QUARTERLY STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED
JUNE 30, 2021

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

2021

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	21,393,354,347		21,393,354,347	20,298,631,000
2.	Stocks:				
	2.1 Preferred stocks	232,390,667		232,390,667	180,768,889
	2.2 Common stocks	1,202,026,488	38,132	1,201,988,356	1,333,142,084
3.	Mortgage loans on real estate:				
	3.1 First liens	3,738,786,088		3,738,786,088	3,362,596,753
	3.2 Other than first liens	493,610,776		493,610,776	505,636,363
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 ($ 527,444,212), cash equivalents ($ ....) and short-term investments ($ 46,649,865)	574,094,077		574,094,077	1,343,466,227
6.	Contract loans (including $ .... premium notes)	2,004,561		2,004,561	2,123,853
7.	Derivatives	240,858,920		240,858,920	253,006,549
8.	Other invested assets	2,114,162,294	821,045	2,113,341,249	1,856,156,484
9.	Receivables for securities	18,946,772		18,946,772	13,963,185
10.	Securities lending reinvested collateral assets				
11.	Aggregate write-ins for invested assets	10,470,000		10,470,000	22,160,000
12.	Subtotals, cash and invested assets (Lines 1 to 11)	30,020,704,990	859,177	30,019,845,813	29,171,651,386
13.	Title plants less $ .... charged off (for Title insurers only)				
14.	Investment income due and accrued	189,508,185	6,195,433	183,312,752	177,956,402
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	79,116,553		79,116,553	75,833,408
	16.2 Funds held by or deposited with reinsured companies	2,517,880,090		2,517,880,090	2,570,201,616
	16.3 Other amounts receivable under reinsurance contracts	2,296,189,251		2,296,189,251	2,317,402,899
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset	96,911,563	40,403,969	56,507,594	53,781,180
19.	Guaranty funds receivable or on deposit	370,427		370,427	456,262
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	12,053		12,053	97,495
24.	Health care ($ ....) and other amounts receivable	13,519,540	17	13,519,523	12,954,986
25.	Aggregate write-ins for other than invested assets	5,749,595	3,982,049	1,767,546	1,148,845
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	35,219,962,247	51,440,645	35,168,521,602	34,381,484,479
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts	17,264,622		17,264,622	16,079,235
28.	Total (Lines 26 and 27)	35,237,226,869	51,440,645	35,185,786,224	34,397,563,714
	DETAILS OF WRITE-INS				
1101.	Derivative collateral asset	10,470,000		10,470,000	22,160,000
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)	10,470,000		10,470,000	22,160,000
2501.	Miscellaneous assets	5,749,595	3,982,049	1,767,546	1,148,845
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)	5,749,595	3,982,049	1,767,546	1,148,845

