE OF SURVIVAL

We may require satisfactory evidence of the continued survival of any person(s) on whose life annuity payments are based.

PROOF OF AGE

We may require evidence of age of any Annuitant and any Owner.

REPORTS

At least once each calendar year, we will furnish you with a report showing the Account Value and any other information as may be required by law. We will also furnish an annual report of the Separate Account.

TAXES

Any taxes paid to any governmental entity relating to any policy may be deducted from the purchase payment or Account Value when incurred. We will determine when taxes have resulted from: the investment experience of the Separate Account; receipt by us of the purchase payments; or, commencement of annuity payments. We may pay taxes when due and deduct that amount from the Account Value at a later date. Payment at an earlier date does not waive any right we may have to deduct amounts at a later date. We reserve the right to establish a provision for federal income taxes if we determine that we will incur a tax as a result of the operation of the Separate Account. We will deduct for any income taxes incurred by us as a result of the operation of the Separate Account. We will deduct this tax whether or not there was a provision for taxes and whether or not it was sufficient. We will deduct any withholding taxes required by law.

3% LIFE INCOME TABLE

MONTHLY LIFE INCOME PER \$1,000 OF CASH VALUE			
AGE LAST BIRTHDAY	LIFE INCOME ONLY NO GUARANTEED PERIOD	LIFE INCOME WITH 10 YEARS GUARANTEED	LIFE INCOME WITH 20 YEARS GUARANTEED
50	\$3.81	\$3.80	\$3.74
51	3.87	3.85	3.79
52	3.93	3.91	3.84
53	3.99	3.97	3.90
54	4.06	4.04	3.95
55	4.13	4.10	4.01
56	4.21	4.18	4.07
57	4.29	4.25	4.13
58	4.37	4.33	4.20
59	4.46	4.42	4.26
60	4.56	4.51	4.33
61	4.66	4.60	4.40
62	4.76	4.70	4.47
63	4.88	4.80	4.54
64	5.00	4.91	4.61
65	5.13	5.03	4.68
66	5.27	5.15	4.75
67	5.42	5.28	4.82
68	5.58	5.42	4.89
69	5.75	5.57	4.96
70	5.94	5.72	5.02
71	6.14	5.88	5.08
72	6.35	6.04	5.14
73	6.59	6.22	5.19
74	6.84	6.40	5.24
75	7.11	6.58	5.29

5% LIFE INCOME TABLE

MONTHLY LIFE INCOME PER \$1,000 OF CASH VALUE			
AGE LAST BIRTHDAY	LIFE INCOME ONLY NO GUARANTEED PERIOD	LIFE INCOME WITH 10 YEARS GUARANTEED	LIFE INCOME WITH 20 YEARS GUARANTEED
50	\$5.03	\$5.01	\$4.94
51	5.08	5.06	4.98
52	5.14	5.11	5.03
53	5.20	5.17	5.07
54	5.26	5.23	5.12
55	5.33	5.29	5.17
56	5.40	5.35	5.23
57	5.47	5.42	5.28
58	5.55	5.50	5.34
59	5.64	5.58	5.39
60	5.73	5.66	5.45
61	5.83	5.75	5.51
62	5.93	5.84	5.58
63	6.04	5.94	5.64
64	6.16	6.05	5.70
65	6.29	6.16	5.77
66	6.43	6.28	5.83
67	6.58	6.40	5.89
68	6.73	6.53	5.96
69	6.90	6.67	6.02
70	7.09	6.81	6.07
71	7.29	6.97	6.13
72	7.51	7.13	6.18
73	7.74	7.29	6.23
74	7.99	7.46	6.27
75	8.26	7.64	6.31

American Fidelity Assurance Company

9000 Cameron Parkway

Oklahoma City, Oklahoma 73114

403(b) Plan Loan Rider

The policy this rider is attached to is amended as follows:

After the first Policy Year, we may make a loan to you at any time before annuity payments begin. Only one outstanding loan is permitted at any given time. The security for the loan will be held in the Guaranteed Interest Account that will be designated as loan collateral.

A loan cannot exceed the lesser of \$50,000 or one-half of the Account Value. If you have had a loan under this policy, another 403(b) plan or a qualified retirement plan during the last twelve months, the \$50,000 limit may be reduced. The reduction will be the highest loan balance owed during this one year period. If you currently have a 403(b) Plan loan in a default status, you will not be eligible for another loan.

The minimum loan will be \$1,000. We may change the minimum loan amount at our discretion.

Loan interest will be at an annual rate of 5.0%. While there is an outstanding loan, the Guaranteed Interest Account that has been designated as loan collateral will earn interest at the guaranteed rate.

Loan payments will be at the times set forth in the loan agreement, not to extend beyond five years. Additionally, the loan may be repaid in full or in part at any time. However, if a loan payment is not made within 90 days of a payment due date, the outstanding loan balance which is equal to the principal plus interest, will become due and payable. If not repaid, the loan balance plus interest will be considered in default and will be treated as taxable income for the tax year of the default. Satisfaction of any unpaid loan balance plus interest will occur when you qualify for a Plan distribution under the federal tax guidelines. If the loan is in default and you do not yet qualify for a distribution to satisfy the outstanding loan balance, the loan will continue to accumulate interest. Any amounts that may become taxable will be reported as Plan distributions and will be subject to income tax and tax penalties, if applicable.

There are special repayment guidelines available to you for personal or military leave. You should contact us for assistance if a leave of absence is anticipated.

If you are eligible for a distribution and the entire Cash Value is withdrawn while there is an outstanding loan, the Cash Value will be reduced by the loan balance and the Withdrawal Charge. Upon your death, the Beneficiary will receive the death benefit reduced by the loan balance. If annuity payments begin while there is an outstanding loan, the Account Value will be reduced by any remaining loan balance.

This rider shall not change any other provisions of this policy.

The effective date of this rider is the policy Issue Date.



Secretary

American Fidelity Assurance Company

9000 Cameron Parkway

Oklahoma City, Oklahoma 73114

403(b) Annuity Rider

This rider is attached to and made a part of the Annuity Contract issued by American Fidelity Assurance Company to qualify the Contract as a tax-deferred annuity under Section 403(b)(a) of the Internal Revenue Code as the same may be amended or supplemented from time to time. If any provisions of the Contract conflict with this rider, the provisions of this rider will apply.

In this rider, "we", "us", "our" and "Company" refer to American Fidelity Assurance Company. "You", "your" and "Participant" refer to the Owner.

ARTICLE I - DEFINITIONS

When capitalized, the following words and phrases will have the meanings shown below unless the context indicates that other meanings are intended.

- 1.01 **Annuity** - Means the 403(b) Annuity established pursuant to this rider and the underlying Contract for the benefit of the Participant and, when implied, refers to the assets, if any, then held by us.
- 1.02 **Beneficiary** - Means the person(s) designated to receive any distributions from the Annuity upon the Participant's death.
- 1.03 **Code** - Means the Internal Revenue Code of 1986, as amended from time to time.
- 1.04 **Compensation** - Means the Compensation received from the Employer that is includible income of the Employee as defined in Section 403(b)(1)(3) of the Code. Compensation will not exceed \$200,000, as adjusted for increases in the cost-of-living in accordance with Section 401(a)(17)(B) of the Code.
- 1.05 **Contract** - Means the annuity contract to which this rider is attached.
- 1.06 **Designated Beneficiary** - Means the Beneficiary named as of the date of your death who remains a Beneficiary as of September 30 of the year following the year of your death.
- 1.07 **Employee** - Means any person who regularly performs services, or has performed services, for an Employer in exchange for Compensation. Neither a leased employee (as defined in Section 414(n)(6) of the Code) nor an independent contractor shall be considered an Employee.
- 1.08 **Employer** - Means an entity described in the Code which is eligible to make Premiums to Annuities under Section 403(b) and is considered the Plan Sponsor for purposes of the written plan.
- 1.09 **Participant** - Means any Employee who has established a 403(b) Annuity by signing an application with the Issuer and to whom a Contract and this rider have been issued.
- 1.10 **Plan** - Means the 403(b) Plan written and maintained by the Plan Sponsor.
- 1.11 **Premium** - Means any payments made to the Annuity.

ARTICLE II - PREMIUMS

- 2.01 **Premiums** - Premiums must be made by the Employer that maintains the Plan, except in the case of a rollover contribution, intra-plan exchange or plan-to-plan transfer. All premiums must be paid in cash. The Employer may not make Premium payments after the Participant's death.

2.02 **Elective Deferrals and Catch-Up Premiums**

- (a) Elective deferrals are Premiums made by your Employer on your behalf under a salary reduction agreement. You will designate the amount or percent of Compensation that is to be deferred. That amount or percent will be in effect until changed in writing by you. You may change or end the agreement at any time as permitted by the Employer.
- (b) Catch-Up Premiums are elective deferrals made for a calendar year by a Participant who is or will be age 50 before the end of that year. If allowed by the Employer, you may be eligible to make catch-up Premiums in accordance with Section 414(v) of the Code.

2.03 **Employer Contribution Premiums** – If permitted by the Plan, Employer contributions may be made to the Annuity. The amount of the Premiums will be set in the Plan. The amount of the Premiums will not exceed any applicable federal or state limitations.

2.04 **Maximum Contribution Limits** - In no event will your Premiums to the Annuity for a tax year exceed the maximum amount permitted under current law or the Plan, if less.

- (a) The Premiums made during a tax year on your behalf, when aggregated with other Premiums made through the Employer, will not exceed the limitations set forth in Section 403(b)(1) and Section 415 of the Code for that year.
- (b) The maximum of all applicable elective deferrals, including to this Annuity, made on your behalf during the tax year will not exceed the limitations in Section 402(g) of the Code.
- (c) Premiums, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.
- (d) Catch-Up Premiums under Section 414(v) of the Code will be subject to the contribution limits of that section.
- (e) You and the Employer are solely responsible for determining your maximum annual Elective Deferrals.

2.05 **Rollover to Annuity** - We may accept eligible rollover distributions from the following sources to be applied to the Annuity and accounted for separately, if allowed by the Plan:

- (a) a qualified plan described in Section 401(a) or 403(a) of the Code (other than after-tax employee contributions);
- (b) an annuity Contract or custodial account described in Section 403(b) of the Code (other than after-tax employee contributions);
- (c) an eligible plan under Section 457(b) of the Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state;
- (d) the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income; or,
- (e) eligible rollover distributions made to the Participant as a surviving spouse, or as a spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code.

No amount that is distributed on account of hardship will be an eligible rollover distribution.

You will certify, in a manner acceptable to us, that such amounts are eligible rollover distributions. We are not responsible for determining whether any rollover is proper and we reserve the right not to accept any rollovers.

2.06 **Plan to Plan Transfers and Exchanges to Annuity** – If permitted by the Plan, you may transfer or exchange assets from another annuity Contract or custodial account described in Section 403(b) of the Code to this Annuity. You will certify, in a manner acceptable to us, that the transfer or exchange satisfies all current requirements for

such a transaction. We are not responsible for determining whether any such transfer or exchange is proper and we reserve the right not to accept any plan-to-plan transfers or tax free exchanges.

- 2.07 **Excess Premium Amounts** - If required or permitted by law or regulations, we may distribute any excess amount to you or the Employer. For purposes of this Section, an excess amount is the amount of any contribution made on your behalf for a tax year that exceeds the maximum amount allowable as a contribution for such tax year. Excess amount, including any allocated income, that is not permitted to be distributed will be held in a separate account and dispersed as allowed by applicable Code sections.

ARTICLE III – PAYMENT OF BENEFITS

- 3.01 **Limitations on Payment of Benefits** - Subject to the limitations described in this rider, you may request a distribution from the Annuity upon the occurrence of one of the following events:

- (a) your attainment of age 59½;
- (b) your disability within the meaning of Section 72(m)(7) of the Code;
- (c) the Participant's death;
- (d) your severance from employment;
- (e) your financial hardship, as described in Article 3.02 of this rider;
- (f) a qualified reservist distribution under Section 414(w)(2) of the Code; or
- (g) the termination of the Plan by the Plan Sponsor.

If the value of this Annuity immediately preceding the 1989 plan year is known, such pre-1989 amounts are not subject to the distribution limitations described above unless otherwise limited by the Code or Plan requirements.

All requests for withdrawal must be in writing on a form provided by or acceptable to us. Your tax identification number (or the Beneficiary's, if applicable) must be provided to us prior to distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, and Plan requirements of the Employer.

- 3.02 **Financial Hardship** – The term “financial hardship” means a financial need you incur as defined by Section 403(b)(11)(B) of the Code and may be limited by the Plan. No distributions on account of financial hardship can exceed the amount that is required to meet the immediate financial need created by the hardship. The hardship cannot be reasonably satisfied from other resources.

A financial hardship distribution may consist only of the amounts contributed through a salary reduction agreement. Earnings on the salary reduction Premium may not be included as part of the distribution. Elective deferrals must be suspended for a period of six months after your receipt of a hardship distribution. It is the Participant's responsibility to notify the Employer of the hardship distribution and the Employer's responsibility to cease the elective deferrals for the required period.

You will determine the existence of a financial hardship. If you request a distribution on account of financial hardship, you must certify, in a manner acceptable to the Plan, that a financial hardship exists and provide documentation of the hardship amount. The transaction must be approved in accordance with the requirements of the Plan.

- 3.03 **Required Minimum Distributions**

- (a) You must begin taking distributions from the Annuity no later than your required beginning date. The required beginning date will be the first day of April of the calendar year following the calendar year in which you either attain age 70½ or retire, whichever is later. The Required Minimum Distribution of your interest in the Annuity will be made in accordance with the requirements of Sections 403(b)(10) and 401(a)(9) of the Code and the regulations thereunder. Those provisions are incorporated by reference.
 - (1) Your Annuity will commence to be distributed no later than the required beginning date over:
 - (A) your life or the lives of you and a Designated Beneficiary; or
 - (B) a period certain not extending beyond your life expectancy or the joint and last survivor expectancy of you and a Designated Beneficiary.
 - (2) The value of the Annuity for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers and transfers and the actuarial value of any other benefits provided under the Annuity.

- (3) If you participate in two or more 403(b) arrangements, you may satisfy the minimum distribution requirements by taking from one 403(b) arrangement the amount needed to satisfy the requirement.
- (4) If the value of the Annuity as of December 31, 1986 is determinable, that amount will not be subject to a required minimum distribution until the calendar year you attain age 75 or such other date as may be allowed by law.
- (5) It is your responsibility to satisfy the required minimum distribution rules. We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.
- (b) If you die before your entire interest is distributed to you, the entire remaining interest will be distributed as required by Section 401(a)(9) of the Code and the regulations thereunder.

3.04 **Eligible Rollover Distributions** - At your election, or the election of your surviving spouse Beneficiary, we will pay any eligible rollover distribution to an eligible retirement plan (as described in Sections 408, 401(a) or 403(a), 403(b), or 457(b) of the Code) as a direct rollover. The definition of eligible retirement plan will also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code. No amount that is distributed on account of hardship will be an eligible rollover distribution.

You or your surviving spouse Beneficiary or former spouse must specify the plan to which the eligible rollover distribution is to be paid, and satisfy such other reasonable requirements as we may impose.

ARTICLE IV - ADMINISTRATION

4.01 **Duties of the Company** - We shall have the following obligations and responsibilities:

- (a) to hold Premiums received by it in the Annuity, apply the Premiums pursuant to the Participant's instructions and distribute Annuity assets as required under this rider; and
- (b) to maintain records of all relevant information as may be necessary for the proper administration of the Annuity.

