

ANNUAL STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

☐ **LIFE, ACCIDENT AND HEALTH**

☐ **FRATERNAL BENEFIT SOCIETIES**

2021

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Athene Annuity & Life Assurance Company

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	22,827,038,704		22,827,038,704	20,298,631,000
2. Stocks (Schedule D):				
2.1 Preferred stocks	268,908,861		268,908,861	180,768,889
2.2 Common stocks	1,305,049,021	38,132	1,305,010,889	1,333,142,084
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	4,393,822,811		4,393,822,811	3,362,596,753
3.2 Other than first liens	390,498,772		390,498,772	505,636,363
4. Real estate (Schedule A):				
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 (\$716,647,835 , Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$74,636,789 , Schedule DA)	791,284,624		791,284,624	1,343,466,227
6. Contract loans (including \$ premium notes)	1,981,412		1,981,412	2,123,853
7. Derivatives (Schedule DB)	209,298,238		209,298,238	253,006,549
8. Other invested assets (Schedule BA)	2,020,614,033	675,085	2,019,938,948	1,856,156,484
9. Receivables for securities	13,744,812		13,744,812	13,963,185
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets	9,597,455		9,597,455	22,160,000
12. Subtotals, cash and invested assets (Lines 1 to 11)	32,231,838,742	713,217	32,231,125,525	29,171,651,386
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	176,956,080	2,334,456	174,621,624	177,956,402
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums and 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	83,760,657		83,760,657	75,833,408
16.2 Funds held by or deposited with reinsured companies	2,490,919,980		2,490,919,980	2,570,201,616
16.3 Other amounts receivable under reinsurance contracts	2,693,583,971		2,693,583,971	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	145,919,029	97,556,946	48,362,083	53,781,180
19. Guaranty funds receivable or on deposit	299,455		299,455	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	175,835,334		175,835,334	97,495
24. Health care (\$0) and other amounts receivable	4,578,912	63,581	4,515,331	12,954,986
25. Aggregate write-ins for other than invested assets	20,027,637	19,073,593	954,045	1,148,845
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	38,023,719,797	119,741,792	37,903,978,004	34,381,484,479
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	17,777,982		17,777,982	16,079,235
28. Total (Lines 26 and 27)	38,041,497,779	119,741,792	37,921,755,987	34,397,563,714
DETAILS OF WRITE-INS				
1101. Derivative collateral asset	9,597,455		9,597,455	22,160,000
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	9,597,455		9,597,455	22,160,000
2501. Miscellaneous assets	20,027,637	19,073,593	954,045	1,148,845
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	20,027,637	19,073,593	954,045	1,148,845

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Athene Annuity & Life Assurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Aggregate reserve for life contracts \$24,433,619,871 (Exh. 5, Line 9999999) less \$ included in Line 6.3 (including \$17,549,204,963 Modco Reserve)	24,433,619,871	21,306,915,362
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)		
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$154,260,022 Modco Reserve)	452,929,493	377,238,800
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	68,446,062	59,539,787
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)		
5. Policyholders' dividends/refunds to members \$ and coupons \$ due and unpaid (Exhibit 4, Line 10)		
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)	30,901	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 (Exhibit 1, Part 1, Col. 1, sum of lines 4 and 14)		
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 \$41,496,176 assumed and \$1,955,441,353 ceded	1,996,937,529	2,079,646,108
9.4 Interest maintenance reserve (IMR, Line 6)	58,689,555	40,344,449
10. Commissions to agents due or accrued-life and annuity contracts \$161,771 accident and health \$275,899 and deposit-type contract funds \$	437,670	429,111
11. Commissions and expense allowances payable on reinsurance assumed	14,096,457	21,236,249
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 7)	1,017,695	1,266,406
13. Transfers to Separate Accounts due or accrued (net) (including \$30,550 accrued for expense allowances recognized in reserves, net of reinsured allowances)	30,550	22,482
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 6)	68,886	184,932
15.1 Current federal and foreign income taxes, including \$45,923,926 on realized capital gains (losses)	45,923,926	6,562,468
15.2 Net deferred tax liability		
16. Unearned investment income	1,654,944	46,764
17. Amounts withheld or retained by reporting entity as agent or trustee	143,550	233,681
18. Amounts held for agents' account, including \$ agents' credit balances		
19. Remittances and items not allocated	14,335,214	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 (AVR, Line 16, Col. 7)	459,746,049	511,704,659
24.02 Reinsurance in unauthorized and certified (\$) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers	8,223,547,365	7,864,552,101
24.04 Payable to parent, subsidiaries and affiliates	184,119,771	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	57,479,278	88,299,793
24.09 Payable for securities	28,520,247	29,236,559
24.10 Payable for securities lending		
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	257,684,919	265,303,441
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	36,299,459,930	32,681,579,138
27. From Separate Accounts Statement	17,777,982	16,079,235
28. Total liabilities (Lines 26 and 27)	36,317,237,912	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 (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	1,926,506,958	1,402,089,429
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(324,488,883)	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)	1,602,018,076	1,697,405,341
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	1,604,518,076	1,699,905,341
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	37,921,755,987	34,397,563,714
DETAILS OF WRITE-INS		
2501. Derivative collateral liability	194,816,000	210,346,188
2502. Unclaimed funds	27,626,955	26,652,613
2503. Amount due reinsurers	25,539,205	15,471,196
2598. Summary of remaining write-ins for Line 25 from overflow page	9,702,759	12,833,445
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	257,684,919	265,303,441
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 thru 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 thru 3403 plus 3498)(Line 34 above)		

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Athene Annuity & Life Assurance Company

SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	839,575,769	450,858,600
2. Considerations for supplementary contracts with life contingencies	60,597,275	68,766,629
3. Net investment income (Exhibit of Net Investment Income, Line 17)	1,131,187,300	1,016,973,072
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	61,037,618	7,035,118
5. Separate Accounts net gain from operations excluding unrealized gains or losses		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	375,848,728	384,295,506
7. Reserve adjustments on reinsurance ceded	1,655,372,766	478,706,678
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	447,755	444,172
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	115,844,345	97,469,183
9. Total (Lines 1 to 8.3)	4,239,911,555	2,504,548,958
10. Death benefits	1,215,761	750,173
11. Matured endowments (excluding guaranteed annual pure endowments)		2,500
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	145,975,154	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	499,794,814	443,893,080
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	19,959,582	17,693,187
18. Payments on supplementary contracts with life contingencies	17,613,938	15,548,217
19. Increase in aggregate reserves for life and accident and health contracts	3,126,704,509	1,214,744,019
20. Totals (Lines 10 to 19)	3,811,263,758	1,826,679,739
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	2,313,833	2,740,039
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	440,433,784	436,115,304
23. General insurance expenses and fraternal expenses (Exhibit 2, Line 10, Cols. 1, 2, 3, 4 and 6)	26,645,208	44,645,367
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3 + 5)	543,637	1,566,275
25. Increase in loading on deferred and uncollected premiums		
26. Net transfers to or (from) Separate Accounts net of reinsurance	(835,755)	(202,268)
27. Aggregate write-ins for deductions	169,089,827	149,954,518
28. Totals (Lines 20 to 27)	4,449,454,292	2,461,498,975
29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 minus Line 28)	(209,542,737)	43,049,983
30. Dividends to policyholders and refunds to members	28,183	25,438
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(209,570,920)	43,024,545
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(30,806,232)	(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)	(178,764,688)	125,207,638
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 65,100,637 (excluding taxes of \$ 46,920,063 transferred to the IMR)	108,518,835	(71,320,351)
35. Net income (Line 33 plus Line 34)	(70,245,853)	53,887,287
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	1,699,905,341	1,525,667,378
37. Net income (Line 35)	(70,245,853)	53,887,287
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ (29,115,825)	(539,951,505)	(18,775,821)
39. Change in net unrealized foreign exchange capital gain (loss)	(49,409,358)	(41,068,115)
40. Change in net deferred income tax	52,636,812	1,523,203
41. Change in nonadmitted assets	(95,496,942)	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	51,958,610	(146,151,930)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1)		
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	524,417,529	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	30,703,440	71,387,105
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus		1,712,157
54. Net change in capital and surplus for the year (Lines 37 through 53)	(95,387,266)	174,237,963
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	1,604,518,076	1,699,905,341
DETAILS OF WRITE-INS		
08.301. Funds withheld adjustment - assumed	115,195,459	97,390,495
08.302. Miscellaneous income	648,885	78,688
08.303.		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page		
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398)(Line 8.3 above)	115,844,345	97,469,183
2701. Funds withheld adjustment - ceded	275,604,318	155,194,301
2702. Transfer to IMR - ceded	(94,604,021)	43,519,548
2703. Transfer to IMR - MVA benefits	(14,488,443)	(10,327,928)
2798. Summary of remaining write-ins for Line 27 from overflow page	2,577,973	(38,431,403)
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	169,089,827	149,954,518
5301. Correction of prior period error		1,700,543
5302. Tax sharing agreement		11,614
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page		
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)		1,712,157

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	900,173,044	416,208,150
2. Net investment income	1,085,077,787	928,661,951
3. Miscellaneous income	373,029,481	381,065,139
4. Total (Lines 1 through 3)	2,358,280,312	1,725,935,240
5. Benefit and loss related payments	(760,149,236)	(3,924,603,231)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(843,823)	(207,823)
7. Commissions, expenses paid and aggregate write-ins for deductions	470,780,793	468,178,842
8. Dividends paid to policyholders	30,819	27,607
9. Federal and foreign income taxes paid (recovered) net of \$37,430,941 tax on capital gains (losses)	41,853,010	(20,155,927)
10. Total (Lines 5 through 9)	(248,328,437)	(3,476,760,532)
11. Net cash from operations (Line 4 minus Line 10)	2,606,608,749	5,202,695,771
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	6,105,576,764	3,028,471,706
12.2 Stocks	22,748,954	807,750,869
12.3 Mortgage loans	800,204,443	489,143,814
12.4 Real estate		
12.5 Other invested assets	1,117,780,194	533,776,985
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(20,583,592)	(4,117,813)
12.7 Miscellaneous proceeds	189,165,390	345,598
12.8 Total investment proceeds (Lines 12.1 to 12.7)	8,214,892,153	4,855,371,160
13. Cost of investments acquired (long-term only):		
13.1 Bonds	8,842,742,310	10,904,578,463
13.2 Stocks	405,169,620	1,119,533,085
13.3 Mortgage loans	1,727,644,273	1,751,545,434
13.4 Real estate	899,616	
13.5 Other invested assets	1,111,436,865	353,786,972
13.6 Miscellaneous applications	716,312	76,986,148
13.7 Total investments acquired (Lines 13.1 to 13.6)	12,088,608,997	14,206,430,102
14. Net increase (decrease) in contract loans and premium notes	(142,441)	(652,937)
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(3,873,574,403)	(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	300,000,000	200,000,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	75,690,694	(3,692,787,723)
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	339,093,358	7,838,937,548
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	714,784,052	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)	(552,181,602)	198,439,590
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,343,466,227	1,145,026,637
19.2 End of year (Line 18 plus Line 19.1)	791,284,624	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)	798,668,886	1,453,955,039
20.0002. Security exchanges and asset in kind trades – bonds acquired (investing)	(798,668,886)	(1,453,955,039)
20.0003. Security exchanges and asset in kind trades – other invested asset proceeds (investing)	23,685,108	164,090,637
20.0004. Security exchanges and asset in kind trades – other invested asset acquired (investing)	(23,685,108)	(164,090,637)
20.0005. Reinsurance activity settled in assets in kind (operating)	185,754,428	61,037,482
20.0006. Assumed reinsurance activity settled in bonds (investing)	990,000	5,679,071
20.0007. Ceded reinsurance activity settled in bonds (investing)	(186,744,428)	(66,716,553)
20.0008. Capital contribution of stock compensation expense (financing)	22,202,198	15,276,850
20.0009. Capital contribution of stock compensation expense (investing)	(15,707,346)	(11,432,030)
20.0010. Capital contribution of stock compensation expense (operating)	(6,494,852)	(3,844,820)
20.0011. Capital contribution – non-cash (financing)	27,215,331	
20.0012. Capital contribution – non-cash (investing)	(27,215,331)	
20.0013. Asset transfer bonds to stocks – proceeds (investing)	5,000,000	

