QUARTERLY STATEMENT

OF THE

Athene Annuity and Life Company

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED
SEPTEMBER 30, 2020

[X] LIFE AND ACCIDENT AND HEALTH

[ ] FRATERNAL BENEFIT SOCIETIES

2020

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	38,723,164,492		38,723,164,492	36,240,868,412
2. Stocks:				
2.1 Preferred stocks	195,969,631		195,969,631	138,427,963
2.2 Common stocks	624,224,361		624,224,361	553,757,140
3. Mortgage loans on real estate:				
3.1 First liens	7,477,523,067		7,477,523,067	8,686,183,107
3.2 Other than first liens	1,278,106,136		1,278,106,136	1,585,847,605
4. Real estate:				
4.1 Properties occupied by the company (less $ ... encumbrances)				
4.2 Properties held for the production of income (less $ ... encumbrances)	9,388,542		9,388,542	9,388,542
4.3 Properties held for sale (less $ ... encumbrances)				57,000
5. Cash ($ 1,265,772,958), cash equivalents ($ ...) and short-term investments ($ 2,194,114,715)	3,459,887,673		3,459,887,673	2,824,240,288
6. Contract loans (including $ ... premium notes)	152,556,066		152,556,066	167,732,270
7. Derivatives	761,489,768		761,489,768	703,224,810
8. Other invested assets	2,705,034,912	799,425	2,704,235,488	2,490,483,018
9. Receivables for securities	29,694,668		29,694,668	37,507,207
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets	7,560,000		7,560,000	18,044,029
12. Subtotals, cash and invested assets (Lines 1 to 11)	55,424,599,316	799,425	55,423,799,892	53,455,761,388
13. Title plants less $ ... charged off (for Title insurers only)				
14. Investment income due and accrued	442,320,093	6,669,235	435,650,858	436,969,615
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	8,933		8,933	3,505
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ... earned but unbilled premiums)	6,843,551		6,843,551	7,201,100
15.3 Accrued retrospective premiums ($ ...) and contracts subject to redetermination ($ ...)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	208,543,522		208,543,522	194,170,174
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	1,398,007,722	435,967	1,397,571,755	957,005,643
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	66,984,745		66,984,745	
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit	609,371		609,371	609,371
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	5,251,032		5,251,032	6,988,270
24. Health care ($ ...) and other amounts receivable	38,806,925	2,048,730	36,758,194	49,801,196
25. Aggregate write-ins for other than invested assets	415,325,316	13,288,033	402,037,283	387,364,625
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	58,007,300,524	23,241,389	57,984,059,135	55,495,874,888
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	11,194,812,393		11,194,812,393	10,008,987,370
28. Total (Lines 26 and 27)	69,202,112,918	23,241,389	69,178,871,528	65,504,862,258
DETAILS OF WRITE-INS				
1101. Derivative Collateral Asset	7,560,000		7,560,000	18,044,029
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)	7,560,000		7,560,000	18,044,029
2501. Corporate Owned Life Insurance (COLI)	400,988,250		400,988,250	386,568,895
2502. Miscellaneous Assets	14,337,065	13,288,033	1,049,032	795,730
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	415,325,316	13,288,033	402,037,283	387,364,625