4.02 **Company Not Responsible for Certain Actions** – The Employer and the Participant will, to the extent permitted under law, indemnify and hold us, our employees and our agents harmless from and against any liability which may occur in the administration of this rider unless arising from our breach of our responsibilities under this rider. It is the specific intention of the parties that no fiduciary duties be conferred upon us, our employees or agents nor will any be implied from this rider or acts of us, our employees or agents. We shall not be required to perform any additional services unless specifically agreed to under the terms and conditions of this rider, or as required under the Code with respect to 403(b) plans.

ARTICLE V - AMENDMENT OF RIDER

5.01 We may amend this rider to comply with the Code and related regulations. Any amendment we make to comply with the Code and related regulations does not require your consent. We may also amend this rider to the extent necessary or appropriate to permit the efficient administration of the Annuity. You will be deemed to have consented to such amendment unless, within 30 days from the date we mail the amendment, you notify us in writing that you do not consent. No amendment shall be made which may operate to disqualify the Annuity under Section 403(b) of the Code.

ARTICLE VI - MISCELLANEOUS

6.01 **Applicable Law** – This rider is established with the intention that it qualify as an Annuity under Section 403(b) of the Code, and that Premiums be treated as such. This rider is subject to applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this rider, the law of the state in which this Policy is issued will govern.

If any provision of this rider is for any reason deemed invalid or unenforceable, the remaining provisions will continue in full force and effect. Neither the Owner's nor our failure to enforce any of the provisions of this rider for any period

of time will be construed as a waiver of such provisions, or the Owner's right or our right thereafter to enforce each and every such provision.

- 6.02 **Nonalienation** – Except as required in Article 6.04 of this rider, this 403(b) Annuity and its assets will be nonforfeitable at all time. You may not assign, pledge or in any manner encumber this Annuity, nor will this Annuity be subject to garnishment, attachment, execution or levy of any kind.
- 6.03 **Notices** - Any required notice regarding this Annuity will be considered effective when we send it to the last address in our records. Any notice to be given to us will be considered effective when we actually receive it. You must notify us of any change of address.
- 6.04 **Matters Relating to Divorce** - Upon receipt of a Qualified Domestic Relations Order (QDRO), we may retain an independent third party to determine whether the order is a qualified domestic relations order pursuant to Section 414(p) of the Code. In some instances, the determination will be performed by the Employer or the Employer's representative.

A QDRO can specify that the payment will be made at any time, either before or after a Participant's "earliest retirement age". If the QDRO does not so specify, payments under a QDRO will begin on the date of your earliest retirement age. For purposes of the QDRO, earliest retirement age will be the earlier of:

- (1) the date on which you are entitled to a distribution of benefits under the Annuity, or
- (2) the later of the date you attain age 50 or the earliest date on which you could obtain a distribution if you were separated from service.

Distribution to an alternate payee will only be made as required by the QDRO and after the QDRO is determined to meet the requirements of Section 414(p) of the Code.

- 6.05 **Coordination with Plan** - If this rider is used in conjunction with a 403(b) Plan sponsored by the 403(b) Owner's Employer and any terms of the 403(b) Plan and this rider conflicts, the terms of the 403(b) Plan shall govern.
- 6.06 **Responsibilities** – You, the Owner, represent and warrant to us that any information you provide us will be correct and may be fully relied upon by us. We will not be responsible for losses of any kind that may result from your directions to us, or your actions or failures to act. We will not be responsible for any penalties, taxes, judgments or expenses incurred in connection with this Annuity.

You will have sixty (60) days after you receive any documents, statements or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements or other information. If you do not notify us within 60 days, the documents, statements or other information will be deemed to be correct and accurate, and we will have no further liability or obligation for such documents, statements, other information or the transactions described therein.

To the extent written instructions or notices are required under this rider, we may accept or provide such information in any other form permitted by the Code or applicable regulations.

This rider is subject to all provisions of the Contract as long as this rider does not amend them. This rider will terminate on the same date as the Contract to which it is attached.


Secretary



AMERICAN FIDELITY ASSURANCE COMPANY
9000 Cameron Parkway, Oklahoma City, Oklahoma 73114
800-662-1113

ROTH 403(b) ANNUITY RIDER

This rider is attached to and made a part of the Annuity Policy (the "Policy") and the associated 403(b) Annuity Rider issued by American Fidelity Assurance Company (the "Issuer"), which qualifies the Policy as a tax-deferred annuity under Section 403(b) of the Internal Revenue Code (the "Code"), as it may be amended or supplemented from time to time. This rider is intended to permit Roth contributions and comply with the provisions of Code Section 402A applicable to 403(b) plans. The owner of the Policy shall comply with the tax qualification provision to prevent loss of the advantages of tax deferral and to prevent assessment of tax penalties. The terms and provisions of this rider are subject to the terms of any Section 403(b) Plan document under which it is offered as a permitted investment.

In this rider, "we", "us", "our" and "Company" refer to American Fidelity Assurance Company. "You", "your", and "Participant" refer to the Owner.

The 403(b) Annuity Rider is amended to allow elective deferral, matching, and non-elective contributions to be accepted and designated as qualified Roth contributions. Such contributions may be permitted according to the provisions of Code Section 402A, as the same may be amended or supplemented from time to time, and only if permitted by the Employer's 403(b) Plan.

To the extent that qualified Roth contributions are permitted under the Employer's Code Section 403(b) Plan and Code Section 402A, the Policy will also accept the following Premium payments (referred to in the aggregate as "designated Roth contributions"):

1. After-tax elective, matching, and non-elective Employer contributions made as irrevocably designated Roth contributions.
2. Age 50+ catch-up contributions made as permitted under Section 414(v) and irrevocably designated as Roth contributions.

If the Employer's Section 403(b) Plan provides for automatic enrollment, we may implement a rule regarding the default characterization of an elective deferral made through automatic enrollment. We may also accept rollover contributions permitted under Code Section 402A from another designated Roth account, and trustee-to-trustee transfers from another designated Roth account, to the extent permitted under Code Section 402A and the Employer's 403(b) Plan. We will accept rollover contributions to a Roth account only to the extent the rollover is permitted under the rules of Code Section 402(c) and the Employer's 403(b) Plan. We may establish separate Roth accounts for contributions to this contract and rollovers from other designated Roth accounts. Roth contributions and withdrawals will be credited and debited to the Roth account(s) maintained for each Participant.

By electing to have elective deferrals, matching contributions, and/or non-elective contributions treated as qualified Roth contributions, the Participant will be taxed on the contribution amounts in the year in which they are made. Earnings attributable to such contributions will be tax-deferred until a distribution is received. Earnings will never be taxed if the distribution is a qualified distribution, as defined in Code Section 402A(d)(2). Gains, losses, and other credits or charges will be allocated on a reasonable and consistent basis between a Participant's Roth account(s) and other accounts. If directed investments are permitted, gains, losses, and other credits or charges will be allocated based upon the portion of each account allocated to each chosen investment.

The aggregate of the Premiums attributable to elective deferrals contributed as qualified Roth contributions and the pre-tax elective deferrals for a Participant shall not exceed the applicable limitations for such reductions as described the 403(b) Annuity Rider and the applicable sections of the Code. Roth elective deferrals will be treated as elective deferrals for all purposes unless specifically stated otherwise.

Loans may be permitted from the designated Roth account if made in accordance with our administrative procedures in place at the time of the loan application and permitted by the Employer's 403(b) Plan. We may implement a rule permitting a Participant to elect whether loans and distributions (including hardship or other in-service distributions) are made from Roth account(s) or other account(s).

We may implement an ordering rule for distributions and withdrawals from your designated Roth account or pre-tax account to the extent permitted by the Code. Such ordering rules may specify which account is distributed first or may permit the participant to elect from which account withdrawals and distributions are made first. For corrective distributions of excess contributions, a Highly Compensated Employee may designate the portion to be distributed from the Roth account and pre-tax account, but only to the extent that each type of deferrals was made for the year. If no designation is made, pre-tax deferrals will be distributed first.

The total elective deferrals available for hardship distributions is an aggregate limit that includes both pre-tax elective contributions and designated Roth contributions. We may implement a rule regarding the ability of the Participant to designate the amount of any hardship distribution or other in-service distributions taken from the pre-tax elective deferrals account and the designated Roth account.

Rollover distributions from the designated Roth account may only be made to another designated Roth account of the Annuitant or to a Roth IRA or Annuity under Code Section 408A. We may implement a restriction on direct rollovers from a Roth account if the eligible rollover distributions are reasonably expected to total less than \$200 during a year or on partial rollovers if the amount distributed solely from the Participant's Roth account is less than \$500. If a Participant has both a designated Roth account and other accounts, and distributions are made from a Participant's designated Roth account to the Participant and to their Roth IRA or designated Roth account in a direct rollover, any pre-tax amounts will be allocated first to the direct rollover. If distributions are made from a Participant's designated Roth account that are directly rolled over to multiple destinations, the Participant may direct the allocation of pre-tax and Roth accounts that are included in the disbursements. Eligible rollover contributions from a Participant's Roth account may be included in determining whether the total amount of a Participant's accounts exceed any mandatory distribution amount specified in the 403(b) Plan provisions.

This rider is subject to all provisions of the Policy which this rider does not amend. This rider will terminate on the same date as the Policy to which it is attached.

A handwritten signature in black ink, appearing to read "Christopher Kenney". The signature is fluid and cursive, with the first name "Christopher" and last name "Kenney" clearly distinguishable.

Secretary

American Fidelity Assurance Company

9000 Cameron Parkway

Oklahoma City, Oklahoma 73114

ROTH INDIVIDUAL RETIREMENT ANNUITY RIDER

ARTICLE I

- 1.01 *Purpose.* The purpose of this Rider, which is attached to and made a part of the annuity Policy issued by American Fidelity Assurance Company, is to qualify the Policy as a Roth individual retirement annuity (IRA) under Code sections 408A and 408(b) to provide for the Roth IRA Owner's retirement and for the support of his or her Beneficiary(ies) after death. The Policy is established for the exclusive benefit of the Roth IRA Owner and his or her Beneficiary(ies). If any provisions of the Policy conflict with this Rider, the provisions of this Rider will apply.
- 1.02 *Ownership Provisions.* The Roth IRA Owner's interest in the Policy is nonforfeitable and nontransferable and the Roth IRA Owner may exercise all rights under the Policy during his or her lifetime. In addition, the Policy may not be sold, assigned, discounted, or pledged as collateral or as security for the performance of an obligation or for any other purpose.
- 1.03 *For More Information.* To obtain more information concerning the rules governing this Rider, contact American Fidelity Assurance Company.

ARTICLE II – DEFINITIONS

The following words and phrases, when used in the Rider with initial capital letters, shall, for the purpose of the Rider, have the meanings set forth below unless the context indicates that other meanings are intended.

- 2.01 *Adoption Agreement* means the document executed by the Roth IRA Owner through which the Roth IRA Owner adopts this Rider and thereby agrees to be bound by all terms and conditions of this Rider.
- 2.02 *Beneficiary* means the individual(s) or entity(ies) properly named to receive any remaining IRA benefits upon the death of the Roth IRA Owner.
- 2.03 *Code* means the Internal Revenue Code of 1986, as amended from time to time.
- 2.04 *Contract* means the annuity contract used in conjunction with this Rider.
- 2.05 *Conversion Premium* means a contribution described in Section 408A(e) of the Code from a Traditional or SIMPLE IRA to a Roth IRA.
- 2.06 *Designated Beneficiary* means the Beneficiary named as of the date of the Roth IRA Owner's death who remains Beneficiary as of September 30 of the year following the year of the Roth IRA Owner's death.
- 2.07 *Rider* means this IRA Rider, including the Adoption Agreement, that was completed and signed to establish this IRA.
- 2.08 *Issuer* means American Fidelity Assurance Company.
- 2.09 *IRA* means a Roth Individual Retirement Annuity as defined in Code sections 408(A) and 408(b) unless otherwise indicated.
- 2.10 *Premium* means any payments made to the IRA.
- 2.11 *Regulations* means the Treasury regulations.

- 2.12 *Roth IRA Owner* means the individual who participates in this individual retirement annuity and is the Owner of the Policy.
- 2.13 *SIMPLE IRA* means an IRA which satisfies the requirements of Code sections 408(b) and 408(p).

ARTICLE III – PREMIUM LIMITS

- 3.01 *Maximum Permissible Amount.* Except in the case of a rollover Premium described in Code section 408A(e), a recharacterized Premium described in Code section 408A(d)(6), or a Conversion Premium, no Premiums will be accepted unless they are in cash, and the total of such Premiums shall not exceed the lesser of 100 percent of the Roth IRA Owner's Compensation, or: \$3,000 for any taxable year beginning in 2002 through 2004; \$4,000 for any taxable year beginning in 2005 through 2007; and \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the applicable Premium limit may be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 219(b)(5)(C). Such adjustments will be in multiples of \$500.

If the Roth IRA Owner makes regular Premiums to both Roth and Traditional IRAs for a taxable year, the maximum regular Premium that can be made to all the Roth IRA Owner's IRAs for that taxable year is reduced by the regular Premiums made to the Roth IRA Owner's Traditional IRAs for the taxable year.

Premiums may be further limited if the Roth IRA Owner's modified adjusted gross income (MAGI) exceeds the limits described in paragraph 3.03 of the Rider.

- 3.02 *Catch-Up Premiums.* In the case of an Roth IRA Owner who is age 50 or older by the close of the taxable year, the annual Premium is increased by \$500 for any taxable year beginning in 2002 through 2005; and \$1,000 for any taxable year beginning in 2006 and years thereafter.
- 3.03 *Regular Premium Limit.* If a Roth IRA Owner's MAGI falls within certain limits, as described in the following table, the maximum regular Premium that can be made to all the Roth IRA Owner's IRAs for a taxable year is phased out ratably in accordance with the following table:

Filing Status	Full Premium	Phase-Out Range MAGI	No Premium
Single or Head of Household	\$95,000 or less	Between \$95,000 and \$110,000	\$110,000 or more
Joint Return or Qualifying Widow(er)	\$150,000 or less	Between \$150,000 and \$160,000	\$160,000 or more
Married – Separate Return	\$0	Between \$0 and \$10,000	\$10,000 or more

If the Roth IRA Owner's MAGI for a taxable year is in the phase-out range, the maximum regular Premium determined under this table for that taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.

- 3.04 *Conversion Premium Limit.* A conversion from a Traditional or SIMPLE IRA cannot be made to this IRA if, in the year the amount is distributed from the Traditional or SIMPLE IRA:
- the Roth IRA Owner is married and files a separate return,
 - the Roth IRA Owner is not married and has MAGI in excess of \$100,000 or
 - the Roth IRA Owner is married and together the Roth IRA Owner and the Roth IRA Owner's spouse have MAGI in excess of \$100,000.

For the purposes of the preceding sentence, a husband and wife are not treated as married for a taxable year if they lived apart at all times during that taxable year and file separate returns for the taxable year.

- 3.05 *Recharacterization.* A regular Premium to a Traditional IRA may be recharacterized pursuant to the rules in Regulations section 1.408A-5 as a regular Premium to this IRA, subject to the limits in paragraph 3.03 of this Rider.
- 3.06 *Modified Adjusted Gross Income.* For purposes of paragraphs 3.03 and 3.04 of this Rider, a Roth IRA Owner's MAGI for a taxable year is defined in Code section 408A(c)(3)(C)(i) and does not include any amount included in adjusted gross income as a result of a conversion from a Traditional or SIMPLE IRA.
- 3.07 *Compensation.* For purposes of paragraph 3.01 of this Rider, compensation means wages, salaries, professional fees, or other amounts derived from or received for personal services actually rendered (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses). Compensation for a self-employed individual includes earned income, as defined in Code section 401(c)(2) (reduced by the deduction the self employed Roth IRA Owner takes for contributions made to a self-employed retirement plan). For purposes of this definition, Code section 401(c)(2) shall be applied as if the term trade or business for purposes of Code section 1402 included service described in Code section 1402(c)(6). Compensation shall include any amount includible in the Roth IRA Owner's gross income under Code section 71 with respect to a divorce or separation instrument.
- Compensation does not include amounts derived from or received as earnings or profits from property (including but not limited to interest and dividends) or amounts not includible in gross income. Compensation also does not include any amount received as a pension or annuity or as deferred compensation.
- 3.08 *Excess Premium.* Any refund of Premiums (other than those attributable to excess Premiums) will be applied, before the close of the calendar year following the year of the refund, toward the payment of future Premiums or the purchase of additional benefits.
- 3.09 *Contract Requirements.* If Premiums are interrupted, the policy will be reinstated at any date prior to maturity upon payment of a Premium other than a rollover or transfer Premium, to the Issuer, and the minimum Premium amount for reinstatement shall be \$10.00 ~~(not to exceed \$50)~~. However, the Issuer may, at its option, either accept additional future payments or terminate the policy by payment in cash of the then present value of the paid up benefit if no Premiums have been received for two full consecutive policy years and the paid up annuity benefit at maturity would be less than \$20 per month.

