

ANNUAL STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

LIFE, ACCIDENT AND HEALTH

FRATERNAL BENEFIT SOCIETIES

2020

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Athene Annuity & Life Assurance Company

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	20,298,631,000		20,298,631,000	15,921,950,276
2. Stocks (Schedule D):				
2.1 Preferred stocks	180,768,889		180,768,889	91,252,487
2.2 Common stocks	1,333,180,216	38,132	1,333,142,084	1,223,976,498
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	3,362,596,753		3,362,596,753	2,674,741,630
3.2 Other than first liens	505,636,363		505,636,363	556,677,590
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 (\$1,197,479,204 , Schedule E - Part 1), cash equivalents				
(\$, Schedule E - Part 2) and short-term				
investments (\$145,987,023 , Schedule DA)	1,343,466,227		1,343,466,227	1,145,026,637
6. Contract loans (including \$ premium notes)	2,123,853		2,123,853	2,776,790
7. Derivatives (Schedule DB)	253,006,549		253,006,549	152,131,771
8. Other invested assets (Schedule BA)	1,857,324,313	1,167,830	1,856,156,484	1,657,004,628
9. Receivables for securities	13,963,185		13,963,185	9,399,357
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets	22,160,000		22,160,000	7,750,000
12. Subtotals, cash and invested assets (Lines 1 to 11)	29,172,857,348	1,205,961	29,171,651,386	23,442,687,665
13. Title plants less \$ charged off (for Title insurers				
only)				
14. Investment income due and accrued	186,235,306	8,278,904	177,956,402	157,613,982
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	75,833,408		75,833,408	57,520,042
16.2 Funds held by or deposited with reinsured companies	2,570,201,616		2,570,201,616	2,533,460,136
16.3 Other amounts receivable under reinsurance contracts	2,317,402,899		2,317,402,899	2,200,750,378
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	64,166,392	10,385,212	53,781,180	48,222,795
19. Guaranty funds receivable or on deposit	456,262		456,262	579,098
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	97,495		97,495	184,190
24. Health care (\$) and other amounts receivable	12,954,986		12,954,986	11,070,294
25. Aggregate write-ins for other than invested assets	5,523,618	4,374,773	1,148,845	4,232,721
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25)	34,405,729,330	24,244,850	34,381,484,479	28,456,321,303
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts	16,079,235		16,079,235	14,426,214
28. Total (Lines 26 and 27)	34,421,808,565	24,244,850	34,397,563,714	28,470,747,517
DETAILS OF WRITE-INS				
1101. Derivative collateral asset	22,160,000		22,160,000	7,750,000
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)	22,160,000		22,160,000	7,750,000
2501. Miscellaneous assets	5,523,618	4,374,773	1,148,845	4,232,721
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)	5,523,618	4,374,773	1,148,845	4,232,721

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Athene Annuity & Life Assurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	Current Year	² Prior Year
1. Aggregate reserve for life contracts \$ 21,306,915,362 (Exh. 5, Line 9999999) less \$ included in Line 6.3 (including \$ 14,891,584,121 Modco Reserve)	21,306,915,362	20,102,934,270
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)		
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ 140,296,359 Modco Reserve)	377,238,800	4,070,026,522
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	59,539,787	46,101,014
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)	33,537	35,706
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 \$ 55,529,124 assumed and \$ 2,024,116,984 ceded	2,079,646,108	1,859,385,884
9.4 Interest maintenance reserve (IMR, Line 6)	40,344,449	41,999,785
10. Commissions to agents due or accrued-life and annuity contracts \$ 63,620 accident and health \$ 365,491 and deposit-type contract funds \$	429,111	600,350
11. Commissions and expense allowances payable on reinsurance assumed	21,236,249	8,379,728
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 7)	1,266,406	984,856
13. Transfers to Separate Accounts due or accrued (net) (including \$ 22,482 accrued for expense allowances recognized in reserves, net of reinsured allowances)	22,482	16,927
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 6)	184,932	231,277
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)	6,562,468	13,807,916
15.2 Net deferred tax liability		
16. Unearned investment income	46,764	40,898
17. Amounts withheld or retained by reporting entity as agent or trustee	233,681	188,265
18. Amounts held for agents' account, including \$ agents' credit balances		
19. Remittances and items not allocated	21,319,463	20,294,261
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)	511,704,659	365,552,729
24.02 Reinsurance in unauthorized and certified (\$) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers	7,864,552,101	
24.04 Payable to parent, subsidiaries and affiliates	7,462,986	6,356,679
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	88,299,793	33,353,686
24.09 Payable for securities	29,236,559	65,783,857
24.10 Payable for securities lending		
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	265,303,441	294,579,313
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	32,681,579,138	26,930,653,925
27. From Separate Accounts Statement	16,079,235	14,426,214
28. Total liabilities (Lines 26 and 27)	32,697,658,373	26,945,080,139
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)	1,402,089,429	1,186,812,580
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	295,315,912	336,354,799
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)	1,697,405,341	1,523,167,378
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	1,699,905,341	1,525,667,378
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	34,397,563,714	28,470,747,517
DETAILS OF WRITE-INS		
2501. Derivative collateral liability	210,346,188	162,071,888
2502. Unclaimed funds	26,652,613	22,869,919
2503. Amount due reinsurers	15,471,196	
2598. Summary of remaining write-ins for Line 25 from overflow page	12,833,445	109,637,506
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	265,303,441	294,579,313
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)		

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)	450,858,600	1,213,947,510
2. Considerations for supplementary contracts with life contingencies	68,766,629	47,358,635
3. Net investment income (Exhibit of Net Investment Income, Line 17)	1,016,973,072	810,285,053
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	7,035,118	13,937,057
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)	384,295,506	385,457,215
7. Reserve adjustments on reinsurance ceded	478,706,678	3,837,891,710
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	444,172	450,689
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	97,469,183	116,521,781
9. Total (Lines 1 to 8.3)	2,504,548,958	6,425,849,651
10. Death benefits	750,173	423,790
11. Matured endowments (excluding guaranteed annual pure endowments)	2,500	232
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	134,048,563	127,246,153
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	443,893,080	515,505,288
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	17,693,187	73,020,339
18. Payments on supplementary contracts with life contingencies	15,548,217	11,725,394
19. Increase in aggregate reserves for life and accident and health contracts	1,214,744,019	5,283,562,037
20. Totals (Lines 10 to 19)	1,826,679,739	6,011,483,232
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	2,740,039	3,648,763
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	436,115,304	455,976,384
23. General insurance expenses and fraternal expenses (Exhibit 2, Line 10, Cols. 1, 2, 3, 4 and 6)	44,645,367	29,196,135
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3 + 5)	1,566,275	1,258,078
25. Increase in loading on deferred and uncollected premiums		
26. Net transfers to or (from) Separate Accounts net of reinsurance	(202,268)	(530,921)
27. Aggregate write-ins for deductions	149,954,518	(88,540,306)
28. Totals (Lines 20 to 27)	2,461,498,975	6,412,491,364
29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 minus Line 28)	43,049,983	13,358,287
30. Dividends to policyholders and refunds to members	25,438	33,031
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	43,024,545	13,325,256
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(82,183,093)	87,906,048
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)	125,207,638	(74,580,792)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$	(71,320,351)	(11,174,926)
35. Net income (Line 33 plus Line 34)	53,887,287	(85,755,718)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	1,525,667,378	1,544,060,989
37. Net income (Line 35)	53,887,287	(85,755,718)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	39,752,025	(18,775,821)
39. Change in net unrealized foreign exchange capital gain (loss)	(41,068,115)	26,283,181
40. Change in net deferred income tax	1,523,203	100,219,269
41. Change in nonadmitted assets	36,447,227	(59,037,852)
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	(146,151,930)	(176,832,676)
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	215,276,850	13,495,360
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance	71,387,105	74,093,494
52. Dividends to stockholders		(409,420)
53. Aggregate write-ins for gains and losses in surplus	1,712,157	(547,444)
54. Net change in capital and surplus for the year (Lines 37 through 53)	174,237,963	(18,393,611)
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	1,699,905,341	1,525,667,378
DETAILS OF WRITE-INS		
08.301. Funds withheld adjustment - assumed	97,390,495	116,439,156
08.302. Miscellaneous income	78,688	82,626
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)	97,469,183	116,521,781
2701. Funds withheld adjustment - ceded	155,194,301	
2702. Transfer to IMR - ceded	43,519,548	1,191,647
2703. Transfer to IMR - assumed	(30,924,799)	(1,260,527)
2798. Summary of remaining write-ins for Line 27 from overflow page	(17,834,531)	(88,471,426)
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	149,954,518	(88,540,306)
5301. Correction of prior period error	1,700,543	
5302. Tax sharing agreement	11,614	(547,444)
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	(547,444)

