QUARTERLY STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED
MARCH 31, 2019

[X] **LIFE AND ACCIDENT AND HEALTH** [ ] **FRATERNAL BENEFIT SOCIETIES**

2019

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	12,557,084,374		12,557,084,374	10,987,478,024
2. Stocks:				
2.1 Preferred stocks	173,816,748		173,816,748	87,168,478
2.2 Common stocks	1,253,837,562	37,729	1,253,799,833	1,239,963,516
3. Mortgage loans on real estate:				
3.1 First liens	1,862,319,955		1,862,319,955	1,754,476,638
3.2 Other than first liens	619,977,593		619,977,593	574,868,675
4. Real estate:				
4.1 Properties occupied by the company (less $ .... encumbrances)				
4.2 Properties held for the production of income (less $ .... encumbrances)				
4.3 Properties held for sale (less $ .... encumbrances)				
5. Cash ($ 55,098,755), cash equivalents ($ 15,019,193) and short-term investments ($ 638,499,342)	708,617,290		708,617,290	922,628,925
6. Contract loans (including $ .... premium notes)	2,974,787		2,974,787	3,030,136
7. Derivatives	109,977,843		109,977,843	41,745,123
8. Other invested assets	1,300,547,141	429,240	1,300,117,901	1,277,187,859
9. Receivables for securities	3,226,589		3,226,589	860,049
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets	4,530,000		4,530,000	5,599,813
12. Subtotals, cash and invested assets (Lines 1 to 11)	18,596,909,883	466,969	18,596,442,914	16,895,007,236
13. Title plants less $ .... charged off (for Title insurers only)				
14. Investment income due and accrued	123,590,761	134,032	123,456,729	112,390,019
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)				
15.3 Accrued retrospective premiums ($ ....) and contracts subject to redetermination ($ ....)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	55,085,590		55,085,590	61,843,716
16.2 Funds held by or deposited with reinsured companies	2,592,336,525		2,592,336,525	2,598,123,428
16.3 Other amounts receivable under reinsurance contracts	2,123,719,509		2,123,719,509	2,213,913,972
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				8,960,618
18.2 Net deferred tax asset	33,237,547	4,170,396	29,067,151	16,561,755
19. Guaranty funds receivable or on deposit	491,644		491,644	622,756
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ ....)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,429,673		1,429,673	
24. Health care ($ ....) and other amounts receivable	10,149,178		10,149,178	10,180,877
25. Aggregate write-ins for other than invested assets	2,538,869	2,120,247	418,622	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	23,539,489,179	6,891,644	23,532,597,536	21,917,604,376
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	13,551,817		13,551,817	12,509,189
28. Total (Lines 26 and 27)	23,553,040,996	6,891,644	23,546,149,353	21,930,113,565
DETAILS OF WRITE-INS				
1101. Derivative collateral asset	4,530,000		4,530,000	5,599,813
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	4,530,000		4,530,000	5,599,813
2501. Miscellaneous assets	2,538,869	2,120,247	418,622	
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	2,538,869	2,120,247	418,622	

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts $ 16,230,487,089 less $ included in Line 6.3 (including $ 10,514,718,525 Modco Reserve)	16,230,487,089	14,819,372,234
2. Aggregate reserve for accident and health contracts (including $ Modco Reserve)		
3. Liability for deposit-type contracts (including $ 2,941,963,697 Modco Reserve)	3,079,109,459	3,076,990,414
4. Contract claims:		
4.1 Life	31,323,886	38,735,718
4.2 Accident and health		
5. Policyholders' dividends/refunds to members $ and coupons $ due and unpaid		
6. Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year - estimated amounts:		
6.1 Policyholders' dividends and refunds to members apportioned for payment (including $ Modco)	34,951	34,951
6.2 Policyholders' dividends and refunds to members not yet apportioned (including $ Modco)		
6.3 Coupons and similar benefits (including $ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less $ discount; including $ accident and health premiums		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including the liability of $ accident and health experience rating refunds of which $ is for medical loss ratio rebate per the Public Health Service Act		
9.3 Other amounts payable on reinsurance, including $ 64,942,433 assumed and $ 1,887,611,366 ceded	1,952,553,799	2,068,395,746
9.4 Interest Maintenance Reserve	35,468,253	40,024,458
10. Commissions to agents due or accrued-life and annuity contracts $ 82,087 , accident and health $ 508,714 and deposit-type contract funds $	590,801	625,739
11. Commissions and expense allowances payable on reinsurance assumed	24,808,788	26,739,586
12. General expenses due or accrued	1,779,522	1,894,516
13. Transfers to Separate Accounts due or accrued (net) (including $ (3,426) accrued for expense allowances recognized in reserves, net of reinsured allowances)	(3,426)	(38,887)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	199,933	222,956
15.1 Current federal and foreign income taxes, including $ 2,256,633 on realized capital gains (losses)	55,387,313	
15.2 Net deferred tax liability		
16. Unearned investment income	40,401	37,417
17. Amounts withheld or retained by reporting entity as agent or trustee	238,239	221,440
18. Amounts held for agents' account, including $ agents' credit balances		
19. Remittances and items not allocated	5,745,565	4,640,310
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money $ and interest thereon $		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	243,043,429	188,720,053
24.02 Reinsurance in unauthorized and certified ($) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified ($) reinsurers		
24.04 Payable to parent, subsidiaries and affiliates	9,937,176	12,282,872
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	20,644,829	23,225,271
24.09 Payable for securities	167,622,435	17,291,748
24.10 Payable for securities lending		
24.11 Capital notes $ and interest thereon $		
25. Aggregate write-ins for liabilities	115,573,104	54,126,844
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	21,974,585,546	20,373,543,387
27. From Separate Accounts Statement	13,551,817	12,509,189
28. Total liabilities (Lines 26 and 27)	21,988,137,363	20,386,052,576
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	1,175,477,142	1,173,317,219
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	380,034,848	368,243,769
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 $)		
36.2 shares preferred (value included in Line 30 $)		
37. Surplus (Total Lines 31+32+33+34+35-36) (including $ in Separate Accounts Statement)	1,555,511,990	1,541,560,989
38. Totals of Lines 29, 30 and 37	1,558,011,990	1,544,060,989
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	23,546,149,353	21,930,113,565
DETAILS OF WRITE-INS		
2501. Derivative collateral liability	94,406,802	34,203,242
2502. Unclaimed funds	21,166,302	19,848,946
2503. Miscellaneous liability		74,656
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	115,573,104	54,126,844
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 through 3103 plus 3198)(Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)		