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts $ 45,649,170,417 less $ .... included in Line 6.3 (including $ 36,529,974,558 Modco Reserve)	45,649,170,417	45,144,173,871
2. Aggregate reserve for accident and health contracts (including $ 1,394,804 Modco Reserve)	3,017,042	3,041,637
3. Liability for deposit-type contracts (including $ 775,213,720 Modco Reserve)	843,621,427	376,755,187
4. Contract claims:		
4.1 Life	195,914,407	197,115,576
4.2 Accident and health	13,363	8,577
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)		
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 $ 4,417 accident and health premiums	4,417	5,403
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 $ .... assumed and $ 2,375,654,886 ceded	2,375,654,886	1,859,438,315
9.4 Interest Maintenance Reserve	105,812,437	119,691,633
10. Commissions to agents due or accrued-life and annuity contracts $ 10,754,387 , accident and health $ .... and deposit-type contract funds $	10,754,387	10,612,690
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	23,458,376	16,234,198
13. Transfers to Separate Accounts due or accrued (net) (including $ (482) accrued for expense allowances recognized in reserves, net of reinsured allowances)	2,138,908,518	1,758,070,283
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	631,600	631,600
15.1 Current federal and foreign income taxes, including $ .... on realized capital gains (losses)		4,859,895
15.2 Net deferred tax liability	18,576,082	63,803,851
16. Unearned investment income	2,347,639	3,714,756
17. Amounts withheld or retained by reporting entity as agent or trustee	2,364,382	1,388,334
18. Amounts held for agents' account, including $ 2,112,238 agents' credit balances	2,112,238	1,077,550
19. Remittances and items not allocated	155,495,167	68,745,042
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above	77,395	
22. Borrowed money $ .... and interest thereon $		50,144,194
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	815,780,435	797,698,439
24.02 Reinsurance in unauthorized and certified ($ ....) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified ($ ....) reinsurers	1,334,210,382	1,369,159,277
24.04 Payable to parent, subsidiaries and affiliates	13,718,086	12,960,550
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	76,035,419	41,536,552
24.09 Payable for securities	140,397,484	15,439,662
24.10 Payable for securities lending		
24.11 Capital notes $ .... and interest thereon $		
25. Aggregate write-ins for liabilities	3,230,011,443	2,744,276,394
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	57,138,087,430	54,660,583,465
27. From Separate Accounts Statement	10,736,496,057	9,635,631,049
28. Total liabilities (Lines 26 and 27)	67,874,583,487	64,296,214,514
29. Common capital stock	10,000,000	10,000,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	968,675,253	961,950,467
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	325,612,789	236,697,277
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 $ 458,316,336 in Separate Accounts Statement)	1,294,288,042	1,198,647,744
38. Totals of Lines 29, 30 and 37	1,304,288,042	1,208,647,744
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	69,178,871,528	65,504,862,258
DETAILS OF WRITE-INS		
2501. Derivative and Other Collateral Liability	2,148,096,668	2,361,611,119
2502. Repurchase Agreement Liability	911,431,554	210,878,335
2503. Amount Due Reinsurer	74,312,755	60,703,555
2598. Summary of remaining write-ins for Line 25 from overflow page	96,170,467	111,083,386
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	3,230,011,443	2,744,276,394
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	813,555,891	1,580,038,289	1,696,380,582
2.	Considerations for supplementary contracts with life contingencies	5,823,307	1,926,663	3,426,266
3.	Net investment income	1,840,422,105	1,901,788,404	2,591,326,621
4.	Amortization of Interest Maintenance Reserve (IMR)	4,166,286	8,676,159	12,514,845
5.	Separate Accounts net gain from operations excluding unrealized gains or losses	369,476	28,332,055	32,768,190
6.	Commissions and expense allowances on reinsurance ceded	547,758,592	636,876,980	837,341,226
7.	Reserve adjustments on reinsurance ceded	(988,424,642)	(1,256,709,258)	(1,862,540,764)
8.	Miscellaneous Income:			
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	5,627,659	4,242,771	6,000,486
	8.2 Charges and fees for deposit-type contracts			
	8.3 Aggregate write-ins for miscellaneous income	17,692,621	22,075,394	30,367,195
9.	Totals (Lines 1 to 8.3)	2,246,991,295	2,927,247,456	3,347,584,647
10.	Death benefits	1,507,322	754,762	986,802
11.	Matured endowments (excluding guaranteed annual pure endowments)	14,642		
12.	Annuity benefits	260,687,698	214,075,590	287,631,322
13.	Disability benefits and benefits under accident and health contracts	296,319	347,545	442,263
14.	Coupons, guaranteed annual pure endowments and similar benefits			
15.	Surrender benefits and withdrawals for life contracts	521,932,631	584,150,333	766,344,853
16.	Group conversions			
17.	Interest and adjustments on contract or deposit-type contract funds	4,791,790	11,185,657	16,093,107
18.	Payments on supplementary contracts with life contingencies	6,156,416	6,964,782	9,086,679
19.	Increase in aggregate reserves for life and accident and health contracts	504,971,951	296,860,991	190,160,379
20.	Totals (Lines 10 to 19)	1,300,358,770	1,114,339,659	1,270,745,405
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	375,975,908	477,185,501	584,113,567
22.	Commissions and expense allowances on reinsurance assumed	906,319	341,684	556,982
23.	General insurance expenses and fraternal expenses	244,559,086	228,343,434	304,788,383
24.	Insurance taxes, licenses and fees, excluding federal income taxes	11,578,924	11,414,304	14,348,037
25.	Increase in loading on deferred and uncollected premiums	1	(3)	(4)
26.	Net transfers to or (from) Separate Accounts net of reinsurance	152,572,940	923,243,240	890,959,573
27.	Aggregate write-ins for deductions	75,342,680	91,938,246	119,001,844
28.	Totals (Lines 20 to 27)	2,161,294,628	2,846,806,065	3,184,513,786
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	85,696,667	80,441,391	163,070,860
30.	Dividends to policyholders and refunds to members	25,169	38	38
31.	Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	85,671,498	80,441,353	163,070,823
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	61,991,915	(85,630,486)	(108,031,238)
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)	23,679,583	166,071,839	271,102,061
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ (11,601,792) (excluding taxes of $ (3,451,441) transferred to the IMR)	(14,827,972)	(4,118,290)	(30,120,346)
35.	Net income (Line 33 plus Line 34)	8,851,611	161,953,550	240,981,714
	CAPITAL AND SURPLUS ACCOUNT			
36.	Capital and surplus, December 31, prior year	1,208,647,744	1,234,163,823	1,234,163,823
37.	Net income (Line 35)	8,851,611	161,953,550	240,981,714
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ (14,865,233)	(34,782,022)	73,949,997	80,991,683
39.	Change in net unrealized foreign exchange capital gain (loss)	38,097,607	(1,857,561)	(11,982,342)
40.	Change in net deferred income tax	30,362,536	(74,533,920)	(70,731,557)
41.	Change in nonadmitted assets	(13,380,869)	943,827	(3,100,724)
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	(18,081,996)	(65,553,844)	(153,164,616)
45.	Change in treasury stock			
46.	Surplus (contributed to) withdrawn from Separate Accounts during period	(90,000,000)	(20,000,000)	(20,000,000)
47.	Other changes in surplus in Separate Accounts Statement	84,590,539	18,491,419	21,092,413
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	6,724,786	7,803,928	9,898,224
	51.2 Transferred to capital (Stock Dividend)			
	51.3 Transferred from capital			
	51.4 Change in surplus as a result of reinsurance	78,497,911	(56,196,300)	(117,123,107)
52.	Dividends to stockholders		(409,420)	(409,420)
53.	Aggregate write-ins for gains and losses in surplus	4,760,193	(2,207,313)	(1,968,348)
54.	Net change in capital and surplus for the year (Lines 37 through 53)	95,640,297	42,384,364	(25,516,079)
55.	Capital and surplus, as of statement date (Lines 36 + 54)	1,304,288,042	1,276,548,187	1,208,647,744
	DETAILS OF WRITE-INS			
08.301.	COLI Income	18,003,335	22,062,403	30,339,559
08.302.	Miscellaneous (Expense) Income	(310,714)	12,991	27,636
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)	17,692,621	22,075,394	30,367,195
2701.	Funds Withheld Adjustment - Ceded	71,755,443	82,538,695	115,152,450
2702.	Transfer to IMR - Ceded	17,626,472	(31,177,102)	(40,728,435)
2703.	Transfer to IMR - MVA Benefits	(14,355,391)	392,695	(685,304)
2798.	Summary of remaining write-ins for Line 27 from overflow page	316,155	40,183,959	45,263,133
2799.	Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	75,342,680	91,938,246	119,001,844
5301.	Correction of Prior Period Error	4,289,474	(3,161,394)	(3,161,394)
5302.	Athene Re IV Tax Sharing Agreement	470,719	954,081	1,193,046
5303.				
5398.	Summary of remaining write-ins for Line 53 from overflow page			
5399.	Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	4,760,193	(2,207,313)	(1,968,348)

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	819,750,284	1,582,547,670	1,700,658,788
2. Net investment income	1,789,073,378	1,871,520,493	2,558,386,398
3. Miscellaneous income	568,980,446	662,024,268	832,032,297
4. Total (Lines 1 to 3)	3,177,804,107	4,116,092,430	5,091,077,483
5. Benefit and loss related payments	1,575,954,608	1,816,327,742	2,671,322,496
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(228,265,295)	625,391,837	183,001,819
7. Commissions, expenses paid and aggregate write-ins for deductions	619,611,697	741,669,841	938,772,628
8. Dividends paid to policyholders	25,168	38	38
9. Federal and foreign income taxes paid (recovered) net of $ (13,627,031) tax on capital gains (losses)	119,498,349	(34,951,935)	(25,243,057)
10. Total (Lines 5 through 9)	2,086,824,528	3,148,437,522	3,767,853,924
11. Net cash from operations (Line 4 minus Line 10)	1,090,979,580	967,654,908	1,323,223,559
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	4,639,741,412	4,589,908,313	7,753,211,809
12.2 Stocks	18,415,994	19,432,000	45,305,333
12.3 Mortgage loans	2,864,889,523	719,625,229	1,147,107,404
12.4 Real estate	4,866		
12.5 Other invested assets	240,642,018	176,818,410	237,462,497
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(4,133,356)	(410,179)	772,916
12.7 Miscellaneous proceeds	145,115,104	145,981,041	59,965,719
12.8 Total investment proceeds (Lines 12.1 to 12.7)	7,904,675,561	5,651,354,815	9,243,825,678
13. Cost of investments acquired (long-term only):			
13.1 Bonds	7,211,047,483	3,297,990,958	6,147,696,337
13.2 Stocks	110,698,588	12,000,000	229,269,546
13.3 Mortgage loans	1,585,235,155	2,791,863,797	3,716,569,675
13.4 Real estate			
13.5 Other invested assets	281,270,637	447,201,142	671,956,800
13.6 Miscellaneous applications	47,576,681		5,892,729
13.7 Total investments acquired (Lines 13.1 to 13.6)	9,235,828,544	6,549,055,897	10,771,385,087
14. Net increase (or decrease) in contract loans and premium notes	(15,176,204)	(14,708,805)	(21,776,640)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,315,976,779)	(882,992,277)	(1,505,782,769)
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			
16.3 Borrowed funds	(50,144,194)		50,144,194
16.4 Net deposits on deposit-type contracts and other insurance liabilities	466,866,240	(49,260,796)	(58,842,745)
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	443,922,539	1,043,632,077	1,571,245,152
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	860,644,585	994,371,281	1,562,546,601
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)	635,647,385	1,079,033,912	1,379,987,391
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	2,824,240,288	1,444,252,897	1,444,252,897
19.2 End of period (Line 18 plus Line 19.1)	3,459,887,673	2,523,286,808	2,824,240,288