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE Athene Annuity & Life Assurance Company

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	416,208,150	1,261,306,145
2. Net investment income	928,661,951	756,465,831
3. Miscellaneous income	381,065,139	382,754,961
4. Total (Lines 1 through 3)	1,725,935,240	2,400,526,938
5. Benefit and loss related payments	(3,924,603,231)	(3,355,458,815)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(207,823)	(586,735)
7. Commissions, expenses paid and aggregate write-ins for deductions	468,178,842	505,725,152
8. Dividends paid to policyholders	27,607	32,276
9. Federal and foreign income taxes paid (recovered) net of \$ 13,979,112 tax on capital gains (losses)	(20,155,927)	81,696,372
10. Total (Lines 5 through 9)	(3,476,760,532)	(2,768,591,750)
11. Net cash from operations (Line 4 minus Line 10)	5,202,695,771	5,169,118,688
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	3,028,471,706	3,176,455,872
12.2 Stocks	807,750,869	172,286,008
12.3 Mortgage loans	489,143,814	833,421,308
12.4 Real estate		
12.5 Other invested assets	533,776,985	175,095,036
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(4,117,813)	1,857,401
12.7 Miscellaneous proceeds	345,598	50,633,992
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,855,371,160	4,409,749,617
13. Cost of investments acquired (long-term only):		
13.1 Bonds	10,904,578,463	8,039,643,157
13.2 Stocks	1,119,533,085	297,292,583
13.3 Mortgage loans	1,751,545,434	1,729,448,210
13.4 Real estate		
13.5 Other invested assets	353,786,972	514,320,548
13.6 Miscellaneous applications	76,986,148	10,689,494
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,206,430,102	10,591,393,992
14. Net increase (decrease) in contract loans and premium notes	(652,937)	(253,345)
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(9,350,406,005)	(6,181,391,030)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	200,000,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(3,692,787,723)	993,036,108
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	7,838,937,548	241,633,945
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	4,346,149,824	1,234,670,053
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)	198,439,590	222,397,712
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,145,026,637	922,628,925
19.2 End of year (Line 18 plus Line 19.1)	1,343,466,227	1,145,026,637

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

20.0001. Reinsurance recapture - bond proceeds (investing)	3,570,551,851	
20.0002. Reinsurance recapture - stock proceeds (investing)	20,086,191	
20.0003. Reinsurance recapture - mortgage loan proceeds (investing)	284,865,671	
20.0004. Reinsurance recapture - other invested asset proceeds (investing)	37,850,911	
20.0005. Reinsurance recapture - premium (operating)	103,417,079	
20.0006. Reinsurance recapture - benefits (operating)	(4,016,771,703)	
20.0007. Security exchanges and asset in kind trades - bond proceeds (investing)	1,453,955,039	1,383,740,701
20.0008. Security exchanges and asset in kind trades - bonds acquired (investing)	(1,453,955,039)	(1,496,201,101)
20.0009. Security exchanges and asset in kind trades - other invested asset proceeds (investing)	164,090,637	
20.0010. Security exchanges and asset in kind trades - other invested asset acquired (investing)	(164,090,637)	
20.0011. Reinsurance activity settled in bonds (operating)	61,037,482	80,724,636
20.0012. Assumed reinsurance activity settled in bonds (investing)	5,679,071	8,665,008
20.0013. Ceded reinsurance activity settled in bonds (investing)	(66,716,553)	(89,389,645)

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

20.0014. Capital contribution of stock compensation expense (financing)	15,276,850	13,495,360
20.0015. Capital contribution of stock compensation expense (investing)	(11,432,030)	(9,898,224)
20.0016. Capital contribution of stock compensation expense (operating)	(3,844,820)	(3,597,136)
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. Bond interest capitalization - NII (operating)	3,842,338	
20.0020. Bond interest capitalization - bonds acquired (investing)	(3,842,338)	
20.0021. Security exchanges and assets in kind trade - stocks proceeds (investing)		144,355,995
20.0022. Security exchanges and assets in kind trade - stocks acquired (investing)		(31,895,595)

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 #	2020	2019
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 2)	XXX	XXX	XXX	\$ 53,887,287	\$ (85,755,718)
(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	\$ 53,887,287	\$ (85,755,718)
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,699,905,341	\$ 1,525,667,378
(6) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
(7) State permitted practices that are an increase / (decrease) from NAIC SAP:					
Standard scenario on variable annuities	51	3	1	-	-
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 1,699,905,341	\$ 1,525,667,378

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

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. There are material risks and uncertainties surrounding the spread of the Coronavirus Disease of 2019 (COVID-19), which has resulted in significant volatility in the financial markets. Our estimates may vary as more information about the extent to which COVID-19 and the resulting impact on economic conditions and the financial markets become known. Actual results may differ from the estimates used in preparing the financial statements.

C. Accounting Policy

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:

- Short-term investments are stated at amortized cost.
- 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.
- 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.
- Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32, *Preferred Stock*.
- Mortgage loans on real estate are stated at amortized cost.
- 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.
- 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, 2021 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

During the current year's financial statement preparation, the Company discovered an error within prior period Annual Statements relating to reserves. After consideration of materiality and in accordance with SSAP No. 3, *Accounting Changes and Correction of Errors*, this correction was recorded directly to surplus. The impact of the correction of reserves increased surplus by \$1.7 million in 2020 and represented less than 1% of ending capital and surplus as of both December 31, 2020 and December 31, 2019.