SUMMARY OF OPERATIONS

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1.	Premiums and annuity considerations for life and accident and health contracts	341,920,719	391,892,093	4,544,539,834
2.	Considerations for supplementary contracts with life contingencies	13,764,973	583,159	101,196,070
3.	Net investment income	181,606,500	104,441,002	570,865,523
4.	Amortization of Interest Maintenance Reserve (IMR)	974,722	2,122,577	11,655,776
5.	Separate Accounts net gain from operations excluding unrealized gains or losses			
6.	Commissions and expense allowances on reinsurance ceded	98,064,219	59,844,045	352,651,506
7.	Reserve adjustments on reinsurance ceded	1,046,648,028	67,477,895	2,991,614,340
8.	Miscellaneous Income:			
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	120,944	133,058	482,947
	8.2 Charges and fees for deposit-type contracts			
	8.3 Aggregate write-ins for miscellaneous income	31,471,175	29,810,369	123,352,495
9.	Totals (Lines 1 to 8.3)	1,714,571,280	656,304,198	8,696,358,491
10.	Death benefits	199,996	32,760	820,805
11.	Matured endowments (excluding guaranteed annual pure endowments)			
12.	Annuity benefits	33,509,941	15,506,525	93,938,215
13.	Disability benefits and benefits under accident and health contracts			
14.	Coupons, guaranteed annual pure endowments and similar benefits			
15.	Surrender benefits and withdrawals for life contracts	126,907,452	28,593,674	355,472,765
16.	Group conversions			
17.	Interest and adjustments on contract or deposit-type contract funds	28,315,579	28,853,164	117,192,745
18.	Payments on supplementary contracts with life contingencies	2,528,598	330,540	5,555,006
19.	Increase in aggregate reserves for life and accident and health contracts	1,411,114,856	501,631,738	7,415,652,696
20.	Totals (Lines 10 to 19)	1,602,576,421	574,948,402	7,988,632,232
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	825,195	929,345	4,056,640
22.	Commissions and expense allowances on reinsurance assumed	117,814,547	70,000,741	516,954,148
23.	General insurance expenses and fraternal expenses	5,256,741	6,290,477	28,705,001
24.	Insurance taxes, licenses and fees, excluding federal income taxes	526,018	2,774,278	1,901,778
25.	Increase in loading on deferred and uncollected premiums			
26.	Net transfers to or (from) Separate Accounts net of reinsurance	(246,620)	198,772	(449,200)
27.	Aggregate write-ins for deductions	884,179	(8,900,938)	144,700,016
28.	Totals (Lines 20 to 27)	1,727,636,480	646,241,078	8,684,500,615
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(13,065,201)	10,063,121	11,857,875
30.	Dividends to policyholders and refunds to members	7,021	7,547	31,077
31.	Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(13,072,221)	10,055,574	11,826,798
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	19,292,542	(7,286,216)	(21,067,775)
33.	Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(32,364,763)	17,341,790	32,894,574
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 3,398,712 (excluding taxes of $ (1,142,079) transferred to the IMR)	7,474,198	(1,913,197)	(14,708,060)
35.	Net income (Line 33 plus Line 34)	(24,890,565)	15,428,593	18,186,514
	CAPITAL AND SURPLUS ACCOUNT			
36.	Capital and surplus, December 31, prior year	1,544,060,989	1,347,657,138	1,347,657,138
37.	Net income (Line 35)	(24,890,565)	15,428,593	18,186,514
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ (3,265,183)	54,469,039	(879,104)	(5,646,321)
39.	Change in net unrealized foreign exchange capital gain (loss)	7,020,902	(3,270,420)	(12,720,213)
40.	Change in net deferred income tax	13,410,609	454,923	1,685,873
41.	Change in nonadmitted assets	(5,237,418)	(83,037)	(470,354)
42.	Change in liability for reinsurance in unauthorized and certified companies			
43.	Change in reserve on account of change in valuation basis, (increase) or decrease			
44.	Change in asset valuation reserve	(54,323,376)	17,152,322	11,827,831
45.	Change in treasury stock			
46.	Surplus (contributed to) withdrawn from Separate Accounts during period			
47.	Other changes in surplus in Separate Accounts Statement			
48.	Change in surplus notes			
49.	Cumulative effect of changes in accounting principles			
50.	Capital changes:			
	50.1 Paid in			
	50.2 Transferred from surplus (Stock Dividend)			
	50.3 Transferred to surplus			
51.	Surplus adjustment:			
	51.1 Paid in	2,159,923	2,992,196	186,536,955
	51.2 Transferred to capital (Stock Dividend)			
	51.3 Transferred from capital			
	51.4 Change in surplus as a result of reinsurance	21,341,887	(4,731,200)	(2,842,812)
52.	Dividends to stockholders			
53.	Aggregate write-ins for gains and losses in surplus		(7,800,187)	(153,621)
54.	Net change in capital and surplus for the year (Lines 37 through 53)	13,951,001	19,264,087	196,403,851
55.	Capital and surplus, as of statement date (Lines 36 + 54)	1,558,011,990	1,366,921,224	1,544,060,989
	DETAILS OF WRITE-INS			
08.301.	Funds withheld adjustment - assumed	31,455,093	29,789,412	123,200,908
08.302.	Miscellaneous income	16,082	20,956	151,587
08.303.				
08.398.	Summary of remaining write-ins for Line 8.3 from overflow page			
08.399.	Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	31,471,175	29,810,369	123,352,495
2701.	Transfer to IMR - assumed	262,447	205,305	(3,543,516)
2702.	Transfer to IMR - ceded	253,414	(9,237,094)	(8,748,508)
2703.	Transfer to IMR - MVA benefits	199,051	130,255	807,628
2798.	Summary of remaining write-ins for Line 27 from overflow page	169,268	597	156,184,412
2799.	Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	884,179	(8,900,938)	144,700,016
5301.	Correction of prior period error		(7,800,187)	(7,800,187)
5302.	Tax sharing agreement			7,646,566
5303.				
5398.	Summary of remaining write-ins for Line 53 from overflow page			
5399.	Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)		(7,800,187)	(153,621)

