

ANNUAL STATEMENT

OF THE

Athene Annuity and Life Company

TO THE

Insurance Department

OF THE

STATE OF

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

LIFE, ACCIDENT AND HEALTH

FRATERNAL BENEFIT SOCIETIES

2021

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Athene Annuity and Life 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)	47,312,106,902		47,312,106,902	39,805,410,008
2. Stocks (Schedule D):				
2.1 Preferred stocks	284,442,236		284,442,236	218,269,833
2.2 Common stocks	597,816,934		597,816,934	586,370,677
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	12,384,264,080		12,384,264,080	7,521,955,314
3.2 Other than first liens	1,587,365,315		1,587,365,315	1,265,440,502
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$				
encumbrances)				
4.2 Properties held for the production of income (less				
\$	9,388,542		9,388,542	9,388,542
encumbrances)				
4.3 Properties held for sale (less \$				
encumbrances)				
5. Cash (\$				
2,528,615,282 , Schedule E - Part 1), cash equivalents				
(\$				
, Schedule E - Part 2) and short-term				
investments (\$	4,990,271,715		4,990,271,715	3,807,048,181
2,461,656,433 , Schedule DA)				
6. Contract loans (including \$	130,214,239	730,929	129,483,311	147,255,534
premium notes)				
7. Derivatives (Schedule DB)	1,256,947,383		1,256,947,383	792,640,026
8. Other invested assets (Schedule BA)	4,495,435,892	140,483	4,495,295,409	2,626,686,740
9. Receivables for securities	171,703,103		171,703,103	70,904,845
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets	8,907,540		8,907,540	73,193,115
12. Subtotals, cash and invested assets (Lines 1 to 11)	73,228,863,880	871,411	73,227,992,469	56,924,563,316
13. Title plants less \$				
charged off (for Title insurers				
only)				
14. Investment income due and accrued	467,728,608	5,424,095	462,304,513	462,340,191
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				5,497
15.2 Deferred premiums and agents' balances and installments booked but				
deferred and not yet due (including \$				
earned but unbilled premiums)	6,531,967		6,531,967	6,741,197
15.3 Accrued retrospective premiums (\$				
) and				
contracts subject to redetermination (\$				
)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	205,427,382		205,427,382	230,176,940
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	1,684,966,911	609,083	1,684,357,827	1,564,892,451
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				7,443,646
18.2 Net deferred tax asset	180,616,551	103,904,154	76,712,397	11,861,594
19. Guaranty funds receivable or on deposit	658,553		658,553	639,640
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	193,480,834		193,480,834	16,184,785
24. Health care (\$	24,974,443	2,599,159	22,375,284	42,915,408
0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	407,136,099	28,422,888	378,713,210	412,514,528
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25)	76,400,385,228	141,830,791	76,258,554,436	59,680,279,192
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts	30,036,769,045		30,036,769,045	16,875,242,438
28. Total (Lines 26 and 27)	106,437,154,273	141,830,791	106,295,323,481	76,555,521,630
DETAILS OF WRITE-INS				
1101. Derivative Collateral Asset	8,907,540		8,907,540	73,193,115
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)	8,907,540		8,907,540	73,193,115
2501. Corporate Owned Life Insurance (COLI)	378,713,210		378,713,210	411,640,578
2502. Miscellaneous Assets	28,422,888	28,422,888		873,950
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	407,136,099	28,422,888	378,713,210	412,514,528

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Athene Annuity and Life Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$47,441,976,603 (Exh. 5, Line 9999999) less \$ included in Line 6.3 (including \$37,963,340,585 Modco Reserve)	47,441,976,603	46,015,816,240
2. Aggregate reserve for accident and health contracts (including \$1,133,172 Modco Reserve)	2,398,147	2,752,032
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$12,682,627,090 Modco Reserve)	12,744,714,746	2,107,173,943
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	230,675,427	228,035,868
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	7,434	12,583
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)		
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)		4,180
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including the liability of \$ accident and health experience rating refunds of which \$ is for medical loss ratio rebate per the Public Health Service Act		
9.3 Other amounts payable on reinsurance, including \$ assumed and \$3,229,793,598 ceded	3,229,793,598	2,611,669,078
9.4 Interest maintenance reserve (IMR, Line 6)	194,149,421	102,912,038
10. Commissions to agents due or accrued-life and annuity contracts \$14,410,868 accident and health \$ and deposit-type contract funds \$	14,410,868	8,498,379
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 7)	19,502,704	22,101,992
13. Transfers to Separate Accounts due or accrued (net) (including \$(622) accrued for expense allowances recognized in reserves, net of reinsured allowances)	2,415,584,012	2,026,424,135
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 6)	7,399,283	662,400
15.1 Current federal and foreign income taxes, including \$31,539,127 on realized capital gains (losses)	101,980,537	
15.2 Net deferred tax liability		
16. Unearned investment income	3,367,181	1,998,900
17. Amounts withheld or retained by reporting entity as agent or trustee	505,365	1,856,413
18. Amounts held for agents' account, including \$3,441,049 agents' credit balances	3,441,049	2,211,997
19. Remittances and items not allocated	146,469,795	153,461,203
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above	116,199	104,155
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)	1,313,954,239	940,517,699
24.02 Reinsurance in unauthorized and certified (\$) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers	1,294,044,178	1,323,388,253
24.04 Payable to parent, subsidiaries and affiliates	17,208,245	14,583,974
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	268,646,333	151,442,636
24.09 Payable for securities	110,440,563	58,504,925
24.10 Payable for securities lending		
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	6,275,547,200	3,388,232,588
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	75,836,333,129	59,162,365,612
27. From Separate Accounts Statement	29,180,138,653	16,080,921,495
28. Total liabilities (Lines 26 and 27)	105,016,471,782	75,243,287,107
29. Common capital stock	10,000,000	10,000,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	1,691,305,174	1,173,382,497
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(422,453,474)	128,852,026
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 \$856,630,392 in Separate Accounts Statement)	1,268,851,700	1,302,234,523
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	1,278,851,700	1,312,234,523
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	106,295,323,481	76,555,521,630
DETAILS OF WRITE-INS		
2501. Derivative and Other Collateral Liability	3,226,404,126	2,568,159,698
2502. Repurchase Agreement Liability	2,608,679,474	598,358,554
2503. Miscellaneous Liability	247,420,831	79,009,651
2598. Summary of remaining write-ins for Line 25 from overflow page	193,042,770	142,704,685
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	6,275,547,200	3,388,232,588
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)		

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Athene Annuity and Life Company

SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	3,650,964,224	1,856,533,173
2. Considerations for supplementary contracts with life contingencies	1,110,860	6,324,154
3. Net investment income (Exhibit of Net Investment Income, Line 17)	4,203,228,198	2,723,670,342
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	10,330,918	2,464,894
5. Separate Accounts net gain from operations excluding unrealized gains or losses	17,684,601	(25,005,130)
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	940,180,121	777,063,499
7. Reserve adjustments on reinsurance ceded	(2,946,559,689)	(1,464,523,487)
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	13,278,201	7,756,121
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	38,289,686	28,269,570
9. Total (Lines 1 to 8.3)	5,928,507,120	3,912,553,135
10. Death benefits	2,226,977	712,586
11. Matured endowments (excluding guaranteed annual pure endowments)	188	14,642
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	504,171,876	361,722,299
13. Disability benefits and benefits under accident and health contracts	376,152	394,195
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts	805,192,568	709,214,824
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds	(228,604,788)	(55,934,440)
18. Payments on supplementary contracts with life contingencies	10,376,790	10,477,476
19. Increase in aggregate reserves for life and accident and health contracts	1,425,806,478	871,352,764
20. Totals (Lines 10 to 19)	2,519,546,241	1,897,954,347
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1)	629,962,330	526,257,181
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	517,783	1,086,162
23. General insurance expenses and fraternal expenses (Exhibit 2, Line 10, Cols. 1, 2, 3, 4 and 6)	432,795,319	335,322,925
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3 + 5)	18,938,453	15,548,596
25. Increase in loading on deferred and uncollected premiums		1
26. Net transfers to or (from) Separate Accounts net of reinsurance	2,611,821,213	961,346,743
27. Aggregate write-ins for deductions	(126,169,639)	102,387,762
28. Totals (Lines 20 to 27)	6,087,411,700	3,839,903,718
29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 minus Line 28)	(158,904,579)	72,649,417
30. Dividends to policyholders and refunds to members	8	(292)
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(158,904,587)	72,649,709
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	70,441,410	44,156,755
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)	(229,345,997)	28,492,954
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$107,681,666 (excluding taxes of \$93,441,907 transferred to the IMR)	47,797,534	(36,456,667)
35. Net income (Line 33 plus Line 34)	(181,548,463)	(7,963,713)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2)	1,312,234,523	1,208,647,744
37. Net income (Line 35)	(181,548,463)	(7,963,713)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$(5,842,308)	217,747,574	(37,681,657)
39. Change in net unrealized foreign exchange capital gain (loss)	(44,605,989)	43,241,719
40. Change in net deferred income tax	162,912,649	83,641,668
41. Change in nonadmitted assets	(116,566,497)	(15,403,773)
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	(373,436,540)	(142,819,260)
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	(131,023,889)	(465,000,000)
47. Other changes in surplus in Separate Accounts Statement	44,624,848	445,969,752
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	517,922,677	211,432,030
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance	(124,802,413)	(11,054,682)
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus	(4,606,780)	(775,304)
54. Net change in capital and surplus for the year (Lines 37 through 53)	(33,382,823)	103,586,779
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	1,278,851,700	1,312,234,523
DETAILS OF WRITE-INS		
08.301. COLI Income	27,081,778	28,655,662
08.302. Miscellaneous Income (Expense)	11,207,908	(386,092)
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)	38,289,686	28,269,570
2701. Transfer to IMR - Ceded	(228,318,514)	36,117,501
2702. Funds Withheld Adjustment - Ceded	69,940,111	88,531,370
2703. Miscellaneous Expense	53,274,702	444,974
2798. Summary of remaining write-ins for Line 27 from overflow page	(21,065,938)	(22,706,083)
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	(126,169,639)	102,387,762
5301. Correction of Prior Period Error	(4,430,902)	(1,751,303)
5302. Athene Re IV Tax Sharing Agreement	(175,878)	975,999
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page		
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)	(4,606,780)	(775,304)

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Athene Annuity and Life Company

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	3,652,458,801	1,863,430,649
2. Net investment income	4,096,080,027	2,603,841,709
3. Miscellaneous income	794,252,090	798,353,277
4. Total (Lines 1 through 3)	8,542,790,918	5,265,625,636
5. Benefit and loss related payments	2,855,893,219	2,350,411,730
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	2,222,661,336	692,992,891
7. Commissions, expenses paid and aggregate write-ins for deductions	1,057,840,843	891,078,745
8. Dividends paid to policyholders	8	(292)
9. Federal and foreign income taxes paid (recovered) net of \$106,650,816 tax on capital gains (losses)	136,733,491	81,768,057
10. Total (Lines 5 through 9)	6,273,128,896	4,016,251,130
11. Net cash from operations (Line 4 minus Line 10)	2,269,662,021	1,249,374,506
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	15,369,230,503	6,550,765,037
12.2 Stocks	210,311,998	52,361,435
12.3 Mortgage loans	1,691,136,137	3,233,345,637
12.4 Real estate		4,866
12.5 Other invested assets	1,832,662,958	416,633,206
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	8,491,245	6,324,891
12.7 Miscellaneous proceeds	116,132,798	45,394,534
12.8 Total investment proceeds (Lines 12.1 to 12.7)	19,227,965,639	10,304,829,607
13. Cost of investments acquired (long-term only):		
13.1 Bonds	23,265,210,928	9,981,920,579
13.2 Stocks	256,089,372	150,309,588
13.3 Mortgage loans	6,886,906,198	1,982,627,468
13.4 Real estate		
13.5 Other invested assets	3,449,432,752	334,860,924
13.6 Miscellaneous applications	138,371,714	217,159,705
13.7 Total investments acquired (Lines 13.1 to 13.6)	33,996,010,963	12,666,878,263
14. Net increase (decrease) in contract loans and premium notes	(19,407,862)	(18,110,168)
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(14,748,637,462)	(2,343,938,488)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	300,000,000	200,000,000
16.3 Borrowed funds		(50,144,194)
16.4 Net deposits on deposit-type contracts and other insurance liabilities	10,637,540,803	1,730,418,756
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	2,724,658,171	197,097,314
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	13,662,198,974	2,077,371,876
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)	1,183,223,534	982,807,893
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	3,807,048,181	2,824,240,288
19.2 End of year (Line 18 plus Line 19.1)	4,990,271,715	3,807,048,181

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

20.0001. Capital contribution - non-cash (financing)	27,215,331	
20.0002. Capital contribution - non-cash (operating)	(27,215,331)	
20.0003. Capital contribution of stock compensation expense (financing)	15,707,346	11,432,030
20.0004. Capital contribution of stock compensation expense (investing)	(790,023)	(688,688)
20.0005. Capital contribution of stock compensation expense (operating)	(14,917,323)	(10,743,342)
20.0006. Security exchanges and asset in kind trades - bond proceeds (investing)	1,482,713,942	2,460,700,005
20.0007. Security exchanges and asset in kind trades - bonds acquired (investing)	(1,470,713,942)	(2,460,700,005)
20.0008. Reinsurance activity settled in bonds (operating)	577,685,122	79,294,017
20.0009. Reinsurance activity settled in bonds (investing)	(577,685,122)	(79,294,017)
20.0010. Security exchanges and asset in kind trades - other invested asset proceeds (investing)	43,000,000	374,297,159
20.0011. Security exchanges and asset in kind trades - other invested asset acquired (investing)	(43,000,000)	(374,294,863)
20.0012. Security exchanges and asset in kind trades - stocks acquired (investing)	(25,752,297)	(1,716,696)
20.0013. Interest capitalization (operating)	16,401,178	8,050,361

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

20.0014. Interest capitalization (investing) .....	.....(16,401,178)	.....(8,050,361)
20.0015. Security exchanges and asset in kind trades - stock proceeds (investing) .....	.....13,752,297	.....1,714,400
20.0016. Transfer from Schedule B to Schedule BA - proceeds (investing) .....		.....218,610,865
20.0017. Transfer from Schedule B to Schedule BA - acquired (investing) .....		.....(218,610,865)

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

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

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

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

In 2009, the Commissioner of the Division promulgated Iowa Administrative Code (IAC) Section 191-97, *Accounting for Certain Derivative Instruments Used to Hedge the Growth in Interest Credited for Indexed Insurance Products and Accounting for the Indexed Insurance Products Reserve*, which prescribes that an insurer may elect (i) to use an amortized cost method to account for certain derivative instruments, such as call options, purchased to hedge the growth in interest credited to the customer on indexed insurance products and (ii) to utilize an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. IAC Section 191-97 does not apply to products that do not guarantee a minimum interest accumulation, such as our variable and index-linked deferred annuities. The Company has elected to apply IAC Section 191-97 to its eligible over the counter (OTC) call options and reserve liabilities.

The NAIC requires annuities issued by life insurance companies on or after January 1, 2015, to use the 2012 Individual Annuity Reserving (IAR) Mortality Table. In 2015, the Division promulgated IAC Section 43.3(5), which set an elective alternative effective date of January 1, 2016 for adoption of the 2012 IAR Mortality Table. The Company chose to use the Annuity 2000 Mortality Table for all annuities issued in 2015.