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 2020 were 12.5% 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 243.32%.
- (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

	Farm	Residential		Commerical		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Recorded Investment (All)							
(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	\$	\$	\$	\$	\$	\$	\$
b. Prior Year							
1. Recorded Investment							
(a) Current	\$	\$	\$ 997,828,589	\$	\$ 1,733,989,736	\$ 436,277,149	\$ 3,168,095,474
(b) 30 - 59 days past due			33,015,515				33,015,515
(c) 60 - 89 days past due			8,209,236				8,209,236
(d) 90 - 179 days past due			5,709,863				5,709,863
(e) 180+ days past due			27,561,578				27,561,578
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	\$	\$	\$	\$	\$	\$	\$

- (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

	2020	2019
a. Balance at beginning of period	\$ 11,172,445	\$ 678,437
b. Additions charged to operations	8,354,427	10,494,008
c. Direct write-downs charged against the allowances		
d. Recoveries of amounts previously charged off		
e. Balance at end of period	\$ 19,526,872	\$ 11,172,445

- (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)

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

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

(1)	(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
12667F7M1	\$ 3,203,480	\$ 3,097,712	\$ 105,768	\$ 3,097,712	\$ 2,539,699	03/31/2020
76112HAA5	2,547,900	2,199,323	348,577	2,199,323	1,420,805	03/31/2020
86359LQS1	5,824,373	5,570,708	253,665	5,570,708	4,895,315	03/31/2020
05529DAA0	7,026,473	6,587,365	439,108	6,587,365	6,587,365	06/30/2020
07820QCD5	2,754,818	2,602,822	151,997	2,602,822	2,602,822	06/30/2020
17315GAK4	2,227,149	2,196,115	31,034	2,196,115	1,960,226	06/30/2020
225458PN2	2,481,114	2,331,755	149,360	2,331,755	2,331,755	06/30/2020
12667GX57	2,125,818	1,866,069	259,749	1,866,069	1,802,070	06/30/2020
12667GX65	1,799,043	1,640,970	158,072	1,640,970	1,640,970	06/30/2020
12667GWF6	1,570,488	1,432,477	138,011	1,432,477	1,432,477	06/30/2020
12667GWF6	1,570,488	1,432,477	138,011	1,432,477	1,432,477	06/30/2020
12667F7M1	2,978,293	2,604,852	373,440	2,604,852	2,604,852	06/30/2020
12667G3L5	903,277	859,595	43,682	859,595	859,595	06/30/2020
12667G3L5	6,846,878	6,514,474	332,404	6,514,474	6,514,474	06/30/2020
12668ALS2	3,303,169	3,146,643	156,526	3,146,643	3,146,643	06/30/2020
12667GF32	750,701	670,100	80,601	670,100	670,100	06/30/2020
12669FW90	3,091,822	2,990,189	101,633	2,990,189	2,990,189	06/30/2020
12669GTQ4	4,325,802	4,230,173	95,629	4,230,173	4,230,173	06/30/2020
12669GMU2	3,155,560	2,961,848	193,712	2,961,848	2,961,848	06/30/2020
126694JG4	3,066,371	2,986,220	80,152	2,986,220	2,986,220	06/30/2020
39538RAB5	4,413,590	4,259,236	154,354	4,259,236	4,259,236	06/30/2020
3622ELAA4	699,557	630,986	68,571	630,986	630,986	06/30/2020
36242DXG3	4,983,399	4,799,457	183,942	4,799,457	4,799,457	06/30/2020
36242DXG3	2,092,028	1,980,671	111,357	1,980,671	1,980,671	06/30/2020
36242DXG3	7,499,626	6,914,265	585,361	6,914,265	6,914,265	06/30/2020
362290AC2	2,235,884	2,210,309	25,575	2,210,309	2,157,912	06/30/2020
3622N6AA7	3,214,820	3,142,858	71,962	3,142,858	3,142,010	06/30/2020
41161PTN3	2,597,242	2,570,130	27,112	2,570,130	2,570,130	06/30/2020
41161PVJ9	4,376,278	4,286,937	89,341	4,286,937	4,286,937	06/30/2020
41161PLQ4	2,234,220	2,031,208	203,012	2,031,208	2,031,208	06/30/2020
41161PLQ4	3,300,553	3,000,648	299,904	3,000,648	3,000,648	06/30/2020
41161PLQ4	2,284,998	2,077,372	207,626	2,077,372	2,077,372	06/30/2020
41161PLQ4	515,434	461,638	53,796	461,638	461,638	06/30/2020
41161PL43	1,732,622	1,570,020	162,603	1,570,020	1,570,020	06/30/2020
41161UAC6	1,852,439	1,783,876	68,562	1,783,876	1,783,876	06/30/2020
41161UAC6	925,072	890,833	34,239	890,833	890,833	06/30/2020
41161UAC6	1,845,667	1,777,355	68,312	1,777,355	1,777,355	06/30/2020
41161UAC6	925,072	890,833	34,239	890,833	890,833	06/30/2020
45660NT96	1,038,524	979,269	59,256	979,269	979,269	06/30/2020
45660LWD7	5,359,311	4,951,753	407,558	4,951,753	4,951,753	06/30/2020
46631NDQ9	1,830,882	1,612,861	218,021	1,612,861	1,612,861	06/30/2020
59024KAFO	4,494,764	4,416,748	78,016	4,416,748	4,218,693	06/30/2020
59020UGF6	894,966	868,206	26,760	868,206	868,206	06/30/2020
59025GAA9	724,198	690,647	33,552	690,647	669,893	06/30/2020
59025GAA9	1,572,302	1,497,358	74,945	1,497,358	1,462,771	06/30/2020
62951MAZ3	1,523,617	1,442,763	80,854	1,442,763	1,442,763	06/30/2020
761118TN8	1,642,391	1,432,454	209,937	1,432,454	1,418,650	06/30/2020

Notes to the Financial Statements

5. Investments (Continued)

(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
.76112HAA5	2,120,336	1,436,601	683,736	1,436,601	1,436,601	06/30/2020
.86360JAN1	2,224,344	1,951,054	273,289	1,951,054	1,951,054	06/30/2020
.86361QAJ3	2,900,127	2,729,408	170,719	2,729,408	2,729,408	06/30/2020
.86359DBW6	2,931,192	2,857,966	73,226	2,857,966	2,857,966	06/30/2020
.86359DBW6	2,112,404	2,041,963	70,441	2,041,963	2,041,963	06/30/2020
.86359DRS8	6,676,128	6,244,015	432,112	6,244,015	6,244,015	06/30/2020
.855541AA6	1,956,484	1,927,938	28,547	1,927,938	1,913,073	06/30/2020
.87222PAB9	3,327,710	3,077,400	250,311	3,077,400	3,077,400	06/30/2020
.94983RAD6	2,887,732	2,848,955	38,777	2,848,955	2,785,156	06/30/2020
.94987XAJ6	1,989,931	1,956,763	33,168	1,956,763	1,881,355	06/30/2020
.45112AAA5	5,099,863	3,812,548	1,287,315	3,812,548	3,812,548	06/30/2020
BAN0HNQA3	25,000,000	13,750,000	11,250,000	13,750,000	13,750,000	09/30/2020
.45112AAA5	5,469,601	3,761,990	1,707,611	3,761,990	3,853,837	09/30/2020
.17315GAK4	2,139,825	2,064,456	75,369	2,064,456	1,895,861	09/30/2020
.12669GMU2	2,820,830	2,748,054	72,776	2,748,054	2,746,499	09/30/2020
.86359LQS1	4,228,722	4,176,977	51,745	4,176,977	4,029,323	09/30/2020
.81744FAA5	3,743,738	3,662,883	80,855	3,662,883	3,652,868	09/30/2020
.81744FAA5	3,732,572	3,706,363	26,209	3,706,363	3,609,942	12/31/2020
.46631JAA6	3,806,734	3,762,237	44,497	3,762,237	3,557,713	12/31/2020
.12669GMU2	2,746,839	2,705,835	41,004	2,705,835	2,676,388	12/31/2020
Total			\$ 23,961,605			

(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, 2020.

a. The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ 75,242,746
2. 12 months or longer	56,643,078
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	\$ 2,167,649,865
2. 12 months or longer	892,734,412

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

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

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Taker - Overview of Secured Borrowing Transactions

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

The Company participates in repurchase agreements with unaffiliated financial institutions. Under these agreements, the Company lends bonds and receives cash as collateral. The Company monitors the estimated fair value of the collateral and the securities loaned throughout the duration of the contract and contributes additional collateral as necessary. Securities loaned under these agreements may be sold or re-pledged by the transferee. There were no amounts loaned under repurchase agreements as of December 31, 2020.