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

20.0001. Capital contribution of stock compensation expense (financing)	6,724,786	7,803,928	9,898,224
20.0002. Capital contribution of stock compensation expense (investing)	(365,967)	(605,431)	(765,250)
20.0003. Capital contribution of stock compensation expense (operating)	(6,358,819)	(7,198,497)	(9,132,974)
20.0004. Security exchanges and asset in kind trades - bond proceeds (investing)	1,605,507,746	615,570,775	1,409,147,543
20.0005. Security exchanges and asset in kind trades - bonds acquired (investing)	(1,605,507,746)	(615,570,775)	(1,552,615,543)
20.0006. Security exchanges and asset in kind trades - other invested asset proceeds (investing)	374,297,159	8,779,919	11,532,999
20.0007. Security exchanges and asset in kind trades - other invested asset acquired (investing)	(374,297,159)	(8,779,919)	(11,532,999)
20.0008. Transfer from Schedule B to Schedule BA - proceeds (investing)	218,610,865	1,258,032	1,688,704
20.0009. Transfer from Schedule B to Schedule BA - acquired (investing)	(218,610,865)	(1,258,032)	(1,688,704)
20.0010. Reinsurance activity settled in bonds (operating)	137,774,149	196,491,718	345,189,964

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

20.0011. Reinsurance activity settled in bonds (investing)	(137,774,149)	(196,491,718)	(345,189,964)
20.0012. Interest capitalization (operating)	5,402,905	3,967,809	4,503,249
20.0013. Interest capitalization (investing)	(5,402,905)	(3,967,809)	(4,503,249)
20.0014. Security exchanges and asset in kind trades - stock proceeds (investing)	1,714,400		190,000,331
20.0015. Security exchanges and asset in kind trades - stocks acquired (investing)	(1,714,400)		(46,532,331)
20.0016. Dividends paid - Schedule BA distribution (investing)		409,420	409,420
20.0017. Dividends paid (financing)		(409,420)	(409,420)

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of **Athene Annuity and Life 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 Iowa.

The Insurance Division, Department of Commerce, of the State of Iowa (the Division) recognizes only statutory accounting practices prescribed or permitted by the State of Iowa for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Iowa 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 Iowa. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

Among the products issued by the Company are indexed universal life insurance and indexed annuities. These products allow a portion of the premium to earn interest based on certain indices, such as the Standard & Poor's 500 Composite Stock Price Index. Call options, futures, variance swaps and total return swaps are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. In 2006, the Commissioner of the Division issued Bulletin 06-01, *Accounting for Derivative Instruments Used to Hedge the Growth in Interest Credited for Index Products*, which prescribes that an insurer may elect to recognize changes in the fair value of derivative instruments purchased to hedge indexed products in the statement of operations. The Company has elected to apply Bulletin 06-01 to its futures, variance swaps and total return swaps, which resulted in an increase of $1.6 million and $2.2 million to the Company's net income for the nine months ended September 30, 2020 and for the year ended December 31, 2019, respectively. Application of Bulletin 06-01 does not impact the Company's statutory surplus amounts.

In 2009, the Commissioner of the Division promulgated Iowa Administrative Code (IAC) Section 191-97, *Accounting for Certain Derivative Instruments Used to Hedge the Growth in Interest Credited for Indexed Insurance Products and Accounting for the Indexed Insurance Products Reserve*, which prescribes that an insurer may elect (i) to use an amortized cost method to account for certain derivative instruments, such as call options, purchased to hedge the growth in interest credited to the customer on indexed insurance products and (ii) to utilize an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. IAC Section 191-97 does not apply to products that do not guarantee a minimum interest accumulation, such as our variable and index-linked deferred annuities. The Company has elected to apply IAC Section 191-97 to its eligible over the counter (OTC) call options and reserve liabilities. As a result, the Company's net income decreased by $42.1 million and increased by $113.6 million for the nine months ended September 30, 2020 and for the year ended December 31, 2019, respectively, and the Company's statutory surplus decreased by $44.3 million and $79.8 million as of September 30, 2020 and December 31, 2019, respectively.

The NAIC requires annuities issued by life insurance companies on or after January 1, 2015, to use the 2012 Individual Annuity Reserving (IAR) Mortality Table. In 2015, the Division promulgated IAC Section 43.3(5), which set an elective alternative effective date of January 1, 2016 for adoption of the 2012 IAR Mortality Table. The Company chose to use the Annuity 2000 Mortality Table for all annuities issued in 2015, which resulted in an increase of $0.3 million and $1.6 million to the Company's net income for the nine months ended September 30, 2020 and for the year ended December 31, 2019, respectively. The Company's statutory surplus increased by $5.3 million and $4.9 million as of September 30, 2020 and December 31, 2019, respectively.

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

	SSAP #	F/S Page	F/S Line #	09/30/2020	12/31/2019
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	$ 8,851,611	$ 240,981,714
(2) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
Derivative Instruments Bulletin 06-01	86	4	38	1,625,920	2,192,043
Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	(42,077,484)	113,621,392
2012 IAR Mortality Table for Annuities Issued in 2015 IAC 43.3(5)	51	3	1	333,585	1,648,673
(3) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$ 48,969,590	$ 123,519,605
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	$ 1,304,288,042	$ 1,208,647,744
(6) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	(44,324,069)	(79,827,185)
2012 IAR Mortality Table for Annuities Issued 2005 IAC 43.3(5)	51	3	1	5,261,797	4,928,212
(7) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$ 1,343,350,314	$ 1,283,546,716

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Our estimates may vary as more information about the extent to which the Coronavirus Disease of 2019 and the resulting impact on economic conditions and the financial markets become known. Actual results may differ from the estimates used in preparing the financial statements.

C. Accounting Policy

(1) Short-term investments - No Significant Changes

(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 using the scientific interest method on a yield-to-worst basis.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern (Continued)

(3) Common stocks - No Significant Changes

(4) Preferred stocks - No Significant Changes

(5) Mortgage loans - No Significant Changes

(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) Investments in subsidiaries, controlled and affiliated entities - No Significant Changes

(8) Investments in joint ventures, partnerships and limited liability entities - No Significant Changes

(9) Derivatives - No Significant Changes

(10) Investment income as a factor in the premium deficiency calculation - No Significant Changes

(11) Liabilities for losses and loss/claim adjustment expenses - No Significant Changes

(12) Changes in capitalization policy - No Significant Changes

(13) Pharmaceutical rebate receivables - No Significant Changes

D. Going Concern

Management's assessment of the relevant conditions through November 12, 2020 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

During the current year's financial statement preparation, the Company discovered errors within prior period Annual Statements relating to net investment income. After consideration of materiality and in accordance with SSAP No. 3, *Accounting Changes and Correction of Errors*, the corrections were recorded directly to surplus. The net impact of the correction of net investment income increased surplus by $4.3 million in 2020 and represented less than 1% of ending capital and surplus as of September 30, 2020 and December 31, 2019.