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

20.0014. Asset transfer bonds to other invested assets – proceeds (investing)	69,200	.....
20.0015. Asset transfer bonds to stocks – acquired (investing)	(5,000,000)	.....
20.0016. Asset transfer bonds to other invested assets – acquired (investing)	(69,200)	.....
20.0017. Asset transfer mortgage to other invested assets – proceeds (investing)		388,066,323
20.0018. Asset transfer mortgage to other invested assets – acquired (investing)		(388,066,323)
20.0019. Reinsurance recapture – bond proceeds (investing)		3,570,551,851
20.0020. Reinsurance recapture – stock proceeds (investing)		20,086,191
20.0021. Reinsurance recapture – mortgage loan proceeds (investing)		284,865,671
20.0022. Reinsurance recapture – other invested asset proceeds (investing)		37,850,911
20.0023. Reinsurance recapture – premium (operating)		103,417,079
20.0024. Reinsurance recapture – benefits (operating)		(4,016,771,703)
20.0025. Bond interest capitalization – NII (operating)		3,842,338
20.0026. Bond interest capitalization – bonds acquired (investing)		(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 #	2021	2020
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 2)	XXX	XXX	XXX	\$ (70,245,853)	\$ 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	<u>\$ (70,245,853)</u>	<u>\$ 53,887,287</u>
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,604,518,076	\$ 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	<u>\$ 1,604,518,076</u>	<u>\$ 1,699,905,341</u>

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. Actual results may differ from the estimates used in preparing the financial statements.

C. Accounting Policy

Life and accident and health premiums are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and to the appropriate level of statutory surplus to be retained by the Company.

In addition, the Company uses the following accounting policies, as applicable:

- (1) Short-term investments are stated at amortized cost.
- (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 are stated at market value except that investments in stocks of subsidiaries and affiliates in which the Company has an interest of 10% or more are carried on the equity basis. Federal Home Loan Bank (FHLB) stock is carried at fair value, which is presumed to be par because it can only be redeemed by the bank.
- (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 on real estate are stated at amortized cost.
- (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) The Company carries investments in affiliated common stocks directly and indirectly owned at Statutory (insurance companies) or GAAP (non-insurance companies) net worth plus unamortized goodwill, if applicable, multiplied by the percent of the Company's ownership interest.

Notes to the Financial Statements

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

- (8) Investments in joint ventures, partnerships, or limited liability companies are valued at the Company's proportionate share of US GAAP equity of the entity, adjusted for audited results upon receipt. Changes in US GAAP equity are recorded as an unrealized gain or loss in the Company's capital and surplus. These investments are valued based on the timeliness of information received, which ranges from recording timely to a lag of up to three months.
- (9) Call option derivative assets that hedge the growth in interest credited to the hedged policy as a direct result of changes in the related indices are recorded at fair value. Derivatives instruments used in hedging transactions that meet the criteria of a highly effective hedge, and are designated in a hedge accounting relationship, are valued and reported in a manner that is consistent with the hedged assets. All other derivatives are carried at fair value.
- (10) The Company does not have premium deficiency reserves for the accident and health business
- (11) The Company has ceded 100% the liabilities for losses and loss/claim adjustment expenses for accident and health contracts.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not have any pharmaceutical rebate receivables.

D. Going Concern

Management's assessment of the relevant conditions through February 25, 2022 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

- (1) The maximum and minimum lending rates for new mortgage loans acquired during 2021 were 14.17% and 1.0%, respectively.
- (2) The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was 169.73%.
- (3) Taxes, assessments and any amounts advanced and not included in mortgage loan total - None

Notes to the Financial Statements

5. Investments (Continued)

(4) Age analysis of mortgage loans and identification of mortgage loans in which the insurer is a participant or co-lender in a mortgage loan agreement

		Residential		Commerical				
		Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year								
1. Recorded Investment (All)								
(a) Current	\$	\$	\$ 1,688,604,543	\$	\$ 2,590,857,811	\$ 354,155,401	\$ 4,633,617,755	
(b) 30 - 59 days past due			64,109,453		8,687,366		72,796,819	
(c) 60 - 89 days past due			27,652,864			10,000,000	37,652,864	
(d) 90 - 179 days past due			10,386,644				10,386,644	
(e) 180+ days past due			29,867,501				29,867,501	
2. Accruing Interest 90-179 Days Past Due								
(a) Recorded investment ...	\$	\$	\$	\$	\$	\$	\$	
(b) Interest accrued								
3. Accruing Interest 180+ Days Past Due								
(a) Recorded investment ...	\$	\$	\$	\$	\$	\$	\$	
(b) Interest accrued								
4. Interest Reduced								
(a) Recorded investment ...	\$	\$	\$	\$	\$	\$	\$	
(b) Number of loans								
(c) Percent reduced	%	%	%	%	%	%	%	
5. Participant or Co-lender in a Mortgage Loan Agreement								
(a) Recorded investment ...	\$	\$	\$	\$	\$	\$	\$	
b. Prior Year								
1. Recorded Investment								
(a) Current	\$	\$	\$ 1,244,659,974	\$	\$ 2,044,140,109	\$ 479,274,209	\$ 3,768,074,293	
(b) 30 - 59 days past due			35,240,504				35,240,504	
(c) 60 - 89 days past due			14,269,372				14,269,372	
(d) 90 - 179 days past due			9,769,700		21,362,154		31,131,854	
(e) 180+ days past due			19,517,093				19,517,093	
2. Accruing Interest 90-179 Days Past Due								
(a) Recorded investment ...	\$	\$	\$	\$	\$ 21,362,154	\$	\$ 21,362,154	
(b) Interest accrued					599,576		599,576	
3. Accruing Interest 180+ Days Past Due								
(a) Recorded investment ...	\$	\$	\$	\$	\$	\$	\$	
(b) Interest accrued								
4. Interest Reduced								
(a) Recorded investment ...	\$	\$	\$	\$	\$	\$	\$	
(b) Number of loans								
(c) Percent reduced	%	%	%	%	%	%	%	
5. Participant or Co-lender in a Mortgage Loan Agreement								
(a) Recorded investment ...	\$	\$	\$	\$	\$	\$	\$	

(5) Investment in impaired loans with or without allowance for credit losses and impaired loans subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan - None

(6) Investment in impaired loans - average recorded investment, interest income recognized, recorded investment on nonaccrual status and amount of interest income recognized using a cash-basis method of accounting - None

(7) Allowance for credit losses

	2021	2020
a. Balance at beginning of period	\$ 19,526,872	\$ 11,172,445
b. Additions charged to operations	17,161,291	8,354,427
c. Direct write-downs charged against the allowances		
d. Recoveries of amounts previously charged off		
e. Balance at end of period	\$ 36,688,163	\$ 19,526,872

(8) Mortgage loans derecognized as a result of foreclosure - None

(9) The company recognizes interest income on impaired loans upon receipt. Cash receipts are applied first to interest and then to principal.

B. Debt Restructuring - None

Notes to the Financial Statements

5. Investments (Continued)

- 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		Fair Value 1 - (2a + 2b)
		(2a)	(2b)	
		Interest	Noninterest	
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)	(2)	(3)	(4)	(5)	(6)	(7)
CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at Time of OTTI	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
...126694MU9	2,404,097	2,370,650	33,447	2,370,650	2,260,738	09/30/2021
...12669GK67	1,167,752	1,142,729	25,024	1,142,729	1,087,118	09/30/2021
...26827EAE5	981,272	945,027	36,245	945,027	678,546	09/30/2021
...36185MEV0	5,034,762	4,967,626	67,136	4,967,626	4,162,272	09/30/2021
...59020UW27	5,098,323	5,072,182	26,141	5,072,182	5,001,916	09/30/2021
...81743QAG9	2,160,322	2,134,629	25,693	2,134,629	2,076,260	09/30/2021
...81743QAJ3	5,462,587	5,375,711	86,876	5,375,711	5,234,608	09/30/2021
...G7256KAC8	2,673,172	1,985,684	687,488	1,985,684	1,033,159	09/30/2021
...44106MAX0	8,045,805	7,384,834	660,971	7,384,834	7,384,834	12/31/2021
...44106MAX0	3,131,885	2,953,933	177,952	2,953,933	2,953,933	12/31/2021
...12543WAA6	1,632,389	1,597,363	35,026	1,597,363	1,566,516	12/31/2021
...81743QAG9	2,027,044	1,993,548	33,496	1,993,548	1,894,103	12/31/2021
...12669GK67	1,015,658	986,888	28,771	986,888	895,612	12/31/2021
...45660LWD7	9,886,892	9,874,364	12,529	9,874,364	9,777,307	12/31/2021
Total			\$ 2,105,264			

Notes to the Financial Statements

5. Investments (Continued)

(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 December 31, 2021.

a. The aggregate amount of unrealized losses:	
1. Less than 12 months.....	\$..... 47,797,250
2. 12 months or longer.....	..... 32,998,282
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months.....	\$ 4,676,775,183
2. 12 months or longer.....	..... 703,806,766

(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

Notes to the Financial Statements

5. Investments (Continued)

L. Restricted Assets

(1) Restricted assets (including pledged)