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

	SSAP #	F/S Page	F/S Line #	2021	2020
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 2)	XXX	XXX	XXX	\$ (181,548,463)	\$ (7,963,713)
(2) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
Derivative Instruments Bulletin 06-01	86	4	38	3,328,595	4,966,262
Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	(98,310,207)	19,584,793
2012 IAR Mortality Table for Annuities Issued in 2015 IAC 43.3(5)	51	3	1	877,061	370,839
(3) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ (87,443,912)</u>	<u>\$ (32,885,607)</u>
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,278,851,700	\$ 1,312,234,523
(6) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	(91,108,291)	(83,808,046)
2012 IAR Mortality Table for Annuities Issued 2005 IAC 43.3(5)	51	3	1	6,176,112	5,299,051
(7) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 1,363,783,879</u>	<u>\$ 1,390,743,518</u>

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

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from the estimates used in preparing the financial statements.

C. Accounting Policy

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

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

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

- (1) Short-term investments are stated at amortized cost.

Notes to the Financial Statements

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

- (2) Bonds, other than loan-backed and structured securities, are stated at amortized cost or fair value based on their rating by the NAIC. Bonds held at amortized cost are amortized using the scientific interest method on a yield-to-worst basis.
- (3) Common stocks are stated at market value except that investments in stocks of subsidiaries and affiliates in which the Company has an interest of 10% or more are carried on the equity basis. Federal Home Loan Bank (FHLB) stock is carried at fair value, which is presumed to be par because it can only be redeemed by the bank.
- (4) Effective January 1, 2021, the Company adopted the revised guidance in SSAP No. 32R, *Preferred Stock*, which requires perpetual preferred stock to be carried at fair value, not to exceed any currently effective call price. Prior to 2021, perpetual preferred stock with an NAIC designation 1-3 was valued at cost, and perpetual preferred stock with an NAIC designation 4-6 was valued at the lower of cost or fair value. The impact at adoption did not have a material effect on the Company's financial statements.
- (5) Mortgage loans on real estate are stated at amortized cost.
- (6) Loan-backed and structured securities are stated at amortized cost or fair market value based on their rating by the NAIC. Changes to estimated cash flows on the securities are accounted for retrospectively for securities that are highly rated at the time of purchase and in which the security cannot be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. The prospective method is used for those securities where an other than temporary impairment has been taken, the security is not highly rated at the time of purchase, securities where receipt of all contractual principal cash flows is not expected, or those securities that can be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. Loan-backed and structured securities stated at amortized cost are amortized or accreted using the scientific interest method.
- (7) The Company carries investments in affiliated common stocks directly and indirectly owned at Statutory (insurance companies) or GAAP (non-insurance companies) net worth plus unamortized goodwill, if applicable, multiplied by the percent of the Company's ownership interest.
- (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 amortized cost. Replication synthetic asset transactions are reported at amortized cost. Derivative 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 items. All other derivative assets and liabilities are stated at fair value.
- (10) The Company does not have premium deficiency reserves for accident and health business.
- (11) Unpaid losses and loss adjustment expenses on any accident and health business include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates. While management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are periodically reviewed and any adjustment is reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not have any pharmaceutical rebate receivables.

D. Going Concern

Management's assessment of the relevant conditions through February 25, 2022 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

During the current year's financial statement preparation, the Company was notified by Accordia Life and Annuity Company of certain life insurance policies novated by them in error. This resulted in an overstatement of the Company's A-791 amortization in prior Annual Statements. After consideration of materiality and in accordance with SSAP No. 3 *Accounting Changes and Correction of Errors*, the correction was recorded directly to surplus. The impact of the correction of A-791 amortization represented a reclassification of \$4.4 million between income and surplus, with no net impact to surplus.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

On October 2, 2013, Athene Annuity & Life Assurance Company (AADE) contributed Athene Annuity & Life Assurance Company of New York (AANY), a New York insurance company, to the Company, which included remaining unamortized goodwill of \$10.7 million. The Company maintained AADE's original goodwill amortization schedule.

	1	2	3	4	5	6	7	8	9
		Acquisition date	Cost of acquired entity	Original amount of goodwill	Original amount of admitted goodwill	Admitted goodwill as of the reporting date	Amount of goodwill amortized during the reporting period	Book Value of SCA	Admitted goodwill as a % of SCA BACV, gross of admitted goodwill Col. 6/Col. 8
Athene Annuity & Life Assurance Company of New York		10/02/2013	\$ 193,313,705	\$ 10,649,373	\$ 10,649,373	\$ 1,064,937	\$ 1,064,937	\$ 304,229,488	0.350 %
Total		XXX	\$ 193,313,705	\$ 10,649,373	\$ 10,649,373	\$ 1,064,937	\$ 1,064,937	\$ 304,229,488	XXX

B. Statutory Merger - None

C. Assumption Reinsurance - None

D. Impairment Loss - None

Notes to the Financial Statements

3. Business Combinations and Goodwill (Continued)

E. Subcomponents and Calculation of Adjusted Surplus and Total Admitted Goodwill

	Calculation of Limitation Using Prior Quarter Numbers	Current Reporting Period
(1) Capital & Surplus	1,164,109,544	XXX
Less:		
(2) Admitted Positive Goodwill	1,331,172	XXX
(3) Admitted EDP Equipment & Operating System Software	-	XXX
(4) Admitted Net Deferred Taxes	79,055,939	XXX
(5) Adjusted Capital and Surplus (Line 1-2-3-4)	1,083,722,433	XXX
(6) Limitation on amount of goodwill (adjusted capital and surplus times 10% goodwill limitation [Line 5*10%])	108,372,243	XXX
(7) Current period reported Admitted Goodwill	XXX	1,064,937
(8) Current Period Admitted Goodwill as a % of prior period Adjusted Capital and Surplus (Line 7/Line 5)	XXX	0.098 %

4. Discontinued Operations - None

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

- (1) The maximum and minimum lending rates for new mortgage loans acquired during 2021 were 13.56% and 1.00%, 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 181.78%.
- (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	\$ 112,933,108	\$ 2,917,605,705	\$ 8,815,564,613	\$ 1,232,185,032	\$ 13,078,288,458		
(b) 30 - 59 days past due	20,857,683	179,426,923	7,309,551		207,594,158		
(c) 60 - 89 days past due	19,050,388	36,948,045		80,000,000	135,998,433		
(d) 90 - 179 days past due	138,797,375	26,442,133			165,239,508		
(e) 180+ days past due	333,010,099	51,498,739			384,508,838		
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded investment	\$ 138,797,375	\$ 8,783,815	\$	\$	\$ 147,581,190		
(b) Interest accrued	1,218,870	103,422			1,322,292		
3. Accruing Interest 180+ Days Past Due							
(a) Recorded investment	\$ 333,010,099	\$ 568,904	\$	\$	\$ 333,579,004		
(b) Interest accrued	6,562,417	2,934			6,565,351		
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	\$	\$ 2,203,515,751	\$ 5,124,568,437	\$ 1,211,640,502	\$ 8,539,724,691		
(b) 30 - 59 days past due		105,075,252	48,386,488		153,461,740		
(c) 60 - 89 days past due		30,630,307			30,630,307		
(d) 90 - 179 days past due		19,779,776			19,779,776		
(e) 180+ days past due		43,799,302			43,799,302		
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

	2021	2020
a. Balance at beginning of period	\$ 889,574	\$ 621,637
b. Additions charged to operations		267,937
c. Direct write-downs charged against the allowances		
d. Recoveries of amounts previously charged off	(716,675)	
e. Balance at end of period	\$ 172,899	\$ 889,574

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

(9) The company recognizes interest income on its impaired loans upon receipt.