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	Cash from Operations			
1.	Premiums collected net of reinsurance	355,685,692	392,475,252	1,232,918,856
2.	Net investment income	166,936,352	89,318,181	504,308,288
3.	Miscellaneous income	97,890,410	59,017,422	349,442,323
4.	Total (Lines 1 to 3)	620,512,455	540,810,855	2,086,669,467
5.	Benefit and loss related payments	(822,335,040)	(84,794,122)	(2,560,483,810)
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(282,081)	3,811	(415,894)
7.	Commissions, expenses paid and aggregate write-ins for deductions	125,845,322	39,814,155	535,711,159
8.	Dividends paid to policyholders	7,021	7,547	34,542
9.	Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	(42,798,756)	27,193,117	8,143,155
10.	Total (Lines 5 through 9)	(739,563,534)	(17,775,492)	(2,017,010,847)
11.	Net cash from operations (Line 4 minus Line 10)	1,360,075,988	558,586,347	4,103,680,314
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	560,678,393	312,708,532	2,658,230,104
	12.2 Stocks			2,265,625
	12.3 Mortgage loans	166,941,576	13,982,235	279,487,683
	12.4 Real estate			
	12.5 Other invested assets	87,684,219	22,246,674	138,698,410
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	312,908	639,396	1,226,644
	12.7 Miscellaneous proceeds	151,400,500	13,575,075	3,361,078
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	967,017,596	363,151,913	3,083,269,544
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	2,064,876,011	985,505,074	4,570,403,569
	13.2 Stocks	86,646,812	1,000,157	55,899,850
	13.3 Mortgage loans	317,439,893	12,512,318	1,317,514,776
	13.4 Real estate			
	13.5 Other invested assets	119,372,329	38,409,808	441,606,009
	13.6 Miscellaneous applications	12,609,600	48,596,015	182,876,503
	13.7 Total investments acquired (Lines 13.1 to 13.6)	2,600,944,645	1,086,023,372	6,568,300,707
14.	Net increase (or decrease) in contract loans and premium notes	(55,349)	56,802	(55,608)
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,633,871,700)	(722,928,261)	(3,484,975,555)
	Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			
	16.2 Capital and paid in surplus, less treasury stock			12,200,772
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	2,119,045	(17,311,542)	(274,881,109)
	16.5 Dividends to stockholders			
	16.6 Other cash provided (applied)	57,665,033	(42,310,441)	(71,203,180)
17.	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	59,784,078	(59,621,983)	(333,883,517)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(214,011,634)	(223,963,898)	284,821,242
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	922,628,925	637,807,683	637,807,683
	19.2 End of period (Line 18 plus Line 19.1)	708,617,290	413,843,784	922,628,925