ARTICLE IV– DISTRIBUTION REQUIREMENTS

- 4.01 *Roth IRA Owner Distributions.* No amount is required to be distributed from the Policy prior to the death of the Roth IRA Owner for whose benefit the Policy was originally established.
- 4.02 *Beneficiary Rights.* If the Roth IRA Owner dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows:
- A. Notwithstanding any provision of this IRA to the contrary, the distribution of the Roth IRA Owner's interest in the IRA shall be made in accordance with the requirements of Code section 408(b)(3), as modified by Code section 408A(c)(5), and the Regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are not made in the form of an annuity on an irrevocable basis (except for acceleration), then distribution of the interest in the IRA (as determined under paragraph 4.02 of this Rider) must satisfy the requirements of Code section 408(a)(6), as modified by Code section 408A(c)(5), and the Regulations thereunder, rather than the distribution rules in paragraphs 4.02(B), (C), (D) and (E) of the Rider.
 - B. Upon the death of the Roth IRA Owner, his or her entire interest will be distributed at least as rapidly as follows:

1. If the Designated Beneficiary is someone other than the Roth IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Roth IRA Owner's death, over the remaining life expectancy of the Designated Beneficiary, with such life expectancy determined using the age of the Designated Beneficiary as of his or her birthday in the year following the year of the Roth IRA Owner's death, or, if elected, in accordance with paragraph 4.02(B)(3) of this Rider.
 2. If the Roth IRA Owner's Designated Beneficiary is the Roth IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the Roth IRA Owner's death (or by the end of the calendar year in which the Roth IRA Owner would have attained age 70 $\frac{1}{2}$, if later), over such spouse's life, or, if elected, in accordance with paragraph 4.02(B)(3) of this Rider. If the surviving spouse dies before required distributions commence to him or her, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's Designated Beneficiary's remaining life expectancy determined using such Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with paragraph 4.02(B)(3) of this Rider. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the Policy option chosen.
 3. If there is no Designated Beneficiary, or if applicable by operation of paragraph 4.02(B)(1) or (B)(2) of this Rider, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the Roth IRA Owner's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph 4.02(B)(2) of this Rider.
 4. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulations section 1.40(a)(9)-9. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Designated Beneficiary's age in the year specified in paragraph 4.02(B)(1) or (2) of this Rider, and reduced by one for each subsequent year.
- C. The value of the IRA for purposes of this Article is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and recharacterizations under Q&As-7 and -8 of Regulations section 1.408-8 and the actuarial value of any other benefits provided under the IRA, such as guaranteed death benefits.
- D. For purposes of paragraph 4.02(B)(2) of the Rider, required distributions are considered to commence on the date distributions are required to begin to the surviving spouse under such paragraph. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity policy meeting the requirements of Regulations section 1.401(a)(9)-6T, then required distributions are considered to commence on the annuity starting date.
- E. If the Designated Beneficiary is the Roth IRA Owner's surviving spouse, the spouse may elect to treat the IRA as his or her own IRA. This election will be deemed to have been made if such surviving spouse, who is the sole Beneficiary of the IRA, makes a Premium to the IRA or fails to take required distributions as a Beneficiary.
- F. If the Beneficiary payment election described above is not made by December 31 of the year following the year the Roth IRA Owner dies, the Issuer reserves the right to elect, in its complete and sole discretion, to do any of the following:
- make no distribution until the Beneficiary(ies) provide a proper withdrawal request;
 - distribute the entire IRA to the Beneficiary(ies) in a single sum payment; or
 - distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in paragraph 4.02(B) of this Rider.
- The Issuer will not be liable for any penalties or taxes related to the Beneficiary's failure to take a required minimum distribution.

ARTICLE V– REPORTING

The Roth IRA Owners agrees to provide the Issuer with information necessary for the Issuer to prepare any report(s) required under the Code and related Regulations including Code sections 408(i) and 408A(d)(3)(D) and Regulations sections 1.408-5 and 1.408-6 and under guidance published by the Internal Revenue Service (IRS).

The Issuer shall furnish annual calendar year reports concerning the status of the annuity and such information concerning required minimum distributions as is prescribed by the IRS.

ARTICLE VI– AMENDMENTS

Any amendment made for the purpose of complying with provisions of the Code and related Regulations may be made without the consent of the Roth IRA Owner. The Roth IRA Owner will be deemed to have consented to any other amendment unless the Roth IRA Owner notifies the Issuer that he or she does not consent within 30 days from the date the issuer mails the amendment to the Roth IRA Owner.

ARTICLE VII– RESPONSIBILITY OF THE PARTIES

The Issuer shall not be responsible for any penalties, taxes, judgments or expenses incurred by the Roth IRA Owner in connection with this IRA and shall have no duty to determine whether any Premiums to or distributions from this IRA comply with the Code, Regulations, ruling or this Rider.


Secretary

American Fidelity Assurance Company

9000 Cameron Parkway

Oklahoma City, Oklahoma 73114

TRADITIONAL INDIVIDUAL RETIREMENT ANNUITY RIDER

ARTICLE I

- 1.01 *Purpose.* The purpose of this Rider, which is attached to and made a part of the annuity Policy issued by American Fidelity Assurance Company, is to qualify the Policy as an individual retirement annuity (IRA) under Code section 408(b) to provide for the IRA Owner's retirement and for the support of his or her Beneficiary(ies) after death. The Policy is established for the exclusive benefit of the IRA Owner and his or her Beneficiary(ies). If any provisions of the Policy conflict with this Rider, the provisions of this Rider will apply.
- 1.02 *Ownership Provisions.* The IRA Owner's interest in the Policy is nonforfeitable and nontransferable and the IRA Owner may exercise all rights under the Policy during his or her lifetime. In addition, the Policy may not be sold, assigned, discounted, or pledged as collateral or as security for the performance of an obligation or for any other purpose.
- 1.03 *For More Information.* To obtain more information concerning the rules governing this Rider, contact American Fidelity Assurance Company.

ARTICLE II – DEFINITIONS

The following words and phrases, when used in the Rider will initial capital letters, shall, for the purpose of the Rider, have the meanings set forth below unless the policy indicates that other meanings are intended.

- 2.01 *Application* means the document executed by the IRA Owner through which the IRA Owner adopts this Rider and thereby agrees to be bound by all terms and conditions of this Rider.
- 2.02 *Beneficiary* means the individual(s) or entity(ies) properly named to receive any remaining IRA benefits upon the death of the IRA Owner.
- 2.03 *Code* means the Internal Revenue Code of 1986, as amended from time to time.
- 2.04 *Designated Beneficiary* means the Beneficiary named as of the date of the IRA Owner's death who remains a Beneficiary as of September 30 of the year following the year of the IRA Owner's death.
- 2.05 *IRA* means a Traditional IRA as defined in Code section 408(b) unless otherwise indicated.
- 2.06 *IRA Owner* means the individual who participates in this IRA, thereby owning the Policy.
- 2.07 *Issuer* means American Fidelity Assurance Company.
- 2.08 *Policy* means the annuity contract used in conjunction with this Rider.
- 2.09 *Premium* means any payments made to the IRA.
- 2.10 *Regulations* means the Treasury regulations.
- 2.11 *Rider* means this IRA Rider, including the Application that was completed and signed to establish this IRA.
- 2.12 *Simple IRA* means an IRA which satisfies the requirements of Code sections 408(b) and 408(p).

ARTICLE III – PREMIUM PAYMENTS

- 3.01 *Maximum Permissible Premiums.* The Issuer may accept Premiums on behalf of the IRA Owner for a tax year of the IRA Owner. Except in the case of a rollover Premium (as permitted by Code sections 402©, 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) and 457(e)(16) or a Premium made in accordance with the terms of a Simplified Employee Pension (SEP) plan as described in Code section 408(k), no Premiums will be accepted unless they are in cash, and the total of such Premiums shall not exceed the lesser of 100 percent of the IRA Owner's Compensation, or \$3,000 for any taxable year beginning in 2002 through 2004; \$4,000 for any taxable year beginning in 2005 through 2007; and \$5,000 for any taxable year beginning in 2008 and years thereafter.

After 2008, the Premium limit will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 219(b)(5)(C). Such adjustments will be in multiples of \$500.

If the IRA Owner makes regular Premiums to both Traditional and Roth IRAs for a taxable year, the maximum regular Premium that can be made to all the IRA Owner's Traditional IRAs for that taxable year is reduced by the regular Premiums made to the IRA Owner's Roth IRAs for the taxable year.

- 3.02 *Catch-Up Premiums.* In the case of an IRA Owner who is age 50 or older by the close of the taxable year, the annual Premium is increased by \$500 for any taxable year beginning in 2002 through 2005; and \$1,000 for any taxable year beginning in 2006 and years thereafter.
- 3.03 *Simple IRA.* No Premium will be accepted under a SIMPLE IRA plan established by an employer pursuant to Code section 408(p). Also, no transfer or rollover of funds attributable to Premiums made by a particular employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA plan, prior to the expiration of the two-year period beginning on the date the employee first participated in that employer's SIMPLE IRA plan.
- 3.04 *Excess Premium.* Any refund of Premiums (other than those attributable to excess Premiums) will be applied, before the close of the calendar year following the year of the refund, toward the payment of future Premiums or the purchase of additional benefits.

ARTICLE IV– DISTRIBUTION REQUIREMENTS

- 4.01 *IRA Owner Distributions.* Notwithstanding any provision of this IRA to the contrary, the distribution of the IRA Owner's interest in the IRA shall be made in accordance with the requirements of Code section 408(b)(3) and the Regulations thereunder, the provisions of which are herein incorporated by reference. If distributions are not made in the form of an annuity on an irrevocable basis (except for acceleration), then distribution of the interest in the IRA (as determined under Article 4.01(D)) must satisfy the requirements of Code section 408(a)(6) and the Regulations thereunder, rather than paragraphs (A), (B) and (C) of this the Regulations thereunder, rather than paragraphs (A),(B) and (C) of this Article 4.01.

- A. The entire interest of the IRA Owner for whose benefit the IRA is maintained will commence to be distributed no later than the first day of April following the calendar year in which such IRA Owner attains age 70 ½ (the "required beginning date") over
1. The IRA Owner's life or the lives of such IRA Owner and his or her Designated Beneficiary(ies), or
 2. A period certain not extending beyond the IRA Owner's life expectancy or the joint and last survivor expectancy of such IRA Owner and his or her Designated Beneficiary(ies).

Distributions must be made in periodic payments at intervals of no longer than one year and must be either non-increasing or they may increase only as provided in Q&As-1 and –4 of Regulations section 1.401(a)(9)-6T. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of 1.401(a)(9)-6T.

- B. The distribution periods described in paragraph (A) of this article cannot exceed the periods specified in Regulations section 1.401(a)(9)-6T.
- C. The first required distribution can be made as late as the required beginning date and must be the distribution that is required for one payment interval. The second distribution need not be made until the end of the next payment interval.

- D. The value of the IRA for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and re-characterizations under Q&A-7 and -8 of Regulations section 1.408-8 and the actuarial value of any other benefits provided under the IRA, such as guaranteed death benefits.
- E. If the IRA Owner fails to elect a method of distribution by his or her required beginning date the Issuer shall have completed and sole discretion to do any one of the following:
- make no distribution until IRA Owner provides a proper withdrawal request;
 - distribute the IRA Owner's entire interest in a single sum payment;
 - distribute the IRA Owner's entire interest over a period certain not extending beyond the IRA Owner's life expectancy or the life expectancy of the IRA Owner and his or her Beneficiary; or
 - annuitize the IRA within the parameters described in this Section.

The Issuer will not be liable for any penalties or taxes related to the IRA Owner's failure to take a required minimum distribution.

4.02 *Beneficiary Rights.* If the IRA Owner dies before his or her entire interest is distributed to him or her, the entire remaining interest will be distributed as follows.

- A. **Death on or after Required Beginning Date.** If the IRA Owner dies on or after the required beginning date for distributions, the remaining portion of such IRA Owner's interest will continue to be distributed under the contract option chosen.
- B. **Death before Required Beginning Date.** If the IRA Owner dies before distributions commence, such IRA Owner's entire interest will be distributed at least as rapidly as follows.
1. If the Designated Beneficiary is someone other than the IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the IRA Owner's death, over the remaining life expectancy determined using the age of the Beneficiary as of his or her birthday in the year following the year of the IRA Owner's death, or, if elected, in accordance with paragraph 4.02(B)(3) of this Rider.
 2. If the IRA Owner's sole Designated Beneficiary is the IRA Owner's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the IRA Owner's death (or by the end of the calendar year in which the IRA Owner would have attained age 70 $\frac{1}{2}$, if later), over such spouse's life, or, if elected, in accordance with paragraph 4.02(B)(3) of this Rider. If the surviving spouse dies before required distributions are required to begin, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's Designated Beneficiary's remaining life expectancy determined using such Beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with paragraph 4.02(B)(3) of this Rider. If the surviving spouse dies after required distributions commence to him or her, any remaining interest will continue to be distributed under the contract option chosen.
 3. If there is no Designated Beneficiary, or, if applicable by operation of paragraph 4.02(B)(1) or (B)(2) of this Rider, the entire interest will be distributed by the end of the calendar year containing the fifth anniversary of the IRA Owner's death (or the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph 4.02(B)(2) of this Rider.
 4. Life expectancy is determined using the Single Life Table in Q&A-1 of Regulations section 1.401(a)(9)-9. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, such spouse's remaining life expectancy for a year is the number in the Single Life Table corresponding to such spouse's age in the year. In all other cases, remaining life expectancy for a year is the number in the Single Life Table corresponding to the Beneficiary's age in the year specified in paragraph 4.02(B)(1) or (2) of the Rider and reduced by one for each subsequent year.
- C. The value of the IRA for purposes of this Section is the prior December 31 balance adjusted to include the amount of any outstanding rollovers, transfers and recharacterizations under Q&As -7 and -8 of Regulations section 1.408-8 and the actuarial value of any other benefits provided under the IRA, such as guaranteed death benefits.

- D. For purposes of paragraphs 4.02(A) and (B) of this Rider required distributions are considered to commence on the IRA Owner's required beginning date, or, if applicable, on the date distributions are required to begin to the surviving spouse under paragraph 4.02(B)(2) of this Rider. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity contract meeting the requirements of Regulations section 1.401(a)(9)-6T, the required distributions are considered to commence on the annuity starting date.
- E. If the Designated Beneficiary is the IRA Owner's surviving spouse, the spouse may elect to treat the IRA as his or her own IRA. This election will be deemed to have been made if such surviving spouse, who is the sole Beneficiary of the IRA, makes a Premium to the IRA or fails to take required distributions as a Beneficiary.
- F. If the Beneficiary payment election described in Section 4.02 is not made by December 31 of the year following the year the IRA Owner dies, the Issuer reserves the right to elect, in its complete and sole discretion, to do any one of the following:
- make no distribution until the Beneficiary(ies) provides a proper withdrawal request;
 - distribute the entire IRA to the Beneficiary(ies) in a single sum payment;
 - distribute the entire remaining interest to the Beneficiary(ies) pursuant to the applicable option in paragraphs 4.02(A) or (B) of this Rider.