3. Business Combinations and Goodwill - No Significant Changes

4. Discontinued Operations - None

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - No Significant Changes

B. Debt Restructuring - No Significant Changes

C. Reverse Mortgages - None

D. Loan-Backed Securities

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

(2) Loan-backed and structured securities with a recognized other-than-temporary impairment (OTTI)

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) Securities held that were other-than-temporarily impaired due to the present value of cash flows expected to be collected was less than the amortized cost of securities

(1) CUSIP	(2) Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	(3) Present Value of Projected Cash Flows	(4) Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value at Time of OTTI	(7) Date of Financial Statement Where Reported
07386HQW4	$ 5,614,740	$ 5,531,190	$ 83,550	$ 5,531,190	$ 5,430,675	03/31/2020
12544DAL3	1,574,952	1,506,494	68,458	1,506,494	1,290,144	03/31/2020
12668BTG8	784,722	749,703	35,019	749,703	600,827	03/31/2020
45660N5H4	1,119,923	1,081,573	38,350	1,081,573	941,222	03/31/2020
86359LHX0	4,871,795	4,425,174	446,621	4,425,174	4,073,744	03/31/2020
7036PG5	1,404,107	1,297,502	106,605	1,297,502	1,297,502	06/30/2020
05963SAE2	3,477,845	3,186,568	291,277	3,186,568	3,123,698	06/30/2020
73871BN4	917,551	821,825	95,727	821,825	821,825	06/30/2020
05532KAB7	2,101,500	2,064,550	36,950	2,064,550	2,064,550	06/30/2020
05535VBB9	4,298,143	4,255,141	43,002	4,255,141	4,140,200	06/30/2020
05541YBJ8	5,360,552	5,222,649	137,904	5,222,649	5,183,063	06/30/2020
05539DBZ2	1,203,705	1,151,275	52,430	1,151,275	1,151,275	06/30/2020
05529DAA0	4,918,572	4,611,194	307,378	4,611,194	4,611,194	06/30/2020
05529DAA0	3,513,236	3,293,683	219,554	3,293,683	3,293,683	06/30/2020

Notes to the Financial Statements

5. Investments (Continued)

(1) CUSIP	(2) Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	(3) Present Value of Projected Cash Flows	(4) Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value at Time of OTTI	(7) Date of Financial Statement Where Reported
16165LAF7	26,498,636	26,413,755	84,881	26,413,755	26,413,755	06/30/2020
16163CAH5	1,104,371	1,075,564	28,807	1,075,564	1,069,165	06/30/2020
17322JAD5	11,626,825	11,528,339	98,486	11,528,339	11,299,737	06/30/2020
225470EC3	2,117,986	1,945,148	172,839	1,945,148	1,945,148	06/30/2020
12641TCC8	5,865,912	5,602,267	263,645	5,602,267	5,518,223	06/30/2020
12667G3L5	2,181,079	2,080,657	100,422	2,080,657	2,080,657	06/30/2020
12668AFW0	1,444,719	1,320,815	123,904	1,320,815	1,320,815	06/30/2020
12668AUV5	472,455	413,597	58,857	413,597	413,597	06/30/2020
12668AZX6	2,805,889	2,698,555	107,333	2,698,555	2,698,555	06/30/2020
12668A5X9	4,238,231	4,080,780	157,451	4,080,780	4,080,780	06/30/2020
12667F5W1	3,623,195	3,467,461	155,734	3,467,461	3,467,461	06/30/2020
12667GH89	694,587	668,037	26,550	668,037	668,037	06/30/2020
12668BTG8	687,949	577,995	109,954	577,995	577,995	06/30/2020
12669FW82	1,293,805	1,238,182	55,623	1,238,182	1,238,182	06/30/2020
12669GSN2	4,708,635	4,596,631	112,004	4,596,631	4,596,631	06/30/2020
126670JY5	1,725,471	1,698,895	26,576	1,698,895	1,665,344	06/30/2020
12669GN64	3,590,110	3,532,864	57,247	3,532,864	3,532,864	06/30/2020
12544DAL3	1,401,803	1,138,612	263,191	1,138,612	1,138,612	06/30/2020
251510FB4	1,280,794	1,226,217	54,578	1,226,217	1,226,217	06/30/2020
23332UGM0	11,584,182	11,114,907	469,274	11,114,907	11,114,907	06/30/2020
32051G2V6	2,360,994	2,190,714	170,280	2,190,714	2,190,714	06/30/2020
32051HAD5	1,187,019	1,062,223	124,796	1,062,223	1,062,223	06/30/2020
39538RAA7	9,861,538	9,306,499	555,040	9,306,499	9,306,499	06/30/2020
36242DXG3	4,469,875	4,220,893	248,982	4,220,893	4,220,893	06/30/2020
36242DXG3	13,960,842	12,871,171	1,089,671	12,871,171	12,871,171	06/30/2020
36242DT52	2,161,824	2,132,754	29,070	2,132,754	2,132,754	06/30/2020
41161PVJ9	5,045,420	4,887,392	158,028	4,887,392	4,887,392	06/30/2020
41161PVK6	3,827,826	3,683,501	144,325	3,683,501	3,683,501	06/30/2020
41161PA52	6,248,049	4,965,408	1,282,641	4,965,408	4,965,408	06/30/2020
41161PLQ4	2,538,887	2,308,191	230,696	2,308,191	2,308,191	06/30/2020
41161PMF7	17,660,748	16,612,144	1,048,604	16,612,144	16,612,144	06/30/2020
41161MAC4	5,037,822	4,782,248	255,574	4,782,248	4,782,248	06/30/2020
41161UAC6	925,072	890,833	34,239	890,833	890,833	06/30/2020
41161XAC0	11,281,550	11,213,551	67,999	11,213,551	11,213,551	06/30/2020
45660N5H4	1,078,135	980,541	97,594	980,541	980,541	06/30/2020
45660NS22	532,692	491,891	40,801	491,891	491,891	06/30/2020
45660NT96	3,291,136	3,170,465	120,671	3,170,465	3,170,465	06/30/2020
45660LRU5	5,624,235	5,359,400	264,835	5,359,400	5,359,400	06/30/2020
45660LRU5	3,762,149	3,556,337	205,811	3,556,337	3,556,337	06/30/2020
45660LWD7	12,707,867	12,244,404	463,464	12,244,404	12,244,404	06/30/2020
46635AAH6	2,868,453	2,812,828	55,625	2,812,828	2,663,263	06/30/2020
46641TCA0	5,254,243	4,815,065	439,177	4,815,065	4,815,065	06/30/2020
61748HQW4	6,729,067	6,660,377	68,689	6,660,377	6,660,377	06/30/2020
61748HUF6	14,550,464	13,739,179	811,285	13,739,179	13,739,179	06/30/2020
61748HWP2	5,510,526	5,314,889	195,637	5,314,889	5,314,889	06/30/2020
61748HYQ8	17,182,046	16,393,107	788,939	16,393,107	16,393,107	06/30/2020
61761PAL9	6,801,855	6,771,857	29,999	6,771,857	6,771,857	06/30/2020
61762LBJ1	10,197,916	8,888,803	1,309,114	8,888,803	8,888,803	06/30/2020
61690PAK7	12,578,801	12,436,166	142,636	12,436,166	12,436,166	06/30/2020
61762UCQ4	3,422,475	3,338,001	84,474	3,338,001	3,273,924	06/30/2020
65540XAJ6	9,594,456	9,478,656	115,800	9,478,656	9,428,374	06/30/2020
65540XAJ6	4,042,867	3,994,040	48,827	3,994,040	3,973,156	06/30/2020
45660LDR7	2,373,532	2,145,212	228,321	2,145,212	2,076,616	06/30/2020
86359LHX0	4,578,955	4,183,038	395,917	4,183,038	4,183,038	06/30/2020
86359DRS8	5,414,206	5,063,772	350,434	5,063,772	5,063,772	06/30/2020
86359DRS8	2,670,451	2,497,606	172,845	2,497,606	2,497,606	06/30/2020
81744LAN4	3,444,308	3,393,545	50,763	3,393,545	3,351,012	06/30/2020
87222PAB9	1,508,284	1,394,424	113,860	1,394,424	1,394,424	06/30/2020
136040AA0	20,504,491	15,822,495	4,681,996	15,822,495	15,822,495	06/30/2020
95000MAQ4	876,547	413,603	462,944	413,603	387,204	09/30/2020
61748HVH1	2,405,192	2,356,405	48,787	2,356,405	2,274,977	09/30/2020