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

20.0001.	Capital contribution of stock compensation expense (financing)	2,159,923	2,992,196	11,536,955
20.0002.	Capital contribution of stock compensation expense (investing)	(1,610,102)	(2,379,693)	(9,072,918)
20.0003.	Capital contribution of stock compensation expense (operating)	(549,821)	(612,503)	(2,464,037)
20.0004.	Reinsurance activity settled in bonds (operating)	(66,850,036)	35,304,006	133,316,729
20.0005.	Assumed reinsurance activity settled in bonds (investing)	8,665,008	7,447,709	18,094,971
20.0006.	Ceded reinsurance activity settled in bonds (investing)	58,185,028	(42,751,715)	(151,411,700)
20.0007.	Security exchanges and asset in kind trades - bond proceeds (investing)	24,192,924	999,576	435,680,744
20.0008.	Security exchanges and asset in kind trades - bonds acquired (investing)	(24,192,924)	(999,576)	(470,680,744)
20.0009.	Security exchanges - stocks proceeds (investing)	215,427		4,490,427
20.0010.	Security exchanges - stocks acquired (investing)	(215,427)		(4,490,427)

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

20.0011.	Security exchanges and asset in kind trades - loan proceeds (investing)			35,000,000
20.0012.	Capital contribution - bonds acquired (investing)			(147,799,228)
20.0013.	Capital contribution - stocks acquired (investing)			(15,000,000)
20.0014.	Capital contribution (financing)			162,799,228
20.0015.	Schedule BA distribution other invested assets - proceeds (investing)			4,922,322
20.0016.	Schedule BA distribution other invested assets - acquired (investing)			(4,922,322)
20.0017.	Reinsurance inception (operating)			3,201,373,635
20.0018.	Reinsurance inception miscellaneous proceeds (investing)			21,655,012
20.0019.	Reinsurance inception bonds - acquired (investing)			(2,966,500,705)
20.0020.	Reinsurance inception stocks - acquired (investing)			(7,284,310)
20.0021.	Reinsurance inception mortgage loans - acquired (investing)			(296,054,380)
20.0022.	Reinsurance inception other invested assets - acquired (investing)			(4,206,743)
20.0023.	Reinsurance inception contract loans - acquired (investing)			(1,703,929)
20.0024.	Reinsurance inception (financing)			52,721,420

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of **Athene Annuity & Life Assurance Company** (the Company) have been prepared in conformity with the accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Delaware.

The Department of Insurance of the State of Delaware (the Department) recognizes only statutory accounting practices prescribed or permitted by the State of Delaware for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Delaware Insurance Law. The NAIC's *Accounting Practices & Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Delaware. The Department has the right to permit other specific practices that deviate from prescribed practices.

Effective December 31, 2014, the Company received a permitted practice to use the standard scenario to determine the reserve on its variable annuity policies and thus did not calculate the stochastic scenario reserve as required under Actuarial Guideline 43. The Company does not believe this difference in valuation method has any impact on the calculated reserves. Therefore, the Company's net income and statutory surplus are not affected as a result of this permitted practice.

A reconciliation of the Company's net income and statutory surplus between practices prescribed by the State of Delaware and NAIC SAP is shown below:

	SSAP #	F/S Page	F/S Line #	March 31, 2019	December 31, 2018
NET INCOME					
(1) State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	(24,890,565)	18,186,514
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP: Standard scenario on variable annuities	51	3	1	0	0
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	(24,890,565)	18,186,514
SURPLUS					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	1,558,011,990	1,544,060,989
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP: Standard scenario on variable annuities	51	3	1	0	0
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	1,558,011,990	1,544,060,989

B. Use of Estimates in the Preparation of the Financial Statements: No Change

C. Accounting Policy

(1) No Change

(2) Bonds, other than loan-backed and structured securities, are stated at amortized cost or fair value based on their rating by the NAIC. Bonds held at amortized cost are amortized or accreted using the scientific interest method on a yield-to-worst basis.

(3) – (5) No Change

(6) Loan-backed and structured securities are stated at amortized cost or fair market value based on their rating by the NAIC. Changes to estimated cash flows on the securities are accounted for retrospectively for securities that are highly rated at the time of purchase and in which the security cannot be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. The prospective method is used for those securities where an other than temporary impairment has been taken, the security is not highly rated at the time of purchase, securities where receipt of all contractual principal cash flows is not expected, or those securities that can be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. Loan-backed and structured securities stated at amortized cost are amortized or accreted using the scientific interest method.

(7) – (13) No Change

D. Going Concern

Management's assessment of the relevant conditions through May 14, 2019 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

Note 2. Accounting Changes and Corrections of Errors: NONE

Note 3. Business Combinations and Goodwill

Effective December 31, 2018, Athene Life Insurance Company (ALIC), a stock life insurance company domiciled in the State of Delaware, merged with and into the Company. The transaction was accounted for as a statutory merger. Prior to the merger, the Company owned 100% of the outstanding capital stock of ALIC and accounted for ALIC as an investment in affiliated common stock carried at ALIC's statutory capital and surplus. The Company remained as the surviving entity, and no changes were made to the Company's capital stock.

In accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors*, the Company restated the prior year to date column of the accompanying financial statements and disclosures as if the merger occurred on January 1, 2017.