Gross (Admitted & Nonadmitted) Restricted											
Current Year							Current Year				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity	Total S/A Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 + 3)	Total From Prior Year	Increase / (Decrease) (5 - 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5-8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets, %	Admitted Restricted to Total Admitted Assets, %
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
b. Collateral held under security lending agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
c. Subject to repurchase agreements	.....	.....	.....	.....	.....	- .....	- .....	.....	.....	.....	.....
d. Subject to reverse repurchase agreements	.....	.....	.....	.....	.....	- .....	- .....	.....	.....	.....	.....
e. Subject to dollar repurchase agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
f. Subject to dollar reverse repurchase agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
g. Placed under option contracts	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
i. FHLB capital stock	24,800,000 .....	.....	.....	.....	24,800,000	14,490,900	10,309,100 .....	.....	24,800,000	0.065 ...	0.065 ...
j. On deposit with states	7,052,798 .....	.....	.....	.....	7,052,798	4,617,927	2,434,871 .....	.....	7,052,798	0.019 ...	0.019 ...
k. On deposit with other regulatory bodies	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
l. Pledged as collateral to FHLB (including assets backing funding agreements)	586,878,941 .....	.....	.....	.....	586,878,941	5,001,575	581,877,367 .....	.....	586,878,941	1.543 ...	1.548 ...
m. Pledged as collateral not captured in other categories	7,117,480,981 .....	.....	.....	.....	7,117,480,981	7,213,799,062	(96,318,081) .....	.....	7,117,480,981	18.710 ...	18.769 ...
n. Other restricted assets	9,769,759 .....	.....	.....	.....	9,769,759	9,768,783	976 .....	.....	9,769,759	0.026 ...	0.026 ...
o. Total restricted assets	\$ 7,745,982,479	\$	\$	\$	\$ 7,745,982,479	\$ 7,247,678,247	\$ 498,304,232	\$	\$ 7,745,982,479	20.362 %	20.426 %

(2) Detail of assets pledged as collateral not captured in other categories (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate)

	Gross (Admitted & Nonadmitted) Restricted								Percentage	
	Current Year							(8)	(9)	(10)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)			
	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity	Total S/A Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 + 3)	Total From Prior Year	Increase/ (Decrease) (5 - 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets, %	Admitted Restricted to Total Admitted Assets, %
Description of Assets										
Secured Funding Agreements	\$ 520,694,142	\$	\$	\$	\$ 520,694,142	\$ 475,014,770	\$ 45,679,372	\$ 520,694,142	1.369 %	1.373 %
Reinsurance Trust	6,587,189,384				6,587,189,384	6,716,624,292	(129,434,908)	6,587,189,384	17.316	17.370
Derivative Collateral	9,597,455				9,597,455	22,160,000	(12,562,545)	9,597,455	0.025	0.025
Total	\$ 7,117,480,981	\$	\$	\$	\$ 7,117,480,981	\$ 7,213,799,062	\$ (96,318,081)	\$ 7,117,480,981	18.710 %	18.769 %

Notes to the Financial Statements

5. Investments (Continued)

(3) Detail of other restricted assets (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate)

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							Percentage		
	Current Year									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity	Total S/A Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 + 3)	Total From Prior Year	Increase/ (Decrease) (5 - 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets, %	Admitted Restricted to Total Admitted Assets, %
New York Tax Sharing Agreement Escrow	\$ 9,769,759	\$	\$	\$	\$ 9,769,759	\$ 9,768,783	\$ 976	\$ 9,769,759	0.026 %	0.026 %
Total	\$ 9,769,759	\$	\$	\$	\$ 9,769,759	\$ 9,768,783	\$ 976	\$ 9,769,759	0.026 %	0.026 %

(4) Collateral received and reflected as assets within the reporting entity's financial statements

Collateral Assets	(1)	(2)	(3)	(4)
	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)	% of BACV to Total Admitted Assets
General Account:				
a. Cash, cash equivalents and short-term investments	\$ 194,816,000	\$ 194,816,000	0.512 %	0.514 %
b. Schedule D, Part 1				
c. Schedule D, Part 2, Section 1				
d. Schedule D, Part 2, Section 2				
e. Schedule B				
f. Schedule A				
g. Schedule BA, Part 1				
h. Schedule DL, Part 1				
i. Other				
j. Total Collateral Assets	\$ 194,816,000	\$ 194,816,000	0.512 %	0.514 %
Separate Account:				
k. Cash, cash equivalents and short-term investments	\$	\$	%	%
l. Schedule D, Part 1				
m. Schedule D, Part 2, Section 1				
n. Schedule D, Part 2, Section 2				
o. Schedule B				
p. Schedule A				
q. Schedule BA, Part 1				
r. Schedule DL, Part 1				
s. Other				
t. Total Collateral Assets	\$	\$	%	%
			(1)	(2)
			Amount	% of Liability to Total Liabilities
u. Recognized Obligation to Return Collateral Asset (General Account)			\$ 194,816,000	0.537 %
v. Recognized Obligation to Return Collateral Asset (Separate Account)			\$	%

M. Working Capital Finance Investments - None

N. Offsetting and Netting of Assets and Liabilities - None

O. 5GI Securities

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	2021	2020	2021	2020	2021	2020
(1) Bonds - amortized cost	—	2	\$ —	\$ 3,568,811	\$ —	\$ 3,483,534
(2) LB & SS - amortized cost						
(3) Preferred stock - amortized cost						
(4) Preferred stock - fair value						
(5) Total (1+2+3+4)	—	2	\$ —	\$ 3,568,811	\$ —	\$ 3,483,534

P. Short Sales - None

Q. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
(1) Number of CUSIPs	32	
(2) Aggregate amount of investment income	\$ 5,923,177	\$

Notes to the Financial Statements

5. Investments (Continued)

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

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in Joint Ventures, Partnerships or Limited Liability Companies that Exceed 10% of Admitted Assets - None

B. Impaired Investments in Joint Ventures, Partnerships and Limited Liability Companies

The Company recognized other-than-temporary impairments of \$0.2 million and \$10.8 million as of December 31, 2021 and 2020, respectively on partnerships and limited liability companies included in schedule BA. The impairments were based on an assessment that future cash flows of affected limited partnerships would be less than the cost basis of the limited partnership. Fair value is determined by statements received from the partnerships and limited liability companies.

7. Investment Income

A. Due and Accrued Income Excluded from Surplus

All investment income due and accrued with amounts over 90 days past due, with the exception of mortgage loans in default, was nonadmitted.

B. Total Amount Excluded

The total amount excluded was \$2.3 million and \$8.3 million as of December 31, 2021 and 2020, respectively.

8. Derivative Instruments

A. Derivatives under SSAP No. 86 - Derivatives

(1) The Company utilizes derivative instruments which may include the following:

Options: The Company has issued fixed indexed products. These contracts credit interest based on certain indices, primarily the Standard & Poor's 500® Composite Stock Price Index. Over-the-counter (OTC) option contracts, call options and call spreads are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. Upon exercise, the Company will receive the fair value of the call option. The parties with whom the Company enters into OTC option contracts are highly rated financial institutions where contracts are supported by collateral, which minimizes the credit risk associated with such contracts.

Swaptions: A swaption is an option to enter into a swap with a forward starting effective date. The Company uses swaptions to hedge the interest rate exposure associated with the minimum crediting rate. Increases in interest rates will generate losses on assets that are backing liabilities. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. The Company pays a premium when it purchases the swaption. The Company utilizes these contracts in non-qualifying hedging relationships.

Interest Rate Swaps: The Company uses interest rate swaps to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities. Under interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional principal amount. Generally, no cash is exchanged at the outset of the contract and neither party makes principal payments.

The interest rate swaps that qualify for hedge accounting in accordance SSAP No. 86, *Derivatives*, and are designated in a hedge accounting relationship, are recorded in a manner consistent with the hedged asset or liability. Qualifying interest rate swaps hedging liabilities, are carried at amortized cost. Cash which is exchanged as the difference between fixed and floating interest rates is recognized in the statements of operations through investment income. If the contract is terminated prior to maturity, a realized gain or loss is reported in the statements of operations for the amount of cash exchanged in order to close the contract.

Futures: Under exchange-traded futures contracts, the Company agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts. Futures contracts are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. The clearing brokers with whom the Company enters into exchange-traded futures are regulated futures commission merchants who are members of a trading exchange.

Futures are recorded at fair value of margin on deposit with the clearing broker and changes in this margin on deposit are recognized in the summary of operations through realized gain or loss.

Currency Swaps: The Company has certain foreign currency swaps to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets denominated in foreign currencies. With a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a forward exchange rate calculated by reference to an agreed upon principal amount. The principal amount of each currency is exchanged at the inception and termination of the currency swap by each party.

The currency swaps that qualify for hedge accounting in accordance with SSAP No. 86, *Derivatives*, and are designated in a hedge accounting relationship, are recorded in a manner consistent with the hedged asset or liability. The change in the value of the hedged item due to fluctuations in foreign exchange rates is recorded as unrealized capital gains or losses until the time of sale. As such, the qualifying currency swap also records the change in value associated with fluctuations in foreign currency exchange rates in unrealized capital gains and losses.

Forwards: The Company uses foreign exchange forward contracts to hedge certain invested assets against movement in foreign currency. Certain forwards are designated and accounted for as cash flow hedges. The price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. Foreign exchange forward contracts are utilized in non-qualifying hedging relationships.

Total Return Swaps: The Company purchases total return swaps to gain exposure and benefit from a reference asset without actually having to own it. Total return swaps are contracts in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying asset, which includes both the income it generates and any capital gains.

See Note 1 for further explanation of the accounting policy for derivatives.

(2) See part (1) above.

(3) See part (1) above.