Notes to the Financial Statements

5. Investments (Continued)

B. Debt Restructuring

	2021	2020
(1) The total recorded investment in restructured loans, as of year-end	\$ 7,715,251	\$ 8,610,179
(2) The realized capital losses related to these loans		
(3) Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings		
(4) The Company accrues interest income on restructured bonds to the extent it is deemed collectible (delinquent less than 90 days). Amounts over 90 days past due are nonadmitted. The Company does not accrue interest income on impaired mortgage loans. Net investment income reflects interest income on impaired mortgage loans only after the payment is received.		

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
007037AB0	\$ 2,222,762	\$ 2,186,681	\$ 36,081	\$ 2,186,681	\$ 2,140,833	03/31/2021
61748HVH1	2,308,833	2,275,891	32,943	2,275,891	2,139,886	03/31/2021
885220DS9	787,329	715,083	72,245	715,083	634,565	03/31/2021
41161PWC3	2,002,754	1,973,691	29,063	1,973,691	1,924,030	03/31/2021
46628BCC2	1,299,208	1,247,887	51,321	1,247,887	1,246,060	06/30/2021
61763DAN0	1,790,742	1,762,696	28,046	1,762,696	1,684,261	06/30/2021
65539KAF5	6,488,961	6,442,484	46,477	6,442,484	6,419,855	06/30/2021
12641TCC8	4,448,175	4,402,380	45,795	4,402,380	4,308,026	06/30/2021
65539LAF3	4,500,552	4,464,799	35,753	4,464,799	4,327,676	06/30/2021
125430AA6	3,118,096	3,078,019	40,077	3,078,019	2,989,832	09/30/2021
136040AA0	21,751,665	20,069,512	1,682,153	20,069,512	8,227,698	09/30/2021
17314UAJ7	3,333,448	3,247,033	86,415	3,247,033	3,084,263	09/30/2021
26827EAE5	18,539,868	16,304,240	2,235,628	16,304,240	11,826,082	09/30/2021
45660LF87	11,702,215	11,617,950	84,265	11,617,950	9,337,991	09/30/2021
46634DCC0	1,324,536	1,292,737	31,799	1,292,737	1,251,740	09/30/2021
61763DAN0	1,736,803	1,689,601	47,202	1,689,601	1,690,715	09/30/2021
65539KAF5	6,129,453	6,101,502	27,951	6,101,502	5,986,984	09/30/2021
G7256KAC8	1,339,787	992,857	346,930	992,857	516,580	09/30/2021
136040AA0	27,928,440	20,176,735	7,751,705	20,176,735	8,227,698	12/31/2021
05946XQ97	1,020,620	998,284	22,336	998,284	972,435	12/31/2021
32051GPW9	606,710	578,285	28,425	578,285	549,490	12/31/2021
362636AW2	932,275	908,163	24,112	908,163	883,889	12/31/2021
41161PWB5	1,408,608	1,375,795	32,813	1,375,795	1,280,697	12/31/2021
74931WAE8	5,088,335	5,047,811	40,524	5,047,811	4,823,582	12/31/2021
41161PWC3	1,715,392	1,657,694	57,698	1,657,694	1,554,243	12/31/2021
466247K28	590,179	554,601	35,578	554,601	495,732	12/31/2021
59024FAE4	3,068,580	3,052,321	16,259	3,052,321	1,626,037	12/31/2021
225470B77	7,147,156	7,115,306	31,850	7,115,306	6,929,297	12/31/2021
66704JAG3	31,482,553	30,672,784	809,769	30,672,784	28,181,548	12/31/2021
Total			\$ 13,811,215			

Notes to the Financial Statements

5. Investments (Continued)

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

The following table shows the gross unrealized losses and fair values of loan-backed securities, which have not been impaired to fair value, aggregated by length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2021:

a. The aggregate amount of unrealized losses:	
1. Less than 12 months	\$ 89,380,386
2. 12 months or longer	33,758,150
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 months	\$ 7,927,866,266
2. 12 months or longer	838,481,888

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

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

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Taker - Overview of Secured Borrowing Transactions

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

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

- (2) Type of repo trades used

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (Yes/No)	YES	YES	YES	YES
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				2,010,625,308
5. Over 1 month to 3 months				
6. Over 3 months to 1 year				
7. Over 1 year	598,651,804	598,651,804	598,651,804	598,651,804
b. Ending Balance				
1. Open - No maturity	\$	\$	\$	\$
2. Overnight				
3. 2 days to 1 week				
4. Over 1 week to 1 month				2,010,625,308
5. Over 1 month to 3 months				
6. Over 3 months to 1 year				
7. Over 1 year	598,651,804	598,027,085	598,027,085	598,054,166

- (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, 2021.

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV	XXX	XXX	XXX	\$ 2,384,141,535
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$ 716,793,655	\$ 716,793,655	\$ 716,793,655	\$ 2,684,893,950
b. Ending Balance				
1. BACV	XXX	XXX	XXX	\$ 2,384,141,535
2. Nonadmitted - Subset of BACV	XXX	XXX	XXX	\$
3. Fair Value	\$ 716,793,655	\$ 628,011,511	\$ 619,531,296	\$ 2,684,893,950

Notes to the Financial Statements

5. Investments (Continued)

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

Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Nonadmitted
a. Bonds - BACV	\$	\$ 1,135,857,219	\$ 1,248,284,316	\$	\$	\$	\$	\$
b. Bonds - FV		1,328,192,053	1,356,701,896					
c. LB & SS - BACV								
d. LB & SS - FV								
e. Preferred stock - BACV								
f. Preferred stock - FV								
g. Common stock								
h. Mortgage loans - BACV								
i. Mortgage loans - FV								
j. Real estate - BACV								
k. Real estate - FV								
l. Derivatives - BACV								
m. Derivatives - FV								
n. Other invested assets - BACV								
o. Other invested assets - FV								
p. Total assets - BACV	\$	\$ 1,135,857,219	\$ 1,248,284,316	\$	\$	\$	\$	\$
q. Total assets - FV	\$	\$ 1,328,192,053	\$ 1,356,701,896	\$	\$	\$	\$	\$

(7) Collateral received - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$ 598,651,804	\$ 598,651,804	\$ 598,651,804	\$ 2,609,277,112
2. Securities (FV)				
b. Ending Balance				
1. Cash	\$ 598,651,804	\$ 598,027,085	\$ 598,027,085	\$ 2,608,679,474
2. Securities (FV)				

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

Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Does Not Qualify as Admitted
a. Cash	\$ 2,608,679,474	\$	\$	\$	\$	\$	\$	\$
b. Bonds - FV								
c. LB & SS - FV								
d. Preferred stock - FV								
e. Common stock								
f. Mortgage loans - FV								
g. Real estate - FV								
h. Derivatives - FV								
i. Other Invested Assets - FV								
j. Total collateral assets - FV (sum of a through i)	\$ 2,608,679,474	\$	\$	\$	\$	\$	\$	\$

(9) Allocation of aggregate collateral by remaining contractual maturity

	Fair Value
a. Overnight and continuous	\$ -
b. 30 Days or less	2,010,625,308
c. 31 to 90 Days	-
d. More than 90 days	598,054,166

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

	Amortized Cost	Fair Value
a. 30 Days or less	\$ 2,608,679,474	\$ 2,608,679,474
b. 31 to 60 Days		
c. 61 to 90 Days		
d. 91 to 120 Days		
e. 121 to 180 Days		
f. 181 to 365 Days		
g. 1 to 2 Years		
h. 2 to 3 Years		
i. More than 3 years		

Notes to the Financial Statements

5. Investments (Continued)

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash (Collateral - All).....	\$ 598,651,804	\$ 598,651,804	\$ 598,651,804	\$ 2,609,277,112
2. Securities Collateral (FV).....				
b. Ending Balance				
1. Cash (Collateral - All).....	\$ 598,651,804	\$ 598,027,085	\$ 598,027,085	\$ 2,608,679,474
2. Securities Collateral (FV).....				
G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - None				
H. Repurchase Agreements Transactions Accounted for as a Sale - None				
I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - None				
J. Real Estate				
(1) Impairment loss - None				
(2) Real estate sold or classified held for sale - None				
(3) Changes to a plan of sale for an investment in real estate - None				
(4) Retail land sales operations - None				
(5) Participating mortgage loan features - None				
K. Low-Income Housing Tax Credits (LIHTC) - None				