Notes to the Financial Statements

5. Investments (Continued)

(1) CUSIP	(2) Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	(3) Present Value of Projected Cash Flows	(4) Recognized OTTI	(5) Amortized Cost After OTTI	(6) Fair Value at Time of OTTI	(7) Date of Financial Statement Where Reported
058933AG7	1,598,060	1,557,820	40,240	1,557,820	1,557,820	09/30/2020
885220DS9	675,741	640,125	35,616	640,125	628,125	09/30/2020
17322JAD5	11,027,203	10,952,384	74,819	10,952,384	10,825,612	09/30/2020
12669GRQ6	4,279,425	4,206,791	72,634	4,206,791	4,206,791	09/30/2020
12669GSN2	4,314,870	4,255,359	59,511	4,255,359	4,255,359	09/30/2020
Total			$ 22,002,188			

(4) All impaired securities for which an OTTI has not been recognized in earnings as a realized loss

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 September 30, 2020:

a. The aggregate amount of unrealized losses:
1. Less than 12 months ... $ 179,495,126
2. 12 months or longer ... 154,555,732

b. The aggregate related fair value of securities with unrealized losses:
1. Less than 12 months ... $ 3,626,775,710
2. 12 months or longer ... 1,917,488,123

(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. Dollar Repurchase Agreements and/or Securities Lending Transactions - None

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Taker - Overview of Secured Borrowing Transactions

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral

The Company participates in repurchase agreements with unaffiliated financial institutions. Under these agreements, the Company lends bonds and receives cash as collateral. The Company monitors the estimated fair value of the collateral and the securities loaned throughout the duration of the contract and contributes additional collateral as necessary. Securities loaned under these agreements may be sold or re-pledged by the transferee.

(2) Type of repo trades used

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (Yes/No)	YES	YES	YES	
b. Tri-Party (Yes/No)	NO	NO	NO	

(3) Original (flow) & residual maturity

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open - No maturity	$	$	$	$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month				
5. Over 1 month to 3 months	143,620,000	303,270,000	303,270,000	
6. Over 3 months to 1 year	616,343,000	313,073,000	313,073,000	
7. Over 1 year		598,283,704	598,358,554	
b. Ending Balance				
1. Open - No maturity	$	$	$	$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month			313,073,000	
5. Over 1 month to 3 months	143,620,000	303,270,000		
6. Over 3 months to 1 year	616,343,000	313,073,000		
7. Over 1 year		598,283,704	598,358,554	

(4) Fair value of securities sold and/or acquired that resulted in default

The Company did not have any securities sold or outstanding for which the repurchase agreement defaulted as of September 30, 2020.

Notes to the Financial Statements

5. Investments (Continued)

(5) Securities "sold" under repo - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	$
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	$
3. Fair Value	$ 859,552,346	$ 1,396,004,968	$ 1,396,004,968	$
b. Ending Balance				
1. BACV	XXX	XXX	XXX	$
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	$
3. Fair Value	$ 859,552,346	$ 1,396,004,968	$ 1,036,112,925	$

(6) Securities sold under repo - secured borrowing by NAIC designation

Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Nonadmitted
a. Bonds - BACV	$	$ 490,467,874	$ 381,174,510	$ 1,996,605	$	$	$	$
b. Bonds - FV		595,152,868	438,809,722	2,150,335				
c. LB & SS - BACV								
d. LB & SS - FV								
e. Preferred stock - BACV								
f. Preferred stock - FV								
g. Common stock								
h. Mortgage loans - BACV								
i. Mortgage loans - FV								
j. Real estate - BACV								
k. Real estate - FV								
l. Derivatives - BACV								
m. Derivatives - FV								
n. Other invested assets - BACV								
o. Other invested assets - FV								
p. Total assets - BACV	$	$ 490,467,874	$ 381,174,510	$ 1,996,605	$	$	$	$
q. Total assets - FV	$	$ 595,152,868	$ 438,809,722	$ 2,150,335	$	$	$	$

p = (a+c+e+g+h+j+l+n)
q = (b+d+f+g+i+k+m+o)

(7) Collateral received - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	$ 759,963,000	$ 1,214,626,704	$ 1,214,701,554	$
2. Securities (FV)				
b. Ending Balance				
1. Cash	$ 759,963,000	$ 1,214,626,704	$ 911,431,554	$
2. Securities (FV)				

(8) Cash & non-cash collateral received - secured borrowing by NAIC designation

Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Does Not Qualify as Admitted
a. Cash	$ 911,431,554	$	$	$	$	$	$	$
b. Bonds - FV								
c. LB & SS - FV								
d. Preferred stock - FV								
e. Common stock								
f. Mortgage loans - FV								
g. Real estate - FV								
h. Derivatives - FV								
i. Other Invested Assets - FV								
j. Total collateral assets - FV (sum of a through i)	$ 911,431,554	$	$	$	$	$	$	$

Notes to the Financial Statements

5. Investments (Continued)

(9) Allocation of aggregate collateral by remaining contractual maturity

		Fair Value
a.	Overnight and continuous	$
b.	30 Days or less	313,073,000
c.	31 to 90 Days	
d.	More than 90 days	598,358,554

(10) Allocation of aggregate collateral reinvested by remaining contractual maturity

		Amortized Cost	Fair Value
a.	30 Days or less	$ 911,431,554	$ 911,431,554
b.	31 to 60 Days		
c.	61 to 90 Days		
d.	91 to 120 Days		
e.	121 to 180 Days		
f.	181 to 365 Days		
g.	1 to 2 Years		
h.	2 to 3 Years		
i.	More than 3 years		

(11) Liability to return collateral - secured borrowing (total)

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a.	Maximum Amount				
	1. Cash (Collateral - All)	$ 759,963,000	$ 1,214,626,704	$ 1,214,701,554	$
	2. Securities Collateral (FV)				
b.	Ending Balance				
	1. Cash (Collateral - All)	$ 759,963,000	$ 1,214,626,704	$ 911,431,554	$
	2. Securities Collateral (FV)				

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Provider - Overview of Secured Borrowing Transactions

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral

Included in short-term investments are amounts receivable under reverse repurchase agreements, which involves the purchase of investments from a seller with the agreement that the investments will be repurchased by the seller at a specified price, and at a specified date or within a specified period of time, not to exceed 364 days. The investments purchased, which represent collateral on a secured lending arrangement, are not reflected in the Company's consolidated balance sheets. Instead, the secured lending arrangement is reflected as a short-term investment for the principal amount loaned under the agreement. There were no amounts loaned under reverse repurchase agreements at September 30, 2020.