Notes to the Financial Statements

8. Derivative Instruments (Continued)

- (4) There were no derivative contracts with financing premiums.
- (5) There were no gains or losses recognized in unrealized gains or losses during the reporting period representing the component of the derivative's instrument's gain or loss excluded from the assessment of hedge effectiveness.
- (6) There were no net gains or losses recognized in unrealized gains or losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting.
- (7) There are no derivatives accounted for as cash flow hedges of a forecasted transaction.
- (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

A. Components of the Net Deferred Tax Asset/(Liability)

(1) Change between years by tax character

	2021			2020			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	Total (Col 1+2)	Ordinary	Capital	Total (Col 4+5)	Ordinary (Col 1-4)	Capital (Col 2-5)	Total (Col 7+8)
(a) Gross deferred tax assets	\$ 244,747,270	\$ 15,206	\$ 244,762,476	\$ 210,617,920	\$ 1,011,204	\$ 211,629,124	\$ 34,129,350	\$ (995,998)	\$ 33,133,352
(b) Statutory valuation allowance adjustments									
(c) Adjusted gross deferred tax assets (1a - 1b)	244,747,270	15,206	244,762,476	210,617,920	1,011,204	211,629,124	34,129,350	(995,998)	33,133,352
(d) Deferred tax assets nonadmitted	97,556,946		97,556,946	10,385,212		10,385,212	87,171,734		87,171,734
(e) Subtotal net admitted deferred tax asset (1c - 1d)	\$ 147,190,324	\$ 15,206	\$ 147,205,530	\$ 200,232,708	\$ 1,011,204	\$ 201,243,912	\$ (53,042,384)	\$ (995,998)	\$ (54,038,382)
(f) Deferred tax liabilities	92,171,874	6,671,573	98,843,447	141,288,084	6,174,648	147,462,732	(49,116,210)	496,925	(48,619,285)
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	\$ 55,018,450	\$ (6,656,367)	\$ 48,362,083	\$ 58,944,624	\$ (5,163,444)	\$ 53,781,180	\$ (3,926,174)	\$ (1,492,923)	\$ (5,419,097)

(2) Admission calculation components SSAP No. 101

	2021			2020			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	Total (Col 1+2)	Ordinary	Capital	Total (Col 4+5)	Ordinary (Col 1-4)	Capital (Col 2-5)	Total (Col 7+8)
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$	\$	\$	\$	\$	\$	\$	\$	\$
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (lesser of 2(b)1 and 2(b)2 below)	48,362,083		48,362,083	53,781,180		53,781,180	(5,419,097)		(5,419,097)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	48,362,083		48,362,083	53,781,180		53,781,180	(5,419,097)		(5,419,097)
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	233,423,399	XXX	XXX	246,543,624	XXX	XXX	(13,120,225)
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	98,828,241	15,206	98,843,447	146,451,528	1,011,204	147,462,732	(47,623,287)	(995,998)	(48,619,285)
(d) Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 147,190,324	\$ 15,206	\$ 147,205,530	\$ 200,232,708	\$ 1,011,204	\$ 201,243,912	\$ (53,042,384)	\$ (995,998)	\$ (54,038,382)

(3) Ratio used as basis of admissibility

	2021	2020
(a) Ratio percentage used to determine recovery period and threshold limitation amount	742.358 %	832.428 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 2,955,037,365	\$ 2,660,991,803

Notes to the Financial Statements

9. Income Taxes (Continued)

(4) Impact of tax-planning strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage

	2021		2020		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	Ordinary (Col. 1-3)	Capital (Col. 2-4)
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 244,747,270	\$ 15,206	\$ 210,617,920	\$ 1,011,204	\$ 34,129,350	\$ (995,998)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	— %	— %	— %	— %	— %	— %
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	\$ 147,190,324	\$ 15,206	\$ 200,232,708	\$ 1,011,204	\$ (53,042,384)	\$ (995,998)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	— %	— %	— %	— %	— %	— %

(b) Use of reinsurance-related tax-planning strategies

Does the company's tax-planning strategies include the use of reinsurance? NO.....

B. Regarding Deferred Tax Liabilities That Are Not Recognized

As of December 31, 2021 and December 31, 2020, no unrecognized DTLs exist.

No unrecognized DTL exists for temporary differences related to investments in foreign subsidiaries or foreign corporate joint ventures that are essentially permanent in duration.

C. Major Components of Current Income Taxes Incurred

Current income taxes incurred consist of the following major components:	(1)	(2)	(3)
	2021	2020	Change (1-2)
1. Current Income Tax			
(a) Federal	\$ (30,806,232)	\$ (82,183,093)	\$ 51,376,861
(b) Foreign			
(c) Subtotal	\$ (30,806,232)	\$ (82,183,093)	\$ 51,376,861
(d) Federal income tax on net capital gains	112,020,700	54,329,674	57,691,026
(e) Utilization of capital loss carry-forwards			
(f) Other		452,043	(452,043)
(g) Federal and foreign income taxes incurred	\$ 81,214,468	\$ (27,401,376)	\$ 108,615,844

Notes to the Financial Statements

9. Income Taxes (Continued)

	(1)	(2)	(3)
	2021	2020	Change (1-2)
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$	\$	\$
(2) Unearned premium reserve			
(3) Policyholder reserves	165,647,279	144,325,842	21,321,437
(4) Investments	11,866,135	6,525,858	5,340,277
(5) Deferred acquisition costs	40,566,206	38,121,489	2,444,717
(6) Policyholder dividends accrual	6,489	7,043	(554)
(7) Fixed assets			
(8) Compensation and benefits accrual			
(9) Pension accrual			
(10) Receivables - nonadmitted	13,352		13,352
(11) Net operating loss carry-forward			
(12) Tax credit carry-forward			
(13) Other (including items less than 5% of total ordinary tax assets)	26,647,809	21,637,688	5,010,121
(99) Subtotal	\$ 244,747,270	\$ 210,617,920	\$ 34,129,350
(b) Statutory valuation allowance adjustment			
(c) Nonadmitted	97,556,946	10,385,212	87,171,734
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 147,190,324	\$ 200,232,708	\$ (53,042,384)
(e) Capital			
(1) Investments	\$ 15,206	\$ 1,011,204	\$ (995,998)
(2) Net capital loss carry-forward			
(3) Real estate			
(4) Other (including items <5% of total capital tax assets)			
(99) Subtotal	\$ 15,206	\$ 1,011,204	\$ (995,998)
(f) Statutory valuation allowance adjustment			
(g) Nonadmitted			
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	15,206	1,011,204	(995,998)
(i) Admitted deferred tax assets (2d + 2h)	\$ 147,205,530	\$ 201,243,912	\$ (54,038,382)
	(1)	(2)	(3)
	2021	2020	Change (1-2)
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$ 68,323,296	\$ 114,314,980	\$ (45,991,684)
(2) Fixed assets			
(3) Deferred and uncollected premium			
(4) Policyholder reserves	21,100,393	25,517,422	(4,417,029)
(5) Other (including items <5% of total ordinary tax liabilities)	2,748,185	1,455,682	1,292,503
(99) Subtotal	\$ 92,171,874	\$ 141,288,084	\$ (49,116,210)
(b) Capital			
(1) Investments	\$ 6,671,573	\$ 6,174,648	\$ 496,925
(2) Real estate			
(3) Other (including items <5% of total capital tax liabilities)			
(99) Subtotal	\$ 6,671,573	\$ 6,174,648	\$ 496,925
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 98,843,447	\$ 147,462,732	\$ (48,619,285)
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 48,362,083	\$ 53,781,180	\$ (5,419,097)

The change in net deferred taxes is comprised of the following (this analysis is exclusive of the tax effect of unrealized capital gains (losses) as the deferred taxes on unrealized gains (losses) are reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	2021	2020	Change
Adjusted gross deferred tax assets	\$ 244,762,476	\$ 211,629,124	\$ 33,133,352
Total deferred tax liabilities	(98,843,447)	(147,462,732)	48,619,285
Net deferred tax assets (liabilities)	\$ 145,919,029	\$ 64,166,392	\$ 81,752,637
Tax effect of unrealized gains (losses)			(29,115,825)
Change in net deferred income tax			\$ 52,636,812

D. Among the More Significant Book to Tax Adjustments

The provision for federal income taxes incurred is different from that would be obtained by applying the statutory federal income tax rate to income before income taxes. Among the more significant book to tax adjustments were the following:

Notes to the Financial Statements

9. Income Taxes (Continued)

	2021	Effective Tax Rate
Provision computed at statutory rate	\$ (7,549,804)	21.000 %
IMR	13,705,686	-38.123 ...
Nontaxable income	(413,495)	1.150 ...
Nondeductible expenses	10,421	-0.029 ...
Unrealized gain (loss) options	(1,661,527)	4.622 ...
Affiliated expenses	693,271	-1.928 ...
Non-admitted assets	(1,748,294)	4.863 ...
Specific reserves in surplus	(3,603,871)	10.024 ...
Prior year true-up and adjustments	(2,469,801)	6.870 ...
Unrealized (gain) loss ceded	32,437,406	-90.226 ...
Reinsurance adjustment A-791	(822,336)	2.287 ...
Total	\$ 28,577,656	-79.490 %

	2021	Effective Tax Rate
Federal and foreign income tax incurred	\$ (30,806,232)	85.688 %
Realized capital gains (losses) tax	112,020,700	-311.589 ...
Change in net deferred income taxes	(52,636,812)	146.411 ...
Total statutory income taxes	\$ 28,577,656	-79.490 %

E. Operating Loss and Tax Credit Carryforwards

- (1) The Company has no tax attributes to carry forward at December 31, 2021.
- (2) Income tax expense available for recoupment

	Total
2019	\$ 30,830,447
2020	
2021	77,690,143

- (3) There are no aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Code as of December 31, 2021 and 2020.

F. Consolidated Federal Income Tax Return

The Company is included in a consolidated federal income tax return with an affiliated company, Athene USA Corporation. The Company has a written agreement approved by the Company’s Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Allocation of tax benefits is based on separate returns. Losses are paid at the time they can be used in the consolidated return or on a separate return basis. Intercompany tax balances are settled quarterly.

Under the tax sharing agreement, any tax period of the affiliated group must be calculated in accordance with NY Circular Letter 1979-33. The tax charge to each New York insurer under the agreement shall not be more than it would have paid if it had filed on a separate return basis. As a result, for any tax attributes a New York insurer can use on a separate return basis not currently utilized by the consolidated group, the future tax benefit of those tax attributes are transferred to the Company until such time they can be utilized by the consolidated group.

The following entities are included in the consolidated return:

Athene USA Corporation
Athene Annuity and Life Company
Athene Annuity & Life Assurance Company
Athene Annuity & Life Assurance Company of New York
Athene Annuity Re Ltd.
Athene Assignment Corporation
Athene Life Insurance Company of New York
Athene London Assignment Corporation
Athene Re USA IV, Inc.
Centralife Annuities Services, Inc
P.L. Assigned Services
Structured Annuity Reinsurance Company

G. Federal or Foreign Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total tax liability will significantly increase within twelve months of the reporting date.

H. Repatriation Transition Tax (RTT) - None

I. Alternative Minimum Tax (AMT) Credit - None

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

- A. The Company’s various affiliated relationships, agreements and transactions are discussed within Notes 10A through 10F and the 2021 affiliated transactions are disclosed in Schedule Y, part 2. Investments in affiliated entities are disclosed in the investment schedules.