The Issuer will not be liable for any penalties or taxes related to the Beneficiary's failure to take a required minimum distribution.

ARTICLE V- REPORTING

The IRA Owner agrees to provide the Issuer with information necessary for the Issuer to prepare any report required under Code section 408(I), Regulations section 1.408-5 and 1.408-6 and under guidance published by the Internal Revenue Service (IRS).

ARTICLE VI- AMENDMENTS

Any amendment made for the purpose of complying with provisions of the Code and related Regulations may be made without the consent of the IRA Owner. The IRA Owner will be deemed to have consented to any other amendment unless the IRA Owner notifies the Issuer that he or she does not consent within 30 days from the date the Issuer mails the amendment to the IRA Owner.

ARTICLE VII- RESPONSIBILITY OF THE PARTIES

The Issuer shall not be responsible for any penalties, taxes, judgments or expenses incurred by the IRA Owner in connection with this IRA and shall have no duty to determine whether any Premiums to or distributions from this IRA comply with the Code, Regulations, ruling of this Rider.

This rider is subject to all of the provisions of the Policy as long as this rider does not amend them. This rider will terminate on the same date as the policy to which it is attached.


Secretary



AMERICAN FIDELITY ASSURANCE COMPANY
9000 Cameron Parkway, Oklahoma City, Oklahoma 73114

Amendment Rider

This rider is a part of the policy to which it is attached. It is subject to all the provisions of the policy that are not in conflict the provisions of this rider. This rider will terminate on the same date as the policy to which it is attached.

The **WITHDRAWAL CHARGE** provision on page 8 of your policy has been removed in its entirety, along with any additional references in the policy or riders attached to your policy.


Secretary

AMERICAN FIDELITY ASSURANCE COMPANY

9000 Cameron Parkway Oklahoma City, OK 73114

INDIVIDUAL ANNUITY APPLICATION

☐ Fixed – Flexible Premium Deferred Annuity **OR** ☐ Variable – Flexible Premium Variable and Fixed Deferred Annuity

POLICY OWNER

Last Name	First Name	Middle Name	Suffix
Date of Birth	Gender	SSN or Tax ID #	Relationship to Annuitant
Residence Address (Street and Number)	City	State	Zip
Mailing Address (if different than Residence)	City	State	Zip
Email Address (if any)	Primary Phone #	Country of Citizenship	
Employer	Occupation	Annual Salary	Employment Date

JOINT OWNER (NON-QUALIFIED PLANS ONLY)

Last Name	First Name	Middle Name	Suffix
Date of Birth	Gender	SSN or Tax ID #	Relationship to Policy Owner
Residence Address (Street and Number)	City	State	Zip
Mailing Address (if different than Residence)	City	State	Zip
Email Address (if any)	Primary Phone #	Country of Citizenship	

ANNUITANT (COMPLETE IF OTHER THAN OWNER)

Last Name	First Name	Middle Name	Suffix
Date of Birth	Gender	SSN	Country of Citizenship
Mailing Address	City	State	Zip
Primary Phone #	Email Address (if any)		

BENEFICIARY INFORMATION

Primary Last Name	First Name	Middle Name	Suffix	Relationship
Contingent Last Name	First Name	Middle Name	Suffix	Relationship

BILLING INFORMATION		
Billing Method (Select One)	Billing Frequency	Date of First Deduction/Payment
☐ List Bill ☐ Bank Draft ☐ Direct Bill	Billing Mode: _____ _____ Employee Employer MCP# _____ _____ Employee Employer	Employee Employer Mo Day Yr Mo Day Yr _____ _____ (The Effective Date is based upon the earlier of these dates.)

The Periodic and Additional Payment amounts apply only to the new Product selected on this application. Any changes to existing annuity payment amounts must be made on a separate Change Form and/or Salary Reduction Agreement.

Periodic Payment Information			
Employee Payments \$ _____		Employer Payments \$ _____	
Additional Payment, if any			
☐ Lump Sum Estimated Amount		☐ Exchange – Transfer, Rollover or 1035 Exchange (Complete Additional Paperwork) Estimated Amount	
Employee Payments \$ _____	Employer Payments \$ _____	Employee Payments \$ _____	Employer Payments \$ _____

PLAN INFORMATION			
Type of Plan (Choose One):			
☐ 403(b)	☐ 403(b) Roth	☐ Traditional IRA	☐ Roth IRA
☐ Non – Qualified	☐ Other: _____		

FIXED ANNUITY OPTIONAL RIDER SELECTION			
Optional Additional Declared Interest Rider (Choose One):			
☐ 1 Year	☐ 2 Year	☐ 5 Year	☐ 10 Year

AF Advantage Variable Annuity® INVESTMENT OPTION ALLOCATIONS			
Enter whole percentages only, must total 100%. DO NOT COMPLETE FOR THE FIXED ANNUITY.			

EE ALLOCATION		INVESTMENT OPTIONS	ER ALLOCATION
_____	%	AFGI American Fidelity Guaranteed Interest Account	_____ %
_____	%	VG01 Vanguard® VIF Total Bond Market Index Portfolio	_____ %
_____	%	VG02 Vanguard® VIF Balanced Portfolio	_____ %
_____	%	AM02 American Funds IS Washington Mutual Investors Fund	_____ %
_____	%	DR01 BNY Mellon Stock Index Fund, Inc.	_____ %
_____	%	VG05 Vanguard® VIF Total Stock Market Index Portfolio	_____ %
_____	%	DR02 BNY Mellon Sustainable U.S. Equity Portfolio, Inc.	_____ %
_____	%	VG04 Vanguard® VIF Capital Growth Portfolio	_____ %
_____	%	VG06 Vanguard® VIF Mid-Cap Index Portfolio	_____ %
_____	%	DR07 BNY Mellon VIF Opportunistic Small Cap Portfolio	_____ %
_____	%	AM01 American Funds IS International Fund	_____ %
Total	100 %		Total 100 %

REPLACEMENT INFORMATION

Do you own any existing life insurance or annuity contracts? ☐ Yes ☐ No

Do you intend to replace, discontinue or change any such coverage? ☐ Yes ☐ No

If yes to either question, complete and return any required Replacement Form(s).

SIGNATURES AND ACKNOWLEDGEMENT

With my signature below, I am certifying to the following, as applicable. I have also received and reviewed a copy of: 1) the Replacement Notice, which was read aloud to me or left with me; and 2) any other state mandated forms required at the time of application, if applicable.

FOR VARIABLE ANNUITIES ONLY: I received a prospectus for the Variable Annuity contract for which I have applied. I was given the opportunity to receive this information either in paper or electronic format.

I understand that all payments and values provided under a Variable Annuity contract are based on the investment experience of a separate account and the underlying investment(s) chosen and will decrease or increase with investment experience and are not guaranteed as to fixed dollar amount except for the Guaranteed Interest Account.

FOR FIXED ANNUITIES WITH OPTIONAL DECLARED INTEREST RIDER: I understand I have chosen to apply a rider to the annuity contract I am purchasing in order to increase my interest earnings. I further acknowledge that a surrender charge will apply to withdrawals made during the applicable withdrawal charge period. This charge may apply to all or part of the money withdrawn from my annuity at any time during the applicable withdrawal charge period. I have been provided with materials including an explanation of all applicable withdrawal charges. I also understand the rider will become effective the first day of the month following receipt of the initial premium after electing this rider.

FOR QUALIFIED RETIREMENT PLANS ONLY: I understand that qualified retirement plans such as 403(b) and 401(a) plans have withdrawal restrictions under the Tax Code on contributions and earnings. I also understand that the withdrawal of my contributions is limited by my attainment of age 59 ½, separation from service, death, disability (as defined in Section 72(m)(7) of the Tax Code), or financial hardship (as defined by 403(b)(11)(B) of the Tax Code).

I understand that in addition to Tax Code withdrawal restrictions, access to my contributions and earnings, prior to my attainment of age 59 ½ and/or separation from service with my employer, are subject to the applicable rules of my employer's plan and may be subject to Internal Revenue Code withholding requirements or a 10% early distribution penalty tax.

Accounts held in qualified plans are subject to additional withdrawal and taxation restrictions or requirements and, as such, are not appropriate for use in situations where immediate or regular access to account assets prior to retirement is required.

FOR FIXED ANNUITY APPLICATIONS ONLY:

I have received and reviewed a copy of consumer brochure # SB

The statements and answers given in this application are true, complete and correctly recorded. I understand that the company has issued this coverage in reliance upon the truthfulness of my responses to the questions contained in this application. I have considered my present financial needs and determined that the purchase of this annuity is appropriate for me.

Warning: Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

Signed At (City and State)

Date Signed

Owner Signature or PIN

Joint Owner, if any, Signature or PIN

SIGNATURES AND ACKNOWLEDGEMENT CONTINUED

FOR ALL VARIABLE AND INDIVIDUAL NON-QUALIFIED ANNUITIES (TIRA AND RIRA) ONLY:

Owner's Driver's License or Government
Issued ID Type and Number:

Joint Owner's Driver's License or Government
Issued ID Type and Number:

Issued by: _____ Exp Date: _____

Issued By: _____ Exp Date: _____

AGENT STATEMENT: To the best of my knowledge, the proposed Owner/Annuitant ☐ does ☐ does not have any existing life insurance or annuity covering the Annuitant, and the person(s) to be insured ☐ does ☐ does not intend to replace, discontinue or change any such coverage.

I personally saw the applicant and recorded the answers myself. ☐ Yes ☐ No If No, give details:

I have reasonable grounds for believing that the decision of this Owner/Annuitant to purchase/exchange or replace an annuity is appropriate. This determination was based on facts disclosed to me, either orally or in writing, as to the individual's retirement objectives, other insurance products, and financial situation and needs.

I certify that I have provided all applicable state mandated disclosures required at the time of application.

FOR TIRA, RIRA OR "NON-QUALIFIED" APPLICATIONS: I have verified that the identification shown is that of the owner and it corresponds with the information provided as a part of the application process. I understand that my signature verifies I have seen the identification and the information is correct.

Licensed Agent Signature or PIN

Agent's Printed Name and Agent Number

**SECOND AMENDED AND RESTATED BYLAWS
OF
AMERICAN FIDELITY ASSURANCE COMPANY
(the “Corporation”)**

ARTICLE I

OFFICES

Section 1.01 The principal office of the Corporation shall be in Oklahoma City, County of Oklahoma, State of Oklahoma.

Section 1.02 The Corporation may also have offices at such other places both within and without the State of Oklahoma as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

ACTION BY SOLE SHAREHOLDER

Section 2.01 The sole shareholder may hold an annual or special meeting or may take action by written consent for the election of directors and the transaction of such other business as may properly come before the sole shareholder. Any meeting of the sole shareholder shall be held on the date and at the time designated by the Board of Directors. The meeting shall be held at the principal offices of the Corporation or at such other location determined by the Board of Directors.

Section 2.02 The sole shareholder shall, at every meeting of the sole shareholder, be entitled to one vote in person or by proxy for each share of stock having voting power held by the sole shareholder. All proxies shall be filed with the secretary of the Corporation at or before the meeting. No proxy shall be voted on after one year from its date unless the proxy provides for a longer period.

Section 2.03 All elections of the directors of the Corporation shall be decided by the sole shareholder except as otherwise provided in these Bylaws.

Section 2.04 Any action required or permitted to be taken at a meeting of the sole shareholder may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the sole shareholder, and the consent is filed with the minutes of the Corporation.

ARTICLE III

DIRECTORS

Section 3.01 The authorized number of directors which shall constitute the whole Board of Directors shall be not less than five nor more than 15. Within the limits specified, the number of authorized directors shall be determined by resolution of the Board of Directors or by the sole shareholder at the annual meeting or at a special meeting called for that purpose, which number shall constitute the whole Board. Persons to be elected as directors shall be nominated by a committee composed 100% of Independent Directors, as set forth in Article VI. From those persons nominated, the directors shall be elected by the sole shareholder, except as provided in Section 3.02, and each director elected shall hold office until his successor is elected and qualified. Directors need not be residents of the State of Oklahoma or shareholders.

Section 3.02 Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum; provided that, directors selected pursuant to this this Section 3.02 must be nominated by a committee composed 100% of Independent Directors, as set forth in Article VI, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors shall be held in the manner provided by statute.

Section 3.03 The business and affairs of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not directed or required to be exercised or done by the sole shareholder by statute, the Certificate of Incorporation, or these Bylaws.

Section 3.04 Any director of the Corporation may be removed or discharged with or without cause by the affirmative vote or written consent of the sole shareholder.

Section 3.05 Any director may resign at any time by delivering written notice of his resignation to the Chairman of the Board, President, or Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or if no time is specified therein, then such resignation shall take effect immediately upon the receipt thereof.

Section 3.06 At least one-third of the members of the Board of Directors shall be Independent Directors. "Independent Director" means a person who is not an officer or employee of the Corporation or of any entity controlling, controlled by, or under common control with the Corporation, and who is not beneficial owner of a controlling interest in the voting stock of the Corporation.

ARTICLE IV

MEETING OF DIRECTORS

Section 4.01 The Board of Directors may hold meetings, both regular and special, either within or without the State of Oklahoma.

Section 4.02 An annual meeting of the Board of Directors shall be held each year for the purpose of electing officers of the Corporation and transacting any business coming before such meeting.

Section 4.03 Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors.

Section 4.04 Special meetings of the Board of Directors may be called by the Chairman of the Board or the President on 24 hours' notice delivered personally to each director or three days' written notice (including electronically). Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two directors. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or written waiver of notice of such meeting.

Section 4.05 At all meetings of the Board of Directors, one-third of the whole Board (the total number of authorized directors under Section 3.01, including any vacancies) shall constitute a quorum for the transaction of business; provided that, at least one Independent Director must be present at each meeting of the Board in order to constitute a quorum. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified and called.

Section 4.06 Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 4.07 Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board or committee, as the case may be, by electronic or other means by which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE V

EXECUTIVE COMMITTEE

Section 5.01 At any meeting of the Board of Directors, the Board may, acting by resolution adopted by a majority of the whole Board, elect, from their own members, an Executive Committee composed of three or more voting members. At least one-third of the members of the Executive Committee shall be Independent Directors, as set forth in Article VI.

Section 5.02 The Executive Committee shall have all of the powers of the directors in the interim between meetings of the Board, except (a) the power to declare dividends and to adopt, amend, or repeal these Bylaws, and (b) where action of the Board of Directors is required by law. The Executive Committee shall keep regular minutes of its proceedings, which shall be reported to the directors at their next meeting.

Section 5.03 The Executive Committee shall meet at such times as may be fixed by the Committee or on the call of the President or Chairman of the Board. Notice of the time and place of the meeting shall be given to each member of the Committee in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors.

Section 5.04 A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business; provided that, at least one Independent Director who is a member of the Executive Committee must be present at any meeting of the Executive Committee in order to constitute a quorum. The act of the majority of the members of the Executive Committee present at a meeting at which a quorum is present shall be the act of the Executive Committee. At all meetings of the Executive Committee, each member present shall have one vote which shall be cast by him in person and not by proxy.

Section 5.05 Any actions taken or approved at any meeting of the Executive Committee shall be as valid as though taken or approved at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the members not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof.

Section 5.06 The entire Executive Committee or any individual member thereof may be removed from the Committee with or without cause by a vote of a majority of the whole Board.

Section 5.07 The Board of Directors shall fill all vacancies in the Executive Committee which may occur from time to time by majority vote of the whole Board.