Notes to the Financial Statements

5. Investments (Continued)

L. Restricted Assets

(1) Restricted assets (including pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year							Current Year			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(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	2,381,367,915				2,381,367,915	555,749,113	1,825,618,802		2,381,367,915	2.237	2.240
d. Subject to reverse repurchase agreements											
e. Subject to dollar repurchase agreements											
f. Subject to dollar reverse repurchase agreements											
g. Placed under option contracts											
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock											
i. FHLB capital stock	105,248,000				105,248,000	90,048,000	15,200,000		105,248,000	0.099	0.099
j. On deposit with states	7,124,065				7,124,065	5,765,127	1,358,938		7,124,065	0.007	0.007
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)		3,537,075,300				2,931,251,265	(2,931,251,265)				
m. Pledged as collateral not captured in other categories	542,028,640				542,028,640	592,100,061	(50,071,421)		542,028,640	0.509	0.510
n. Other restricted assets	1,216,033				1,216,033	2,539,989	(1,323,956)		1,216,033	0.001	0.001
o. Total restricted assets	\$ 3,036,984,653	\$ 3,537,075,300	\$	\$	\$ 3,036,984,653	\$ 4,177,453,555	\$ (1,140,468,902)	\$	\$ 3,036,984,653	2.853 %	2.857 %

(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							Current Year			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	Total General Account (G/A)	G/A Supporting Separate Account (S/A) Activity	Total S/A Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 + 3)	Total From Prior Year	Increase/ (Decrease) (5 - 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets, %	Admitted Restricted to Total Admitted Assets, %	
Secured Funding Agreement	\$ 476,573,580	\$	\$	\$	\$ 476,573,580	\$ 448,360,088	\$ 28,213,492	\$ 476,573,580	0.448 %	0.448 %	
Reinsurance trusts	56,547,520				56,547,520	70,546,858	(13,999,338)	56,547,520	0.053	0.053	
Derivative collateral asset	8,907,540				8,907,540	73,193,115	(64,285,575)	8,907,540	0.008	0.008	
Total	\$ 542,028,640	\$	\$	\$	\$ 542,028,640	\$ 592,100,061	\$ (50,071,421)	\$ 542,028,640	0.509 %	0.510 %	

Notes to the Financial Statements

5. Investments (Continued)

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

Description of Assets	Gross (Admitted & Nonadmitted) Restricted							Percentage		
	Current Year							(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, %	
Commercial mortgages	\$ 1,216,033	\$	\$	\$	\$ 1,216,033	\$ 2,539,989	\$ (1,323,956)	\$ 1,216,033	0.001 %	0.001 %
Total	\$ 1,216,033	\$	\$	\$	\$ 1,216,033	\$ 2,539,989	\$ (1,323,956)	\$ 1,216,033	0.001 %	0.001 %

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

Collateral Assets	(1) Book/Adjusted Carrying Value (BACV)	(2) Fair Value	(3) % of BACV to Total Assets (Admitted and Nonadmitted)	(4) % of BACV to Total Admitted Assets
General Account:				
a. Cash, cash equivalents and short-term investments	\$ 3,226,404,126	\$ 3,226,404,126	4.223 %	4.231 %
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	\$ 3,226,404,126	\$ 3,226,404,126	4.223 %	4.231 %
Separate Account:				
k. Cash, cash equivalents and short-term investments	\$	\$	%	%
l. Schedule D, Part 1				
m. Schedule D, Part 2, Section 1				
n. Schedule D, Part 2, Section 2				
o. Schedule B				
p. Schedule A				
q. Schedule BA, Part 1				
r. Schedule DL, Part 1				
s. Other				
t. Total Collateral Assets	\$	\$	%	%
			(1) Amount	(2) % of Liability to Total Liabilities
u. Recognized Obligation to Return Collateral Asset (General Account)			\$ 3,226,404,126	4.254 %
v. Recognized Obligation to Return Collateral Asset (Separate Account)			\$	%

M. Working Capital Finance Investments - None

N. Offsetting and Netting of Assets and Liabilities - None

O. 5GI Securities

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	2021	2020	2021	2020	2021	2020
(1) Bonds - amortized cost	-	1	\$ -	\$ 11,731,254	\$ -	\$ 11,308,929
(2) LB & SS - amortized cost						
(3) Preferred stock - amortized cost						
(4) Preferred stock - fair value						
(5) Total (1+2+3+4)	-	1	\$ -	\$ 11,731,254	\$ -	\$ 11,308,929

P. Short Sales - None

Q. Prepayment Penalty and Acceleration Fees

	General Account	Separate Account
(1) Number of CUSIPs	47	33
(2) Aggregate amount of investment income	\$ 30,784,087	\$ 8,235,110

Notes to the Financial Statements

5. Investments (Continued)

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

6. Joint Ventures, Partnerships and Limited Liability Companies

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

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

The Company recognized other-than-temporary impairments of \$9.5 million and \$29.3 million as of December 31, 2021 and 2020, respectively, on partnerships and limited liability companies included in Schedule BA. The impairments were based on an assessment that future cash flows of affected limited partnerships would be less than the cost basis of the limited partnership. Fair value is determined by statements received from the partnerships and limited liability companies.

7. Investment Income

A. Due and Accrued Income Excluded from Surplus

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

B. Total Amount Excluded

The total amount excluded was \$5.4 million and \$15.2 million as of December 31, 2021 and 2020, respectively.

8. Derivative Instruments

A. Derivatives under SSAP No. 86 - Derivatives

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

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

Variance Swaps: 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. The Company uses variance swaps to hedge the market risks from changes in volatility for these products. Under variance swaps, the Company and the counterparty agree to exchange amounts calculated based on a fixed rate (implied volatility at inception of transaction) and realized volatility over the life of the transaction (similar to an interest rate swap). Generally, no cash is exchanged at the outset of the contract and neither party makes principal payments. The parties with whom the Company enters into OTC variance swaps contracts are highly rated financial institutions which minimizes the credit risk associated with such contracts.

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

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

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

Currency Swaps: Foreign currency swaps are used by the Company 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, and are designated in a hedge accounting relationship, are recorded in a manner consistent with the hedged asset or liability. The change in the value of the hedged item due to fluctuations in foreign exchange rates is recorded as unrealized capital gains or losses until the time of sale. As such, the qualifying currency swap also records the change in value associated with fluctuations in foreign currency exchange rates in unrealized capital gains and losses.

Forwards: The Company uses foreign exchange forward contracts to hedge certain invested assets against movement in foreign currency. 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.

Credit Default Swaps: Credit default swaps are used to synthetically create the characteristics of a bond, or hedge credit risk, referred to as a replication synthetic asset transaction (RSAT). An RSAT is created by coupling a bond with a credit default swap to create a synthetic instrument that is cheaper than its cost in the cash market or one which has better default characteristics. These transactions provide the Company with a periodic premium to compensate it for accepting credit risk and are used to enhance investment income and improve the default characteristics of the portfolio. The exposure amount of such agreement, which is usually the notional amount, is equal to the maximum proceeds that must be paid by a counterparty for a defaulted security. Should a credit event occur on a reference entity, a counterparty would be required to pay the notional amount in exchange for receipt of an obligation of the reference entity. Generally, there is no cash requirement at the initiation of the credit default swap contract.