Notes to the Financial Statements

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

The Company cedes a quota share on multiple treaties of annuity and funding agreement business to Athene Annuity Re Ltd. (AARE), a Bermuda-domiciled affiliate. The Company also assumes a quota share of annuity business from its direct subsidiary Athene Annuity and Life Company (AAIA), indirect subsidiaries Athene Annuity & Life Assurance Company of New York (AANY) and Structured Annuity Reinsurance Company and from an affiliated entity, Venerable Insurance and Annuity Company (VIAC). See disclosures in Schedule S and Schedule Y, part 2.

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. The Mergers closed on January 1, 2022, and AHL became a direct wholly owned subsidiary of AGM. Additionally, following the completion of the Mergers, AUSA contributed to its direct wholly owned subsidiary, AARE, AUSA's ownership in the Company whereas the Company became a direct wholly owned subsidiary of AARE.

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 \$22.2 million and \$15.3 million in 2021 and 2020, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

Pursuant to a tax allocation agreement, during the third quarter of 2021, the Company recorded a \$27.2 million capital contribution and made a \$27.2 million capital contribution to its wholly owned subsidiary, AAIA, as indemnification related to a tax settlement.

During December 2021, the Company received a \$300.0 million capital contribution from its direct parent, Athene USA Corporation (AUSA) and the Company made a \$300.0 million capital contribution to its wholly owned subsidiary, AAIA.

During February 2022, the Company received a \$175.0 million capital contribution from its parent and paid a \$175.0 million capital contribution to its wholly owned subsidiary, AAIA. The capital contribution was accrued at December 31, 2021 as a receivable from parent with a corresponding increase in gross paid-in and contributed surplus. The contribution to AAIA was accrued at December 31, 2021 as a payable to subsidiary with a corresponding increase to investment in affiliated common stock. In accordance with SSAP No. 72 *Surplus and Quasi-Reorganizations*, capital contributions receivable that are satisfied with the receipt of cash or marketable securities prior to the filing of the annual statement shall be treated as a Type I subsequent event and considered an admitted asset based on evidence of collection and approval of the domiciliary commissioner.

- B. See part A above.
- C. Transactions With Related Party Who Are Not Reported on Schedule Y

There are no related party transactions greater than ½ of 1% of total admitted assets individually or in the aggregate that require further disclosure.
- D. As of December 31, 2021 and 2020, the Company reported \$175.8 million and \$0.1 million, respectively, receivable due from affiliates and \$184.1 million and \$7.5 million, respectively, payable due to affiliates. All intercompany balances shown as payable to or receivable from parent, subsidiaries and affiliates are settled within 45 days of their incurrence under the terms of the intercompany expense sharing agreements.
- E. The Company is party to an investment management agreement with affiliate Apollo Insurance Solutions Group, LP (ISG), under which ISG agrees to provide asset management services in exchange for management fees . The Company pays ISG 30 basis points per annum on the Company's managed assets. The Company incurred expense on its general account assets of \$89.9 million and \$75.9 million in 2021 and 2020, respectively, under the agreement with ISG.

The Company participates in a Shared Services and Cost Sharing Agreement with certain other affiliated companies pursuant to which each party thereto agreed to provide certain financial, legal and other services to the other parties. The Company incurred related expenses under these agreements totaling \$15.4 million and \$14.1 million in 2021 and 2020, respectively.
- F. Guarantees or Contingencies - None
- G. The operating results and financial position of the Company as reported in these financial statements would not be significantly different from those that would have been obtained if the Company were autonomous.
- H. Amount Deducted for Investment in Upstream Company - None
- I. The Company does not hold an investment in a subsidiary, controlled or affiliated company (SCA) that exceeds 10% of admitted assets.
- J. The Company did not recognize any impairment write downs for its investment in SCAs during the statement period.
- K. The Company does not hold an investment in a foreign insurance subsidiary.
- L. The Company does not hold an investment in a downstream noninsurance holding company.

Notes to the Financial Statements

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

M. All SCA Investments

(1) Balance sheet value (admitted and nonadmitted) all SCAs (except 8b(i) entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities	XXX	\$	\$	\$
b. SSAP No. 97 8b(ii) Entities				
Total SSAP No. 97 8b(ii) Entities	XXX	\$	\$	\$
c. SSAP No. 97 8b(iii) Entities				
MidCap Preferred Equity	3.120 %	\$ -	\$ -	\$
AA Infrastructure Debt Fund 1	31.970	51,141,438	51,141,438	
P.L. Assigned Services, Inc.	100.000	38,132		38,132
MidCap Ordinary Shares	5.490	1,005	1,005	
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 51,180,575	\$ 51,142,443	\$ 38,132
d. SSAP No. 97 8b(iv) Entities				
Total SSAP No. 97 8b(iv) Entities	XXX	\$	\$	\$
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b+c+d)	XXX	\$ 51,180,575	\$ 51,142,443	\$ 38,132
f. Aggregate Total (a+e)	XXX	\$ 51,180,575	\$ 51,142,443	\$ 38,132

(2) NAIC filing response information

SCA Entity	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received (Yes/No)	NAIC Disallowed Entities Valuation Method, Resubmission Required (Yes/No)	Code**
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities			\$			
b. SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) Entities			\$			
c. SSAP No. 97 8b(iii) Entities						
MidCap Preferred Equity	S1	10/01/2021	\$ -	YES	N	M
AA Infrastructure Debt Fund 1	S1	03/04/2021	51,141,438	YES	N	I
P.L. Assigned Services, INC	S2	08/31/2020	38,132	YES	N	I
MidCap Ordinary Shares	S1	10/01/2021	1,005	YES	N	I
Total SSAP No. 97 8b(iii) Entities			\$ 51,180,575			
d. SSAP No. 97 8b(iv) Entities						
Total SSAP No. 97 8b(iv) Entities			\$			
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b+c+d)			\$ 51,180,575			
f. Aggregate Total (a+e)			\$ 51,180,575			

* S1 - Sub-1, S2 - Sub-2 or RDF - Resubmission of Disallowed Filing

** I - Immaterial or M - Material

As an audit is not conducted for P.L. Assigned Services, Inc. the investment is fully nonadmitted on the Company's balance sheet.

N. Investment in Insurance SCAs

The Company owns all of the outstanding capital stock of AAIA, a life insurance company domiciled in the State of Iowa. AAIA in turn owns all of the outstanding capital stock of Athene Re USA IV, Inc. (Athene Re IV), a special purpose financial captive life insurance company domiciled in the State of Vermont.

(1) In 2006, the Commissioner of the Iowa Insurance Division, Department of Commerce, of the State of Iowa (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. AAIA has elected to apply Bulletin 06-01 to its futures, variance swaps and total return swaps. Under NAIC SAP, changes in fair value of such derivative instruments would be recorded directly to surplus. Application of Bulletin 06-01 does not impact AAIA's statutory surplus.

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. AAIA has elected to apply IAC Section 191-97 to its over the counter (OTC) call options and reserve liabilities. Under NAIC SAP, derivative call options would be carried at fair value with changes in fair value recorded directly to surplus and the reserves would change in relation to the movements in fair value of the derivative call options with changes recorded through income.

Notes to the Financial Statements

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

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. AAIA has elected to use the Annuity 2000 Mortality Table for annuities issued between January 1, 2015 and December 31, 2015.

Athene Re IV, with the explicit permission of the Commissioner of the Vermont Department of Financial Regulation of the State of Vermont, has included as an admitted asset the value of a letter of credit serving as collateral for reinsurance credit taken by AAIA in connection with reinsurance agreements entered into between Athene Re IV and AAIA. Under NAIC SAP, the letter of credit would not otherwise be treated as an admitted asset.

(2) The monetary effect on net income and surplus

The monetary effect on net income and surplus as a result of using an accounting practice that differed from NAIC Statutory Accounting Practices and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity and amount of the investment if the insurance SCA had completed statutory financial statements in accordance with the AP&P Manual is as follows:

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA had Completed Statutory Financial Statements*
Athene Annuity and Life Company	\$ (94,104,551)	\$ (84,932,179)	\$ 1,278,851,700	\$ 1,363,783,879
Athene Re USA IV, Inc.		117,144,345	44,726,190	

* Per AP&P Manual (without permitted or prescribed practices)

As of the issue date of this report, the 2021 statutory audits of Athene Annuity and Life Company and Athene Re IV have not been completed.

(3) If AAIA was not allowed to apply Bulletin 06-01, IAC 191-97, and IAC 43.3 (5), its risk-based capital would still have been in excess of regulatory requirements. If Athene Re IV had not been permitted to include the letter of credit in surplus, its risk-based capital would have been below Mandatory Control Level.

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 year ended December 31, 2021, and as such, no interest expense has been incurred by the Company during the year ended December 31, 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 held FHLB Class B Membership Stock which was redeemed on August 12, 2021. There are no remaining funding agreement liabilities with the FHLB of Indianapolis.

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 October 2021, the Company borrowed \$80.0 million with an interest rate of 0.3% under the FHLB short-term arrangement. The borrowing was repaid during December 2021. The Company did not have any outstanding borrowings as of December 31, 2021 or 2020. The Company incurred interest expense on short-term borrowings of less than \$0.1 million for the year ended ended December 30, 2021.

The Company has issued funding agreements to the FHLB of Des Moines in exchange for cash resulting in a liability of \$355.0 million as of December 31, 2021. 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	14,800,000	14,800,000	
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	\$ 24,800,000	\$ 24,800,000	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 500,000,000		
2. Prior Year-End			
(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		
11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)			
11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)			

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

		Eligible for Redemption				
		(1)	(2)	(3)	(4)	(5)
Membership Stock		Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	Less Than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 3 Years
						3 to 5 Years
1. Class A	\$	\$	\$	\$	\$	\$
2. Class B	\$ 10,000,000	\$ 10,000,000	\$	\$	\$	\$
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)	\$ 587,138,320	\$ 586,878,941	\$ 370,000,000
2. Current year general account total collateral pledged	587,138,320	586,878,941	370,000,000
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)	\$ 587,138,320	\$ 586,878,941	\$ 370,000,000
2. Current year general account maximum collateral pledged	587,138,320	586,878,941	370,000,000
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	

Notes to the Financial Statements

11. Debt (Continued)

- (4) Borrowing from FHLB
- (a) Amount as of the reporting date

	(1)	(2)	(3)	(4)
	Total (2+3)	General Account	Separate Accounts	Funding Agreements Reserves Established
1. Current Year				
(a) Debt	\$	\$	\$	XXX
(b) Funding agreements	370,000,000	370,000,000		\$ 355,041,450
(c) Other				XXX
(d) Aggregate total (a+b+c)	\$ 370,000,000	\$ 370,000,000	\$	\$ 355,041,450
2. Prior Year-end				
(a) Debt	\$	\$	\$	XXX
(b) Funding agreements				\$
(c) Other				XXX
(d) Aggregate total (a+b+c)	\$	\$	\$	\$