(2) Type of repo trades used

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

Notes to the Financial Statements

5. Investments (Continued)

(3) Original (flow) & residual maturity

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open - No maturity	\$	\$	\$	\$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month				187,286,000
5. Over 1 month to 3 months		197,274,000	197,274,000	
6. Over 3 months to 1 year	384,595,000	187,321,000	187,321,000	
7. Over 1 year				
b. Ending Balance				
1. Open - No maturity	\$	\$	\$	\$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month			187,286,000	
5. Over 1 month to 3 months		197,274,000		
6. Over 3 months to 1 year	384,595,000	187,321,000		
7. Over 1 year				

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

The Company did not have any securities sold or outstanding for which the repurchase agreement defaulted as of December 31, 2020.

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$ 417,480,218	\$ 432,662,729	\$ 432,662,729	\$ 212,130,142
b. Ending Balance				
1. BACV	XXX	XXX	XXX	\$
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$ 417,480,218	\$ 432,662,729	\$ 212,130,142	\$

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

(7) Collateral received - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$ 384,595,000	\$ 384,595,000	\$ 384,595,000	\$ 187,286,000
2. Securities (FV)				
b. Ending Balance				
1. Cash	\$ 384,595,000	\$ 384,595,000	\$ 187,286,000	\$
2. Securities (FV)				

(8) Cash & non-cash collateral received - secured borrowing by NAIC designation - None

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

(10) Allocation of aggregate collateral reinvested by remaining contractual maturity - None

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash (Collateral - All)	\$ 384,595,000	\$ 384,595,000	\$ 384,595,000	\$ 187,286,000
2. Securities Collateral (FV)				
b. Ending Balance				
1. Cash (Collateral - All)	\$ 384,595,000	\$ 384,595,000	\$ 187,286,000	\$
2. Securities Collateral (FV)				

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Provider - Overview of Secured Borrowing Transactions

Notes to the Financial Statements

5. Investments (Continued)

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

Included in short-term investments are amounts receivable under reverse repurchase agreements, which involves the purchase of investments from a seller with the agreement that the investments will be repurchased by the seller at a specified price, and at a specified date or within a specified period of time, not to exceed 364 days. The investments purchased, which represent collateral on a secured lending arrangement, are not reflected in the Company's consolidated balance sheets. Instead, the secured lending arrangement is reflected as a short-term investment for the principal amount loaned under the agreement. There was no amount loaned under reverse repurchase agreements at December 31, 2020.

- (2) Type of repo trades used

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

- (3) Original (flow) & residual maturity

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

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

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

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

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

- (7) Collateral provided - secured borrowing

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

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

Notes to the Financial Statements

5. Investments (Continued)

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

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

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

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

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

J. Real Estate - None

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

L. Restricted Assets

(1) Restricted assets (including pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					(6)	(7)	(8)	Current Year		
	(1)	(2)	(3)	(4)	(5)				(9)	(10)	(11)
	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	-				-	99,849,323	(99,849,323)		-	-	-
d. Subject to reverse repurchase agreements	-				-	85,000,000	(85,000,000)		-	-	-
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	14,490,900				14,490,900	14,490,900	-		14,490,900	0.042	0.042
j. On deposit with states	4,617,927				4,617,927	5,289,881	(671,954)		4,617,927	0.013	0.013
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)	5,001,575				5,001,575		5,001,575		5,001,575	0.015	0.015
m. Pledged as collateral not captured in other categories	7,213,799,062				7,213,799,062	8,471,325,894	(1,257,526,832)		7,213,799,062	20.957	20.972
n. Other restricted assets	9,768,783				9,768,783	9,760,873	7,910		9,768,783	0.028	0.028
o. Total restricted assets	\$ 7,247,678,247	\$	\$	\$	\$ 7,247,678,247	\$ 8,685,716,871	\$ (1,438,038,624)	\$	\$ 7,247,678,247	21.055 %	21.070 %

Notes to the Financial Statements

5. Investments (Continued)

(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)

Description of Assets	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, %
Secured Funding Agreements	\$ 475,014,770	\$	\$	\$	\$ 475,014,770	\$ -	\$ 475,014,770	\$ 475,014,770	1.380 %	1.381 %
Reinsurance Trust	6,716,624,292				6,716,624,292	8,463,575,894	(1,746,951,602)	6,716,624,292	19.513	19.526
Derivative Collateral	22,160,000				22,160,000	7,750,000	14,410,000	22,160,000	0.064	0.064
Total	\$ 7,213,799,062	\$	\$	\$	\$ 7,213,799,062	\$ 8,471,325,894	\$ (1,257,526,832)	\$ 7,213,799,062	20.957 %	20.972 %

(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							(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, %
New York Tax Sharing Agreement Escrow	\$ 9,768,783	\$	\$	\$	\$ 9,768,783	\$ 9,760,873	\$ 7,910	\$ 9,768,783	0.028 %	0.028 %
Total	\$ 9,768,783	\$	\$	\$	\$ 9,768,783	\$ 9,760,873	\$ 7,910	\$ 9,768,783	0.028 %	0.028 %

(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	\$ 210,346,188	\$ 210,346,188	0.611 %	0.612 %
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 (a+b+c+d+e+f+g+h+i)	\$ 210,346,188	\$ 210,346,188	0.611 %	0.612 %
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 (k+l+m+n+o+p+q+r+s)	\$	\$	%	%
			(1)	(2)
			Amount	% of Liability to Total Liabilities
u. Recognized Obligation to Return Collateral Asset (General Account)			\$ 210,346,188	0.644 %
v. Recognized Obligation to Return Collateral Asset (Separate Account)			\$	%

M. Working Capital Finance Investments - None

N. Offsetting and Netting of Assets and Liabilities - None

Notes to the Financial Statements

5. Investments (Continued)

O. 5GI Securities

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	2020	2019	2020	2019	2020	2019
(1) Bonds - amortized cost	2	3	\$ 3,568,811	\$ 5,384,127	\$ 3,483,534	\$ 5,435,904
(2) LB & SS - amortized cost						
(3) Preferred stock - amortized cost						
(4) Preferred stock - fair value						
(5) Total (1+2+3+4)	<u>2</u>	<u>3</u>	<u>\$ 3,568,811</u>	<u>\$ 5,384,127</u>	<u>\$ 3,483,534</u>	<u>\$ 5,435,904</u>

P. Short Sales - None

Q. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
(1) Number of CUSIPs	74	
(2) Aggregate amount of investment income	\$ 7,639,051	\$

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 \$10.8 million and \$11.8 million as of December 31, 2020 and 2019, 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 \$8.3 million and \$1.3 million as of December 31, 2020 and 2019, 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.

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.