Note 4. Discontinued Operations: NONE

Note 5. Investments

A – C. No Change

D. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates.

NOTES TO FINANCIAL STATEMENTS

(2) No other-than-temporary impairment was recognized on loan-backed securities due to the intent to sell or inability or lack of intent to retain the investment for a period of time sufficient to recover the amortized cost basis.

(3) Other-than-temporary impairment was recognized on the following loan-backed securities due to the present value of the cash flows expected to be collected being less than the amortized cost basis.

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than-Temporary Impairment	5 Amortized Cost After Other-Than-Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
02660T-FK-4	4,295,458	4,251,774	43,685	4,251,774	4,240,806	03/31/2019
12543W-AA-6	3,222,980	3,197,476	25,504	3,197,476	3,146,369	03/31/2019
Total	XXX	XXX	69,189	XXX	XXX	XXX

(4) The following table shows the gross unrealized losses and fair values of loan-backed securities, which have not been impaired to fair value, aggregated by length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2019.

a. The aggregate amount of unrealized losses:
   1. Less than 12 Months 76,005,517
   2. 12 Months or Longer 12,529,913

b. The aggregate related fair value of securities with unrealized losses:
   1. Less than 12 Months 2,181,898,767
   2. 12 Months or Longer 271,339,330

(5) A full analysis of all relevant qualitative considerations was completed in reaching the conclusion that the impairments were not other-than-temporary, including the intent and ability to hold the investment for a period of time sufficient to allow for a recovery in value. Specific events that may influence the operations of the issuer and impaired earnings potential are reviewed in addition to length of time and extent to which the fair value has been less than cost.

E – R. No Change

Note 6. Joint Ventures, Partnerships and Limited Liability Companies: No Change

Note 7. Investment Income: No Change

Note 8. Derivative Instruments

A – G. No Change

H. There were no derivative contracts with premium cost.

Note 9. Income Taxes: No Change

Note 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

Some employees of Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by Athene Holding Ltd., an indirect parent of the Company, for which the Company has no legal obligation. Salary expense of Athene Employee Services LLC is partially allocated to the Company through the Shared Services Agreement. Under SSAP No. 104R, *Share-Based Payments*, the stock compensation expense associated with the Agreements that would have been allocated to the Company is required to be recorded as a capital contribution to the reporting entity. The Company has allocated the stock compensation expense associated with the Agreements based on the same methodology as the Shared Services Agreement. In accordance with SSAP No. 104R, the Company incurred expense and recorded a capital contribution under the Agreements totaling $2.2 million and $11.5 million for the three months ended March 31, 2019 and for the year ended December 31, 2018, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

During 2018, the Company received capital contributions from its direct parent, AUSA, totaling $175 million, and the Company made a $15 million capital contribution to its wholly-owned subsidiary, Athene Annuity and Life Company (AAIA).

Note 11. Debt

A. No Change

B. FHLB (Federal Home Loan Bank) Agreements

(1) Through its membership in the FHLB of Indianapolis, the Company's predecessor by merger, ALIC, had issued funding agreements in exchange for cash advances. On August 11, 2016, ALIC provided the FHLB of Indianapolis with notice of its withdrawal of membership. The merger of ALIC effective December 31, 2018 terminates ALIC's membership in the FHLB of Indianapolis. The Company holds FHLB Class B Membership Stock which is available for redemption on August 12, 2021. There are no remaining funding agreement liabilities with the FHLB of Indianapolis.

NOTES TO FINANCIAL STATEMENTS

(2) FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	1 Total 2+3	2 General Account	3 Separate Accounts
(a) Membership Stock - Class A			
(b) Membership Stock - Class B	$4,490,900	$4,490,900	
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total	$4,490,900	$4,490,900	
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	$0	XXX	XXX

2. Prior Year-end

	1 Total 2+3	2 General Account	3 Separate Accounts
(a) Membership Stock - Class A			
(b) Membership Stock - Class B	$4,490,900	$4,490,900	
(c) Activity Stock			
(d) Excess Stock			
(e) Aggregate Total	$4,490,900	$4,490,900	
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer	$0	XXX	XXX

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

b. Membership Stock (Class A and B) Eligible and not Eligible for Redemption

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock						
Class A						
Class B	$4,490,900				$4,490,900	

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)
11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total General and Separate Accounts Total Collateral Pledged (Lines 2+3)	$0	$0	$0
2. Current Year General Account Total Collateral Pledged	$0	$0	$0
3. Current Year Separate Accounts Total Collateral Pledged			
4. Prior Year-end Total General and Separate Accounts Total Collateral Pledged	$0	$0	$0

11B(3)a1 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b1 (Columns 1, 2 and 3 respectively)
11B(3)a2 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b2 (Columns 1, 2 and 3 respectively)
11B(3)a3 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b3 (Columns 1, 2 and 3 respectively)
11B(3)a4 (Columns 1, 2 and 3) should be equal to or less than 11B(3)b4 (Columns 1, 2 and 3 respectively)

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total General and Separate Accounts Maximum Collateral Pledged (Lines 2+3)	$0	$0	$0
2. Current Year General Account Maximum Collateral Pledged	$0	$0	$0
3. Current Year Separate Accounts Maximum Collateral Pledged			
4. Prior Year-end Total General and Separate Accounts Maximum Collateral Pledged	$39,895,873	$39,489,961	$24,900,000