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Aggregate reserve for life contracts $ 22,540,348,292 less $ included in Line 6.3 (including $ 15,958,927,915 Modco Reserve)	22,540,348,292	21,306,915,362
2.	Aggregate reserve for accident and health contracts (including $ Modco Reserve)		
3.	Liability for deposit-type contracts (including $ 150,099,263 Modco Reserve)	421,044,664	377,238,800
4.	Contract claims:		
	4.1 Life	67,729,643	59,539,787
	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)	33,537	33,537
	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 $ 29,465,521 assumed and $ 1,518,397,278 ceded	1,547,862,799	2,079,646,108
	9.4 Interest Maintenance Reserve	53,879,979	40,344,449
10.	Commissions to agents due or accrued-life and annuity contracts $ 208,889 , accident and health $ 300,426 and deposit-type contract funds $	509,315	429,111
11.	Commissions and expense allowances payable on reinsurance assumed	18,115,737	21,236,249
12.	General expenses due or accrued	930,465	1,266,406
13.	Transfers to Separate Accounts due or accrued (net) (including $ 30,509 accrued for expense allowances recognized in reserves, net of reinsured allowances)	30,509	22,482
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes	140,226	184,932
15.1	Current federal and foreign income taxes, including $ 31,689,674 on realized capital gains (losses)	31,689,674	6,562,468
15.2	Net deferred tax liability		
16.	Unearned investment income	101,050	46,764
17.	Amounts withheld or retained by reporting entity as agent or trustee	192,871	233,681
18.	Amounts held for agents' account, including $ agents' credit balances		
19.	Remittances and items not allocated	4,871,344	21,319,463
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	522,567,453	511,704,659
	24.02 Reinsurance in unauthorized and certified ($) companies		
	24.03 Funds held under reinsurance treaties with unauthorized and certified ($) reinsurers	7,935,512,914	7,864,552,101
	24.04 Payable to parent, subsidiaries and affiliates	8,292,368	7,462,986
	24.05 Drafts outstanding		
	24.06 Liability for amounts held under uninsured plans		
	24.07 Funds held under coinsurance		
	24.08 Derivatives	61,419,374	88,299,793
	24.09 Payable for securities	132,650,190	29,236,559
	24.10 Payable for securities lending		
	24.11 Capital notes $ and interest thereon $		
25.	Aggregate write-ins for liabilities	274,197,297	265,303,441
26.	Total liabilities excluding Separate Accounts business (Lines 1 to 25)	33,622,119,702	32,681,579,138
27.	From Separate Accounts Statement	17,264,622	16,079,235
28.	Total liabilities (Lines 26 and 27)	33,639,384,323	32,697,658,373
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	1,413,607,884	1,402,089,429
34.	Aggregate write-ins for special surplus funds		
35.	Unassigned funds (surplus)	130,294,016	295,315,912
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)	1,543,901,901	1,697,405,341
38.	Totals of Lines 29, 30 and 37	1,546,401,901	1,699,905,341
39.	Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	35,185,786,224	34,397,563,714
	DETAILS OF WRITE-INS		
2501.	Derivative collateral liability	214,446,000	210,346,188
2502.	Unclaimed funds	26,446,475	26,652,613
2503.	Amount due reinsurers	23,528,297	15,471,196
2598.	Summary of remaining write-ins for Line 25 from overflow page	9,776,525	12,833,445
2599.	Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	274,197,297	265,303,441
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	340,676,113	842,601,841	450,858,600
2.	Considerations for supplementary contracts with life contingencies	32,164,950	36,156,035	68,766,629
3.	Net investment income	555,928,002	480,028,517	1,016,973,072
4.	Amortization of Interest Maintenance Reserve (IMR)	14,087,326	2,119,639	7,035,118
5.	Separate Accounts net gain from operations excluding unrealized gains or losses			
6.	Commissions and expense allowances on reinsurance ceded	164,637,910	187,282,825	384,295,506
7.	Reserve adjustments on reinsurance ceded	517,592,484	2,621,660,354	478,706,678
8.	Miscellaneous Income:			
	8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	241,202	229,496	444,172
	8.2 Charges and fees for deposit-type contracts			
	8.3 Aggregate write-ins for miscellaneous income	51,593,665	48,819,851	97,469,183
9.	Totals (Lines 1 to 8.3)	1,676,921,652	4,218,898,559	2,504,548,958
10.	Death benefits	659,836	165,532	750,173
11.	Matured endowments (excluding guaranteed annual pure endowments)			2,500
12.	Annuity benefits	79,305,397	67,839,085	134,048,563
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	255,796,620	224,103,613	443,893,080
16.	Group conversions			
17.	Interest and adjustments on contract or deposit-type contract funds	4,144,124	16,596,705	17,693,187
18.	Payments on supplementary contracts with life contingencies	8,861,157	7,063,701	15,548,217
19.	Increase in aggregate reserves for life and accident and health contracts	1,233,432,930	3,521,440,100	1,214,744,019
20.	Totals (Lines 10 to 19)	1,582,200,065	3,837,208,736	1,826,679,739
21.	Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	1,209,074	1,537,393	2,740,039
22.	Commissions and expense allowances on reinsurance assumed	191,006,883	217,911,406	436,115,304
23.	General insurance expenses and fraternal expenses	13,623,803	20,196,933	44,645,367
24.	Insurance taxes, licenses and fees, excluding federal income taxes	626,346	2,549,911	1,566,275
25.	Increase in loading on deferred and uncollected premiums			
26.	Net transfers to or (from) Separate Accounts net of reinsurance	(521,227)	(10,149)	(202,268)
27.	Aggregate write-ins for deductions	102,924,663	60,680,030	149,954,518
28.	Totals (Lines 20 to 27)	1,891,069,608	4,140,074,261	2,461,498,975
29.	Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(214,147,955)	78,824,298	43,049,983
30.	Dividends to policyholders and refunds to members	16,100	16,529	25,438
31.	Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(214,164,056)	78,807,769	43,024,545
32.	Federal and foreign income taxes incurred (excluding tax on capital gains)	(9,737,504)	4,801,245	(82,183,093)
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)	(204,426,552)	74,006,524	125,207,637
34.	Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 26,942,397 (excluding taxes of $ 15,053,096 transferred to the IMR)	144,789,779	(49,170,619)	(71,320,351)
35.	Net income (Line 33 plus Line 34)	(59,636,772)	24,835,905	53,887,287
	CAPITAL AND SURPLUS ACCOUNT			
36.	Capital and surplus, December 31, prior year	1,699,905,341	1,525,667,378	1,525,667,378
37.	Net income (Line 35)	(59,636,772)	24,835,905	53,887,287
38.	Change in net unrealized capital gains (losses) less capital gains tax of $ (13,844,173)	(152,405,068)	64,812,528	(18,775,821)
39.	Change in net unrealized foreign exchange capital gain (loss)	9,128,617	8,504,947	(41,068,115)
40.	Change in net deferred income tax	18,900,998	8,080,757	1,523,203
41.	Change in nonadmitted assets	(27,195,795)	(18,269,513)	36,447,227
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	(10,862,794)	53,542,559	(146,151,930)
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	11,518,455	6,993,939	215,276,850
	51.2 Transferred to capital (Stock Dividend)			
	51.3 Transferred from capital			
	51.4 Change in surplus as a result of reinsurance	57,048,919	7,487,332	71,387,105
52.	Dividends to stockholders			
53.	Aggregate write-ins for gains and losses in surplus		1,712,157	1,712,157
54.	Net change in capital and surplus for the year (Lines 37 through 53)	(153,503,440)	157,700,611	174,237,963
55.	Capital and surplus, as of statement date (Lines 36 + 54)	1,546,401,901	1,683,367,989	1,699,905,341
	DETAILS OF WRITE-INS			
08.301.	Funds withheld adjustment - assumed	51,567,745	48,795,419	97,390,495
08.302.	Miscellaneous income	25,920	24,431	78,688
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)	51,593,665	48,819,851	97,469,183
2701.	Funds withheld adjustment - ceded	136,166,501	66,525,455	155,194,301
2702.	Transfer to IMR - ceded	(23,343,961)	967,138	43,519,548
2703.	Transfer to IMR - MVA benefits	(7,531,842)	(3,670,292)	(10,327,928)
2798.	Summary of remaining write-ins for Line 27 from overflow page	(2,366,034)	(3,142,271)	(38,431,403)
2799.	Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	102,924,663	60,680,030	149,954,518
5301.	Correction of prior period error		1,700,543	1,700,543
5302.	Tax sharing agreement		11,614	11,614
5303.				
5398.	Summary of remaining write-ins for Line 53 from overflow page			
5399.	Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)		1,712,157	1,712,157