Notes to the Financial Statements

8. Derivative Instruments (Continued)

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) No Significant Changes

(3) No Significant Changes

(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

	2020			2019			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	\$ 210,617,920	\$ 1,011,204	\$ 211,629,124	\$ 215,613,140	\$ 1,443,789	\$ 217,056,929	\$ (4,995,220)	\$ (432,585)	\$ (5,427,805)
(b) Statutory valuation allowance adjustments									
(c) Adjusted gross deferred tax assets (1a - 1b)	210,617,920	1,011,204	211,629,124	215,613,140	1,443,789	217,056,929	(4,995,220)	(432,585)	(5,427,805)
(d) Deferred tax assets nonadmitted	10,385,212		10,385,212	54,172,418		54,172,418	(43,787,206)		(43,787,206)
(e) Subtotal net admitted deferred tax asset (1c - 1d)	\$ 200,232,708	\$ 1,011,204	\$ 201,243,912	\$ 161,440,722	\$ 1,443,789	\$ 162,884,511	\$ 38,791,986	\$ (432,585)	\$ 38,359,401
(f) Deferred tax liabilities	141,288,084	6,174,648	147,462,732	92,399,176	22,262,540	114,661,716	48,888,908	(16,087,892)	32,801,016
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	\$ 58,944,624	\$ (5,163,444)	\$ 53,781,180	\$ 69,041,546	\$ (20,818,751)	\$ 48,222,795	\$ (10,096,922)	\$ 15,655,307	\$ 5,558,385

(2) Admission calculation components SSAP No. 101

	2020			2019			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)	53,781,180		53,781,180	48,222,795		48,222,795	5,558,385		5,558,385
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	53,781,180		53,781,180	48,222,795		48,222,795	5,558,385		5,558,385
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	246,543,624	XXX	XXX	221,616,687	XXX	XXX	24,926,937
(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	146,451,528	1,011,204	147,462,732	113,217,927	1,443,789	114,661,716	33,233,601	(432,585)	32,801,016
(d) Deferred tax assets admitted as the result of application of SSAP No. 101									
Total (2(a) + 2(b) + 2(c))	\$ 200,232,708	\$ 1,011,204	\$ 201,243,912	\$ 161,440,722	\$ 1,443,789	\$ 162,884,511	\$ 38,791,986	\$ (432,585)	\$ 38,359,401

Notes to the Financial Statements

9. Income Taxes (Continued)

(3) Ratio used as basis of admissibility

	2020	2019
(a) Ratio percentage used to determine recovery period and threshold limitation amount	832.428 %	840.958 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 2,660,991,803	\$ 2,354,045,558

(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

	2020		2019		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)	\$ 210,617,920	\$ 1,011,204	\$ 215,613,140	\$ 1,443,789	\$ (4,995,220)	\$ (432,585)
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)	\$ 200,232,708	\$ 1,011,204	\$ 161,440,722	\$ 1,443,789	\$ 38,791,986	\$ (432,585)
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, 2020 and December 31, 2019, 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

	(1) 2020	(2) 2019	(3) Change (1-2)
Current income taxes incurred consist of the following major components:			
1. Current Income Tax			
(a) Federal	\$ (82,183,093)	\$ 87,906,048	\$ (170,089,141)
(b) Foreign			
(c) Subtotal	\$ (82,183,093)	\$ 87,906,048	\$ (170,089,141)
(d) Federal income tax on net capital gains	54,329,674	16,011,414	38,318,260
(e) Utilization of capital loss carry-forwards			
(f) Other	452,043		452,043
(g) Federal and foreign income taxes incurred	\$ (27,401,376)	\$ 103,917,462	\$ (131,318,838)

Notes to the Financial Statements

9. Income Taxes (Continued)

	(1) 2020	(2) 2019	(3) Change (1-2)
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$	\$	\$
(2) Unearned premium reserve			
(3) Policyholder reserves	144,325,842	145,426,606	(1,100,764)
(4) Investments	6,525,858	11,625,838	(5,099,980)
(5) Deferred acquisition costs	38,121,489	42,634,342	(4,512,853)
(6) Policyholder dividends accrual	7,043	7,498	(455)
(7) Fixed assets			
(8) Compensation and benefits accrual			
(9) Pension accrual			
(10) Receivables - nonadmitted		412	(412)
(11) Net operating loss carry-forward			
(12) Tax credit carry-forward			
(13) Other (including items less than 5% of total ordinary tax assets)	21,637,688	15,918,444	5,719,244
(99) Subtotal	<u>\$ 210,617,920</u>	<u>\$ 215,613,140</u>	<u>\$ (4,995,220)</u>
(b) Statutory valuation allowance adjustment			
(c) Nonadmitted	10,385,212	54,172,418	(43,787,206)
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>\$ 200,232,708</u>	<u>\$ 161,440,722</u>	<u>\$ 38,791,986</u>
(e) Capital			
(1) Investments	\$ 1,011,204	\$ 1,443,789	\$ (432,585)
(2) Net capital loss carry-forward			
(3) Real estate			
(4) Other (including items <5% of total capital tax assets)			
(99) Subtotal	<u>\$ 1,011,204</u>	<u>\$ 1,443,789</u>	<u>\$ (432,585)</u>
(f) Statutory valuation allowance adjustment			
(g) Nonadmitted			
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	1,011,204	1,443,789	(432,585)
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 201,243,912</u>	<u>\$ 162,884,511</u>	<u>\$ 38,359,401</u>
	(1) 2020	(2) 2019	(3) Change (1-2)
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$ 114,314,980	\$ 61,704,057	\$ 52,610,923
(2) Fixed assets			
(3) Deferred and uncollected premium			
(4) Policyholder reserves	25,517,422	28,744,451	(3,227,029)
(5) Other (including items <5% of total ordinary tax liabilities)	1,455,682	1,950,668	(494,986)
(99) Subtotal	<u>\$ 141,288,084</u>	<u>\$ 92,399,176</u>	<u>\$ 48,888,908</u>
(b) Capital			
(1) Investments	\$ 6,174,648	\$ 22,262,540	\$ (16,087,892)
(2) Real estate			
(3) Other (including items <5% of total capital tax liabilities)			
(99) Subtotal	<u>\$ 6,174,648</u>	<u>\$ 22,262,540</u>	<u>\$ (16,087,892)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ 147,462,732</u>	<u>\$ 114,661,716</u>	<u>\$ 32,801,016</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 53,781,180</u>	<u>\$ 48,222,795</u>	<u>\$ 5,558,385</u>

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):

	2020	2019	Change
Adjusted gross deferred tax assets	\$ 211,629,124	\$ 217,056,929	\$ (5,427,805)
Total deferred tax liabilities	(147,462,732)	(114,661,716)	(32,801,016)
Net deferred tax assets (liabilities)	\$ 64,166,392	\$ 102,395,213	\$ (38,228,821)
Tax effect of unrealized gains (losses)			39,752,025
Change in net deferred income tax			<u>\$ 1,523,204</u>

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)

	2020	Effective Tax Rate
Provision computed at statutory rate	\$ 5,293,338	21.000 %
Permanent differences		
IMR	(173,846)	-0.690
Nontaxable income	(217,247)	-0.862
Nondeductible expenses	28,823	0.114
Other permanent adjustments	452,043	1.793
Unrealized gain/(loss) - options	494,691	1.963
Affiliated expenses	(76,344)	-0.303
Non-admitted assets	(1,541,396)	-6.115
Specific reserves in surplus	(1,754,430)	-6.960
Prior year true-up and adjustments	4,883,600	19.374
Unrealized losses ceded	(35,525,634)	-140.939
Reinsurance adjustment A-791	(788,178)	-3.127
Total	\$ (28,924,580)	-114.751 %

	2020	Effective Tax Rate
Federal and foreign income tax incurred	\$ (82,183,093)	-326.041 %
Realized capital gains (losses) tax	54,329,674	215.539
Federal taxes allocated to prior period adjustments	452,043	1.793
Change in net deferred income taxes	(1,523,204)	-6.043
Total statutory income taxes	\$ (28,924,580)	-114.751 %

E. Operating Loss and Tax Credit Carryforwards

- (1) The Company has no tax attributes to carry forward at December 31, 2020.
- (2) Income tax expense available for recoupment

	Total
2018	\$
2019	30,830,447
2020	.....

- (3) There are no aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Code as of December 31, 2020 and 2019.

