

The components of deferred federal income taxes are as follows:

December 31,
(In thousands)

	2019	2018
Deferred tax assets:		
Future policy benefit reserves	\$ 2,641	2,795
Net operating and capital loss carryforwards	230	191
Investments	702	1,841
Deferred intercompany loss	3,539	5,190
Lease liability	238	—
Other	700	339
Total gross deferred tax assets	8,050	10,356
Deferred tax liabilities:		
DAC, COIA and intangible assets	(8,417)	(8,745)
Unrealized gains on investments available-for-sale	(7,300)	(1,968)
Tax reserves transition liability	(4,483)	(4,864)
Right of use lease asset	(238)	—
Other	(40)	(488)
Total gross deferred tax liabilities	(20,478)	(16,065)
Net deferred tax liability	\$ (12,428)	(5,709)

A summary of the changes in the components of deferred federal and state income taxes is as follows:

December 31,
(In thousands)

	2019	2018
Deferred federal and state income taxes:		
Balance January 1,	\$ (5,709)	50,797
Deferred tax benefit	(1,573)	(62,633)
Investments available-for-sale	(5,129)	6,153
Effects of unrealized gains on DAC, COIA and reserves	(17)	(26)
Balance December 31,	\$ (12,428)	(5,709)

MGLIC, an entity that is not eligible to join the Company's consolidated tax return until 2020, had a \$1.1 million net operating loss carryforward at December 31, 2019, which will begin expiring in 2036.

The Company and our subsidiaries had no capital loss carryforwards at December 31, 2019, except MGLIC had a \$21,000 capital loss carryforward at December 31, 2019, which will begin expiring in 2023.

At December 31, 2019 and 2018, we determined that as a result of our taxable capital gain income in carryback periods, the expected reversal of existing deferred tax liabilities, and tax planning strategies, it was more likely than not that the deferred tax assets would be realized. Thus, the Company holds no valuation allowance in operations or other comprehensive income at December 31, 2019 and 2018.

The Company recognizes only the impact of tax positions that, based on their technical merits, are more likely than not to be sustained upon an audit by the taxing authority.