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	372,841,063	878,757,876	416,208,150
2.	Net investment income	526,997,492	424,093,692	928,661,951
3.	Miscellaneous income	162,884,205	185,438,689	381,065,139
4.	Total (Lines 1 to 3)	1,062,722,760	1,488,290,257	1,725,935,240
5.	Benefit and loss related payments	52,087,811	(2,152,805,661)	(3,924,603,231)
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(529,254)	(13,059)	(207,823)
7.	Commissions, expenses paid and aggregate write-ins for deductions	206,360,392	227,421,786	468,178,842
8.	Dividends paid to policyholders	16,100	16,529	27,607
9.	Federal and foreign income taxes paid (recovered) net of $ 559,225 tax on capital gains (losses)	7,130,783	(60,161,581)	(20,155,927)
10.	Total (Lines 5 through 9)	265,065,832	(1,985,541,987)	(3,476,760,532)
11.	Net cash from operations (Line 4 minus Line 10)	797,656,929	3,473,832,244	5,202,695,771
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	2,834,664,182	1,504,967,973	3,028,471,706
	12.2 Stocks	19,657,093	1,163,912	807,750,869
	12.3 Mortgage loans	355,509,671	290,676,729	489,143,814
	12.4 Real estate			
	12.5 Other invested assets	453,885,023	156,418,972	533,776,985
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(2,462,242)	(1,036,582)	(4,117,813)
	12.7 Miscellaneous proceeds	174,562,273	118,059,394	345,598
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,835,815,999	2,070,250,398	4,855,371,160
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	4,157,724,935	4,204,830,414	10,904,578,463
	13.2 Stocks	61,155,990	8,418,841	1,119,533,085
	13.3 Mortgage loans	712,315,728	856,055,268	1,751,545,434
	13.4 Real estate			
	13.5 Other invested assets	574,080,015	235,278,017	353,786,972
	13.6 Miscellaneous applications	4,983,587	69,438,300	76,986,148
	13.7 Total investments acquired (Lines 13.1 to 13.6)	5,510,260,255	5,374,020,839	14,206,430,102
14.	Net increase (or decrease) in contract loans and premium notes	(119,292)	(197,197)	(652,937)
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,674,324,963)	(3,303,573,244)	(9,350,406,005)
	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			200,000,000
	16.3 Borrowed funds			
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	43,805,864	(3,739,743,042)	(3,692,787,723)
	16.5 Dividends to stockholders			
	16.6 Other cash provided (applied)	63,490,020	5,246,651,901	7,838,937,548
17.	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	107,295,884	1,506,908,858	4,346,149,824
	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)	(769,372,150)	1,677,167,859	198,439,590
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	1,343,466,227	1,145,026,637	1,145,026,637
	19.2 End of period (Line 18 plus Line 19.1)	574,094,077	2,822,194,495	1,343,466,227