(2) Type of repo trades used

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (Yes/No)	YES	YES		
b. Tri-Party (Yes/No)	NO	NO		

(3) Original (flow) & residual maturity

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a.	Maximum Amount				
	1. Open - No maturity	$	$	$	$
	2. Overnight				
	3. 2 days to 1 week				
	4. Over 1 week to 1 month	85,000,000	85,000,000		
	5. Over 1 month to 3 months				
	6. Over 3 months to 1 year				
	7. Over 1 year				
b.	Ending Balance				
	1. Open - No maturity	$	$	$	$
	2. Overnight				
	3. 2 days to 1 week				
	4. Over 1 week to 1 month	85,000,000			
	5. Over 1 month to 3 months				
	6. Over 3 months to 1 year				
	7. Over 1 year				

(4) Fair value of securities sold and/or acquired that resulted in default - None

Notes to the Financial Statements

5. Investments (Continued)

(5) Fair value of securities acquired under repo - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount	$ 85,000,000	$ 85,000,000	$	$
b. Ending Balance	$ 85,000,000	$	$	$

(6) Securities acquired under repo - secured borrowing by NAIC designation - None

(7) Collateral provided - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	$ –	$	$	$
2. Securities (FV)	275,430,848	275,430,848		
3. Securities (BACV)	XXX	XXX	XXX	XXX
4. Nonadmitted Subset (BACV)	XXX	XXX	XXX	XXX
b. Ending Balance				
1. Cash	$ –	$	$	$
2. Securities (FV)	275,430,848			
3. Securities (BACV)	275,430,848			
4. Nonadmitted Subset (BACV)	–			

(8) Allocation of aggregate collateral pledged by remaining contractual maturity - None

(9) Recognized receivable for return of collateral - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	$	$	$	$
2. Securities (FV)	85,000,000	85,000,000		
b. Ending Balance				
1. Cash	$	$	$	$
2. Securities (FV)	85,000,000			

(10) Recognized liability to return collateral - secured borrowing (total) - None

H. Repurchase Agreements Transactions Accounted for as a Sale - None

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - None

J. Real Estate - No Significant Changes

K. Low-Income Housing Tax Credits (LIHTC) - None

L. Restricted Assets - No Significant Changes

M. Working Capital Finance Investments - None

N. Offsetting and Netting of Assets and Liabilities - None

O. 5GI Securities - No Significant Changes

P. Short Sales - None

Q. Prepayment Penalty and Acceleration Fees - No Significant Changes

6. Joint Ventures, Partnerships and Limited Liability Companies - No Significant Changes

7. Investment Income - No Significant Changes

8. Derivative Instruments

A. Derivatives under SSAP No. 86 - Derivatives

(1) Discussion - No Significant Changes

(2) Description of Objectives - No Significant Changes

(3) Description of Accounting Policies - No Significant Changes

(4) Derivative Contracts with Financing Premiums - No Significant Changes

(5) Net Gain or Loss Recognized - No Significant Changes

(6) Net Gain or Loss Recognized from Derivatives No Longer Qualifying for Hedge Accounting - No Significant Changes

(7) Derivatives Accounted for as Cash Flow Hedges of a Forecasted Transaction - No Significant Changes

(8) Premium Cost for Derivative Contracts - None

Notes to the Financial Statements

8. Derivative Instruments (Continued)

B. Derivatives under SSAP No. 108 - Derivative Hedging Variable Annuity Guarantees (Life/Fraternal Only) - None

9. Income Taxes - No Significant Changes

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

A. Some employees of the Company and Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by Athene Holding Ltd. (AHL), an indirect parent of the Company, for which the Company has no legal obligation. Salary expense of the Company and of Athene Employee Services LLC is allocated 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 $6.7 million and $9.9 million for the nine months ended September 30, 2020 and for the year ended December 31, 2019, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

B. Detail of Transactions Greater Than 0.5% of Admitted Assets - No Significant Changes

C. Amount of Transactions & Effects of Change in Terms of Intercompany Arrangements - No Significant Changes

D. Amounts Due To or From Related Parties - No Significant Changes

E. Guarantees or Contingencies - No Significant Changes

F. Management Service Contracts and Cost Sharing Arrangements - No Significant Changes

G. Nature of Relationships that Could Affect Operations - No Significant Changes

H. Amount Deducted for Investment in Upstream Company - None

I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets - No Significant Changes

J. Write-Down for Impairments of Investments in Subsidiary Controlled or Affiliated Companies - No Significant Changes

K. Foreign Subsidiary Value Using CARVM - No Significant Changes

L. Downstream Holding Company Value Using Look-Through Method - No Significant Changes

M. All SCA Investments - No Significant Changes

N. Investment in Insurance SCAs - No Significant Changes

O. SCA and SSAP No. 48 Entity Loss Tracking - None

11. Debt

A. Debt, Including Capital Notes - No Significant Changes

B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the FHLB of Des Moines. Through its membership, the Company is eligible to borrow under variable rate short-term federal fund arrangements to provide additional liquidity. These borrowings are accounted for as borrowed money under SSAP No. 15, *Debt and Holding Company Obligations.* During 2019, the Company borrowed $50.0 million in the general account and $425.0 million in the separate account with an interest rate of 1.8%. As of May 2020, all $475.0 million in borrowings have matured. The Company incurred interest expense on the short-term borrowings of $2.7 million and $1.1 million in the general and separate account for the nine months ended September 30, 2020 and for the year ended December 31, 2019, respectively.

The Company has issued separate account funding agreements to the FHLB of Des Moines in exchange for cash resulting in a liability of $2.0 billion as of September 30, 2020. The Company uses these funds in an investment spread strategy, consistent with its other investment spread operations. As such, the Company applies SSAP No. 52, *Deposit-Type Contracts,* accounting treatment to these funds, consistent with its other deposit-type contracts. It is not part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Des Moines for use in general operations would be accounted for consistent with SSAP No. 15 as borrowed money.

The Company must provide appropriate collateral to borrow under the arrangements described above. The borrowing capacity available to the Company under these agreements is largely a factor of the Company's ability to post eligible collateral, as well as internal limits such as single-holder exposure limits (10% of the entity's balance sheet liabilities) and NAIC capital requirements.

The tables below indicate the amount of FHLB of Des Moines stock purchased, collateral pledged, assets and liabilities related to the agreements with FHLB of Des Moines.

Notes to the Financial Statements

11. Debt (Continued)

(2) FHLB capital stock

(a) Aggregate totals

	(1) Total (2+3)	(2) General Account	(3) Separate Accounts
1. Current Year			
(a) Membership stock - Class A	$	$	$
(b) Membership stock - Class B	10,000,000	10,000,000	
(c) Activity stock	84,048,000	84,048,000	
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	$ 94,048,000	$ 94,048,000	$
(f) Actual or estimated borrowing capacity as determined by the insurer	$ 3,000,000,000		
2. Prior Year-End			
(a) Member stock - Class A	$	$	$
(b) Membership stock - Class B	10,000,000	10,000,000	
(c) Activity stock	68,048,000	68,048,000	
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	$ 78,048,000	$ 78,048,000	$
(f) Actual or estimated borrowing capacity as determined by the insurer	$ 1,900,000,000		

(b) Membership stock (class A and B) eligible and not eligible for redemption

			Eligible for Redemption			
Membership Stock	(1) Current Year Total (2+3+4+5+6)	(2) Not Eligible for Redemption	(3) Less Than 6 Months	(4) 6 Months to Less Than 1 Year	(5) 1 to Less Than 3 Years	(6) 3 to 5 Years
1. Class A	$	$	$	$	$	$
2. Class B	$ 10,000,000	$ 10,000,000	$	$	$	$

(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)	$ 2,875,229,469	$ 2,814,479,205	$ 2,101,200,000
2. Current year general account total collateral pledged	2,875,229,469	2,814,479,205	
3. Current year separate accounts total collateral pledged			2,101,200,000
4. Prior year-end total general and separate accounts total collateral pledged	1,802,768,492	1,729,088,342	1,701,200,000

(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)	$ 2,875,229,469	$ 2,814,479,205	$ 2,101,200,000
2. Current year general account maximum collateral pledged	2,875,229,469	2,814,479,205	
3. Current year separate accounts maximum collateral pledged			2,101,200,000
4. Prior year-end total general and separate accounts maximum collateral pledged	1,802,768,492	1,729,088,342	1,701,200,000