(4) Borrowing from FHLB

a. Amount as of Reporting Date

	1 Total 2+3	2 General Account	3 Separate Accounts	4 Funding Agreements Reserves Established
1. Current Year				
(a) Debt				XXX
(b) Funding Agreements	$0	$0		$0
(c) Other				XXX
(d) Aggregate Total (a+b+c)	$0	$0		$0

NOTES TO FINANCIAL STATEMENTS

2. Prior Year-end

(a) Debt				XXX
(b) Funding Agreements	$0	$0		$0
(c) Other				XXX
(d) Aggregate Total (a+b+c)	$0	$0		$0

b. Maximum Amount During Reporting Period (Current Year)

	1 Total 2+3	2 General Account	3 Separate Accounts
1. Debt			
2. Funding Agreements	$0	$0	
3. Other			
4. Aggregate Total (Lines 1+2+3)	$0	$0	

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3 respectively)

c. FHLB - Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt	NO
2. Funding Agreements	NO
3. Other	NO

Note 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans: NONE

Note 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations: No Change

Note 14. Liabilities, Contingencies and Assessments

A – E. No Change

F. All Other Contingencies

On December 28, 2012, John D. Perdue, Treasurer of the State of West Virginia (the Treasurer), filed suit against Liberty Life Insurance Company (Liberty), now the Company. The Complaint alleges that Liberty failed to conduct annual searches to identify deceased insureds to whom benefits were owed and failed to timely escheat unclaimed death benefits owed to deceased insureds for whom claims were not paid pursuant to West Virginia's Unclaimed Property Act (the UPA). Based on the alleged failure to comply with the UPA, the Treasurer seeks to assess fines, penalties, interest and attorneys' fees against Liberty for its purported willful, fraudulent and/or negligent conduct. The Treasurer further seeks injunctive relief requiring Liberty to implement and adopt policies and procedures to identify deceased insureds. The Treasurer filed virtually identical civil actions against more than sixty other life insurance companies doing business in the State of West Virginia. The defendant insurers collectively filed motions to dismiss which were granted on December 27, 2013. The Treasurer appealed the dismissal order and on June 16, 2015, the West Virginia Supreme Court reversed. Liberty subsequently filed an answer to the Treasurer's complaint on November 9, 2015 and also filed counter-claims for declaratory relief asserting that the Treasurer's claims violated the primary jurisdiction of the West Virginia Insurance Commissioner, the due process clauses of the United States and West Virginia constitutions and the excessive fines and penalties clauses of the West Virginia constitution. The parties engaged in a mediation, and the Treasurer made a settlement demand for a non-material amount, which was rejected. A Scheduling Order anticipating a 2018 trial was recently vacated and the Company does not currently have a new scheduling in place. However, in March 2019 the Treasurer served deposition notices and indicated that it intends to start actively litigating this matter, but the Company does not expect a trial date until 2020 at the earliest. Reasonably possible losses, if any, cannot be estimated at this time.

In 2000 and 2001, two insurance companies which were subsequently merged into the Company's subsidiary AAIA purchased from American General Life Insurance Company (American General) broad based variable corporate-owned life insurance (COLI) policies that, as of March 31, 2019, had an asset value of $372.7 million. In January 2012, the COLI policy administrator delivered to AAIA a supplement to the existing COLI policies and advised that American General and ZC Resource Investment Trust (ZC Trust) had unilaterally implemented changes set forth in the supplement that if effective, would: (1) potentially negatively impact the crediting rate for the policies and (2) change the exit and surrender protocols set forth in the policies. In March 2013, AAIA filed suit against American General, ZC Trust, and ZC Resource LLC in Chancery Court in Delaware, seeking, among other relief, a declaration that the changes set forth in the supplement were ineffectual and in breach of the parties' agreement. The parties filed cross motions for judgment as a matter of law, and the court granted defendants' motion and dismissed without prejudice on ripeness grounds. The issue that negatively impacts the crediting rate for one of the COLI policies has subsequently been triggered and on April 3, 2018, AAIA filed its suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief, which defendants have moved to dismiss and AAIA has opposed. The Court heard oral arguments on February 13, 2019 and has taken the matter under advisement. If the supplement is ultimately deemed to be effective, the purported changes to the policies could impair the AAIA's ability to access the value of guarantees associated with the policies. The value of the guarantees included within the asset value reflected above is $184.6 million as of March 31, 2019.

Certain insurance subsidiaries of the Company have experienced increased service and administration complaints related to the conversion and administration of the block of life insurance business acquired in connection with Athene Holding Ltd.'s acquisition of Aviva USA Corporation and reinsured to affiliates of Global Atlantic Financial Group Ltd. The life insurance policies included in this block have been and are currently being administered by AllianceOne, a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide services on such policies. AllianceOne also administers certain annuity policies that were on Aviva USA's legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced similar service and administration issues.