Notes to the Financial Statements

8. Derivative Instruments (Continued)

Credit default swaps used in replication transactions are carried at amortized cost. The premiums received are accrued and recognized in the Summary of Operations through investment income over the life of the agreements. A capital loss would be recorded on the date of default, through the Summary of Operations, to reflect the difference between the notional amount paid and the fair value of the bonds received.

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

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

- (2) See part (1) above.
- (3) See part (1) above.
- (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 instrument's gain or loss excluded from the assessment of hedge effectiveness.
- (6) There were no net gains or losses recognized in unrealized gains or losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting.
- (7) There are no derivatives accounted for as cash flow hedges of a forecasted transaction.
- (8) Premium Cost for Derivative Contracts - None

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

9. Income Taxes

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

(1) Change between years by tax character

	2021			2020			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	Total (Col 1+2)	Ordinary	Capital	Total (Col 4+5)	Ordinary (Col 1-4)	Capital (Col 2-5)	Total (Col 7+8)
(a) Gross deferred tax assets	\$ 482,548,626	\$	\$ 482,548,626	\$ 357,113,835	\$	\$ 357,113,835	\$ 125,434,791	\$	\$ 125,434,791
(b) Statutory valuation allowance adjustments	.....	.....	.....	.....	.....	.....	.....	.....	.....
(c) Adjusted gross deferred tax assets (1a - 1b)	482,548,626	.....	482,548,626	357,113,835	.....	357,113,835	125,434,791	.....	125,434,791
(d) Deferred tax assets nonadmitted	103,904,154	.....	103,904,154	.....	.....	.....	103,904,154	.....	103,904,154
(e) Subtotal net admitted deferred tax asset (1c - 1d)	\$ 378,644,472	\$	\$ 378,644,472	\$ 357,113,835	\$	\$ 357,113,835	\$ 21,530,637	\$	\$ 21,530,637
(f) Deferred tax liabilities	291,814,119	10,117,956	301,932,075	332,746,600	12,505,641	345,252,241	(40,932,481)	(2,387,685)	(43,320,166)
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	\$ 86,830,353	\$ (10,117,956)	\$ 76,712,397	\$ 24,367,235	\$ (12,505,641)	\$ 11,861,594	\$ 62,463,118	\$ 2,387,685	\$ 64,850,803

(2) Admission calculation components SSAP No. 101

	2021			2020			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	Total (Col 1+2)	Ordinary	Capital	Total (Col 4+5)	Ordinary (Col 1-4)	Capital (Col 2-5)	Total (Col 7+8)
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$	\$	\$	\$	\$	\$	\$	\$	\$
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (lesser of 2(b)1 and 2(b)2 below)	76,712,397	.....	76,712,397	68,868,813	.....	68,868,813	7,843,584	.....	7,843,584
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	76,712,397	.....	76,712,397	68,868,813	.....	68,868,813	7,843,584	.....	7,843,584
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	180,320,895	XXX	XXX	195,055,939	XXX	XXX	(14,735,044)
(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	301,932,075	.....	301,932,075	288,245,022	.....	288,245,022	13,687,053	.....	13,687,053
(d) Deferred tax assets admitted as the result of application of SSAP No. 101.	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total (2(a) + 2(b) + 2(c))	\$ 378,644,472	\$	\$ 378,644,472	\$ 357,113,835	\$	\$ 357,113,835	\$ 21,530,637	\$	\$ 21,530,637

Notes to the Financial Statements

9. Income Taxes (Continued)

(3) Ratio used as basis of admissibility

	2021	2020
(a) Ratio percentage used to determine recovery period and threshold limitation amount	705.204 %	826.494 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 2,542,684,029	\$ 2,267,588,706

(4) Impact of tax-planning strategies

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

	2021		2020		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	Ordinary (Col. 1-3)	Capital (Col. 2-4)
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 482,548,626	\$	\$ 357,113,835	\$	\$ 125,434,791	\$
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)	\$ 378,644,472	\$	\$ 357,113,835	\$	\$ 21,530,637	\$
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

During 2021, the Company changed its intent with respect to life insurance policies owned by the Company insuring the lives of certain officers and employees. The Company previously intended to realize tax-exempt benefits upon the death of the insured lives. Prior to 2021, no DTL's were recognized with respect to life insurance policies owned by the Company. As of December 31, 2021, the Company intends to surrender all the policies prior to the death of the insured lives. The Company established DTL of \$46.9 million for the expected tax liability it may incur upon surrender of the life insurance policies.

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) 2021	(2) 2020	(3) Change (1-2)
Current income taxes incurred consist of the following major components:			
1. Current Income Tax			
(a) Federal	\$ 70,441,410	\$ 44,156,755	\$ 26,284,655
(b) Foreign			
(c) Subtotal	\$ 70,441,410	\$ 44,156,755	\$ 26,284,655
(d) Federal income tax on net capital gains	201,123,573	20,002,166	181,121,407
(e) Utilization of capital loss carry-forwards			
(f) Other	-	5,296,323	(5,296,323)
(g) Federal and foreign income taxes incurred	\$ 271,564,983	\$ 69,455,244	\$ 202,109,739

Notes to the Financial Statements

9. Income Taxes (Continued)

	(1) 2021	(2) 2020	(3) Change (1-2)
2. Deferred Tax Assets			
(a) Ordinary			
(1) Discounting of unpaid losses	\$	\$	\$
(2) Unearned premium reserve			
(3) Policyholder reserves	412,083,309	302,874,168	109,209,141
(4) Investments			
(5) Deferred acquisition costs	51,242,562	45,528,875	5,713,687
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	3,537	3,740	(203)
(8) Compensation and benefits accrual	889,740	536,377	353,363
(9) Pension accrual			
(10) Receivables - nonadmitted	673,731	990,768	(317,037)
(11) Net operating loss carry-forward	-	1,863	(1,863)
(12) Tax credit carry-forward			
(13) Other (including items less than 5% of total ordinary tax assets)	17,655,747	7,178,044	10,477,703
(99) Subtotal	<u>\$ 482,548,626</u>	<u>\$ 357,113,835</u>	<u>\$ 125,434,791</u>
(b) Statutory valuation allowance adjustment			
(c) Nonadmitted	103,904,154	-	103,904,154
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	<u>\$ 378,644,472</u>	<u>\$ 357,113,835</u>	<u>\$ 21,530,637</u>
(e) Capital			
(1) Investments	\$	\$	\$
(2) Net capital loss carry-forward			
(3) Real estate			
(4) Other (including items <5% of total capital tax assets)			
(99) Subtotal	<u>\$</u>	<u>\$</u>	<u>\$</u>
(f) Statutory valuation allowance adjustment			
(g) Nonadmitted			
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)			
(i) Admitted deferred tax assets (2d + 2h)	<u>\$ 378,644,472</u>	<u>\$ 357,113,835</u>	<u>\$ 21,530,637</u>
	(1) 2021	(2) 2020	(3) Change (1-2)
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$ 147,378,277	\$ 148,955,210	\$ (1,576,933)
(2) Fixed assets			
(3) Deferred and uncollected premium	1,371,713	1,416,806	(45,093)
(4) Policyholder reserves	143,064,129	182,374,584	(39,310,455)
(5) Other (including items <5% of total ordinary tax liabilities)			
(99) Subtotal	<u>\$ 291,814,119</u>	<u>\$ 332,746,600</u>	<u>\$ (40,932,481)</u>
(b) Capital			
(1) Investments	\$ 10,117,956	\$ 12,505,641	\$ (2,387,685)
(2) Real estate			
(3) Other (including items <5% of total capital tax liabilities)			
(99) Subtotal	<u>\$ 10,117,956</u>	<u>\$ 12,505,641</u>	<u>\$ (2,387,685)</u>
(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ 301,932,075</u>	<u>\$ 345,252,241</u>	<u>\$ (43,320,166)</u>
4. Net deferred tax assets/liabilities (2i - 3c)	<u>\$ 76,712,397</u>	<u>\$ 11,861,594</u>	<u>\$ 64,850,803</u>