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

20.0001.	Security exchanges and asset in kind trades - bond proceeds (investing)	394,664,751	752,339,313	1,453,955,039
20.0002.	Security exchanges and asset in kind trades - bonds acquired (investing)	(394,664,751)	(752,339,313)	(1,453,955,039)
20.0003.	Security exchanges and asset in kind trades - other invested asset proceeds (investing)	23,185,108	21,308,746	164,090,637
20.0004.	Security exchanges and asset in kind trades - other invested asset acquired (investing)	(23,185,108)	(21,308,746)	(164,090,637)
20.0005.	Reinsurance activity settled in bonds (operating)	211,146,054	21,120,368	61,037,482
20.0006.	Assumed reinsurance activity settled in bonds (investing)	990,000	5,679,071	5,679,071
20.0007.	Ceded reinsurance activity settled in other invested assets (investing)	1,070,810		
20.0008.	Ceded reinsurance activity settled in bonds (investing)	(213,206,864)	(26,799,439)	(66,716,553)
20.0009.	Capital contribution of stock compensation expense (financing)	11,518,455	6,993,939	15,276,850
20.0010.	Capital contribution of stock compensation expense (investing)	(8,077,620)	(5,564,709)	(11,432,030)

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

20.0011. Capital contribution of stock compensation expense (operating)	(3,440,835)	(1,429,230)	(3,844,820)
20.0012. Reinsurance recapture - bond proceeds (investing)			3,570,551,851
20.0013. Reinsurance recapture - stock proceeds (investing)			20,086,191
20.0014. Reinsurance recapture - mortgage loan proceeds (investing)			284,865,671
20.0015. Reinsurance recapture - other invested asset proceeds (investing)			37,850,911
20.0016. Reinsurance recapture - premium (operating)			103,417,079
20.0017. Reinsurance recapture - benefits (operating)			(4,016,771,703)
20.0018. Asset transfer mortgage to other invested assets - proceeds (investing)			388,066,323
20.0019. Asset transfer mortgage to other invested assets - acquired (investing)			(388,066,323)
20.0020. Bond interest capitalization - NII (operating)		2,450,154	3,842,338
20.0021. Bond interest capitalization - bonds acquired (investing)		(2,450,154)	(3,842,338)

Notes to the Financial Statements

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 #	06/30/2021	12/31/2020
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	$ (59,636,772)	$ 53,887,287
(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	–	–
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$ (59,636,772)	$ 53,887,287
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	$ 1,546,401,901	$ 1,699,905,341
(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	–	–
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$ 1,546,401,901	$ 1,699,905,341

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. There are material risks and uncertainties surrounding the spread of the Coronavirus Disease of 2019 (COVID-19), which has resulted in significant volatility in the financial markets. Our estimates may vary as more information about the extent to which COVID-19 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.