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
PL. 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 2020 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.

Some employees of Athene Employee Services LLC and Athene Annuity and Life Company participate in one or more Share Award Agreements (the Agreements) sponsored by Athene Holding Ltd., an indirect parent of the Company, for which the Company has no legal obligation. Salary expense of Athene Employee Services LLC and Athene Annuity and Life Company 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 \$15.3 million and \$13.5 million in 2020 and 2019, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

During December 2020, the Company received a \$200.0 million capital contribution from its direct parent, Athene USA Corporation (AUSA) and the Company made a \$200.0 million capital contribution to its wholly-owned subsidiary, AAIA.

B. No Significant Changes

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, 2020 and 2019, the Company reported \$0.1 million and \$0.2 million, respectively, receivable due from affiliates and \$7.5 million and \$6.4 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 \$75.9 million and \$58.9 million in 2020 and 2019, 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 \$14.1 million and \$13.7 million in 2020 and 2019, 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.

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				
AA Infrastructure Debt Fund 1	29.590 %	\$ 28,378,778	\$ 28,378,778	\$
MidCap Preferred Equity	3.120	6,000,000	6,000,000	
P.L. Assigned Services, Inc.	100.000	38,132		38,132
MidCap Ordinary Shares	6.850	1,050	1,050	
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 34,417,960	\$ 34,379,828	\$ 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	\$ 34,417,960	\$ 34,379,828	\$ 38,132
f. Aggregate Total (a+e)				
	XXX	\$ 34,417,960	\$ 34,379,828	\$ 38,132

Notes to the Financial Statements

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

(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						
PL. Assigned Services, INC	S2	08/31/2020	\$	Y	N	N/A
Total SSAP No. 97 8b(iii) Entities			\$			
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)			\$			
f. Aggregate Total (a+e)			\$			

* S1 - Sub-1, S2 - Sub-2 or RDF - Resubmission of Disallowed Filing
** I - Immaterial or M - Material

As an audit is not conducted for PL. Assigned Services, Inc. the investment is fully nonadmitted on the Company's balance sheet. MidCap Preferred Equity, AA Infrastructure Debt Fund 1 and MidCap Ordinary Shares are in the process of being filed with the NAIC.

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.

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	\$ 24,921,894	\$ (78,508,995)	\$ 1,312,234,523	\$ 1,390,743,518
Athene Re USA IV, Inc.		133,742,675	30,634,479	

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

As of the issue date of this report, the 2020 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.

Notes to the Financial Statements

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

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

11. Debt

A. AUSA is the holder of a five-year, Unsecured Revolving Promissory Note dated May 1, 2016 (the Promissory Note) with a maximum principal amount not to exceed \$200 million, among AUSA and certain of its subsidiaries, including the Company. The Promissory Note 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 1 month London Interbank Offered Rate + 162.5 basis points. 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 during the year ended December 31, 2020, and as such, no interest expense has been incurred by the Company during the year ended December 31, 2020.

B. FHLB (Federal Home Loan Bank) Agreements

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

During 2019, the Company became a member of the FHLB of Des Moines and is eligible to borrow under variable-rate short-term federal fund arrangements to provide additional liquidity. Total available borrowings are determined by the amount of collateral pledged, but cannot exceed 20% to 40% of the Company's total assets dependent upon the internal credit rating. The Company did not participate in short-term federal funds borrowing during 2020 and thus did not incur interest expense during 2020.

(2) FHLB capital stock

(a) Aggregate totals

	(1) Total (2+3)	(2) General Account	(3) Separate Accounts
1. Current Year			
(a) Membership stock - Class A	\$	\$	\$
(b) Membership stock - Class B	14,490,900	14,490,900	.....
(c) Activity stock	.....	.....	.....
(d) Excess stock	.....	.....	.....
(e) Aggregate total (a+b+c+d)	\$ 14,490,900	\$ 14,490,900	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 500,000,000		
2. Prior Year-End			
(a) Member stock - Class A	\$	\$	\$
(b) Membership stock - Class B	14,490,900	14,490,900	.....
(c) Activity stock	.....	.....	.....
(d) Excess stock	.....	.....	.....
(e) Aggregate total (a+b+c+d)	\$ 14,490,900	\$ 14,490,900	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$		

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

Membership Stock	(1) Current Year Total (2+3+4+5+6)	(2) Not Eligible for Redemption	Eligible for Redemption			
			(3) Less Than 6 Months	(4) 6 Months to Less Than 1 Year	(5) 1 to Less Than 3 Years	(6) 3 to 5 Years
1. Class A	\$	\$	\$	\$	\$	\$
2. Class B	\$ 14,490,900	\$ 10,000,000	\$	\$ 4,490,900	\$	\$

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

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

(3) Collateral pledged to FHLB

(a) Amount pledged as of reporting date

	(1) Fair Value	(2) Carrying Value	(3) Aggregate Total Borrowing
1. Current year total general and separate accounts total collateral pledged (Lines 2+3)	\$ 4,992,834	\$ 5,001,575	\$
2. Current year general account total collateral pledged	4,992,834	5,001,575	.....
3. Current year separate accounts total collateral pledged	.....	.....	.....
4. Prior year-end total general and separate accounts total collateral pledged	.....	.....	.....

Notes to the Financial Statements

11. Debt (Continued)

(b) Maximum amount pledged during reporting period

	(1)	(2)	(3)
	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
1. Current year total general and separate accounts maximum collateral pledged (Lines 2+3).....	\$ 4,998,782	\$ 5,003,180	\$
2. Current year general account maximum collateral pledged	4,998,782	5,003,180	.....
3. Current year separate accounts maximum collateral pledged .....			.....
4. Prior year-end total general and separate accounts maximum collateral pledged .....			.....

(4) Borrowing from FHLB

The Company had no borrowings from FHLB as of December 31, 2020 and 2019.

(a) Amount as of the reporting date - None

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

(c) FHLB - Prepayment obligations - None

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

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

- A. At December 31, 2020, 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. During June 2019, the Company's direct subsidiary, AAIA, distributed 100% of its membership interests in Athene Securities, LLC to the Company through a dividend of \$0.4 million. The Company then immediately distributed 100% of the membership interests in Athene Securities, LLC to its direct parent, AUSA, through a dividend of \$0.4 million. No dividends were paid by the Company during 2020.
- E. Within the limitations presented in item C above, based on December 31, 2020 results, the maximum dividend that may be paid without prior approval in 2021 is \$169.7 million.
- 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 (\$18.8) million at December 31, 2020.
- 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

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, 2020 the Company has unfunded commitments to invest in certain bonds, mortgage loans and partnership interests. The total unfunded commitments are \$1,957.4 million .