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

	2021	2020	Change
Adjusted gross deferred tax assets	\$ 482,548,626	\$ 357,113,835	\$125,434,791
Total deferred tax liabilities	(301,932,075)	(345,252,241)	43,320,166
Net deferred tax assets (liabilities)	\$ 180,616,551	\$ 11,861,594	\$168,754,957
Tax effect of unrealized gains (losses)			(5,842,308)
Change in net deferred income tax			<u>\$162,912,649</u>

D. Among the More Significant Book to Tax Adjustments

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

Notes to the Financial Statements

9. Income Taxes (Continued)

	2021	Effective Tax Rate
Provision computed at statutory rate	\$ (719,331)	21.000 %
IMR	38,450,151	-1,122.507
Nontaxable income	(676,031)	19.736
Nondeductible expenses	317,619	-9.273
Affiliated expenses	4,534,019	-132.365
Non-admitted assets	(2,390,352)	69.783
Specific reserves in surplus	192,551	-5.621
Prior year true-up and adjustments	8,005,416	-233.708
Unrealized (gain) loss ceded	(11,762,967)	343.406
Reinsurance adjustment A-791	(1,708,601)	49.881
Unrealized gain (loss) on options	22,198,982	-648.072
Corporate Owned Life Insurance	52,210,878	-1,524.233
Total	<u>\$ 108,652,334</u>	<u>-3,171.973 %</u>

	2021	Effective Tax Rate
Federal and foreign income taxes incurred	\$ 70,441,410	-2,056.451 %
Realized capital gains (losses) tax	201,123,573	-5,871.558
Change in net deferred income taxes	(162,912,649)	4,756.036
Total statutory income taxes	<u>\$ 108,652,334</u>	<u>-3,171.973 %</u>

E. Operating Loss and Tax Credit Carryforwards

(1) The Company has no tax attribute carry forwards at December 31, 2021.

(2) Income tax expense available for recoupment

The amount of capital gains taxes incurred available for recoupment in the event of future capital losses are:

	Total
2019	\$ 10,140,723
2020	-
2021	197,321,102

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

F. Consolidated Federal Income Tax Return

The Company files as a member of a consolidated federal income tax return with its indirect parent company, Athene USA Corporation. The Company is a party to a written tax sharing agreement that has been approved by the Board of Directors. Allocation of tax benefits is based on separate returns. Losses are paid at the time they can be used in the consolidated return. Intercompany tax balances are settled quarterly.

The Company has also entered into a supplemental tax sharing agreement with Athene Re USA IV, Inc. (Athene Re IV), whereby the Company is obligated to perform all of Athene Re IV's tax sharing obligations and is entitled to accept all of Athene Re IV's tax sharing benefits. Accordingly, any current taxes payable or receivable by Athene Re IV are reflected by the Company.

The following entities are included in the consolidated return:

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

G. Federal or Foreign Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total tax liability will significantly increase within 12 months of the reporting date.

H. Repatriation Transition Tax (RTT) - None

I. Alternative Minimum Tax (AMT) Credit - None

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

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

Notes to the Financial Statements

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

The Company cedes a quota share of its annuity and funding agreement business to Athene Annuity Re Ltd. (AARe), an affiliated Bermuda reinsurer, and AADE, and 100% of the Closed Block liabilities to Athene Re IV. The Company cedes to Structured Annuity Reinsurance Company a 100% quota share of its benefits payable for all structured annuity contracts issued by the Company to Aviva London Assignment Corporation (an affiliated company prior to October 2, 2013). See disclosures in Schedule S and Schedule Y, part 2.

On March 8, 2021, Athene Holding Ltd. (AHL), an indirect parent of the Company, entered into an Agreement and Plan of Merger (Merger Agreement), by and among AHL, Apollo Global Management, Inc., a Delaware corporation (AGM), Tango Holdings, Inc., a Delaware corporation and a direct wholly owned subsidiary of AGM (HoldCo), Blue Merger Sub, Ltd., a Bermuda exempted company and a direct wholly owned subsidiary of HoldCo (AHL Merger Sub), and Green Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of HoldCo (AGM Merger Sub). AHL and AGM have agreed, subject to the terms and conditions of the Merger Agreement, to effect an all-stock merger transaction to combine the respective businesses by: (1) AGM merging with AGM Merger Sub, with AGM surviving such merger as a direct wholly owned subsidiary of HoldCo (AGM Merger), (2) AHL merging with AHL Merger Sub, with AHL surviving such merger as a direct, wholly owned subsidiary of HoldCo (AHL Merger and, together with the AGM Merger, Mergers), and (3) as of the effective time of the Mergers, changing the name of HoldCo to be Apollo Global Management, Inc. The Mergers closed on January 1, 2022 and AHL became a direct wholly owned subsidiary of AGM.

Some employees of the Company and Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by AHL for which the Company has no legal obligation. Salary expense of the Company and of Athene Employee Services LLC is allocated through the Shared Services Agreement. Under SSAP No. 104R, *Share-Based Payments*, the stock compensation expense associated with the Agreements that would have been allocated to the Company is required to be recorded as a capital contribution to the reporting entity. The Company has allocated the stock compensation expense associated with the Agreements based on the same methodology as the Shared Services Agreement. In accordance with SSAP No. 104R, the Company incurred expense and recorded a capital contribution under the Agreements totaling \$15.7 million and \$11.4 million for the years ended December 31, 2021 and December 31, 2020, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

Pursuant to the Company's tax allocation agreement, during the third quarter of 2021, the Company recorded a \$27.2 million capital contribution as indemnification from AUSA related to a tax settlement.

During December 2021, the Company received a \$300.0 million capital contribution from AADE.

During December 2021, the Company made a \$15 million capital contribution to its wholly owned subsidiary, Athene Re IV.

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

B. See part A above.

C. Transactions With Related Party Who Are Not Reported on Schedule Y

There are no related party transactions greater than ½ of 1% of total admitted assets individually or in the aggregate that require further disclosure.

D. As of December 31, 2021 and 2020, the Company reported \$193.5 million and \$16.2 million, respectively, receivable due from affiliates and \$17.2 million and \$14.6 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 and separate account assets of \$257.3 million and \$195.7 million in 2021 and 2020, respectively.

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 \$295.3 million and \$245.4 million in 2021 and 2020, respectively.

F. See Note 14 for details of the Company's affiliated guarantees.

G. The operating results and financial position of the Company as reported in these financial statements would not be significantly different from those that would have been obtained if the Company were autonomous.

H. Amount Deducted for Investment in Upstream Company - None

I. The Company does not hold an investment in a subsidiary, controlled or affiliated company (SCA) that exceeds 10% of admitted assets.

J. The Company did not recognize any impairment write downs for its investment in SCAs during the statement period.

K. The Company does not hold an investment in a foreign insurance subsidiary.

L. The Company does not hold an investment in a downstream noninsurance holding company.

Notes to the Financial Statements

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

M. All SCA Investments

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

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities	XXX	\$	\$	\$
b. SSAP No. 97 8b(ii) Entities				
Total SSAP No. 97 8b(ii) Entities	XXX	\$	\$	\$
c. SSAP No. 97 8b(iii) Entities				
MidCap Preferred Equity	31.250 %	\$ -	\$ -	\$ -
AA Infrastructure Debt Fund 1	38.900	56,066,725	56,066,725	
MidCap Ordinary Shares	15.300	2,662	2,662	
Centralife Annuities Services, Inc.	100.000	-	-	
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 56,069,387	\$ 56,069,387	\$
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	\$ 56,069,387	\$ 56,069,387	\$
f. Aggregate Total (a+e)				
	XXX	\$ 56,069,387	\$ 56,069,387	\$

(2) NAIC filing response information

SCA Entity	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received (Yes/No)	NAIC Disallowed Entities Valuation Method, Resubmission Required (Yes/No)	Code**
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities			\$			
b. SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) Entities			\$			
c. SSAP No. 97 8b(iii) Entities						
MidCap Preferred Equity	S1	10/01/2021	\$ -	YES	N	M
AA Infrastructure Debt Fund 1	S1	03/04/2021	56,066,725	YES	N	I
MidCap Ordinary Shares	S1	10/01/2021	2,662	YES	N	I
Centralife Annuities Services, Inc.	S2	10/22/2021	-	YES	N	I
Total SSAP No. 97 8b(iii) Entities			\$ 56,069,387			
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)						
			\$ 56,069,387			
f. Aggregate Total (a+e)						
			\$ 56,069,387			

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

** I - Immaterial or M - Material

N. Investment in Insurance SCAs

The Company owns all of the outstanding capital stock of Athene Re IV, a special purpose financial captive life insurance company domiciled in the State of Vermont.