Notes to the Financial Statements

11. Debt (Continued)

(4) Borrowing from FHLB

(a) Amount as of the 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	2,101,200,000		2,101,200,000	$ 2,009,928,869
(c) Other				XXX
(d) Aggregate total (a+b+c)	$ 2,101,200,000	$	$ 2,101,200,000	$ 2,009,928,869
2. Prior Year-end				
(a) Debt	$ 475,000,000	$ 50,000,000	$ 425,000,000	XXX
(b) Funding agreements	1,226,200,000		1,226,200,000	$ 1,194,642,685
(c) Other				XXX
(d) Aggregate total (a+b+c)	$ 1,701,200,000	$ 50,000,000	$ 1,651,200,000	$ 1,194,642,685

(b) Maximum amount during reporting period (current year)

	(1) Total (2+3)	(2) General Account	(3) Separate Accounts
1. Debt	$ 475,000,000	$ 50,000,000	$ 425,000,000
2. Funding agreements	2,101,200,000		2,101,200,000
3. Other			
4. Aggregate total (Lines 1+2+3)	$ 2,576,200,000	$ 50,000,000	$ 2,526,200,000

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	YES
3. Other	NO

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan - None

B. Investment Policies and Strategies of Plan Assets - None

C. Fair Value of Each Class of Plan Assets - None

D. Expected Long-Term Rate of Return for the Plan Assets - None

E. Defined Contribution Plans - None

F. Multiemployer Plans - None

G. Consolidated/Holding Company Plans - No Significant Changes

H. Postemployment Benefits and Compensated Absences - No Significant Changes

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

1. Outstanding Shares - No Significant Changes
2. Dividend Rate of Preferred Stock - None
3. Effective January 30, 2020, the Company's parent, Athene Annuity & Life Assurance Company (AADE), entered into a Capital Maintenance Agreement to provide capital support to the Company, in an amount sufficient to satisfy the insurance laws of the State of New Jersey, in order to obtain authority for the Company to issue registered index-linked annuities in New Jersey. The agreement will remain in effect for ten years.
4. Ordinary Dividends - No Significant Changes
5. Company Profits Paid as Ordinary Dividends - No Significant Changes
6. Surplus Restrictions - No Significant Changes
7. Surplus Advances - None
8. Stock Held for Special Purposes - None
9. Changes in Special Surplus Funds - None

Notes to the Financial Statements

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations (Continued)

10. Unassigned funds (surplus) - No Significant Changes

11. Company-Issued Surplus Debentures or Similar Obligations - None

12. Impact of Any Restatement Due to Prior Quasi-Reorganizations - None

13. Effective Date(s) of Quasi-Reorganizations in the Prior 10 Years - No Significant Changes

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments - No Significant Changes

B. Assessments - No Significant Changes

C. Gain Contingencies - None

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - None

E. Joint and Several Liabilities - None

F. All Other Contingencies

Corporate-owned Life Insurance (COLI) Matter - In 2000 and 2001, two insurance companies which were subsequently merged into AAIA, purchased broad based variable COLI policies from American General Life Insurance Company (American General) that, as of September 30, 2020, had an asset value of $401.0 million, and is included in other assets on the consolidated balance sheets. 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, we filed suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief. Defendants moved to dismiss and the Court heard oral arguments on February 13, 2019, The Court issued an opinion on July 31, 2019 that did not address the merits, but found that Chancery Court did not have jurisdiction over our claims and directed us to either amend our complaint or transfer the matter to Delaware Superior Court. The matter has been transferred to the Delaware Superior Court. Defendants renewed their motion to dismiss and the Superior Court heard oral arguments on December 18, 2019. The Superior Court issued an opinion on May 18, 2020 in which it granted in part and denied in part defendants' motion. The Superior Court denied defendants' motion with respect to the issue that negatively impacts the crediting rate for one of the COLI policies, which issue will proceed to discovery. The Superior Court granted defendants' motion and dismissed without prejudice on ripeness grounds claims related to the exit and surrender protocols set forth in the policies, and dismissed defendant ZC Resource LLC. If the supplement is ultimately deemed to be effective, the purported changes to the policies could impair AAIA's ability to access the value of guarantees associated with the policies. The parties have served initial document requests and interrogatories and are currently in the early stages of discovery. The Court issued a scheduling order on November 10, 2020 setting forth various case deadlines and a July 11, 2022 trial date. The value of the guarantees included within the asset value reflected above is $195.9 million as of September 30, 2020.

Regulatory Matters - The Company and certain of its insurance subsidiaries 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 (Aviva USA) 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 third party administration services on such policies. AllianceOne also administers a small block of 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, but to a lesser degree.

As a result of the difficulties experienced with respect to the administration of such policies, Athene has received notifications from several state regulators, including but not limited to the New York State Department of Financial Services (NYSDFS), the California Department of Insurance (CDI) 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 the life and annuity policies, including the administration of such blocks by AllianceOne. The Company, and its subsidiary, Athene Life Insurance Company of New York (ALICNY), have entered into consent orders with regulators of several states, including the NYSDFS and the CDI, to resolve the underlying matters in those states. All fines and costs, including those associated with remediation plans, paid in connection with the consent orders were subject to indemnification by Global Atlantic or affiliates of Global Atlantic.

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.

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 received a letter from the NYSDFS, with respect to a recent Pension Risk Transfer (PRT) transaction, which expressed concerns with the Company'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. On April 13, 2020 the Company entered into a consent order with the NYSDFS to resolve this matter. Pursuant to the consent order, the NYSDFS imposed a fine of $45 million, which was accrued by the Company as of December 31, 2019 and paid on April 22, 2020.

Fiduciary Standards - The U.S. Securities and Exchange Commission (SEC), NAIC, and several states have taken action or are exploring options around a fiduciary standard or best interest standard that may impact the Company and its subsidiaries. If these rules do not align, the distribution of products by the Company and its subsidiaries could be further complicated.

On June 5, 2019, the SEC adopted a rulemaking package designed to enhance the quality and transparency of retail investors' relationships with investment advisers and broker-dealers. The rule package is effective on September 10, 2019 with a compliance date of June 30, 2020. The rulemaking package included: Regulation Best Interest - the Broker-Dealer Standard of Conduct; the new Form CRS Relationship Summary; and two separate interpretations under the Investment Advisers Act of 1940. The Company believe the Regulation may impact the distribution of the Company's and its subsidiaries' products through third party broker-dealers that distribute the products to retail customers, the impact of which is still being determined.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

On February 13, 2020, the NAIC adopted an updated version of the Suitability in Annuity Transactions Model Regulation to include a best interest obligation. Iowa is on track to become the first state to adopt the Model by way of regulation. The Company is evaluating the regulation, which is expected to affect the distribution of products by the Company and its subsidiaries. On July 17, 2018, NYDFS amended a Regulation 187, Suitability and Best Interests in Life Insurance and Annuity Transactions, adopting a "best interest" standard for those licensed to sell life insurance and annuity products in New York. The regulation became effective on annuity transactions on August 1, 2019 and the Company's subsidiary, Athene Annuity & Life Assurance Company of New York (AANY), has taken appropriate actions to comply with the regulation's requirements. The regulation became effective for life insurance transactions on February 1, 2020.

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.