(2) Nature and circumstances of guarantee

See part 1 above.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

(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 2020 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 2020, 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	\$	579,098
b. Decreases current year:		
Paid premium tax offset applied	\$	106,525
Change in accrued premium tax offset		16,311
c. Increases current year:		
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges, current year-end	\$	456,262

(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) that, as of December 31, 2020, had an asset value of \$411.6 million, and is included in other assets on the consolidated balance sheets. In January 2012, the COLI policy administrator delivered to AAIA a supplement to the existing COLI policies and advised that American General and ZC Resource Investment Trust (ZC Trust) had unilaterally implemented changes set forth in the supplement that if effective, would: (1) potentially negatively impact the crediting rate for the policies and (2) change the exit and surrender protocols set forth in the policies. In March 2013, AAIA filed suit against American General, ZC Trust, and ZC Resource LLC in Chancery Court in Delaware, seeking, among other relief, a declaration that the changes set forth in the supplement were ineffectual and in breach of the parties' agreement. The parties filed cross motions for judgment as a matter of law, and the court granted defendants' motion and dismissed without prejudice on ripeness grounds. The issue that negatively impacts the crediting rate for one of the COLI policies has subsequently been triggered and on April 3, 2018, we filed suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief. Defendants moved to dismiss and the Court heard oral arguments on February 13, 2019. The Court issued an opinion on July 31, 2019 that did not address the merits, but found that Chancery Court did not have jurisdiction over our claims and directed us to either amend our complaint or transfer the matter to Delaware Superior Court. The matter has been transferred to the Delaware Superior Court. Defendants renewed their motion to dismiss and the Superior Court heard oral arguments on December 18, 2019. The Superior Court issued an opinion on May 18, 2020 in which it granted in part and denied in part defendants' motion. The Superior Court denied defendants' motion with respect to the issue that negatively impacts the crediting rate for one of the COLI policies, which issue will proceed to discovery. The Superior Court granted defendants' motion and dismissed without prejudice on ripeness grounds claims related to the exit and surrender protocols set forth in the policies, and dismissed defendant ZC Resource LLC. If the supplement is ultimately deemed to be effective, the purported changes to the policies could impair AAIA's ability to access the value of guarantees associated with the policies. The Superior Court issued a scheduling order providing for a July 2022 trial and the parties are currently engaged in discovery. The value of the guarantees included within the asset value reflected above is \$193.9 million as of December 31, 2020.

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.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

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.

On January 23, 2019, the Company's subsidiary AAIA received a letter from the NYDFS, with respect to a recent pension risk transfer (PRT) transaction, which expressed concerns with AAIA's interpretation and reliance upon certain exemptions from licensing in New York in connection with certain activities performed by employees in the PRT channel, including specific activities performed within New York. On April 13, 2020 AAIA entered into a consent order with the NYDFS to resolve this matter. Pursuant to the consent order, the NYDFS imposed a fine of \$45.0 million, which was accrued by AAIA as of December 31, 2019 and paid on April 22, 2020.

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

On June 5, 2019, the SEC adopted a rulemaking package designed to enhance the quality and transparency of retail investors' relationships with investment advisers and broker-dealers. The rule package is effective on September 10, 2019 with a compliance date of June 30, 2020. The rulemaking package included: Regulation Best Interest - the Broker-Dealer Standard of Conduct; the new Form CRS Relationship Summary; and two separate interpretations under the Investment Advisers Act of 1940. The Company believes the Regulation 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.

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

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

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

15. Leases - None

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

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.

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

	Assets		Liabilities	
	2020	2019	2020	2019
a. Swaps	\$ 1,788,420,540	\$ 188,731,358	\$ 839,710,922	\$ 558,921,689
b. Futures	507	655		
c. Options	4,205,085,977	4,847,603,223	1,773,357	520,549
d. Total	\$ 5,993,507,024	\$ 5,036,335,236	\$ 841,484,279	\$ 559,442,238

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.

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

Notes to the Financial Statements

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	\$	\$ 4	\$ 3,814,699	\$	\$ 3,814,703
Preferred stocks: affiliated			3,958,454		3,958,454
Common stock: unaffiliated	6,318,260	14,501,542	86,709		20,906,511
Common stock: affiliated			1,050		1,050
Derivative assets: Currency		94,617,831			94,617,831
Derivative assets: Options		135,734,009			135,734,009
Derivative assets: Futures	2,170,539				2,170,539
Derivative assets: Forwards		10,179,620			10,179,620
Separate account assets: Variable products		16,079,235			16,079,235
Total assets at fair value/NAV	\$ 8,488,799	\$ 271,112,240	\$ 7,860,912	\$	\$ 287,461,952
b. Liabilities at fair value					
Derivative liabilities: Options	\$	\$ 46,703	\$	\$	\$ 46,703
Derivative liabilities: Forwards		21,558,797			21,558,797
Separate account liabilities: Variable products		16,079			16,079
Total liabilities at fair value	\$	\$ 21,621,579	\$	\$	\$ 21,621,579

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

Description	Ending balance as of 12/31/2019	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance for 12/31/2020
a. Assets										
Bonds: RMBS	\$ 2,077,519	\$	\$ 1,798,058	\$ 271,914	\$ 363,496	\$	\$	\$ (696,288)	\$	\$ 3,814,699
Preferred stocks: affiliated			3,636,213		322,241					3,958,454
Common stock: unaffiliated	110,985				(24,276)					86,709
Common stock: affiliated					-	1,050				1,050
Total assets	\$ 2,188,504	\$	\$ 5,434,271	\$ 271,914	\$ 661,461	\$ 1,050	\$	\$ (696,288)	\$	\$ 7,860,912
b. Liabilities										
Total liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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

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

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

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

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

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in an active market.
- Level 2 – Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability.

Level 2 inputs include the following:

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

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

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

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

(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	\$ 21,222,911,888	\$ 20,298,631,000	\$ 2,917,097	\$ 18,851,873,560	\$ 2,368,121,231	\$	\$
Assets - Preferred stocks	189,884,689	180,768,889		153,806,827	36,077,862		
Assets - Common stocks unaffiliated	20,907,561	20,907,561	6,318,260	14,501,542	87,759		
Assets - Mortgage loans - first liens	3,461,938,257	3,362,596,753			3,461,938,257		
Assets - Mortgage loans - other than first liens	482,020,514	505,636,363			482,020,514		
Assets - Cash and short-term investments	1,343,508,812	1,343,466,227	1,327,483,104	16,025,708			
Assets - Policy loans	2,123,853	2,123,853		2,123,853			
Assets - Derivative assets	254,398,268	253,006,548	2,170,539	252,227,729			
Assets - Derivative collateral	22,160,000	22,160,000	22,160,000				
Assets - Other invested assets	1,871,153,001	1,856,156,483		68,512,120	505,817,183	1,296,823,698	
Assets - Separate account: variable products	16,079,235	16,079,235		16,079,235			
Liabilities - Deposit-type contracts	375,154,161	377,238,800			375,154,161		
Liabilities - Derivative liabilities	59,994,184	88,299,793		59,994,184			
Liabilities - Derivative and other collateral	210,346,188	210,346,188	210,346,188				

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

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

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

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

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

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

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

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. Fair value of funding agreements are calculated by discounting future cash flows using market rates on the valuation date, and are classified as Level 2.

D. Not Practicable to Estimate Fair Value - None

E. Nature and Risk of Investments Reported at NAV

The Company invests in certain non-fixed income, alternative investments in the form of limited partnerships (investment funds) which are reported at 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.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

As of December 31, 2020, the Company has \$775.3 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	\$ 125,168	\$ 125,168
Total		\$ 125,168	\$ 125,168

- (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	\$ 125,168	\$

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 2020 and 2019, 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.

- (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	\$ 3,873,930	\$ 3,849,535	\$ 5,452,573		%
b. Mortgages in good standing	231,706,983	254,977,266	481,981,222		
c. Mortgages with restructured terms					
d. Total	\$ 235,580,913	\$ 258,826,802	\$ 487,433,795	\$	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	\$ 127,882,483	\$ 134,453,319	\$ 139,491,391	\$
b. Commercial mortgage-backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investment in SCAs *				
f. Other assets				
g. Total	\$ 127,882,483	\$ 134,453,319	\$ 139,491,391	\$

* 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

Notes to the Financial Statements

21. Other Items (Continued)

- 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, 2021 for the statutory statement dated December 31, 2020.

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

23. Reinsurance

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 2020 and 2019, \$3.8 million and \$3.2 million, respectively, was amortized into income.