As a result of the difficulties experienced with respect to the administration of such policies, certain insurance subsidiaries of the Company received notifications from several state regulators, including but not limited to the New York Department of Financial Services (NYDFS), the California Department of Insurance and the Texas Department of Insurance, indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of the Company or one of its subsidiaries, as applicable, relating to the treatment of policyholders subject to Athene reinsurance agreements with affiliates of Global Atlantic and the conversion of such annuity policies, including the administration of such blocks by AllianceOne. On June 28, 2018, the Company's indirect subsidiary, Athene Life Insurance Company of New York (ALICNY), entered into a consent order with the NYDFS resolving that matter in a manner that ultimately did not have a material impact on its financial condition, when considering AHL's indemnification from affiliates of Global Atlantic, which was passed to ALICNY in the form of a capital contribution in the third quarter of 2018.

In addition to the foregoing, certain insurance subsidiaries of the Company have received inquiries, and expect to continue to receive inquiries, from other regulatory authorities regarding the conversion matter. In addition to the examinations and proceedings initiated to date, it is possible that other regulators may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. The Company is not currently able to estimate the amount of any such fines, penalties or payments arising from these matters with reasonable certainty, but it is possible that such amounts may be material.

NOTES TO FINANCIAL STATEMENTS

Pursuant to the terms of the reinsurance agreements between Athene and the relevant affiliates of Global Atlantic, the applicable affiliates of Global Atlantic have financial responsibility for the ceded life block and are subject to significant administrative service requirements, including compliance with applicable law. The agreements also provide for indemnification to Athene, including for administration issues.

On January 23, 2019, the Company's subsidiary AAIA received a letter from the NYDFS, with respect to a recent Pension Risk Transfer (PRT) transaction, which expressed concerns with AAIA's interpretation and reliance upon certain exemptions from licensing in New York in connection with certain activities performed by employees in the PRT channel, including specific activities performed within New York. AAIA is currently in discussions with the NYDFS to identify approaches to resolve its concerns. Any losses cannot be reasonably determined at this time.

In addition to the cases previously discussed, the Company is routinely involved in litigation and other proceedings, reinsurance claims and regulatory proceedings arising in the ordinary course of its business. At present, no contingencies related to pending litigation and regulatory matters are considered material in relation to the financial position of the Company.

Note 15. Leases: NONE

Note 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk: No Change

Note 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities: NONE

Note 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans: NONE

Note 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators: NONE

Note 20. Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds: Corporates		684,632			684,632
Common stocks unaffiliated	1,203,567	4,496,539	148,274		5,848,380
Derivative assets: Options		101,166,108			101,166,108
Derivative assets: Futures	1,380,653				1,380,653
Derivative assets: Forwards		2,849,835			2,849,835
Separate account assets: Variable products		13,551,817			13,551,817
Total assets at fair value/NAV	2,584,220	122,748,931	148,274		125,481,425

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
b. Liabilities at fair value					
Derivative liabilities: Currency swaps		1,210,624			1,210,624
Derivative liabilities: Total Return swaps		6,700			6,700
Derivative liabilities: Options		273,313			273,313
Derivative liabilities: Futures	213				213
Derivative liabilities: Forwards		4,520,285			4,520,285
Separate account liabilities: Variable products		13,548,391			13,548,391
Total liabilities at fair value	213	19,559,313			19,559,526

There were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy during 2019.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Beginning Balance at 01/01/2019	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 3/31/2019
a. Assets										
Common stocks unaffiliated	147,651				623					148,274
Total Assets	147,651				623					148,274

(3) Transfers between fair value hierarchy levels are recognized at the end of the period in which the transfer occurs.

(4) The following discussion describes the valuation methodologies and inputs used for assets and liabilities measured and disclosed at fair value. The techniques utilized in estimating the fair values of financial instruments are reliant on the assumptions used.

Fair value estimates are based on quoted market prices when available. When quoted market prices are not available, the Company utilizes commercially available pricing vendors that utilize observable market inputs, like recent trading activity, to derive fair value. When vendor prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates the fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect risk inherent in a particular methodology, model or input employed.

The Company's financial assets and liabilities carried at estimated fair value have been classified, for disclosure purposes, based on a hierarchy defined by current accounting guidance. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

NOTES TO FINANCIAL STATEMENTS

The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability.

Level 2 inputs include the following:
1. Quoted prices for similar assets or liabilities in active markets,
2. Observable inputs other than quoted market prices, and
3. Observable inputs derived principally from market data through correlation or other means.

Level 3 – Prices or valuation techniques with unobservable inputs significant to the overall fair value estimate. These valuations use critical assumptions not readily available to market participants. Level 3 valuations are based on market standard valuation methodologies, including discounted cash flows, matrix pricing, or other similar techniques.

Asset and liabilities are valued as discussed below in part C.