15. Leases - None

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk - No Significant Changes

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - None

20. Fair Value Measurements

A. Fair Value Measurement

(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: Corporate	$	$ 188,131	$	$	$ 188,131
	Bonds: CMBS		4,027,152	1,114,764		5,141,915
	Bonds: RMBS		884,928			884,928
	Preferred stock affiliated			27,567,613		27,567,613
	Common stocks unaffiliated	27,371,340	94,048,358	25,969,114		147,388,812
	Derivative assets: Options		31,416,841			31,416,841
	Derivative assets: Currency swaps		1,483,310			1,483,310
	Derivative assets: Total Return Swaps		1,347,667			1,347,667
	Derivative assets: Futures	24,663,834				24,663,834
	Derivative assets: Forwards		8,936,823			8,936,823
	Separate account assets: Variable products		29,957,081			29,957,081
	Total assets at fair value/NAV	$ 52,035,174	$ 172,290,292	$ 54,651,491	$	$ 278,976,957
b.	Liabilities at fair value					
	Derivative liabilities: Options	$	$ 10,890,018	$	$	$ 10,890,018
	Derivative liabilities: Interest rate swaps	178,797	2,186,196			2,364,993
	Derivative liabilites: Total Return Swaps		206,142			206,142
	Derivative liabilities: Futures	4,071,384				4,071,384
	Derivative liabilities: Forwards		2,481,497			2,481,497
	Separate account liabilities: Variable products		29,956,599			29,956,599
	Total liabilities at fair value	$ 4,250,180	$ 45,720,452	$	$	$ 49,970,632

(2) Fair value measurements in Level 3 of the fair value hierarchy

	Description	Ending balance as of 06/30/2020	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 for 09/30/2020
a.	Assets										
	Bonds: CMBS	$ 686,958	$ 387,204	$	$ 20,152	$ 20,450	$	$	$	$	$ 1,114,764
	Preferred stock affiliated	27,876,433				300,272			(609,091)		27,567,613
	Common stocks unaffiliated	11,493,066			(3,228,197)	7,276,422	10,427,823				25,969,114
	Total assets	$ 40,056,456	$ 387,204	$	$ (3,208,044)	$ 7,597,143	$ 10,427,823	$	$ (609,091)	$	$ 54,651,491
b.	Liabilities										
	Total liabilities	$	$	$	$	$	$	$	$	$	$

Transfers into and out of Level 3 are represented by NAIC Class 6 securities which are carried at lower of cost or fair value resulting in periodic transfers into and out of Level 3 financial instruments which are characterized as carried at fair value.

(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.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

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).

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.

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

(5) See parts (1) through (4) above.

B. Other Fair Value Disclosures - None

C. Fair Values for All Financial Instruments by Level 1, 2 and 3

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	$ 41,963,431,700	$ 38,723,164,492	$ 4,476,441	$ 38,744,844,389	$ 3,214,110,870	$	$
Assets - Preferred stocks	213,605,100	195,969,631		115,750,319	97,854,780		
Assets - Common stocks unaffiliated	147,388,812	147,388,812	27,371,340	94,048,358	25,969,114		
Assets - Mortgage loans - first liens	7,682,858,809	7,477,523,067			7,682,858,809		
Assets - Mortgage loans - other than first liens	1,264,371,952	1,278,106,136			1,264,371,952		
Assets - Policy loans	152,556,066	152,556,066		152,556,066			
Assets - Cash and short-term investments	3,457,165,284	3,459,887,673	3,366,114,919	90,055,365	995,000		
Assets - Derivative assets	2,112,430,168	761,489,768	42,437,709	2,069,992,459			
Assets - Derivative collateral assets	7,560,000	7,560,000	7,560,000				
Assets - Other invested assets	2,768,890,789	2,704,235,488		527,664,953	833,534,733	1,407,691,103	
Assets - Separate account: variable products	29,957,081	29,957,081		29,957,081			
Assets - Separate account: group annuity	11,247,745,277	10,487,032,255	93,274,806	9,641,551,232	1,462,764,368	50,154,871	
Assets - Separate account: index-linked products	259,224,281	257,835,479	148,753,141	106,210,446	4,260,695		
Liabilities - Deposit-type contracts	901,735,482	843,621,427		502,045,639	399,689,843		
Liabilities - Repurchase agreements	911,431,554	911,431,554		911,431,554			
Liabilities - Derivative liabilities	8,143,292	76,035,419	4,250,180	(823,258)	4,716,370		
Liabilities - Derivative and other collateral	2,148,096,668	2,148,096,668	2,148,096,668				
Liabilities - Separate account: group annuity deposit-type contracts	3,324,479	3,476,348			3,324,479		
Liabilities - Separate account: funding agreements	2,191,747,845	2,009,928,869		2,191,747,845			

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 are 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.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

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, 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 several 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 the underlying funds accrue directly to the policy owners and are not included in the Company's revenues and expenses or surplus.

Separate account assets (group annuity) – Financial instruments within this separate account classified as Level 2 and 3 or included in the NAV column are valued using the same fair value assumptions and methods utilized in the general account.

Repurchase agreements - The carrying value of the repurchase agreements liability approximates fair value and is reported as level 2.

Deposit-type contracts (including separate account group annuity and funding agreements) – Deposit-type contracts classified as Level 3 include single premium immediate annuities (SPIA) and supplemental contracts. Fair value of SPIA and supplemental contracts 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 Practicable to Estimate Fair Value - None

E. Nature and Risk of Investments Reported at NAV

The Company invests in certain non-fixed income, alternative investments in the form of limited partnerships (investment funds) which are reported at 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 September 30, 2020, the Company's general and separate accounts have $700.7 million unfunded commitments to invest in these investment funds.

21. Other Items - No Significant Changes

22. Events Subsequent

Subsequent events have been considered through November 12, 2020 for the statutory statement dated September 30, 2020.

The Company did not write any accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act.

23. Reinsurance

Effective June 1, 2020, the Company recaptured a funds withheld agreement originally entered into with Athene Annuity Re Ltd. (AARe) on October 1, 2018. The agreement ceded 100% of all inforce and future funding agreements. The Company subsequently entered into a modified coinsurance agreement with AARe effective June 1, 2020 to cede a quota share of all inforce and certain future funding agreements. The reserves for this block were $2,009.9 million as of September 30, 2020.

Effective June 1, 2020, the Company entered into a modified coinsurance agreement with AARe to cede a quota share of certain future funding agreements. There was no business ceded through this reinsurance agreement as of September 30, 2020.

A. Ceded Reinsurance Report - No Significant Changes

B. Uncollectible Reinsurance - None

C. Commutation of Ceded Reinsurance - None

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - None

E. Reinsurance of Variable Annuity Contracts with an Affiliated Captive Reinsurer - None

F. Reinsurance Agreement with an Affiliated Captive Reinsurer - None

G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/AXXX Captive Framework - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Method Used to Estimate - None

B. Method Used to Record - None

Notes to the Financial Statements

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination (Continued)

C. Amount and Percent of Net Retrospective Premiums - None

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act - None

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Accident and health insurance premium subject to the Affordable Care Act risk-sharing provisions

Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions? NO

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year - None

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance - None

(4) Roll-forward of risk corridors asset and liability balances by program benefit year - None

(5) ACA risk corridors receivable as of reporting date - None

25. Change in Incurred Losses and Loss Adjustment Expenses - None

26. Intercompany Pooling Arrangements - None

27. Structured Settlements - None

28. Health Care Receivables - None

29. Participating Policies - No Significant Changes

30. Premium Deficiency Reserves - None

31. Reserves for Life Contracts and Annuity Contracts - No Significant Changes

32. Analysis of Annuity Actuarial Reserves and Deposit Type Contract Liabilities by Withdrawal Characteristics - No Significant Changes

33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics - No Significant Changes

34. Premiums and Annuity Considerations Deferred and Uncollected - No Significant Changes

35. Separate Accounts - No Significant Changes

36. Loss/Claim Adjustment Expenses - None