Section 5.08 Any action which might be taken at a meeting of the Executive Committee may be taken without a meeting if all of the members consent thereto in writing, and the consent is filed with the minutes of proceedings of the Committee.

ARTICLE VI

COMMITTEES

Committees of the Board

Section 6.01 The Board of Directors may designate one or more committees of the Board of Directors, in addition to the Executive Committee described in Article VI, which, to the extent provided by the Board of Directors, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, except where action of the Board of Directors is required by law. Membership of any such committee of the Board of Directors is limited to persons who are directors of the Corporation, and at least one-third of the members of each committee of the Board of Directors must be Independent Directors. Additionally, at least one Independent Director must be present at any meeting of a Board committee in order to constitute a quorum.

Committees of the Corporation

Section 6.02 The Board of Directors may designate one or more committees of the Corporation, which committees may exercise such powers as may be designated by the Board of Directors to the extent that such acts are not required to be performed by the Board of Directors under the Corporation's Certificate of Incorporation, these Bylaws, or statute. Any such committee of the Corporation shall not have, and may not exercise, the powers of the Board of Directors in the management of the business and affairs of the Corporation. The Board of Directors may appoint natural persons who are not directors of the Corporation to serve on any committee of the Corporation and need not include any directors as committee members.

Independent Committees

Section 6.03 Notwithstanding any other provision set forth in these Bylaws, a committee composed 100% of Independent Directors must nominate directors for election to the Board of Directors, and a committee composed 100% of Independent Directors must (1) evaluate the performance of principal officers, and (2) make recommendations regarding the election of principal officers and their compensation.

ARTICLE VII

NOTICES

Section 7.01 Notices to directors, officers, and the sole shareholder shall be delivered in writing (including electronically).

Section 7.02 Whenever any notice is required to be given under the provisions of the Oklahoma General Corporation Act, the Certificate of Incorporation, or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated herein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall

constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the sole shareholder, directors, or members of a committee need to be specified in any written waiver of notice.

ARTICLE VIII

OFFICERS

Section 8.01 The officers of the Corporation shall be a President, a Secretary and a Treasurer. The Corporation may also have, at the discretion of the Board of Directors, a Senior Chairman of the Board, a Chairman of the Board, a Vice Chairman of the Board, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 8.03. One person may hold two or more offices; provided, however, that no person shall at the same time hold the offices of (1) President and Secretary or (2) more than one of the offices of President, Executive Vice President, Senior Vice President, Vice President or Assistant Vice President.

Appointment

Section 8.02 The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 8.03 or Section 8.05 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Subordinate Officers

Section 8.03 The Board of Directors may appoint, and may empower the Chairman of the Board or the President to appoint, such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such titles and such authority, and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Removal and Resignation

Section 8.04 Any officer may be removed, either with or without cause, by the Board of Directors at any regular or special meeting thereof or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors, President, or Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Vacancies

Section 8.05 A vacancy in any office due to death, resignation, removal, disqualification, or other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Chairman Emeritus

Section 8.06 The Chairman Emeritus of the Board, if any, shall be elected by and shall have such powers and duties which may be assigned from time to time by the Board of Directors.

Senior Chairman of the Board

Section 8.07 The Senior Chairman of the Board, shall, if present, in the absence of the Chairman of the Board, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by these Bylaws.

Chairman of the Board

Section 8.08 The Chairman of the Board, shall, if present, preside at all meetings of the Board of Directors. The Chairman of the Board shall be the Chief Executive Officer of the Corporation and exercise and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by these Bylaws.

Vice Chairman of the Board

Section 8.09 The Vice Chairman of the Board, if any, shall, if present, in the absence of the Chairman and the Senior Chairman, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by these Bylaws.

President

Section 8.10 Subject to such powers and duties, if any, as may be assigned by the Board of Directors to the Chairman Emeritus, Senior Chairman, Chairman, and Vice Chairman of the Board, the President shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the Corporation, including:

- (a) presiding at all meetings of the sole shareholder;
- (b) in the absence of the Chairman, Senior Chairman, and Vice Chairman of the Board, presiding at all meetings of the Board of Directors;
- (c) with the Secretary, signing the minutes of all shareholders' and directors' meetings over which the President may have presided;

- (d) executing all such bills, notes, checks, contracts, and other instruments as may pertain to the ordinary course of the Corporation's business except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation;
- (e) at the request of the sole shareholder, submitting a complete report of the operations of the Corporation's affairs as existing at the close of each year and reporting to the Board of Directors from time to time all such matters known and relating to the interest of the Corporation as should be brought to the attention of the Board; and
- (f) having such usual powers and duties of supervision and management as may pertain to the office of the President and having such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 8.11 The Chairman of the Board and the President shall have the power, subject to the Board of Directors, to appoint as many Executive Vice Presidents, Senior Vice Presidents, Vice Presidents and Assistant Vice Presidents or any other subordinate officers, in their discretion, as they may determine. Such officers as are specifically identified in this section shall have the power to sign or countersign, as may be necessary, all such checks, notes, contracts, and other instruments as may pertain to the ordinary course of the Corporation's business, including bonds, mortgages, and other contracts, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other agent of the Corporation.

Secretary

Section 8.12 The Secretary shall keep the corporate records and shall give notice of, attend, and record minutes of meetings of the sole shareholder and Board of Directors. The Secretary shall, in general, perform all duties incident to the office of Secretary and such other duties as the Board of Directors or the President may assign.

An Assistant Secretary, if any, shall perform the duties of the Secretary in the event of his absence or disability and such other duties as the Board of Directors may determine.

Treasurer

Section 8.13 The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct amounts of the properties and business transactions of the Corporation, including an accounting of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus, and shares. The books of account shall, at all reasonable times, be open to inspection by any director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to

the President and directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these Bylaws.

An Assistant Treasurer, if any, shall perform the duties of the Treasurer in the event of his absence or disability and such other duties as the Board of Directors may determine.

Delegation of Duties

Section 8.14 In case of the absence or disability of any officer of the Corporation or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may, by a vote of a majority of the whole Board, delegate, for the time being, the powers or duties, or any of them, of such officer to any other officer or to any director.

ARTICLE IX

CERTIFICATES OF STOCK

Section 9.01 The shares of capital stock of the Corporation shall be represented by certificates unless the Board of Directors provides by resolution that some or all stock shall be uncertificated shares. No shares of stock shall be issued until the consideration therefor has been fully paid.

Fractional Shares

Section 9.02 The Corporation may, but is not required to, issue fractional shares of stock.

ARTICLE X

EXECUTION OF POLICIES, INSTRUMENTS AND CONTRACTS

Policies

Section 10.01 All policies of insurance shall be signed by (1) the President or a Vice President and (2) by the Secretary or an Assistant Secretary whose signatures may be engraved, printed or stamped thereon.

Funds of the Corporation and Checks

Section 10.02 Funds of the Corporation shall be deposited only in the name of the Corporation and in such financial institutions as the Chairman of the Board or President or an authorized Executive Vice President, Senior Vice President or Vice President shall designate. Checks or demands for money and notes of the Corporation shall be signed by such officers or agents as the Chairman of the Board or President may from time to time designate.

ARTICLE XI

INDEMNIFICATION

Section 11.01

(a) The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of or with the consent of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), amounts paid in settlement (whether with or without court approval), judgments, or fines actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith or did not act in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, that the person did not have reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify every person who is or was a party, or is or was threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of or with the consent of the Corporation as a director, officer, employee, or agent or in any other capacity of or in another corporation, or a partnership, joint venture, trust, or other enterprise, or by reason of any action alleged to have been taken or not taken by him while acting in such capacity, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such threatened, pending, or completed action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation. The termination of any such threatened or actual action or suit by a settlement or by an adverse judgment or order shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation. Nevertheless, there shall be no indemnification with respect to expenses incurred in connection with any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to

the Corporation unless, and only to the extent that, the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper.

(c) To the extent that a director, officer, employee, or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Subsections (a) and (b) hereof, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with such defense.

(d) Any indemnification under Subsections (a) and (b) hereof (unless ordered by a court) shall be made by the Corporation only as authorized in the specific cases upon a determination that indemnification is proper in the circumstances because the person claiming indemnification has met the applicable standard of conduct set forth in such subsections. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of disinterested directors, or, if such a quorum is not obtainable, or, even if obtainable and a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or by the sole shareholder.

(e) The amount of any expenses incurred by a person in defending any threatened or actual action, suit, or proceeding referred to in subsection (a) hereof or any threatened or actual action or suit referred to in subsection (b) hereof may be advanced to or for the benefit of such person by the Corporation prior to the final disposition thereof as authorized by the Board of Directors in the specific case upon the receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

(f) The indemnification provided by this Article XI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of the sole shareholder, or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(g) The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against liability under the provisions of this Article XI.

ARTICLE XII
GENERAL PROVISIONS

Dividends

Section 12.01 Subject to any provision of the Certificate of Incorporation, dividends on the outstanding capital stock of the Corporation (to the extent permitted by any applicable law, rule, or regulation) may be declared by the Board of Directors. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the Certificate of Incorporation.

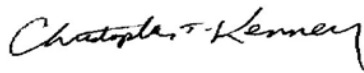
Fiscal Year

Section 12.02 The fiscal year of the Corporation shall be from January 1 to December 31.

Amendments

Section 12.03 These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by the sole shareholder, and, if so provided in the Certificate of Incorporation, by the Board of Directors.

The undersigned hereby certifies that he is the duly elected and acting Secretary of the Corporation and that the foregoing are the Bylaws of the Corporation, originally adopted by the Board of Directors of the Corporation on November 30, 1960, amended and restated on November 24, 1997 by Board approval, and further amended and restated as of May 26, 2020 by shareholder approval.



Christopher T. Kenney, Secretary

PARTICIPATION AGREEMENT

Among

VANGUARD VARIABLE INSURANCE FUND

and

THE VANGUARD GROUP, INC.

and

VANGUARD MARKETING CORPORATION

and

AMERICAN FIDELITY ASSURANCE COMPANY

THIS AGREEMENT, made and entered into as of the 8th day of December, 2025, by and among VANGUARD VARIABLE INSURANCE FUND (hereinafter the “Fund”), a Delaware statutory trust, THE VANGUARD GROUP, INC. (hereinafter the “Sponsor”), a Pennsylvania corporation, VANGUARD MARKETING CORPORATION (hereinafter the “Distributor”), a Pennsylvania corporation, and American Fidelity Assurance Company (hereinafter the “Company”), an Oklahoma corporation, on its own behalf and on behalf of each segregated asset account of the Company named in Schedule A hereto as may be amended from time to time (each such account hereinafter referred to as the “Account”), and amends and restates in its entirety the Participation Agreement by and among the Fund, Sponsor, Distributor, and Company dated March 30th, 2005, as amended.

WHEREAS, the Fund was organized to act as the investment vehicle for variable life insurance policies and variable annuity contracts to be offered by separate accounts of insurance companies which have entered into participation agreements with the Fund and the Sponsor (hereinafter “Participating Insurance Companies”); and

WHEREAS, the beneficial interest in the Fund is divided into several series of shares, each designated a “Portfolio,” and representing the interest in a particular managed portfolio of securities and other assets; and

WHEREAS, the Fund is registered as an open-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”) and its shares are registered under the Securities Act of 1933, as amended (the “1933 Act”); and

WHEREAS, the assets of each Portfolio of the Fund are managed by several entities (the “Advisers”), each of which is duly registered as an investment adviser under the federal Investment Advisers Act of 1940 and any applicable state securities laws; and

WHEREAS, the Company has established or will establish one or more Accounts to fund certain variable life insurance policies and/or variable annuity contracts (the “Variable Insurance Products”), which Accounts and Variable Insurance Products are registered under the 1940 Act and the 1933 Act, respectively; and

WHEREAS, each Account is a duly organized, validly existing segregated asset account, established by resolution of the Board of Directors of the Company, on the date shown for each Account on Schedule A hereto, to set aside and invest assets attributable to the Variable Insurance Products; and

WHEREAS, the Distributor is a wholly-owned subsidiary of the Sponsor, is registered as a broker dealer with the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”) and is a member in good standing of the Financial Industry Regulatory Authority, Inc. (“FINRA”); and

WHEREAS, to the extent permitted by applicable insurance laws and regulations, the Company intends to purchase shares of the Portfolios on behalf of each Account to fund the Variable Insurance Products and the Sponsor is authorized to sell such shares to the Accounts at net asset value;

WHEREAS, the Sponsor and Benefit Trust Company (successor to State Street Bank and Trust Company, “Benefit Trust”) have entered into a Defined Contribution Clearance & Settlement Agreement dated as of January 22, 2007, as amended and modified (the “DCC&S Agreement”), which sets forth the operational provisions governing the purchase and redemption of shares of the Fund by Benefit Trust on behalf of the Accounts and related matters; and

WHEREAS, the Sponsor has provided the Company with a copy of the DCC&S Agreement;

NOW, THEREFORE, in consideration of their mutual promises, the Company, the Fund, the Sponsor and the Distributor agree as follows:

ARTICLE I. Sale of Fund Shares

1.1 The Sponsor and the Distributor agree to sell to the Company those shares of the Portfolios of the Fund listed on Schedule II to the DCC&S Agreement which each Account orders, in accordance with the applicable provisions of the DCC&S Agreement.

1.2 The Fund, subject to the provisions of Article IX of this Agreement, agrees to make its shares available indefinitely for purchase at the applicable net asset value per share by the Company and its Accounts on those days on which the Fund calculates its net asset value pursuant to the rules of the SEC and the Fund shall use its best efforts to calculate such net asset value on each day which the NYSE is open for trading. Notwithstanding the foregoing, the Board of Trustees of the Fund (hereinafter the “Board”) may refuse to sell shares of any Portfolio to any person including, but not limited to, the Company, or suspend or terminate the offering of shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or is, in the sole discretion of the Board, acting in good faith and in light of their fiduciary duties under federal and any applicable state laws, necessary in the best interests of the shareholders of such Portfolio. Further, it is acknowledged and agreed that the availability of shares of the Fund shall be subject to the Fund’s then current prospectus and statement of additional information, federal and state securities laws and applicable rules and regulations of the SEC and the FINRA.

1.3 The Fund and the Sponsor agree that shares of the Fund will be sold only to Participating Insurance Companies and their separate accounts. No shares of any Portfolio will be sold to the general public.

1.4 The Fund and the Sponsor will not sell Fund shares to any Participating Insurance Company or its separate account unless an agreement containing a provision substantially the same as Section 2.4 of Article II of this Agreement is in effect to govern such sales.

1.5 The Fund agrees to redeem for cash, on the Company's request, any full or fractional shares of the Fund held by an Account, in accordance with the applicable provisions of the DCC&S Agreement. The Fund reserves the right to suspend redemption privileges or pay redemptions in kind, as disclosed in the Fund's prospectus or statement of additional information. The Fund agrees to treat the Company like any other shareholder in similar circumstances in making these determinations.

1.6 The Company agrees to purchase and redeem the shares of each Portfolio offered by the then current prospectus of the Fund and in accordance with the provisions of such prospectus and the accompanying statement of additional information.

1.7 Issuance and transfer of a Fund's shares will be by book entry only. Stock certificates will not be issued to the Company or any Account. Shares ordered from the Fund will be recorded in an appropriate title for each Account or the appropriate subaccount of each Account. The Fund shall furnish to the Company the CUSIP number assigned to each Portfolio of the Fund identified in Schedule II to the DCC&S Agreement.

1.8 The Company hereby elects to receive all income, dividends and capital gain distributions as are payable on the Portfolio shares in additional shares of that Portfolio. The Company reserves the right to revoke this election and to receive all such income dividends and capital gain distributions in cash. The Fund shall notify the Company of the number of shares so issued as payment of dividends and distributions.