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

	(1)	(2)	(3)
	Total (2+3)	General Account	Separate Accounts
1. Debt	\$ 80,000,000	\$ 80,000,000	\$
2. Funding agreements	370,000,000	370,000,000	
3. Other			
4. Aggregate total (Lines 1+2+3)	\$ 450,000,000	\$ 450,000,000	\$

- (c) FHLB - Prepayment obligations

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

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

- A. At December 31, 2021, the Company has authorized and issued 5,000 shares of \$500 par common stock which are outstanding and owned by AUSA.
- B. Dividend Rate of Preferred Stock - None
- C. Delaware insurance law states that the maximum dividend payment over a 12-month period may not, without prior approval from the Insurance Commissioner, be paid from a source other than earned surplus or exceed the greater of the prior year's net statutory gain from operations or 10% of policyholders' surplus. In 2012, Athene Holding Ltd. (AHL), the Company's indirect parent, entered into a Net Worth Maintenance Agreement to provide capital support to the Company such that AHL is obligated to maintain the Company's capital and surplus in an amount sufficient to maintain the Company's Total Adjusted Capital to be at least 200% of Company Action Level Risk Based Capital as those terms are defined in the insurance laws of Delaware as of October 1, 2012. The agreement also provides that the Company will not pay any dividends if such dividends would cause the Company Action Level Risk Based Capital ratio to fall below 200% unless approved by the Delaware Department of Insurance.
- D. No dividends were paid by the Company during 2021 or 2020.
- E. Within the limitations presented in item C above, based on December 31, 2021 results, the maximum dividend that may be paid without prior approval in 2022 is \$0.
- F. The unassigned surplus is held for the benefit of the Company's shareholder.
- G. Surplus Advances - None
- H. Stock Held for Special Purposes - None
- I. Changes in Special Surplus Funds - None
- J. Unassigned Funds (Surplus)
- The portion of the unassigned funds (surplus) represented or reduced by unrealized gains and (losses), net of capital gains tax is (\$540.0) million at December 31, 2021
- K. Company-Issued Surplus Debentures or Similar Obligations - None
- L. Impact of Any Restatement Due to Prior Quasi-Reorganizations - None
- M. Effective Date(s) of Quasi-Reorganizations in the Prior 10 Years - None

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

(1) Commitments or contingent commitment(s) to an SCA entity, joint venture, partnership, or limited liability company

Effective January 30, 2020, the Company entered into a Capital Maintenance Agreement to provide capital support to its wholly-owned subsidiary Athene Annuity and Life Company (AAIA), in an amount sufficient to satisfy the insurance laws of the State of New Jersey, in order to obtain authority for AAIA to issue registered index-linked annuities in New Jersey. The agreement will remain in effect for ten years. Given the current capital level of AAIA, the likelihood of payment by the Company under the terms of this agreement is remote. No liability has been recognized as the guarantee is for a wholly owned subsidiary. No payments have been made by the Company.

As of December 31, 2021 the Company has unfunded commitments to invest in certain bonds, mortgage loans and partnership interests. The total unfunded commitments are \$1,684.3 million.

(2) Nature and circumstances of guarantee

(1)	(2)	(3)	(4)	(5)
Nature and Circumstances of Guarantee and Key Attributes	Liability Recognition of Guarantee	Ultimate Financial Statement Impact if Action Under the Guarantee is Required	Maximum Potential Amount of Future Payments (Undiscounted) the Guarantor Could be Required to Make Under the Guarantee	Current Status of Payment or Performance Risk of Guarantees
Guarantee of minimum capital levels for AAIA (a) (b)	\$	Common Stocks (Page 2, Line 2.2)	\$	No payments required since inception
Total	\$		\$	

- (a) Liability recognition is not required as guarantee is made to or on behalf of wholly owned insurance subsidiary
(b) No limitation on the maximum potential future payments under the guarantee

(3) Aggregate compilation of guarantee obligations

No liability has been recognized by the Company as the guarantees are for a wholly owned insurance subsidiary. There is no limit on the maximum potential future payments under these guarantees.

B. Assessments

(1) Based on the 2021 National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) Report, the Company has identified insolvencies. The Company fulfilled premium-based guaranty funds assessments of \$0.1 million during the current period. It is expected that the identified insolvencies will result in retrospective premium-based guaranty fund assessments against the Company. During 2021, future estimated costs to be assessed against the Company from identified insolvencies from the NOLHGA Report were decreased by less than \$0.1 million, which has been credited to operations in the current period and the liability decreased.

(2) Assets (Liabilities) recognized from paid and accrued premium tax offsets and policy surcharges

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges, prior year-end	\$ 456,262
b. Decreases current year:	
Paid premium tax offset applied	\$ 86,071
Change in accrued premium tax offset	70,737
c. Increases current year:	
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges, current year-end	\$ 299,455

(3) Guaranty fund liabilities and assets related to long-term care insolvencies - None

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). 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 engaged in discovery as well as discussions concerning whether the matter can be resolved without further litigation, and, at the request of the parties, on August 11, 2021, the court entered an Amended Scheduling Order setting the trial date for June 2023. On December 27, 2021, the parties agreed in principle to a settlement, pursuant to which we will be able to surrender the policies at any time and receive proceeds within six months. During the year ended December 31, 2021, AAIA recorded an impairment of the COLI asset of \$52.9 million, and an adjustment to deferred tax liabilities of \$46.9 million, to reflect the terms of the settlement. As of December 31, 2021, the COLI policies had an asset value of \$378.7 million.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

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 or Best Interest 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.

In 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 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 may 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. On February 13, 2020, the SAT was amended 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. 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. 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.

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. The DOL has indicated they intend to issue further guidance or regulations with regards to these types of annuity sales. We continue to monitor the situation and will be reviewing whatever is issued 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

1. Face Amount of the Company's Financial Instruments with Off-Balance-Sheet Risk

The table below summarizes the face amount of the Company's financial instruments with off-balance-sheet risk:

	Assets		Liabilities	
	2021	2020	2021	2020
a. Swaps.....	\$... 1,585,873,722	\$... 1,788,420,540	\$... 1,577,017,397	\$..... 839,710,922
b. Futures.....	849	507		
c. Options.....	3,767,585,610	4,205,085,977	2,319,998	1,773,357
d. Total.....	<u>\$ 5,353,460,181</u>	<u>\$ 5,993,507,024</u>	<u>\$ 1,579,337,395</u>	<u>\$ 841,484,279</u>

2. The Company's futures, swaps, options, and forwards have off-balance sheet risk. See Note 8 for information regarding the Company's derivative instruments.

Notes to the Financial Statements

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk (Continued)

3.

The Company is exposed to credit-related losses in the event of nonperformance by counterparties on derivative instruments. The Company does not anticipate non-performance by any of these counterparties. Purchasing instruments from financial institutions with high credit ratings minimizes the credit risk associated with such instruments. The amount of exposure is represented by the fair value (market value) at the reporting date less any posted collateral. Collateral support documents are negotiated to further reduce this exposure where deemed necessary. Exchange-traded derivatives are affected through a regulated exchange and positions are marked to market daily.
4.

The counterparty may be required to post collateral for any derivative contracts that are entered. The amount of collateral that is required is determined by the market value and credit threshold of the counterparty.

The current credit exposure of the Company's derivative contracts is limited to the fair value at the reporting date less collateral held. Credit risk is managed by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate and customary. The Company also attempts to minimize its exposure to credit risk through the use of various credit monitoring techniques. 100% of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties.

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	\$	\$ 2,574,600	\$ 3,225,939	\$	\$ 5,800,539
Preferred stocks		91,656,510	51,141,438		142,797,948
Common stocks	1,282,769	24,805,290	71,130		26,159,189
Derivative assets: Currency Swaps		25,807,476			25,807,476
Derivative assets: Options		111,964,533			111,964,533
Derivative assets: Total Return Swaps		393,691			393,691
Derivative assets: Futures	1,579,513				1,579,513
Derivative assets: FX Forwards		58,478,609			58,478,609
Separate account assets: Variable products		17,777,982			17,777,982
Total assets at fair value/NAV	\$ 2,862,282	\$ 333,458,691	\$ 54,438,507	\$	\$ 390,759,480
b. Liabilities at fair value					
Derivative liabilities: FX Forwards	\$	\$ 13,315,887	\$	\$	\$ 13,315,887
Derivative liabilities: Options		61,226			61,226
Derivative liabilities: Total Return Swaps		2,320			2,320
Derivative liabilities: FX Forwards		12,539,504			12,539,504
Separate account liabilities: Variable products		17,777,982			17,777,982
Total liabilities at fair value	\$	\$ 43,696,919	\$	\$	\$ 43,696,919

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

Description	Beginning balance as of 01/01/2021	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 at 12/31/2021
a. Assets										
Bonds: RMBS	\$ 3,814,699	\$	\$	\$ 87,713	\$ (218,871)	\$	\$	\$ (457,602)	\$	\$ 3,225,939
Preferred stocks	3,958,454	25,097,881		(8,551,344)	3,229,740	28,936,548		(1,529,841)		51,141,438
Common stocks	87,759				(16,629)					71,130
Total assets	\$ 7,860,912	\$ 25,097,881	\$	\$ (8,463,631)	\$ 2,994,240	\$ 28,936,548	\$	\$ (1,987,443)	\$	\$ 54,438,507
b. Liabilities										
Total liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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

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.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

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	\$ 23,303,587,675	\$ 22,827,038,704	\$ 4,411,942	\$ 20,492,508,592	\$ 2,806,667,141	\$	\$
Assets - Preferred stocks	272,649,229	268,908,861		220,829,000	51,820,229		
Assets - Common stock	26,159,189	26,159,190	1,282,769	24,805,290	71,130		
Assets - Mortgage loans - first liens	4,479,514,570	4,393,822,811			4,479,514,570		
Assets - Mortgage loans - other than first liens	372,399,812	390,498,772			372,399,812		
Assets - Cash and short-term investments	788,176,275	791,284,624	759,278,316	18,897,959	10,000,000		
Assets - Policy loans	1,981,412	1,981,412		1,981,412			
Assets - Derivative assets	231,231,397	209,298,238	1,579,513	229,651,884			
Assets - Derivative collateral assets	9,597,455	9,597,455	9,597,455				
Assets - Other invested assets	2,041,058,519	2,019,938,948		78,174,646	854,843,834	1,108,040,039	
Assets - Separate account: variable products	17,777,982	17,777,982		17,777,982			
Liabilities - Deposit-type contracts	448,011,214	452,929,493			448,011,214		
Liabilities - Derivative liabilities	29,590,505	57,479,278	623,306	28,967,199			
Liabilities - Derivative and other collateral	194,816,000	194,816,000	194,816,000				

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.