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, 2020.

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.

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? \$ 166,170
- (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)

Notes to the Financial Statements

23. Reinsurance (Continued)

- 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

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, 2020 and 2019, 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, 2020 and December 31, 2019. 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, 2020, the Company had \$584.8 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 \$6.6 million at December 31, 2020, are calculated annually, and were included in reserves on Page 3, Line 1 (Exhibit 5, Miscellaneous Reserves).
4. The tabular interest at December 31, 2020, (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, 2020 are as follows:

Notes to the Financial Statements

31. Reserves for Life Contracts and Annuity Contracts (Continued)

Item	Total	Industrial Life	Ordinary			Credit Life Group and Individual	Group	
			Life Insurance	Individual Annuities	Supplementary Contracts		Life Insurance	Annuities
Exhibit 7 - Funding agreement Day 1 Discounted Cash Flow Gain	\$(161,768,670)	\$	\$	\$(161,768,670)	\$	\$	\$	\$
Exhibit 7 - Funding agreement foreign currency translation adjustment	98,245,731			98,245,731				
Total	<u>\$(63,522,939)</u>	<u>\$</u>	<u>\$</u>	<u>\$(63,522,939)</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	\$ 14,089,303,448	\$	\$	\$ 14,089,303,448	66.488 %
b. At book value less current surrender charge of 5% or more	1,221,380,346			1,221,380,346	5.764
c. At fair value		3,890,478		3,890,478	0.018
d. Total with market value adjustment or at fair value (total of a through c)	15,310,683,794	3,890,478		15,314,574,272	72.271
e. At book value without adjustment (minimal or no charge or adjustment)	5,044,758,836			5,044,758,836	23.807
(2) Not subject to discretionary withdrawal	831,265,382			831,265,382	3.923
(3) Total (gross: direct + assumed)	21,186,708,012	3,890,478		21,190,598,490	100.000 %
(4) Reinsurance ceded	7,673,781			7,673,781	
(5) Total (net) (3 - 4)	\$ 21,179,034,231	\$ 3,890,478	\$	\$ 21,182,924,709	
(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:	\$ 255,855,489	\$	\$	\$ 255,855,489	

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	\$ 47,661,479	\$	\$	\$ 47,661,479	37.240 %
b. At book value less current surrender charge of 5% or more	19,204			19,204	0.015
c. At fair value					
d. Total with market value adjustment or at fair value (total of a through c)	47,680,683			47,680,683	37.255
e. At book value without adjustment (minimal or no charge or adjustment)	12,280,679			12,280,679	9.595
(2) Not subject to discretionary withdrawal	68,023,804			68,023,804	53.150
(3) Total (gross: direct + assumed)	127,985,166			127,985,166	100.000 %
(4) Reinsurance ceded	2,290,396			2,290,396	
(5) Total (net) (3 - 4)	\$ 125,694,770	\$	\$	\$ 125,694,770	
(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:	\$	\$	\$	\$	

Notes to the Financial Statements

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

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)	13,070,037			13,070,037	0.157
(2) Not subject to discretionary withdrawal	8,326,548,550			8,326,548,550	99.843
(3) Total (gross: direct + assumed)	8,339,618,587			8,339,618,587	100.000 %
(4) Reinsurance ceded	7,962,379,786			7,962,379,786	
(5) Total (net) (3 - 4)	\$ 377,238,801	\$	\$	\$ 377,238,801	
(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)	\$ 21,051,190,121
(2) Exhibit 5, supplementary contracts with life contingencies section, total (net)	253,538,881
(3) Exhibit of Deposit-type Contracts, Line 14, Column 1	377,238,800
(4) Subtotal	\$ 21,681,967,802
Separate Accounts Annual Statement	
(5) Exhibit 3, Line 0299999, Column 2	3,890,478
(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	\$ 3,890,478
(12) Combined total	\$ 21,685,858,280

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	\$	\$ 1,524,030	\$ 2,032,656
b. Universal Life	577,010,980	585,434,181	605,729,321
c. Universal Life with Secondary Guarantees			
d. Indexed Universal Life	1,011,517	942,411	1,011,517
e. Indexed Universal Life with Secondary Guarantees			
f. Indexed Life			
g. Other Permanent Cash Value Life Insurance	1,194,918	678,229,546	756,433,698
h. Variable Life			
i. Variable Universal Life	1,102,858	1,102,858	1,105,087
j. Miscellaneous Reserves			15,066
(2) Not subject to discretionary withdrawal or no cash values			
a. Term Policies without Cash Value	XXX	XXX	233,847,033
b. Accidental Death Benefits	XXX	XXX	3,835,828
c. Disability – Active Lives	XXX	XXX	4,383,363
d. Disability – Disabled Lives	XXX	XXX	10,205,737
e. Miscellaneous Reserves	XXX	XXX	6,622,565
(3) Total (gross: direct + assumed)	580,320,273	1,267,233,026	1,625,221,871
(4) Reinsurance Ceded	578,210,301	1,265,123,053	1,623,035,509
(5) Total (net) (3) - (4)	\$ 2,109,972	\$ 2,109,973	\$ 2,186,362

B. Separate Account with Guarantees - None

Notes to the Financial Statements

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

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	12,187,684	12,187,684	12,211,239
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)	12,187,684	12,187,684	12,211,239
(4) Reinsurance Ceded			
(5) Total (net) (3) - (4)	\$ 12,187,684	\$ 12,187,684	\$ 12,211,239

D. Reconciliation of Total Life Insurance Reserves

	Amount
Life & Accident & Health Annual Statement:	
(1) Exhibit 5, Life Insurance Section, Total (net)	\$ 2,181,784
(2) Exhibit 5, Accidental Death Benefits Section, Total (net)	12
(3) Exhibit 5, Disability – Active Lives Section, Total (net)	3,816
(4) Exhibit 5, Disability – Disabled Lives Section, Total (net)	750
(5) Exhibit 5, Miscellaneous Reserves Section, Total (net)	
(6) Subtotal	2,186,362
Separate Accounts Annual Statement:	
(7) Exhibit 3, Line 0199999, Column 2	12,211,239
(8) Exhibit 3, Line 0499999, Column 2	
(9) Exhibit 3, Line 0599999, Column 2	
(10) Subtotal (Lines (7) through (9))	12,211,239
(11) Combined Total ((6) and (10))	\$ 14,397,601

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, 2020 are attributed to the following products:

Product/Transaction	Legally Insulated Assets	Separate Account Assets (Not Legally Insulated)
Variable Universal Life Insurance	\$ 12,188,726	\$
Variable Annuities	3,890,509	
Total	\$ 16,079,235	\$

- (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.

Notes to the Financial Statements

35. Separate Accounts (Continued)

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, 2020.

	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 12/31/2020	\$	\$	\$	\$ 344,294	\$ 344,294
(2) Reserves at 12/31/2020 for accounts with assets at:					
a. Fair value				16,101,717	16,101,717
b. Amortized cost					
c. Total reserves	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 16,101,717</u>	<u>\$ 16,101,717</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				16,101,717	16,101,717
4. At book value without market value adjustment and with current surrender charge less than 5%					
5. Subtotal	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 16,101,717</u>	<u>\$ 16,101,717</u>
b. Not subject to discretionary withdrawal					
c. Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 16,101,717</u>	<u>\$ 16,101,717</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)				\$ 344,294	
b. Transfers from Separate Accounts (Page 4, Line 10)					546,562
c. Net transfers to or (from) Separate Accounts (a - b)				<u>\$ (202,268)</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)					\$ (202,268)

36. Loss/Claim Adjustment Expenses - None