ARTICLE II. Representations and Warranties

2.1 The Company represents and warrants that it is an insurance company duly organized and in good standing under applicable law; that it has legally and validly established each Account prior to any issuance or sale thereof as a segregated asset account under the laws and regulations of the State of Oklahoma ("State Law"); that it has and will maintain the capacity to issue all Variable Insurance Products that may be sold; and that it is properly licensed, qualified and in good standing to sell the Variable Insurance Products in the District of Columbia and all fifty states, except New York..

2.2 The Company represents and warrants that the Variable Insurance Products are registered under the 1933 Act.

2.3 The Company represents and warrants it has registered each Account as a unit investment trust in accordance with the provisions of the 1940 Act to serve as segregated investment accounts for the Variable Insurance Products.

2.4 The Fund represents and warrants that Fund shares sold pursuant to this Agreement shall be registered under the 1933 Act, duly authorized for issuance and sold in compliance with State Law and all applicable federal and state securities laws and that the Fund is and shall remain registered under the 1940 Act. The Fund shall amend the registration statement for its shares under the 1933 Act and the 1940 Act from time to time as required in order to effect the continuous offering of its shares. The Fund shall register and qualify the shares for sale in accordance with the laws of the various states only if and to the extent deemed advisable by the Fund, the Distributor, or the Sponsor.

2.5 The Fund represents that it is qualified as a Regulated Investment Company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will make every effort to maintain qualification (under Subchapter M or any successor or similar provision) and (ii) it will notify the Company immediately upon having a reasonable basis for believing that it ceased to so qualify or that it might not so qualify in the future. The Fund acknowledges that any failure to qualify as a Regulated

Investment Company will eliminate the ability of the subaccounts to avail themselves of the “look through” provisions of Section 817(h) of the Code, and that as a result the Variable Insurance Products will almost certainly fail to qualify as endowment or life insurance contracts under Section 817(h) of the Code.

2.6 The Company represents that the Variable Insurance Products will be treated as annuity contracts under applicable provisions of the Code and that it will make every effort to maintain such treatment and that it will notify the Fund and the Sponsor immediately upon having a reasonable basis for believing that the Variable Insurance Products have ceased to be so treated or that they might not be so treated in the future.

2.7 The Fund currently does not intend to make any payments to finance distribution expenses pursuant to Rule 12b-1 under the 1940 Act or otherwise.

2.8 The Fund makes no representation as to whether any aspect of its operations (including, but not limited to, fees and expenses and investment policies) complies with the insurance laws or regulations of the various states except that the Fund represents that the Fund’s investment policies, fees and expenses are and shall at all times remain in compliance with State Law and the Fund and the Sponsor represent that their respective operations are and shall at all times remain in material compliance with State Law to the extent required to perform this Agreement.

2.9 The Distributor represents and warrants that it is a member in good standing of FINRA and is registered as a broker-dealer with the SEC. The Distributor further represents that it will sell and distribute the Fund shares in accordance with State Law and all applicable state and federal securities laws, including without limitation the 1933 Act, the 1934 Act, and the 1940 Act.

2.10 The Fund represents that it is lawfully organized and validly existing under the laws of the State of Delaware and that it does and will comply in all material respects with the 1940 Act and any applicable regulations thereunder.

2.11 The Sponsor represents and warrants that the Advisers to the Fund are, and the Sponsor shall use its best effort to cause the Advisers to remain, duly registered in all material respects under all applicable federal and state securities laws and to perform their obligations for the Fund in compliance in all material respects with State Law and any applicable state and federal securities laws.

2.12 The Fund and the Sponsor represent and warrant that all of their trustees, directors, officers, employees, investment advisers, and other individuals/entities dealing with the money and/or securities of the Fund are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Fund in an amount not less than the minimum coverage required currently by Rule 17g-1 under the 1940 Act or other applicable laws or regulations as may be promulgated from time to time. The aforesaid bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company.

2.13 With respect to the Variable Insurance Products, which are registered under the 1933 Act, the Company represents and warrants that:

(a) American Fidelity Securities, Inc. is the principal underwriter for each such Account and any subaccounts thereof and is a registered broker-dealer with the SEC under the 1934 Act;

(b) the shares of the Portfolios of the Fund are and will continue to be the only investment securities held by the corresponding subaccounts;

(c) the number of Portfolios of the Fund available for investment by the Accounts will not constitute a majority of the total number of mutual funds or portfolio selections available for investment by the Accounts in any Variable Insurance Product that is a variable annuity;

(d) with regard to each Portfolio, the Company, if permitted by law, on behalf of the corresponding subaccount, will refrain from substituting shares of another security for such shares unless the SEC has approved such substitution in the manner provided in Section 26 of the 1940 Act; and

(e) with regard to each Portfolio, the Company will, to the extent required by applicable law and for so long as the SEC continues to interpret the 1940 Act to require pass-through voting privileges for variable contract owners: (i) solicit voting instructions from the owners of Variable Insurance Products; (ii) vote shares of the Portfolio held in the Accounts in a manner consistent with timely voting instructions received from owners of the Variable Insurance Products; (iii) vote shares of the Portfolio for which the Company has not received voting instructions and shares attributable to the Company in the same proportion as shares of the Portfolio for which the Company has received instructions; and (iv) be responsible for assuring that each Account calculates the voting privileges of the Company's underlying Variable Insurance Product owners in a manner consistent with the voting privileges of all other separate accounts of the Participating Insurance Companies investing in the Portfolio.

2.14 The Fund represents that it will comply with all provisions of the 1940 Act requiring voting by shareholders, and in particular the Fund will either provide for annual meetings or comply with Section 16(c) of the 1940 Act (although the Fund is not one of the trusts described in Section 16(c) of that Act) as well as with Sections 16(a) and, if and when applicable, 16(b). Further, the Fund will act in accordance with the SEC's interpretation of the requirements of Section 16(a) with respect to periodic elections of trustees and with whatever rules the SEC may promulgate with respect thereto. In addition, a majority of the Board shall consist of persons who are not "interested persons" of the Fund, as defined by Section 2(a)(19) of the 1940 Act, except that if this condition is not met by reason of death, disqualification, or bona fide resignation of any trustee, then the operation of this condition shall be suspended (a) for a period of 45 days if the vacancy or vacancies may be filled by the Board; (b) for a period of 60 days if a vote of shareholders is required to fill the vacancy or vacancies; or (c) for such longer period as the SEC may prescribe by order upon application.

2.15 The Fund shall disclose in its prospectus that (1) its shares are offered to insurance company separate accounts that fund both annuity and life insurance contracts, (2) due to differences of tax treatment or other considerations, the interests of various contract owners participating in the Trust might at some time be in conflict, and (3) the Board will monitor for any material conflicts and determine what action, if any, should be taken. The Fund hereby notifies the Company that separate account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate.

2.16 Vanguard represents that the Board will monitor the Funds for the existence of any material irreconcilable conflict between the interests of the owners of all accounts of Participating Insurance Companies investing in the Fund ("Contract Owners"). An irreconcilable material conflict may arise for a variety of reasons, including: (a) an action by any state insurance regulatory authority; (b) a change in applicable federal or state insurance tax, or securities laws or regulations, or a public ruling, private letter ruling, or any similar action by insurance, tax, or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of any series are being managed; (e) a difference in voting instructions given by variable annuity Contract Owners and variable life insurance Contract Owners or by Contract Owners of different Participating Insurance Companies; or (f) a decision by an insurer to disregard the voting instructions of Contract Owners.

2.17 The Company represents and warrants that it will report to the Board any potential or existing conflict among the Contract Owners. The Company further represents and warrants that it will assist the Board in carrying out its responsibilities to the Contract Owners by providing the Board with all information reasonably necessary for the Board to consider any issues raised with respect to the foregoing sentence. Such obligation by the Company shall include but not be limited to informing the Board whenever the voting instructions of the relevant Contract Owners are disregarded. The Company represents and warrants that it will carry out its responsibilities under this section 2.16 with a view only to the interests of the Contract Owners.

2.18 The Company represents and warrants that, in the event that either the Board or a majority of the disinterested trustees of the Board determines that a material irreconcilable conflict exists among the interests of the Contract Owners, the Company shall, at its sole expense and to the extent reasonably practicable (as determined by a majority of the disinterested trustees of the Board), take whatever steps are necessary to remedy or eliminate such material irreconcilable conflict, including but not limited to (i) withdrawing the assets allocable to some or all of the Accounts from the Fund or any series thereof and reinvesting such assets in a different investment medium (including another series of the Fund) or submitting the question of whether such segregation should be implemented to a vote of all affected Contract Owners and, as appropriate, segregating the assets of any appropriate group (i.e., owners of annuity contracts, owners of life insurance contracts, or owners of variable contracts of one or more Participating Insurance Companies) that votes in favor such segregation or offering to the affected Contract Owners the option of making such a change, and (ii) establishing a new registered management investment company or managed separate account. The Company further represents and warrants that, if a material irreconcilable conflict arises because of the Company's decision to disregard Contract Owner voting instructions and that decision represents a minority position or would preclude a majority vote, the Company may be required, at the Fund's election, to withdraw its separate account's investment in the Fund without any charge or penalty to the Fund. The Company understands and agrees that the responsibility to take any of the foregoing remedial action and to bear the cost of such remedial action shall be borne solely by the Company and shall be carried out with a view only to the interests of the Contract Owners.

2.19 Vanguard represents that the Board's determination of the existence of an irreconcilable material conflict and its implications shall be made known promptly in writing to the Company. All reports received by the Board of potential or existing conflicts, and all Board action with regard to determining the existence of a conflict, notifying Participating Insurance Companies of a conflict, and determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the Board or other appropriate records, and such minutes or other records shall be made available to the SEC upon request.

2.20 The Company represents and warrants that it will, at least annually, submit to the Board such reports, materials, or data as the Board may reasonably request so that it may fully carry out its obligations to the Fund or under law, regulation, or order, and such reports, materials, and data shall be submitted more frequently if deemed appropriate by the Board.

2.21 If and to the extent that Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 is adopted, to provide exemptive relief from any provision of the 1940 Act or the rules promulgated thereunder with respect to mixed and shared funding on terms and conditions materially different from those contained in the SEC order granted to the Fund and the Sponsor, then: (a) the Fund and/or the Company, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 and 6e-3(T), as amended, or Rule 6e-3, as adopted, as applicable, to the extent such rules are applicable, and (b) Sections 2.15 through 2.19 of this Agreement shall continue in effect only to the extent that terms and conditions substantially identical to such Sections are contained in such rule(s) as so amended or adopted.

2.22 The Company represents and warrants that it will offer Variable Insurance Products utilizing the Fund as their underlying funding vehicle only without the imposition of a sales load, contingent deferred sales charge, or surrender charge with respect to the Fund. For the avoidance of doubt, the parties acknowledge that the foregoing restrictions shall not apply at the Variable Insurance Product level. The parties agree that no portion of the Fund's contribution to the Sponsor for distribution expenses will be paid to the Company, nor will the Company receive any other payments from either the Sponsor or the Fund.

2.23 The Company agrees that it will comply with the Sponsor's requirements regarding Money Market Fund Procedures, Extraordinary Event reporting, Closed Funds, and tax compliance and reporting as applicable to the Fund or as otherwise described in the DCC&S Agreement. The Company further represents and warrants that it will adhere to the requirements of Section 14 of the DCC&S Agreement applicable to "Underlying Intermediaries".

2.24 The Sponsor agrees promptly to provide to the Company any updates to the DCC&S Agreement that affect the Sponsor's or the Company's obligations under this Agreement.

ARTICLE III. Offering Documents and Reports

3.1 The Fund, the Sponsor or their designee shall provide the Company (at the Sponsor's expense) with as many copies of the Fund's current prospectus as the Company may reasonably request. The Company shall provide a copy of the Fund's prospectus to each Variable Insurance Product owner. If requested by the Company in lieu thereof, the Fund or the Sponsor shall provide such documentation (including a final copy of the new prospectus as set in type at the Fund's or the Sponsor's expense) and other assistance as is reasonably necessary in order for the Company once each year (or more frequently if the prospectus for the Fund is amended) to have the prospectus for the Variable Insurance Products and the Fund's prospectus printed together in one document (such printing to be at the Company's expense).

3.2 The Fund's prospectus shall state that the statement of additional information for the Fund is available from the Sponsor (or in the Fund's discretion, the prospectus shall state that the statement of additional information is available from the Fund) and the Sponsor (or the Fund), at its expense, shall print and provide such statement free of charge to the Company and to any owner of a Variable Insurance Product or prospective owner who requests such statement.

3.3 The Fund, at its own expense, shall provide the Company with copies of its reports to shareholders, other communications to shareholders, and, if required by applicable law, proxy material, in such quantity as the Company shall reasonably require for distributing to Variable Insurance Product owners. The Fund shall provide to the Company the prospectuses and annual reports referenced in this Agreement within fifteen (15) days prior to the Company's obligation to mail, and the Company agrees to provide the Fund with advance notice of such date. If the documents are not delivered to the Company within ten (10) days of the Company's obligation to mail, the Fund shall reimburse the Company for any extraordinary out-of-pocket costs (including, but not limited to, overtime for printing and mailing). The Company shall treat such documents provided under this Section 3.3 and any information contained therein as strictly confidential and shall not share such documents or information with any third party or any employee or officer of the Company who does not have a need to know such information until such time as the documents and/or information is made public by the Fund.

3.4 The Fund, the Sponsor and the Distributor will cooperate with the Company, the principal underwriter of the Variable Insurance Products and any third party designee of the foregoing in making the Fund's prospectus, reports to shareholders and any other communications to shareholders available to Variable Insurance Product owners or prospective owners in electronic format, subject to all legal requirements.

ARTICLE IV. Sales Material and Information

4.1 The Company shall furnish, or shall cause to be furnished, to the Fund or its designee, each piece of sales literature or other promotional material in which the Fund, its Advisers or the Sponsor is named, at least ten Business Days prior to its use. The Company may use such material in fewer than ten Business Days if it receives the written consent of the Fund or its designee. No such material shall be used if the Fund or its designee reasonably objects to such use within ten Business Days after receipt of such material. In connection with the identification of the Portfolios in any such material, the use of the Sponsor's name or identification of the Portfolios shall be given no greater prominence than any other mutual fund or portfolio selection offered in a Variable Insurance Product that is a variable annuity.

4.2 The Company shall not give any information or make any representations or statements on behalf of the Fund or concerning the Fund in connection with the sale of the Variable Insurance Products other than the information or representations contained in the registration statement or prospectus for the Fund shares, as such registration statement and prospectus may be amended or supplemented from time to time, or in reports or proxy statements for the Fund, or in sales literature or other promotional material approved by the Fund or its designee or by the Sponsor, except with the permission of the Fund or the Sponsor or the designee of either.

4.3 The Fund, Sponsor, Distributor or their designee shall furnish, or shall cause to be furnished, to the Company or its designee, each piece of sales literature or other promotional material in which the Company or an Account is named at least ten Business Days prior to its use. No such material shall be used if the Company or its designee reasonably objects to such use within ten Business Days after receipt of such material.

4.4 The Fund, the Distributor and the Sponsor shall not give any information or make any representations on behalf of the Company or concerning the Company, each Account, or the Variable Insurance Products other than the information or representations contained in a prospectus for the Variable Insurance Products, as such prospectus may be amended or supplemented from time to time, or in published reports for each Account which are in the public domain or approved by the Company for distribution to Variable Insurance Product owners, or in sales literature or other promotional material approved by the Company or its designee, except with the permission of the Company.

4.5 The Fund will provide to the Company at least one complete copy of all registration statements, prospectuses, statements of additional information, reports, proxy statements, sales literature and other promotional materials, applications for exemptions, requests for no-action letters, and all amendments to any of the above, that relate to the Fund or its shares, as soon as reasonably practicable after the filing of each document with the SEC or other regulatory authorities.