(3) Common stocks - No Significant Changes

(4) Effective January 1, 2021, the Company adopted the revised guidance in SSAP No. 32R, *Preferred Stock*, which requires perpetual preferred stock to be carried at fair value, not to exceed any currently effective call price. Prior to 2021, perpetual preferred stock with an NAIC designation 1-3 was valued at cost, and perpetual preferred stock with an NAIC designation 4-6 was valued at the lower of cost or fair value. The impact at adoption did not have a material effect on the Company's financial statements.

(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

Notes to the Financial Statements

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

D. Going Concern

Management's assessment of the relevant conditions through August 12, 2021 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 - None

3. Business Combinations and Goodwill - None

4. Discontinued Operations - None

5. Investments

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

B. Debt Restructuring - None

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)

	(1)	(2)		(3)
	Amortized Cost Basis Before Other-Than-Temporary Impairment	Other-Than-Temporary Impairment Recognized in Loss (2a) Interest	(2b) Noninterest	Fair Value 1 - (2a + 2b)
OTTI Recognized 1st Quarter				
a. Intent to sell	$	$	$	$
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
c. Total 1st Quarter	$	$	$	$
OTTI Recognized 2nd Quarter				
d. Intent to sell	$ 3,588,798	$ 1,029,246	$	$ 2,559,552
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
f. Total 2nd Quarter	$ 3,588,798	$ 1,029,246	$	$ 2,559,552
OTTI Recognized 3rd Quarter				
g. Intent to sell	$	$	$	$
h. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
i. Total 3rd Quarter	$	$	$	$
OTTI Recognized 4th Quarter				
j. Intent to sell	$	$	$	$
k. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis				
l. Total 4th Quarter	$	$	$	$
m. Annual aggregate total		$ 1,029,246	$	

(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
02148BAC8	$ 4,355,115	$ 4,308,342	$ 46,773	$ 4,308,342	$ 4,261,569	03/31/2021
81744FAA5	3,414,102	3,327,828	86,274	3,327,828	3,108,442	03/31/2021
81743QAJ3	5,815,362	5,779,938	35,423	5,779,938	5,738,297	06/30/2021
Total			$ 168,470			

(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 June 30, 2021.

Notes to the Financial Statements

5. Investments (Continued)

a. The aggregate amount of unrealized losses:

1. Less than 12 months	$ 24,315,893
2. 12 months or longer	42,230,283

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months	$ 2,841,486,485
2. 12 months or longer	937,060,620

(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 - None

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - 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 - None

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

R. Reporting Entity's Share of Cash Pool by Asset type - None

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) No Significant Changes

(3) 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

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. On March 8, 2021, Athene Holding Ltd. (AHL), an indirect parent of the Company, entered into an Agreement and Plan of Merger (Merger Agreement), by and among AHL, Apollo Global Management, Inc., a Delaware corporation (AGM), Tango Holdings, Inc., a Delaware corporation and a direct wholly owned subsidiary of AGM (HoldCo), Blue Merger Sub, Ltd., a Bermuda exempted company and a direct wholly owned subsidiary of HoldCo (AHL Merger Sub), and Green Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of HoldCo (AGM Merger Sub). AHL and AGM have agreed, subject to the terms and conditions of the Merger Agreement, to effect an all-stock merger transaction to combine the respective businesses by: (1) AGM merging with AGM Merger Sub, with AGM surviving such merger as a direct wholly owned subsidiary of HoldCo (AGM Merger), (2) AHL merging with AHL Merger Sub, with AHL surviving such merger as a direct, wholly owned subsidiary of HoldCo (AHL Merger and, together with the AGM Merger, Mergers), and (3) as of the effective time of the Mergers, changing the name of HoldCo to be Apollo Global Management, Inc. At the effective time of the Mergers, each AHL Class A common share, subject to certain exceptions, will be converted automatically into the right to receive 1.149 shares of HoldCo common stock. The Mergers are expected to close January 2022, subject to shareholder and regulatory approvals, and other customary closing conditions.