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.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

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 December 31, 2021, the Company has \$676.0 million unfunded commitments to invest in these investment funds.

21. Other Items

- A. Unusual or Infrequent Items - None
- B. Troubled Debt Restructuring - None
- C. Other Disclosures - None
- D. Business Interruption Insurance Recoveries - None
- E. State Transferable and Non-Transferable Tax Credits

- (1) Carrying value of transferable and non-transferable state tax credits gross of any related tax liabilities and total unused transferable and non-transferable state tax credits by state and in total

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Guaranty Fund Assessment Credits	Various	\$..... 299,455	\$..... 299,455
Total		<u>\$ 299,455</u>	<u>\$ 299,455</u>

- (2) Method of estimating utilization of remaining transferable and non-transferable state tax credits

The Company estimates the utilization of the remaining transferable and non-transferable state tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining tax credits.

- (3) Impairment loss - None
- (4) State tax credits admitted and nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable	\$	\$
b. Non-transferable	\$ 299,455	\$

- F. Subprime-Mortgage-Related Risk Exposure

- (1) The Company engages in direct lending to the subprime markets. The Company’s exposure to subprime risk is primarily limited to whole mortgage loans and investments within the fixed maturity investment portfolio in the form of securities collateralized by mortgages that have characteristics of subprime lending.

The Company generally defines subprime whole mortgage loans as borrowers with impaired credit history and lower FICO scores. In 2021 and 2020, the Company invested in residential whole loans which consisted of borrowers with lower FICO scores. The price paid for the residential loans factored in the consideration of the borrower’s ability to repay along with the overall credit profile of the loan. The Company will continue to monitor the performance of the subprime residential mortgage loans along with performance expectations.

The Company’s portfolio also contains residential mortgage backed securities that include subprime mortgage exposure. The risk of such defaults is generally higher in the case of subprime mortgages. The acquisition value of these residential mortgage backed securities factored in the consideration of that default risk. Quarterly, we monitor and evaluate the undiscounted expected future cash flows associated with these residential mortgage backed securities based on updates to key assumptions.

Notes to the Financial Statements

21. Other Items (Continued)

(2) Direct exposure through investments in subprime mortgage loans

	Book/ Adjusted Carrying Value (Excluding Interest)	Fair Value	Value of Land and Buildings	Other-Than- Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure.....	\$ 5,891,653	\$ 6,374,034	\$ 14,449,000	\$%
b. Mortgages in good standing	249,617,613	273,311,840	494,159,758	.....	.....
c. Mortgages with restructured terms					
d. Total	<u>\$ 255,509,267</u>	<u>\$ 279,685,874</u>	<u>\$ 508,608,758</u>	<u>\$ .....</u>	.....XXX

(3) Direct exposure through other investments

	Actual Cost	Book/ Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than- Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ 85,927,021	\$ 91,565,664	\$ 96,560,508	\$
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs				
f. Other assets				
g. Total	<u>\$ 85,927,021</u>	<u>\$ 91,565,664</u>	<u>\$ 96,560,508</u>	<u>\$</u>

* These investments comprise 0% of the company's invested assets.

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage - None

G. Retained Assets - None

H. Insurance-Linked Securities (ILS) Contracts - None

I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy - None

22. Events Subsequent

Subsequent events have been considered through February 25, 2022 for the statutory statement dated December 31, 2021.

23. Reinsurance

Gains on cession of in-force blocks of business are to be accounted for in accordance with Appendix A-791 of the NAIC Accounting Practices and Procedures Manual which requires that any increase in surplus (net of federal income tax) resulting from reinsurance agreements entered into or amended which involve the reinsurance of business issued prior to the effective date of the agreements shall be identified separately as a surplus item by the ceding company. Subsequent recognition of the surplus increase as income shall be reflected on a net of tax basis as earnings emerge from the business reinsured. As a result of the historical cession of business to Protective, the Company previously recorded a deferred gain at inception through surplus. Based on the emergence of earnings from the reinsured business in 2021 and 2020, \$3.9 million and \$3.8 million, respectively, was amortized into income.

The Company entered into a coinsurance agreement on January 1, 2018 with AAIA, pursuant to which it assumes from AAIA a 50% quota share of certain annuity business issued between January 1, 2018 and December 31, 2021. The Company has recognized a reserve of \$13,804.1 million as of December 31, 2021 for this block.

Effective October 1, 2020, Royal Neighbors of America Life Insurance Company (Royal Neighbors) recaptured a coinsurance agreement with the Company originally entered into on January 1, 2016. The agreement assumed a variable quota share of certain multi-year guaranteed annuity (MYGA) policies issued or renewed by Royal Neighbors on or after the effective date of the treaty. The Company had a retrocession modified coinsurance agreement to cede 80% of this business to Athene Annuity Re Ltd. (AARe). Assumed reserves recaptured by Royal Neighbors were \$27.8 million as of September 30, 2020 of which \$22.2 million represented modified coinsurance reserves ceded to AARe.

Effective July 1, 2020, Massachusetts Mutual Life Insurance Company (Mass Mutual) recaptured a coinsurance agreement with the Company originally entered into on September 1, 2018. The agreement assumed a 50% quota share of certain MYGA policies issued or renewed by Mass Mutual on or after the effective date of the treaty. The Company had a retrocession modified coinsurance agreement to cede 80% of this business to AARe. Assumed reserves recaptured by Mass Mutual were \$4,981.8 million as of June 30, 2020 of which \$3,985.4 million represented modified coinsurance reserves ceded to AARe.

Effective June 1, 2020, the Company entered into a funds withheld 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 December 31, 2021.

Effective January 1, 2020, the Company recaptured a modified coinsurance agreement originally entered into with Athene Life Re Ltd. (ALRe) on April 1, 2015. The agreement ceded 100% of all inforce and future funding agreements. The Company subsequently entered into a funds withheld coinsurance agreement with AARe effective January 1, 2020 to cede a quota share of all inforce and certain future funding agreements. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe under a funds withheld coinsurance agreement were \$3,778 million as of January 1, 2020.

Notes to the Financial Statements

23. Reinsurance (Continued)

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1)

Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)
- (2)

Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

- (1)

Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes (X) No ()

a

If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ –

b.

What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement?

\$ 147,191
- (2)

Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1)

What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ –
- (2)

Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

- B. Uncollectible Reinsurance - None
- C. Commutation of Reinsurance Reflected in Income and Expenses - 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
- H. Reinsurance Credit - None

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

Notes to the Financial Statements

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

As of December 31, 2021 and 2020, less than 1% of life policies were participating. The method of accounting for policyholder dividends is based upon dividends credited annually to policyholders on their policy anniversary date plus the change from the prior period on one year's projected dividend liability on policies in force at the statement date. Source data is produced from the Company's policy administration system. The amount of dividend expense incurred was less than \$0.1 million for the years ended December 31, 2021 and December 31, 2020. There was no additional income allocated to participating policyholders.

30. Premium Deficiency Reserves - None

31. Reserves for Life Contracts and Annuity Contracts

1. The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium for the period beyond the date of death. Reserves for these benefits are included in Exhibit 5, Life Insurance. Reserve for surrender values in excess of reserves, if any, as legally computed are reported in Exhibit 5, Life Reserves.
2. Extra premiums are charged according to underwriting classifications. For Debit-Ordinary substandard policies, reserves are calculated using the same interest rate as for standard policies but using multiples of standard rates of mortality. For regular Ordinary substandard policies, reserves are calculated by computing the regular reserve for the plan and adding one-half of the extra premium charge for the year to that reserve.
3. As of December 31, 2021, the Company had \$755.5 million of insurance in force for which the gross premiums are less than the net premiums according to the standard of valuation set by the State of Delaware. Reserves to cover the above shortfall in premium totaled \$7.4 million at December 31, 2021, are calculated annually, and were included in reserves on Page 3, Line 1 (Exhibit 5, Miscellaneous Reserves).
4. The tabular interest at December 31, 2021, (Page 7, Line 4), tabular less actual reserve released (Page 7, Line 5) and tabular cost (Page 7, Line 9) have been determined by formula as described in the NAIC instructions for Page 7.
5. The tabular interest on Deposit-type Contracts is the amount actually credited or accrued to the funds during the year.
6. Details for Other Changes

The significant changes in reserves shown on the Other Increases (net) line on Page 7, Line 7, and the significant changes in the Other net change in reserves line on Exhibit 7, Line 4 as of December 31, 2021 are as follows:

Item	Total	Industrial Life	Life Insurance	Ordinary		Credit Life Group and Individual	Group	
				Individual Annuities	Supplementary Contracts		Life Insurance	Annuities
Exhibit 7 - Funding agreement Day 1 Discounted Cash Flow Gain	\$... (14,272,430)	\$	\$	\$... (14,272,430)	\$	\$	\$	\$
Exhibit 7 - Funding agreement foreign currency translation adjustment .....	..... (96,684,560)	.....	.....	..... (96,684,560)	.....	.....	.....	.....
Total	<u>\$ (110,956,990)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (110,956,990)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

32. Analysis of Annuity Actuarial Reserves and Deposit Type Contract Liabilities by Withdrawal Characteristics

A. Individual Annuities

		General Account	Separate Account With Guarantees	Separate Account Nonguaranteed	Total	Percent of Total
(1)	Subject to discretionary withdrawal					
a.	With market value adjustment	\$... 16,680,505,543	\$	\$	\$... 16,680,505,543	.... 68.549 %
b.	At book value less current surrender charge of 5% or more .....	..... 1,416,661,382	.....	.....	..... 1,416,661,382	..... 5.822 ..
c.	At fair value .....	.....	..... 4,406,901	.....	..... 4,406,901	..... 0.018 ..
d.	Total with market value adjustment or at fair value (total of a through c) .....	..... 18,097,166,925	..... 4,406,901	.....	..... 18,101,573,826	..... 74.389 ..
e.	At book value without adjustment (minimal or no charge or adjustment) .....	..... 5,388,338,789	.....	.....	..... 5,388,338,789	..... 22.143 ..
(2)	Not subject to discretionary withdrawal .....	..... 843,859,858	.....	.....	..... 843,859,858	..... 3.468 ..
(3)	Total (gross: direct + assumed)	\$.. 24,329,365,572	\$ 4,406,901	\$	\$... 24,333,772,473	.. 100.000 %
(4)	Reinsurance ceded .....	..... 6,703,486	.....	.....	..... 6,703,486	.....
(5)	Total (net) (3 - 4)	\$... 24,322,662,086	\$ 4,406,901	\$	\$... 24,327,068,987	.....
(6)	Amount included in A(1)b above that will move to A(1)e for the first time within the year after the statement date:	\$ 229,393,872	\$	\$	\$ 229,393,872	.....