4.6 The Company will provide to the Fund at least one complete copy of all prospectuses, reports, solicitations for voting instructions, sales literature and other promotional materials, applications for exemption, requests for no-action letters, and all amendments to any of the above, that relate to the Variable Insurance Products or each Account, as soon as reasonably practicable after the filing of such document with the SEC or other regulatory authorities.

4.7 The Company and the Fund shall also each promptly inform the other of the results of any examination by the SEC (or other regulatory authorities) that relates to the Variable Insurance Products, the Fund or its shares, and the party that was the subject of the examination shall provide the other party with a copy of relevant portions of any "deficiency letter" or other correspondence or written report regarding any such examination.

4.8 The Fund and the Sponsor will provide the Company with as much notice as is reasonably practicable of any proxy solicitation for any Portfolio, and of any material change in the Fund's registration

statement, particularly any change resulting in a change to the prospectus for any Account. The Fund and the Sponsor will cooperate with the Company so as to enable the Company to solicit voting instructions from owners of Variable Insurance Products, to the extent a solicitation is required by applicable law, or to make changes to its prospectus in an orderly manner.

4.9 For purposes of this Article IV, the phrase “sales literature and other promotional material” includes, but is not limited to, sales literature (i.e., any written communication distributed or made generally available to customers, including brochures, circulars, research reports, market letters, form letters, seminar texts, reprints or excerpts of any other advertisement, sales literature, or published articles), educational or training materials or other communications distributed or made generally available to some or all agents or employees, and prospectuses, shareholder reports, and proxy materials.

4.10 Certain Transactions and Restrictions.

(a) The Company agrees that it will provide, not later than five Business Days after receipt of a written request by the Sponsor on behalf of the Fund, the Taxpayer Identification Number of any or all Variable Insurance Product owner(s) and the amount, date, name of investment professional associated with the Variable Insurance Product owner (if any), and transaction type (purchase, redemption, transfer, or exchange) of every purchase, redemption, transfer, or exchange transaction by such Variable Insurance Product owner(s) in an Account investing in the Fund through an account maintained by the Company during the specific period covered by the request. Unless required by applicable law, rule or regulation, the Sponsor and the Fund agree not to use the information received under this Section for marketing or any other purpose not related to (i) limiting or reducing abusive trading in shares issued by the Fund or (ii) collecting purchase or redemption fees (if any).

(b) The Company agrees that it will execute written instructions from the Sponsor on behalf of the Fund, including instructions to restrict or prohibit purchases or exchanges of Fund shares in specific accounts or by or on behalf of specific Variable Insurance Product owners identified by the Fund as having engaged in transactions in Fund shares that violate policies established by the Fund for the purpose of eliminating or reducing any dilution of the value of the outstanding securities issued by the Fund. Any such instructions by the Sponsor shall include the Taxpayer Identification Number or equivalent identifying number of the Variable Insurance Product owner(s) to which the instructions relate and the specific restriction(s) to be executed. The Company agrees that it will execute any such instructions as soon as reasonably practicable, but not later than five Business Days after receipt of the instructions by the Company.

ARTICLE V. Fees and Expenses

5.1 The Fund and Sponsor shall pay no fee or other compensation to the Company under this Agreement. Nothing herein shall prevent the parties hereto from otherwise agreeing to perform, and arranging for appropriate compensation for, other services relating to the Fund and or to the Accounts.

5.2 All expenses incident to performance by the Fund under this Agreement shall be paid by the Fund. The Fund shall see to it that all its shares are registered and authorized for issuance in accordance with applicable federal law and, if and to the extent deemed advisable by the Fund, in accordance with applicable state laws prior to their sale. The Fund shall bear the fees and expenses for the cost of registration and qualification of the Fund’s shares, preparation and filing of the Fund’s prospectus and registration statement, proxy materials and reports, setting the prospectus in type, setting in type and printing the proxy materials and reports to shareholders (including the costs of printing a prospectus that constitutes an annual report), the preparation of all statements and notices required by any federal or state law, all taxes on the issuance or transfer of the Fund’s shares.

5.3 The Fund shall bear the expenses of printing, and the Company shall bear the expenses of distributing, the Fund's prospectus to owners of Variable Insurance Products issued by the Company. The Company shall bear the expenses of distributing the Fund's proxy materials (to the extent such proxy solicitation is required by law) and reports to owners of Variable Insurance Products.

ARTICLE VI. Diversification

6.1 The Fund will at all times invest money from the Variable Insurance Products in such a manner as to ensure that the Variable Insurance Products will be treated as variable contracts under the Code and the regulations issued thereunder. Without limiting the scope of the foregoing, the Fund and the Sponsor represent and warrant that each Portfolio of the Fund will meet the diversification requirements of Section 817(h) of the Code and Treasury Regulation 1.817-5, relating to the diversification requirements for endowment or life insurance contracts and any amendments or other modifications to such Section or Regulations, as if those requirements applied directly to each such Portfolio. In the event of a breach of this Article VI by the Fund, it will take all reasonable steps (a) to notify Company of such breach and (b) to adequately diversify, each Portfolio of the Fund so as to achieve compliance within the grace period afforded by Regulation 817-5.

6.2 The Fund and the Sponsor represent that each Portfolio will elect to be qualified as a Regulated Investment Company under Subchapter M of the Code and they will maintain such qualification (under Subchapter M or any successor or similar provision).

ARTICLE VII. Indemnification

7.1 Indemnification by the Company

(a) The Company agrees to indemnify and hold harmless the Fund and each trustee of the Board and officers and each person, if any, who controls the Fund within the meaning of Section 15 of the 1933 Act, the Sponsor and the Distributor (collectively, the "Indemnified Parties" for purposes of this Section 7.1) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Company) or litigation (including legal and other expenses) to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of the Fund's shares or the Variable Insurance Products and:

(i) arise out of or are based upon any untrue statements or alleged untrue statements of any material fact contained in the registration statement or prospectus for the Variable Insurance Products or contained in the contract or policy or sales literature for the Variable Insurance Products (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to the Company by or on behalf of the Fund for use in the registration statement or prospectus for the Variable Insurance Products or in the contract or policy sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Variable Insurance Products or the Fund shares; or

(ii) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus or sales literature of the Fund not supplied by the Company, or persons under its control) or unlawful conduct of the Company or

persons under its control, with respect to the sale or distribution of the Variable Insurance Products or Fund shares; or

(iii) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, or sales literature of the Fund (or any amendment or supplement thereto), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, if such statement or omission was made in reliance upon information furnished to the Fund by or on behalf of the Company; or

(iv) result from any failure by the Company to provide the services and furnish the materials under the terms of this Agreement; or

(v) arise out of or result from any material breach of any representation and/or warranty made by the Company in this Agreement or arise out of or result from any material breach of this Agreement by the Company;

as limited by and in accordance with the provisions of Section 7.1(b) and 7.1(c) hereof.

(b) The Company shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to the Fund, whichever is applicable.

(c) The Company shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Company in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on a designated agent), but failure to notify the Company of any such claim shall not relieve the Company from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, the Company shall be entitled to participate, at its own expense, in the defense of such action. The Company also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Company to such a party of the Company's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Company will not be liable to such party under this agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

(d) The Indemnified Parties will promptly notify the Company of the commencement of any litigation or proceedings against them in connection with the issuance or sale of the Fund shares or the Variable Insurance Products or the operation of the Fund.

7.2 Indemnification by the Sponsor

(a) The Sponsor agrees to indemnify and hold harmless the Company and each of its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" for purposes of this Section 7.2) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Sponsor) or litigation (including legal and other expenses) to which the Indemnified Parties may become subject under any statute, at common law or otherwise, insofar as such losses, claims, damages, liabilities

or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of the Fund's shares or the Variable Insurance Products and:

(i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or prospectus or sales literature of the Fund (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to the Sponsor or Fund by or on behalf of the Company for use in the registration statement or prospectus for the Fund or in sales literature (or any amendment or supplement thereto) or otherwise for use in connection with the sale of the Variable Insurance Products or Fund shares; or

(ii) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus or sales literature for the Variable Insurance Products not supplied by the Sponsor or persons under its control) or unlawful conduct of the Fund, the Advisers or persons under their control, with respect to the sale or distribution of the Variable Insurance Products or Fund shares; or

(iii) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus or sales literature covering the Variable Insurance Products (or any amendment or supplement thereto), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement or statements therein not misleading, if such statement or omission was made in reliance upon information furnished to the Company by or on behalf of the Fund; or

(iv) result from any failure by the Sponsor or the Fund to provide the services and furnish the materials under the terms of this Agreement (including a failure to comply with the diversification requirements specified in Article VI of this Agreement); or

(v) arise out of or result from any material breach of any representation and/or warranty made by the Sponsor or the Fund in this Agreement or arise out of or result from any other material breach of this Agreement by the Sponsor or the Fund;

as limited by and in accordance with the provisions of Sections 7.2(b) and 7.2(c) hereof.

(b) The Sponsor shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to the Company or the Accounts, whichever is applicable.

(c) The Sponsor shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Sponsor in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of any such service on any designated agent), but failure to notify the Sponsor of any such claim shall not relieve the Sponsor from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this

indemnification provision. In any case any such action is brought against the Indemnified Parties, the Sponsor will be entitled to participate, at its own expense, in the defense thereof. The Sponsor also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Sponsor to such party of the Sponsor's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Sponsor will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by each party independently in connection with the defense thereof other than reasonable costs of investigation.

(d) The Company agrees promptly to notify the Sponsor of the commencement of any litigation or proceedings against it or any of its officers or directors in connection with the issuance or sale of the Variable Insurance Products or the operation of each Account.

7.3 Indemnification by the Fund

(a) The Fund agrees to indemnify and hold harmless the Company, and each of its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" for purposes of this Section 7.3) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Fund) or litigation (including legal and other expenses) to which the Indemnified Parties may become subject under any statute, at common law or otherwise, insofar as such losses, claims damages, liabilities or expenses (or action in respect thereof) or settlements resulting from the gross negligence, bad faith or willful misconduct of the Board or any member thereof, are related to the operations of the Fund and:

(i) arise as a result of any failure by the Fund to provide the services and furnish the materials under the terms of this Agreement (including a failure to comply with the diversification requirements specified in Article VI of this Agreement); or

(ii) arise out of or result from any material breach of any representation and/or warranty made by the Fund in this Agreement or arise out of or result from any other material breach of this Agreement by the Fund;

as limited by and in accordance with the provisions of Sections 7.3(b) and 7.3(c) hereof.

(b) The Fund shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to the Company, the Fund, the Sponsor or each Account, whichever is applicable.

(c) The Fund shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Fund in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Fund of any such claim shall not relieve the Fund from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, the Fund will be entitled to participate, at its own expense, in the defense thereof. The Fund also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Fund to such party or the Fund's

election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Fund will not be liable to such party independently in connection with the defense thereof other than reasonable costs of litigation.

(d) The Company and the Sponsor agree promptly to notify the Fund of the commencement of any litigation or proceedings against it or any of its respective officers or directors in connection with this Agreement, the issuance or sale of the Variable Insurance Products, with respect to the operation of an Account, or the sale or acquisition of shares of the Fund.

7.4 Indemnification by the Distributor

(a) The Distributor agrees to indemnify and hold harmless the Company and each of its directors and officers and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act (collectively, the “Indemnified Parties” for purposes of this Section 7.4) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Sponsor) or litigation (including legal and other expenses) to which the Indemnified Parties may become subject under any statute, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of the Fund’s shares or the Variable Insurance Products and:

(i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or prospectus or sales literature of the Fund (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to the Distributor or the Fund by or on behalf of the Company for use in the registration statement or prospectus for the Fund or in sales literature (or any amendment or supplement thereto) or otherwise for use in connection with the sale of the Variable Insurance Products or Fund shares; or

(ii) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus or sales literature for the Variable Insurance Products not supplied by the Distributor or persons under its control) or unlawful conduct of the Fund, the Advisers or persons under their control, with respect to the sale or distribution of the Variable Insurance Products or Fund shares; or

(iii) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus or sales literature covering the Variable Insurance Products (or any amendment or supplement thereto), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement or statements therein not misleading, if such statement or omission was made in reliance upon information furnished to the Company by or on behalf of the Fund; or

(iv) result from any failure by the Distributor or the Fund to provide the services and furnish the materials under the terms of this Agreement; or

(v) arise out of or result from any material breach of any representation and/or warranty made by the Distributor or the Fund in this Agreement or arise out of or result from any other material breach of this Agreement by the Distributor of the Fund;

as limited by and in accordance with the provisions of Sections 7.4(b) and 7.4(c) hereof.

(b) The Distributor shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to the Company or the Accounts, whichever is applicable.

(c) The Distributor shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Distributor in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of any such service on any designated agent), but failure to notify the Distributor of any such claim shall not relieve the Distributor from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In any case any such action is brought against the Indemnified Parties, the Distributor will be entitled to participate, at its own expense, in the defense thereof. The Sponsor also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Distributor to such party of the Distributor's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Distributor will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by each party independently in connection with the defense thereof other than reasonable costs of investigation.

(d) The Company agrees promptly to notify the Distributor of the commencement of any litigation or proceedings against it or any of its officers or directors in connection with the issuance or sale of the Variable Insurance Products or the operation of each account.

ARTICLE VIII. Applicable Law

8.1 This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the conflicts of law principles thereof.

8.2 This Agreement shall be subject to the provisions of the 1933 Act, 1934 Act and 1940 Act, and the rules and regulations and rulings thereunder, including such exemptions from those statutes, rules and regulations as the SEC may grant, and the terms hereof shall be interpreted and construed in accordance therewith.

ARTICLE IX. Termination

9.1 This Agreement shall continue in full force and effect until the first to occur of:

(a) termination by any party for any reason by sixty (60) days' advance written notice delivered to the other parties; or

(b) termination by the Company by written notice to the Fund and the Sponsor with respect to any Portfolio based upon the Company's determination that shares of such Portfolio are not reasonably available to meet the requirements of the Variable Insurance Products; or

(c) termination by the Company by written notice to the Fund and the Sponsor with respect to any Portfolio in the event any of the Portfolio's shares are not registered, issued or sold in accordance with applicable state and/or federal law or such law precludes the use of such shares as the underlying investment media of the Variable Insurance Products issued or to be issued by the Company; or

(d) termination by the Company by written notice to the Fund and the Sponsor with respect to any Portfolio in the event that such Portfolio ceases to qualify as a Regulated Investment Company under Subchapter M of the Code or under any successor or similar provision, or if the Company reasonably believes that the Fund may fail to so qualify (in the event of such termination, the Company shall withdraw all assets allocable to the separate accounts from the Portfolio and shall reinvest such assets in a different investment medium, including, but not limited to, another Portfolio of the Fund); or

(e) termination by the Company by written notice to the Fund and the Sponsor with respect to any Portfolio in the event that such Portfolio fails to meet the diversification requirements as specified in Article VI hereof (in the event of such termination, the Company shall withdraw all assets allocable to the separate accounts from the Portfolio and shall reinvest such assets in a different investment medium, including, but not limited to, another Portfolio of the Fund); or

(f) termination by the Fund, the Sponsor, or the Distributor by written notice to the Company, if any of the Fund, the Sponsor, or the Distributor shall determine, in its sole judgment exercised in good faith, that the Company and/or its affiliated companies has suffered a material adverse change in its business, operations, or financial condition since the date of this Agreement or is the subject of material adverse publicity; or

(g) termination by the Company by written notice to the Fund and the Sponsor, if the Company shall determine, in its sole judgment exercised in good faith, that either the Fund, the Sponsor, or the Distributor has suffered a material adverse change in its business, operations or financial condition since the date of this Agreement or is the subject of material adverse publicity.