Notes to the Financial Statements

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

Some employees of Athene Employee Services LLC and Athene Annuity and Life Company (AAIA) participate in one or more Share Award Agreements (the Agreements) sponsored by AHL, for which the Company has no legal obligation. Salary expense of Athene Employee Services LLC and AAIA is 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 $11.5 million and $15.3 million for the six months ended June 30, 2021 and for the year ended December 31, 2020, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

B. Detail of Related Party Transactions - No Significant Changes

C. Transactions With Related Party Who Are Not Reported on Schedule Y - No Significant Changes

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

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

F. Guarantees or Contingencies - None

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. Effective May 1, 2021, the Company entered into an unsecured revolving promissory note (the Promissory Note), with Athene USA (AUSA) and certain of AUSA's other subsidiaries, pursuant to which the Company and other borrower parties thereto may borrow up to $200 million from AUSA. The Promissory Note has a 5 year term and was approved by the Delaware Department of Insurance. Interest shall accrue on the principal balance from time to time outstanding at a rate per annum equal to 2.085%. The Company shall pay such interest in arrears quarterly on the last day of each March, June, September and December, on any day any portion of the principal balance is repaid or prepaid. No amount was drawn under the Promissory Note by the Company during the six months ended June 30, 2021, and as such, no interest expense has been incurred by the Company during the six months ended June 30, 2021.

B. FHLB (Federal Home Loan Bank) Agreements

(1) Through its membership in the FHLB of Indianapolis, the Company's predecessor by merger, Athene Life Insurance Company (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 terminated 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.

During 2019, the Company became a member of the FHLB of Des Moines and is eligible to borrow under variable-rate short-term federal fund arrangements to provide additional liquidity. Total available borrowings are determined by the amount of collateral pledged, but cannot exceed 20% to 40% of the Company's total assets dependent upon the internal credit rating. The Company did not participate in short-term federal funds borrowing during 2021 and thus did not incur interest expense during 2021.

(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	14,490,900	14,490,900	
(c) Activity stock			
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	$ 14,490,900	$ 14,490,900	$
(f) Actual or estimated borrowing capacity as determined by the insurer	$ 500,000,000		
2. Prior Year-End			
(a) Member stock - Class A	$	$	$
(b) Membership stock - Class B	14,490,900	14,490,900	
(c) Activity stock			
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	$ 14,490,900	$ 14,490,900	$
(f) Actual or estimated borrowing capacity as determined by the insurer	$ 500,000,000		

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)

Notes to the Financial Statements

11. Debt (Continued)

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

Membership Stock	(1) Current Year Total (2+3+4+5+6)	(2) Not Eligible for Redemption	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	$ 14,490,900	$ 10,000,000	$ 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)	$	$	$
2. Current year general account total collateral pledged			
3. Current year separate accounts total collateral pledged			
4. Prior year-end total general and separate accounts total collateral pledged	4,992,834	5,001,575	

(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)	$ 4,992,834	$ 5,001,575	$
2. Current year general account maximum collateral pledged	4,992,834	5,001,575	
3. Current year separate accounts maximum collateral pledged			
4. Prior year-end total general and separate accounts maximum collateral pledged	4,998,782	5,003,180	

(4) Borrowing from FHLB

The Company had no borrowings from FHLB as of June 30, 2021 and December 31, 2020.

(a) Amount as of the reporting date - None

(b) Maximum amount during reporting period (current year) - None

(c) FHLB - Prepayment obligations - None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans - None

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

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

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 June 30, 2021, had an asset value of $420.7 million, and is included as an admitted asset on AAIA's 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 are currently engaged in discovery and on August 11, 2021, the Court entered an Amended Scheduling Order setting the trial date for June 2023. The value of the guarantees included within the asset value reflected above is $194.5 million as of June 30, 2021.