Notes to the Financial Statements

32. Analysis of Annuity Actuarial Reserves and Deposit Type Contract Liabilities by Withdrawal Characteristics (Continued)

B. Group Annuities

	General Account	Separate Account With Guarantees	Separate Account Nonguaranteed	Total	Percent of Total
(1) Subject to discretionary withdrawal					
a. With market value adjustment	\$ 35,389,847	\$	\$	\$ 35,389,847	31.899 %
b. At book value less current surrender charge of 5% or more	11,673			11,673	0.011
c. At fair value					
d. Total with market value adjustment or at fair value (total of a through c)	35,401,520			35,401,520	31.909
e. At book value without adjustment (minimal or no charge or adjustment)	11,462,466			11,462,466	10.332
(2) Not subject to discretionary withdrawal	64,080,875			64,080,875	57.759
(3) Total (gross: direct + assumed)	\$ 110,944,861	\$	\$	\$ 110,944,861	100.000 %
(4) Reinsurance ceded	2,071,401			2,071,401	
(5) Total (net) (3 - 4)	\$ 108,873,460	\$	\$	\$ 108,873,460	
(6) Amount included in B(1)b above that will move to B(1)e for the first time within the year after the statement date:	\$	\$	\$	\$	

C. Deposit-Type Contracts (no life contingencies)

	General Account	Separate Account With Guarantees	Separate Account Nonguaranteed	Total	Percent of Total
(1) Subject to discretionary withdrawal					
a. With market value adjustment	\$	\$	\$	\$	%
b. At book value less current surrender charge of 5% or more					
c. At fair value					
d. Total with market value adjustment or at fair value (total of a through c)					
e. At book value without adjustment (minimal or no charge or adjustment)	13,360,841			13,360,841	0.154
(2) Not subject to discretionary withdrawal	8,661,743,031			8,661,743,031	99.846
(3) Total (gross: direct + assumed)	\$ 8,675,103,872	\$	\$	\$ 8,675,103,872	100.000 %
(4) Reinsurance ceded	8,222,174,379			8,222,174,379	
(5) Total (net) (3 - 4)	\$ 452,929,493	\$	\$	\$ 452,929,493	
(6) Amount included in C(1)b above that will move to C(1)e for the first time within the year after the statement date:	\$	\$	\$	\$	

D. Reconciliation of Total Annuity Actuarial Reserves and Deposit Fund Liabilities Amounts

	Amount
Life & Accident & Health Annual Statement	
(1) Exhibit 5, annuities, total (net)	\$ 24,133,072,484
(2) Exhibit 5, supplementary contracts with life contingencies section, total (net)	298,463,062
(3) Exhibit of Deposit-type Contracts, Line 14, Column 1	452,929,493
(4) Subtotal	\$ 24,884,465,039
Separate Accounts Annual Statement	
(5) Exhibit 3, Line 0299999, Column 2	4,406,901
(6) Exhibit 3, Line 0399999, Column 2	
(7) Policyholder dividend and coupon accumulations	
(8) Policyholder premiums	
(9) Guaranteed interest contracts	
(10) Other contract deposit funds	
(11) Subtotal	\$ 4,406,901
(12) Combined total	\$ 24,888,871,940

Notes to the Financial Statements

33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics

A. General Account

	Account Value	Cash Value	Reserve
(1) Subject to discretionary withdrawal, surrender values or policy loans:			
a. Term Policies with Cash Value	\$	\$ 1,428,031	\$ 1,920,520
b. Universal Life	559,228,719	568,199,783	587,781,897
c. Universal Life with Secondary Guarantees			
d. Indexed Universal Life	1,093,688	1,032,164	1,093,688
e. Indexed Universal Life with Secondary Guarantees			
f. Indexed Life			
g. Other Permanent Cash Value Life Insurance	1,122,798	659,873,055	734,486,572
h. Variable Life			
i. Variable Universal Life	1,133,374	1,133,374	1,135,603
j. Miscellaneous Reserves			14,698
(2) Not subject to discretionary withdrawal or no cash values			
a. Term Policies without Cash Value	XXX	XXX	190,896,694
b. Accidental Death Benefits	XXX	XXX	3,328,508
c. Disability – Active Lives	XXX	XXX	4,619,177
d. Disability – Disabled Lives	XXX	XXX	9,419,244
e. Miscellaneous Reserves	XXX	XXX	7,453,477
(3) Total (gross: direct + assumed)	562,578,579	1,231,666,407	1,542,150,078
(4) Reinsurance Ceded	560,511,203	1,229,599,031	1,540,065,752
(5) Total (net) (3) - (4)	\$ 2,067,376	\$ 2,067,376	\$ 2,084,326

B. Separate Account with Guarantees - None

C. Separate Account Nonguaranteed

	Account Value	Cash Value	Reserve
(1) Subject to discretionary withdrawal, surrender values or policy loans:			
a. Term Policies with Cash Value	\$	\$	\$
b. Universal Life			
c. Universal Life with Secondary Guarantees			
d. Indexed Universal Life			
e. Indexed Universal Life with Secondary Guarantees			
f. Indexed Life			
g. Other Permanent Cash Value Life Insurance			
h. Variable Life			
i. Variable Universal Life	13,370,636	13,370,636	13,401,631
j. Miscellaneous Reserves			
(2) Not subject to discretionary withdrawal or no cash values			
a. Term Policies without Cash Value	XXX	XXX	
b. Accidental Death Benefits	XXX	XXX	
c. Disability – Active Lives	XXX	XXX	
d. Disability – Disabled Lives	XXX	XXX	
e. Miscellaneous Reserves	XXX	XXX	
(3) Total (gross: direct + assumed)	13,370,636	13,370,636	13,401,631
(4) Reinsurance Ceded			
(5) Total (net) (3) - (4)	\$ 13,370,636	\$ 13,370,636	\$ 13,401,631

Notes to the Financial Statements

33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics (Continued)

D. Reconciliation of Total Life Insurance Reserves

	Amount
Life & Accident & Health Annual Statement:	
1. Exhibit 5, Life Insurance Section, Total (net)	\$ 2,079,540
2. Exhibit 5, Accidental Death Benefits Section, Total (net)	12
3. Exhibit 5, Disability – Active Lives Section, Total (net)	4,024
4. Exhibit 5, Disability – Disabled Lives Section, Total (net)	750
5. Exhibit 5, Miscellaneous Reserves Section, Total (net)	
6. Subtotal	\$ 2,084,326
Separate Accounts Annual Statement:	
7. Exhibit 3, Line 0199999, Column 2	13,401,631
8. Exhibit 3, Line 0499999, Column 2	
9. Exhibit 3, Line 0599999, Column 2	
10. Subtotal (Lines 7 through 9)	\$ 13,401,631
11. Combined Total (Lines 6 and 10)	\$ 15,485,957

34. Premiums and Annuity Considerations Deferred and Uncollected - None

35. Separate Accounts

A. Separate Account Activity

- (1) The Company utilizes separate accounts to record and account for assets and liabilities from the variable universal life and variable annuity product lines.
- (2) Separate account assets legally insulated from the general account claims

In accordance with the products recorded within the separate account, all assets are considered legally insulated from the general account claims. The assets legally insulated from the general account as of December 31, 2021 are attributed to the following products:

Product/Transaction	Legally Insulated Assets	Separate Account Assets (Not Legally Insulated)
Variable Universal Life Insurance	\$ 13,371,044	\$
Variable Annuities	4,406,938	
Total	\$ 17,777,982	\$

- (3) Separate account products that have guarantees backed by the general account

The Company currently has two products that guarantee a minimum death benefit. The Company's general account has not paid towards the separate account guarantees for the past five years. The separate account has not paid risk charges for the past five years.

- (4) There are no securities lending transactions in the separate account.

B. General Nature and Characteristics of Separate Accounts Business

Separate accounts are utilized to record and account for two lines of business - Variable Annuities and Variable Universal Life.

The Company previously sold variable annuity and variable universal life products with a non-guaranteed return. The Company stopped marketing these products at the beginning of 2009. The net investment experience of these separate accounts is credited directly to the policyholder and can be positive or negative. The assets and liabilities of these accounts are carried at fair market value. This business is included in non-guaranteed separate accounts in the following table.

Information regarding the Separate Accounts of the Company is as follows. All amounts are for separate accounts as of or for the year ended December 31, 2021.

Notes to the Financial Statements

35. Separate Accounts (Continued)

	Indexed	Nonindexed Guarantee Less than/equal to 4%	Nonindexed Guarantee More than 4%	Nonguaranteed Separate Accounts	Total
(1) Premiums, considerations or deposits for period ending 12/31/2021.....	\$.....	\$.....	\$.....	\$..... 324,828	\$..... 324,828
(2) Reserves at 12/31/2021 for accounts with assets at:					
a. Fair value.....		4,406,901		13,401,631	17,808,532
b. Amortized cost.....					
c. Total reserves.....	<u>\$.....</u>	<u>\$ 4,406,901</u>	<u>\$.....</u>	<u>\$ 13,401,631</u>	<u>\$ 17,808,532</u>
(3) By withdrawal characteristics:					
a. Subject to discretionary withdrawal:					
1. With market value adjustment.....	\$.....	\$.....	\$.....	\$.....	\$.....
2. At book value without market value adjustment and with current surrender charge of 5% or more.....					
3. At fair value.....		4,406,901		13,401,631	17,808,532
4. At book value without market value adjustment and with current surrender charge less than 5%.....					
5. Subtotal.....	<u>\$.....</u>	<u>\$ 4,406,901</u>	<u>\$.....</u>	<u>\$ 13,401,631</u>	<u>\$ 17,808,532</u>
b. Not subject to discretionary withdrawal.....					
c. Total.....	<u>\$.....</u>	<u>\$ 4,406,901</u>	<u>\$.....</u>	<u>\$ 13,401,631</u>	<u>\$ 17,808,532</u>
(4) Reserves for asset default risk in lieu of AVR.....	\$.....	\$.....	\$.....	\$.....	\$.....
C. Reconciliation of Net Transfers To or (From) Separate Accounts					
(1) Transfers as reported in the Summary of Operations of the Separate Accounts Statement					
a. Transfers to Separate Accounts (Page 4, Line 1.4).....				\$..... 324,828	
b. Transfers from Separate Accounts (Page 4, Line 10).....					1,160,583
c. Net transfers to or (from) Separate Accounts (a - b).....					<u>\$..... (835,755)</u>
(2) Reconciling adjustments - None					
(3) Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement					
(1c + 2) = (Page 4, Line 26).....					\$..... (835,755)

36. Loss/Claim Adjustment Expenses - None