9.2 Notwithstanding any termination of this Agreement, the Fund and the Sponsor shall, at the option of the Company, continue to make available shares of the Fund pursuant to the terms and conditions of this Agreement, for all Variable Insurance Products in effect on the effective date of termination of this Agreement (hereinafter referred to as "Existing Contracts"). Specifically, without limitation, the owners of the Existing Contracts shall be permitted to reallocate investments in the Fund, redeem investments in the Fund and/or invest in the Fund upon the making of additional purchase payments under the Existing Contracts.

9.3 The Company shall not redeem Fund shares attributable to the Variable Insurance Products (as opposed to Fund shares attributable to the Company's assets held in the Accounts) except (a) as necessary to implement Variable Insurance Products owner initiated or approved transactions, or (b) as required by state and/or federal laws or regulations or judicial or other legal precedent of general application (hereinafter referred to as a "Legally Required Redemption"). Upon request, the Company will promptly furnish to the Fund and the Sponsor the opinion of counsel for the Company (which counsel shall be reasonably satisfactory to the Fund and the Sponsor) to the effect that any redemption pursuant to clause (b) above is a Legally Required Redemption. Furthermore, except in cases where permitted under the terms of the Variable Insurance Products, the Company shall not prevent owners of Variable Insurance Products from allocating payments to a Portfolio that was otherwise available under the Variable Insurance Products without first giving the Fund or the Sponsor 90 days' notice of its intention to do so.

ARTICLE X. Notices

Any notice shall be sufficiently given when sent by first class mail, email, overnight courier or facsimile to the other party at the address of such party set forth below or at such other address as such party may from time to time specify in writing to the other party.

If to the Fund: Vanguard Variable Insurance Fund
100 Vanguard Blvd., V26
Malvern, PA 19355
Attn: Legal Department
Intermediary_notices@vanguard.com

If to the Sponsor: The Vanguard Group, Inc.
100 Vanguard Blvd., V26
Malvern, PA 19355
Attn: Legal Department
Intermediary_notices@vanguard.com

If to the Distributor: Vanguard Marketing Corporation
100 Vanguard Blvd., V26
Malvern, PA 19355
Attn: Legal Department
Intermediary_notices@vanguard.com

If to the Company: American Fidelity Assurance Company
9000 Cameron Pkwy
Oklahoma City, OK 73114

Attention: Christopher T. Kenney
Email: chris.kenney@camerongroupservices.com

ARTICLE XI. Miscellaneous

11.1 It is understood and stipulated that neither the shareholders of any Portfolio nor the officers or trustees of the Fund shall be personally liable hereunder.

11.2 Subject to the requirements of the legal process and regulatory authority, each party hereto shall treat as confidential the names and addresses of the owners of the Variable Insurance Products and all information reasonably identified as confidential in writing by any other party hereto and, except as permitted by this Agreement, shall not (unless it has obtained the express written consent of the affected party) disclose, disseminate or utilize such names and addresses and other confidential information until such time as it may come into the public domain.

11.3 The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.

11.4 This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.

11.5 If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.

11.6 Each party hereto shall cooperate with each party and all appropriate governmental authorities (including without limitation the SEC, the FINRA and state insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby.

11.7 The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties hereto are entitled to under state and federal laws.

11.8 This Agreement or any of the rights and obligations hereunder may not be assigned by any party without the prior written consent of all parties hereto.

11.9 The Company shall furnish, or cause to be furnished, to the Fund or its designee of the following reports:

(a) the Company's Annual Financial Statement on Statutory Basis as soon as practical and in any event within 90 days after the end of each fiscal year; and

(b) any registration statement, prospectus or other materials distributed in connection with the sale of the Variable Insurance Products to the extent such registration statement, prospectus or other materials reference the Fund.

11.10 This Agreement, including any Schedule hereto, may be amended or modified only by written instrument, executed by duly authorized officers of the parties.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and on its behalf by its duly authorized representative as of the date specified above.

VANGUARD VARIABLE INSURANCE FUND

Signed by:
By: John Schadt
12ED7558F5B14E6...

Name: John Schadt

Title: Assistant Secretary

THE VANGUARD GROUP, INC.

Signed by:
By: Carolyn Sherry
C56DDEC704AC4D5...

Name: Carolyn Sherry

Title: Principal, Head of US Middle Office & TA

VANGUARD MARKETING CORPORATION

Signed by:
By: Carolyn Sherry
C56DDEC704AC4D5...

Name: Carolyn Sherry

Title: Principal, Head of US Middle Office & TA

AMERICAN FIDELITY ASSURANCE COMPANY

By: Taryn Colon

Name: Taryn Colon

Title: AVP

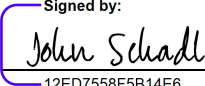
SCHEDULE A**SEPARATE ACCOUNTS AND ASSOCIATED CONTRACTS**

<u>Name of Separate Account</u>	<u>Date Established</u>	<u>Contracts Funded by Separate Account</u>
American Fidelity Separate Account B	Inception Date: October 27, 1997	AFAdvantage® Variable Annuity
American Fidelity Separate Account C	Inception Date: June 4, 2002	AFMaxx® 457(b) Group Variable Annuity

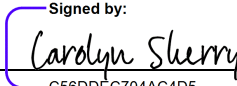
This Schedule A to the Participation Agreement dated December 8, 2025 by and among the parties identified below is updated and effective as of December 8, 2025, and replaces all prior versions of this Schedule A.

This Schedule A may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Schedule A shall become binding when any two or more counterparts thereof, individually or taken together, bear the signatures of all parties hereto. For the purposes hereof, a facsimile copy of this Schedule A, including the signature pages hereto, shall be deemed an original.

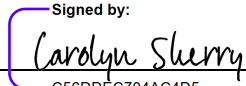
VANGUARD VARIABLE INSURANCE FUND

Signed by:
By: 
12ED7558F5B14E6...
Name: John Schadt
Title: Assistant Secretary

THE VANGUARD GROUP, INC.

Signed by:
By: 
C56DDEC704AC4D5...
Name: Carolyn Sherry
Title: Principal, Head of US Middle Office & TA

VANGUARD MARKETING CORPORATION

Signed by:
By: 
C56DDEC704AC4D5...
Name: Carolyn Sherry
Title: Principal, Head of US Middle Office & TA

AMERICAN FIDELITY ASSURANCE COMPANY


By: _____
Name: Taryn Colon
Title: AVP



8TH FLOOR • TWO LEADERSHIP SQUARE
211 NORTH ROBINSON • OKLAHOMA CITY, OK 73102-7103
(405) 235-9621 • FAX (405) 235-0439
www.mcafeetaft.com

April 27, 2026

American Fidelity Assurance Company
9000 Cameron Parkway
Oklahoma City, OK 73114

Re: American Fidelity Separate Account B – Post-Effective
Amendment No. 36 and 37 to Form N-4 Registration
Statement (Nos. 333-25663 and 811-08187)

Ladies and Gentlemen:

You have requested our opinion in connection with the filing with the Securities and Exchange Commission of Post-Effective Amendment No. 36 and 37 to the above-referenced Registration Statement on Form N-4 for the AFAdvantage® Variable Annuity contract (the “Contract”) to be issued by American Fidelity Assurance Company (“AFA”) and its separate account, American Fidelity Separate Account B.

We have made such examination of the law and have examined such records and documents as in our judgment are necessary or appropriate to enable us to render the opinions expressed below.

Based on the foregoing, we are of the opinion that:

1. American Fidelity Separate Account B is a separate account as the term is defined in Section 2(a)(37) of the Investment Company Act of 1940 (the “Act”), and is currently registered with the Securities and Exchange Commission pursuant to Section 8(a) of the Act.
2. Upon acceptance of purchase payments made by a contract owner pursuant to a Contract issued in accordance with the Prospectus contained in the Registration Statement and upon compliance with applicable law, the Contract and the interests therein will have been legally issued and will represent binding obligations of AFA, provided that the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors’ rights generally.

You may use this opinion letter as an exhibit to the Registration Statement. We consent to the reference to our firm under the caption "Legal Opinion" contained in the Statement of Additional Information which forms a part of the above-referenced Registration Statement.

Very truly yours,

/s/ McAfee & Taft A PROFESSIONAL
CORPORATION

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Post-Effective Amendment to Registration Statement No. 333–25663 on Form N-4 of our report dated February 27, 2026, relating to the financial statements and financial highlights of each of the Sub-Accounts of American Fidelity Separate Account B appearing in the Statement of Additional Information, which is part of the Registration Statement, and to the references to us under the heading “Custodian, Independent Auditor and Independent Registered Public Accounting Firm” in the Statement of Additional Information, which is part of such Registration Statement.

/s/ Deloitte & Touche LLP

Oklahoma City, Oklahoma

April 24, 2026

CONSENT OF INDEPENDENT AUDITOR

We consent to the use in this Registration Statement No. 333–25663 on Form N-4 of our report dated April 14, 2026, relating to the statutory-basis financial statements of American Fidelity Assurance Company appearing in the Statement of Additional Information, which is part of the Registration Statement. We also consent to the references to us under the heading “Custodian, Independent Auditor and Independent Registered Public Accounting Firm” in the Statement of Additional Information, which is part of such Registration Statement.

/s/ Deloitte & Touche LLP

Oklahoma City, Oklahoma
April 24, 2026

POWER OF ATTORNEY

Each of the undersigned hereby appoints Paul S. Arvin and Christopher T. Kenney, individually, as his/her true and lawful attorney-in-fact with full power to sign for him/her, in his/her name as officer or director, or both, of American Fidelity Assurance Company, a post-effective amendment to any of the following registration statements under the Securities Act of 1933 and under the Investment Company Act of 1940 (and any and all amendments and supplements thereto, including additional post-effective amendments, with all exhibits and all instruments necessary or appropriate in connection therewith) on Form N-4 (or any other applicable form) to be filed with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and to perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof:

American Fidelity Separate Account	1940 Act and 1933 Act Registration Nos.
American Fidelity Separate Account A	811 – 01764 2 – 30771
American Fidelity Separate Account B	811 – 08187 333 – 25663
American Fidelity Separate Account C	811 – 21313 333 – 103492

Dated March 4, 2026.

/s/Mollie Andrews

Mollie Andrews, Director

/s/John M. Bendheim

John M. Bendheim, Director

/s/Lynda L. Cameron

Lynda L. Cameron, Director

/s/William M. Cameron

William M. Cameron, Director, Chairman of the Board, and Chief Executive Officer

/s/David R. Carpenter

David R. Carpenter, Director

/s/Aaron Voloj Dessauer

Aaron Voloj Dessauer, Director

/s/William E. Durrett

William E. Durrett, Director and Senior Chairman of the Board

/s/Theodore M. Elam

Theodore M. Elam, Director

/s/Lynn Fritz

Lynn Fritz, Director

/s/Caroline Ikard

Caroline Ikard, Director

/s/Paula Marshall

Paula Marshall, Director

/s/Tom J. McDaniel

Tom J. McDaniel, Director

/s/Jeanette Rice

Jeanette Rice, Director

/s/Henry Sohn

Henry Sohn, Director

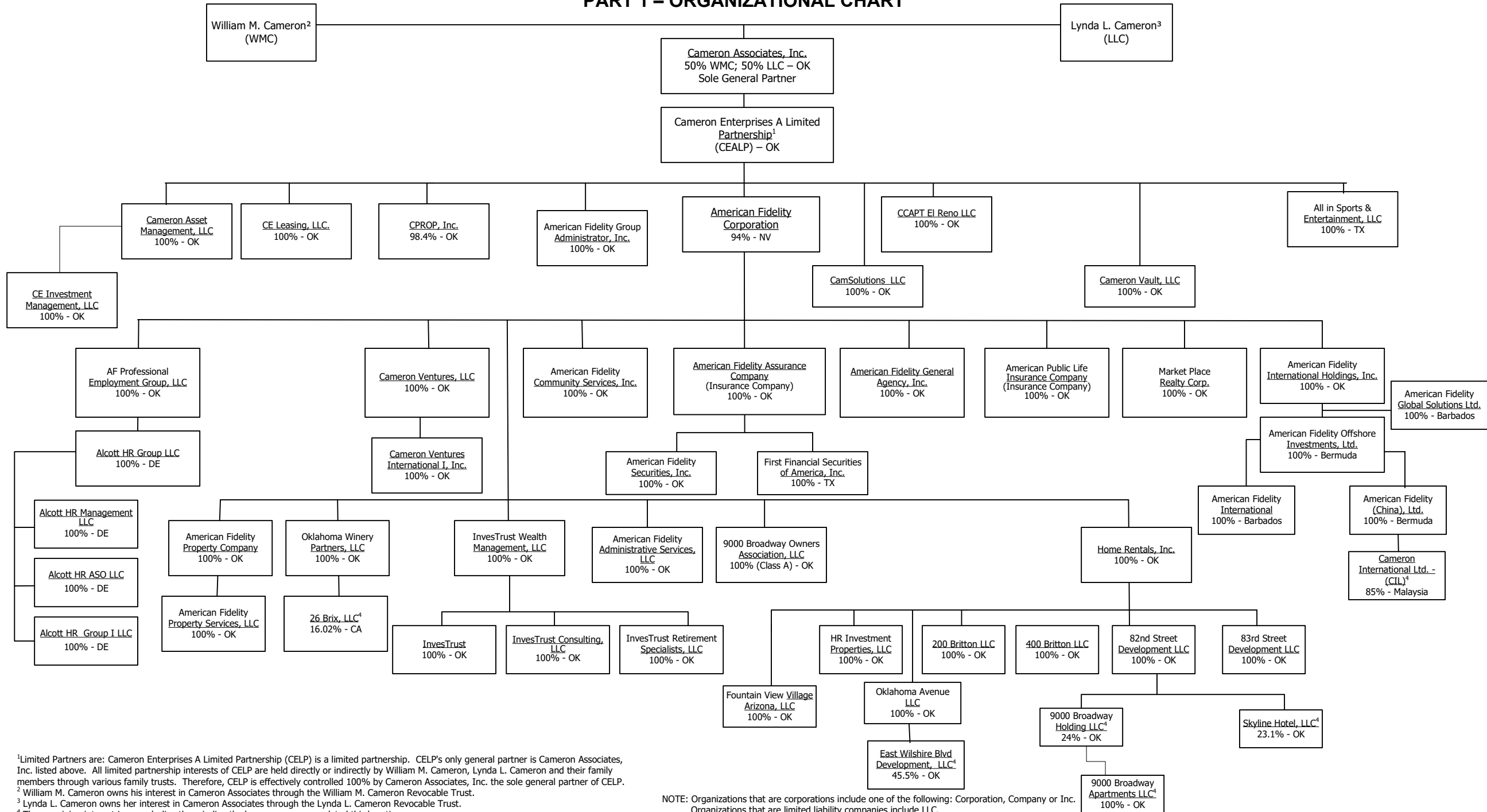
/s/John Cassil

John Cassil, Senior Vice President, Executive Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

/s/Weston Waller

Weston Waller, President (Principal Executive Officer)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



Limited Partners are: Cameron Enterprises A Limited Partnership (CELP) is a limited partnership. CELP's only general partner is Cameron Associates, Inc. listed above. All limited partnership interests of CELP are held directly or indirectly by William M. Cameron, Lynda L. Cameron and their family members through various family trusts. Therefore, CELP is effectively controlled 100% by Cameron Associates, Inc. the sole general partner of CELP.

² William M. Cameron owns his interest in Cameron Associates through the William M. Cameron Revocable Trust.

³ Lynda L. Cameron owns her interest in Cameron Associates through the Lynda L. Cameron Revocable Trust.

⁴ The remaining interest is owned, directly or indirectly, by one or more unrelated third parties.

NOTE: Organizations that are corporations include one of the following: Corporation, Company or Inc.
Organizations that are limited liability companies include LLC.