Regulatory Matters - Certain insurance subsidiaries of the Company have experienced increased 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. (Global Atlantic). The life insurance policies included in this block have been and are currently being administered by AllianceOne Inc. (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, certain insurance subsidiaries of the Company have received notifications from several state regulators, including but not limited to the New York Department of Financial Services (NYDFS), the California Department of Insurance (CDI) and the Texas Department of Insurance (TDI), indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of one of the Company's subsidiaries, as applicable, relating to the treatment of policyholders subject to the reinsurance agreements with affiliates of Global Atlantic and the conversion of such life and annuity policies, including the administration of such blocks by AllianceOne. The Company's subsidiaries have entered into consent orders with the regulators of several states, including the NYDFS, CDI and the TDI to resolve the underlying matters in the respective 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 the Company's subsidiaries 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.

Fiduciary Standards - The U.S. Securities and Exchange Commission (SEC), Department of Labor (DOL), 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 believes the Regulation my impact the distribution of its subsidiaries' products through third party broker-dealers that distribute the products to retail customers, the impact of which is still being determined.

The NAIC has adopted the Suitability in Annuity Transactions Model Regulation (SAT), which places responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. Many states, including Athene Domiciliary States, have already enacted laws and/or regulations based on SAT, thus imposing suitability standards with respect to sales of FIAs. The NYDFS issued a circular letter emphasizing insurers' obligations under laws and regulations based on SAT when replacing a deferred annuity contract with an immediate annuity contract. On July 22, 2018, the NYDFS issued amendments to its regulation based on SAT to incorporate a “best interest” standard with respect to the suitability of life insurance and annuity sales, which amendments took effect on August 1, 2019 with respect to annuity contracts and became effective on February 1, 2020 with respect to life insurance policies. Future changes in such laws and regulations, including those that impose a “best interest” standard could adversely impact the way we market and sell our annuity products. On February 13, 2020, the NAIC adopted amendments to the SAT to incorporate a “best interest” or similar standard with respect to the suitability of annuity sales. The amendments include a requirement for producers to act in the “best interest” of a retail customer when making a recommendation of an annuity. A producer is considered to have acted in the best interest of the customer if they have satisfied certain prescribed obligations regarding care, disclosure, conflict of interest and documentation. State adoption of these revisions, and any future changes in such laws and regulations, could adversely affect the way our US insurance subsidiaries market and sell their annuity products. Several states, including Iowa, have adopted or are in the process of adopting a version of the revised SAT that includes a best interest concept.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

In April 2016, the DOL issued regulations expanding the definition of “investment advice” and broadening the circumstances under which distributors and manufacturers of insurance and annuity products could be considered “fiduciaries” and subject to certain standards in providing advice. These regulations were vacated effective June 2018. Thereafter, the DOL issued proposed regulatory action to address the vacated definition and issued final regulatory action on December 15, 2020. The DOL’s final guidance confirms the reinstatement of the definition of “investment advice” that applied prior to 2016 but broadens the circumstances under which producers, including insurance producers, could be considered fiduciaries under ERISA in connection with recommendations to “rollover” assets from a qualified retirement plan to an IRA. This guidance reverses an earlier DOL interpretation suggesting that rollover advice did not constitute investment advice giving rise to a fiduciary relationship. In connection with the final regulatory action, the DOL issued a prohibited transaction class exemption that would allow fiduciaries to receive compensation in connection with providing investment advice, including advice about rollovers, that would otherwise be prohibited as a result of their fiduciary relationship to the ERISA Plan. We are reviewing the final guidance to determine how it might apply to and impact our business.