B. Other Fair Value Disclosures: NONE

C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Assets - Bonds	12,738,754,377	12,557,084,374	12,898,666	11,169,613,557	1,556,242,154		
Assets - Preferred stocks	175,657,415	173,816,748		52,288,910	123,368,505		
Assets - Common stocks unaffiliated	5,848,379	5,848,380	1,203,566	4,496,539	148,274		
Assets - Mortgage loans - first liens	1,888,347,029	1,862,319,955			1,888,347,029		
Assets - Mortgage loans - other than first liens	616,087,580	619,977,593			616,087,580		
Assets – Cash, cash equivelants and short-term investments	708,723,384	708,617,290	590,510,623	118,212,761			
Assets - Policy loans	2,974,787	2,974,787		2,974,787			
Assets - Derivative assets	109,979,715	109,977,843	1,380,653	108,599,062			
Assets - Derivative collateral assets	4,530,000	4,530,000	4,530,000				
Assets - Other invested assets	1,301,477,063	1,300,117,901		44,307,062	24,600,337	1,232,539,664	
Assets - Separate account: variable products	13,551,817	13,551,817		13,551,817			
Liabilities - Derivative liabilities	16,394,654	20,644,829		16,394,654			
Liabilities - Deposit-type contracts	3,124,805,425	3,079,109,459		2,870,474,502	254,330,923		
Liabilities - Derivative collateral liability	94,406,802	94,406,802	94,406,802				

Bonds and short-term investments – The Company obtains the fair value for most marketable, public bonds without an active market from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, broker-dealer quotes, credit quality, issuer spreads, bids, offers, and other reference data. If the Company cannot value a public bond with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and is considered to be Level 3. The Company values privately placed bonds based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer. In some instances, the Company uses a matrix-based pricing model. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer, and cash flow characteristics of the security. Privately placed fixed maturity securities are classified as Level 2 or 3.

Preferred stocks and common stocks unaffiliated – The Company values equity securities, typically private equities or equity securities not traded on an exchange, using several commercial pricing services or an internal model. The securities priced by a commercial pricing service are classified as Level 2 and the securities priced by an internal model are classified as Level 3. In addition, unaffiliated common stocks include FHLB stock, which is carried at fair value, which is presumed to be par because it can only be redeemed by the bank and is classified as Level 2.

Mortgage loans – The Company estimates mortgage loans on a monthly basis using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Policy loans – The fair value of policy loans classified as Level 2 is equal to the carrying value of the loans, which are collateralized by the cash surrender value of the associated insurance contracts.

Derivatives – Derivative contracts can be exchange traded or over-the-counter. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates, and correlation of the inputs. The Company considers and incorporates counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. The Company also evaluates and includes its own nonperformance risk in valuing derivatives. The majority of the Company's derivatives trade are in liquid markets; therefore, the Company can verify model inputs and model selection does not involve significant management judgment and are classified within Level 2. If the Company cannot verify model inputs and model selection does involve significant management judgment, the derivatives are classified as Level 3.

Other invested assets – Within other invested assets, partnerships are valued based on net asset value information provided by the general partner or related asset manager. These partnership interests usually include multiple underlying investments for which either observable market prices or other valuation methods are used to determine the fair value. These investments are reported in the Net Asset Value (NAV) column. Other than partnerships, other invested assets may include surplus notes and other investments with bond or stock characteristics and the Company attempts to value these using commercial pricing services, which would be classified as Level 2 assets. If the Company cannot value with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and are considered to be Level 3 assets.

Separate account assets (variable products) – Separate account assets classified as Level 2 are valued based on the fair value of the underlying funds. Fair values and changes in the fair values of separate account assets accrue directly to the policyowners and are not included in the Company's revenues and expenses or surplus.

NOTES TO FINANCIAL STATEMENTS

Deposit-type contracts – Deposit-type contracts classified as Level 3 include single premium immediate annuities (SPIA), supplemental contracts, and group pension contracts. Fair value of SPIA, supplemental contracts, and group pension are calculated by discounting best estimate cash flows based on mortality and market interest rate assumptions. Fair value of funding agreements are calculated by discounting future cash flows using market rates on the valuation date, and are classified as Level 2.

D. Not Practical to Estimate Fair Value: NONE

E. Net Asset Value

The Company invests in certain non-fixed income, alternative investments in the form of limited partnerships (investment funds) which are reported at net asset value (NAV). Adjustments to the carrying amount reflect the Company's pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements. The NAV from the investment fund financial statements can be on a lag of up to three months when investee information is not received in a timely manner. These investments are listed in the NAV column of the fair value tables above as this is the primary method for reporting fair value for these investments.

As of March 31, 2019, the Company has $773.4 million unfunded commitments to invest in these investment funds.

Note 21. Other Items: No Change

Note 22. Events Subsequent

Subsequent events have been considered through May 14, 2019 for the statutory statement dated March 31, 2019. There have been no Type I or Type II events subsequent to the close of the books and accounts for this statement that have a material effect on the financial condition of the Company.

Note 23. Reinsurance: No Change

Note 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination: NONE

Note 25. Change in Incurred Losses and Loss Adjustment Expenses: NONE

Note 26. Intercompany Pooling Arrangements: NONE

Note 27. Structured Settlements: NONE

Note 28. Health Care Receivables: NONE

Note 29. Participating Policies: No Change

Note 30. Premium Deficiency Reserves: NONE

Note 31. Reserves for Life Contracts and Annuity Contracts: No Change

Note 32. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics: No Change

Note 33. Premiums and Annuity Considerations Deferred and Uncollected: NONE

Note 34. Separate Accounts: No Change

Note 35. Loss/Claim Adjustment Expenses: NONE