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 other 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: RMBS	$	$ 8,485,864	$ 3,728,326	$	$ 12,214,190
	Preferred stocks: unaffiliated		91,347,975			91,347,975
	Preferred stocks: affiliated			51,834,887		51,834,887
	Common stock: unaffiliated	1,305,817	14,501,864	70,125		15,877,806
	Common stock: affiliated			1,050		1,050
	Derivative assets: Currency		63,269,396			63,269,396
	Derivative assets: Total Return Swap		270,211			270,211
	Derivative assets: Options		139,421,627			139,421,627
	Derivative assets: Futures	2,232,882				2,232,882
	Derivative assets: Forwards		33,453,862			33,453,862
	Separate account assets: Variable products		17,264,622			17,264,622
	Total assets at fair value/NAV	$ 3,538,699	$ 368,015,421	$ 55,634,388	$	$ 427,188,508
b.	Liabilities at fair value					
	Derivative liabilities: Total Return Swap	$	$ 2,010	$	$	$ 2,010
	Derivative liabilities: Options		25,938			25,938
	Derivative liabilities: Forwards		5,037,323			5,037,323
	Separate account liabilities: Variable products		17,264,622			17,264,622
	Total liabilities at fair value	$	$ 22,329,893	$	$	$ 22,329,893

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

	Description	Ending balance as of 03/31/2021	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 06/30/2021
a.	Assets										
	Bonds: RMBS	$ 3,697,909	$	$	$ 69,095	$ (16,392)	$	$	$ (22,286)	$	$ 3,728,326
	Preferred stocks: affiliated	47,381,039			–	(3,314,009)	8,846,248		(1,078,391)		51,834,887
	Common stock: unaffiliated	70,958		(5,407)	1,894	2,680					70,125
	Common stock: affiliated	1,050									1,050
	Total assets	$ 51,150,956	$	$ (5,407)	$ 70,989	$ (3,327,721)	$ 8,846,248	$	$ (1,100,677)	$	$ 55,634,388
b.	Liabilities										
	Total liabilities	$	$	$	$	$	$	$	$	$	$

Transfers into and out of Level 3 represent 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. Preferred stock transfers into Level 3 are due to the adoption of revised guidance in SSAP No. 32R, which requires perpetual preferred stock to be 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.

Asset 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	$ 22,147,545,002	$ 21,393,354,347	$ 2,768,174	$ 19,759,031,213	$ 2,385,745,615	$	$
Assets - Preferred stocks	238,650,635	232,390,667		186,113,498	52,537,137		
Assets - Common stocks unaffiliated	15,877,806	15,877,806	1,305,817	14,501,864	70,125		
Assets - Common stocks Affiliated	1,050	1,050			1,050		
Assets - Mortgage loans - first liens	3,832,395,241	3,738,786,088			3,832,395,241		
Assets - Mortgage loans - other than first liens	474,434,632	493,610,776			474,434,632		
Assets - Cash and short-term investments	574,094,697	574,094,077	554,824,077	19,270,620			
Assets - Policy loans	2,004,561	2,004,561		2,004,561			
Assets - Derivative assets	247,343,155	240,858,920	2,232,882	245,110,273			
Assets - Derivative collateral	10,470,000	10,470,000	10,470,000				
Assets - Other invested assets	2,131,128,303	2,113,341,249		71,268,947	703,369,341	1,356,490,015	
Assets - Separate account: variable products	17,264,622	17,264,622		17,264,622			
Liabilities - Deposit-type contracts	417,620,586	421,044,664			417,620,586		
Liabilities - Derivative liabilities	26,188,576	61,419,374		26,188,576			
Liabilities - Derivative and other collateral	214,446,000	214,446,000	214,446,000				

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.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

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.

Deposit-type contracts – Deposit-type contracts are 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.

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 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 June 30, 2021, the Company has $544 million unfunded commitments to invest in these investment funds.

21. Other Items - No Significant Changes

22. Events Subsequent

Subsequent events have been considered through August 12, 2021 for the statutory statement dated June 30, 2021.

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 - No Significant Changes

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Method Used to Estimate - Not Applicable

B. Method Used to Record - Not Applicable

C. Amount and Percent of Net Retrospective Premiums - Not Applicable

D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act - Not Applicable

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 - Not Applicable

(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 - Not Applicable

(4) Roll-forward of risk corridors asset and liability balances by program benefit year - Not Applicable

(5) ACA risk corridors receivable as of reporting date - Not Applicable

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

Notes to the Financial Statements

34. Premiums and Annuity Considerations Deferred and Uncollected - None

35. Separate Accounts - No Significant Changes

36. Loss/Claim Adjustment Expenses - None