(1) 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 admitted assets the value of a letter of credit serving as collateral for reinsurance credit taken by the Company in connection with reinsurance agreements entered into between Athene Re IV and the Company. 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 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 Re IV	\$	\$ 117,144,345	\$ 44,726,190	\$

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

As of the issue date of this report, the 2021 statutory audit of Athene Re IV has not been completed.

Notes to the Financial Statements

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

(3) If Athene Re IV had not been permitted to include the letter of credit in surplus, its risk-based capital would have been below Mandatory Control Level.

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

11. Debt

A. Effective May 1, 2021, the Company entered into an unsecured revolving promissory note (the Promissory Note), with Athene USA (AUSA) and certain of AUSA's other subsidiaries, pursuant to which the Company and other borrower parties thereto may borrow up to \$200 million from AUSA. The Promissory Note has a 5 year term and was approved by the Iowa Insurance Division. Interest shall accrue on the principal balance from time to time outstanding at a rate per annum equal to 2.085%. The Company shall pay such interest in arrears quarterly on the last day of each March, June, September and December, on any day any portion of the principal balance is repaid or prepaid. No amount has been drawn under the Promissory Note by the Company during the year ended December 31, 2021, and as such, no interest expense has been incurred by the Company during the year ended December 31, 2021.

B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the FHLB of Des Moines. Through its membership, the Company is eligible to borrow under variable rate short-term federal fund arrangements to provide additional liquidity. These borrowings are accounted for as borrowed money under SSAP No. 15, *Debt and Holding Company Obligations*. During April 2021, the Company borrowed \$470.0 million with an interest rate of 0.3% under the FHLB short-term arrangement. The borrowing was repaid during April 2021. During October 2021, the Company borrowed \$145.0 million with an interest rate of 0.32% under the FHLB short-term arrangement. The borrowing was repaid in December 2021. The Company did not have any outstanding borrowings as of December 31, 2021 or December 31, 2020. The Company incurred interest expense on short-term borrowings of \$0.2 million and \$2.7 million in the general and separate account for the years ended December 31, 2021 and December 31, 2020, respectively.

The Company has issued separate account funding agreements to the FHLB of Des Moines in exchange for cash resulting in a liability of \$2,298.9 million as of December 31, 2021. The Company uses these funds in an investment spread strategy, consistent with its other investment spread operations. As such, the Company applies SSAP No. 52, *Deposit-Type Contracts*, accounting treatment to these funds, consistent with its other deposit-type contracts. It is not part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Des Moines for use in general operations would be accounted for consistent with SSAP No. 15 as borrowed money.

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

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

(2) FHLB capital stock

(a) Aggregate totals

	(1) Total (2+3)	(2) General Account	(3) Separate Accounts
1. Current Year			
(a) Membership stock - Class A	\$	\$	\$
(b) Membership stock - Class B	10,000,000	10,000,000	.....
(c) Activity stock	95,248,000	95,248,000	.....
(d) Excess stock	.....	.....	.....
(e) Aggregate total (a+b+c+d)	\$ 105,248,000	\$ 105,248,000	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 3,200,000,000		
2. Prior Year-End			
(a) Membership stock - Class A	\$	\$	\$
(b) Membership stock - Class B	10,000,000	10,000,000	.....
(c) Activity stock	80,048,000	80,048,000	.....
(d) Excess stock	.....	.....	.....
(e) Aggregate total (a+b+c+d)	\$ 90,048,000	\$ 90,048,000	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 3,200,000,000		

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

	(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
Membership Stock						
1. Class A	\$	\$	\$	\$	\$	\$
2. Class B	\$ 10,000,000	\$ 10,000,000	\$	\$	\$	\$

Notes to the Financial Statements

11. Debt (Continued)

(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)	\$ 3,625,145,066	\$ 3,537,075,300	\$ 2,381,200,000
2. Current year general account total collateral pledged	3,625,145,066	3,537,075,300	
3. Current year separate accounts total collateral pledged			2,381,200,000
4. Prior year-end total general and separate accounts total collateral pledged	3,074,082,334	2,931,251,265	2,001,200,000

(b) Maximum amount pledged during reporting period

	(1) Fair Value	(2) Carrying Value	(3) Amount Borrowed at Time of Maximum Collateral
1. Current year total general and separate accounts maximum collateral pledged (Lines 2+3)	\$ 3,625,145,066	\$ 3,537,075,300	\$ 2,381,200,000
2. Current year general account maximum collateral pledged	3,625,145,066	3,537,075,300	
3. Current year separate accounts maximum collateral pledged			2,381,200,000
4. Prior year-end total general and separate accounts maximum collateral pledged	3,074,082,334	2,931,251,265	2,001,200,000

(4) Borrowing from FHLB

(a) Amount as of the reporting date

	(1) Total (2+3)	(2) General Account	(3) Separate Accounts	(4) Funding Agreements Reserves Established
1. Current Year				
(a) Debt	\$	\$	\$	XXX
(b) Funding agreements	2,381,200,000		2,381,200,000	\$ 2,298,946,950
(c) Other				XXX
(d) Aggregate total (a+b+c)	<u>\$ 2,381,200,000</u>	<u>\$</u>	<u>\$ 2,381,200,000</u>	<u>\$ 2,298,946,950</u>
2. Prior Year-end				
(a) Debt	\$	\$	\$	XXX
(b) Funding agreements	2,001,200,000		2,001,200,000	\$ 1,914,668,450
(c) Other				XXX
(d) Aggregate total (a+b+c)	<u>\$ 2,001,200,000</u>	<u>\$</u>	<u>\$ 2,001,200,000</u>	<u>\$ 1,914,668,450</u>

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

	(1) Total (2+3)	(2) General Account	(3) Separate Accounts
1. Debt	\$ 470,000,000	\$ 470,000,000	\$
2. Funding agreements	2,381,200,000		2,381,200,000
3. Other			
4. Aggregate total (Lines 1+2+3)	<u>\$ 2,851,200,000</u>	<u>\$ 470,000,000</u>	<u>\$ 2,381,200,000</u>

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

(c) FHLB - Prepayment obligations

Does the company have prepayment obligations under the following arrangements (YES/NO)?

1. Debt	NO
2. Funding agreements	NO
3. Other	NO

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

- A. Defined Benefit Plan - None
- B. Investment Policies and Strategies of Plan Assets - None
- C. Fair Value of Each Class of Plan Assets - None

Notes to the Financial Statements

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

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

E. Defined Contribution Plans - None

F. Multiemployer Plans - None

G. Consolidated/Holding Company Plans

The Company is allocated a portion of the costs related to a qualified contribution savings and retirement plan sponsored by AUSA. The plan is a qualified 401(k) plan covering officers and employees. The plan provides only non-discretionary company matching contributions. Expenses allocated to the Company from the plans for AUSA's contributions amounted to \$6.9 million for 2021 and 2020.

H. Postemployment Benefits and Compensated Absences - None

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

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

A. At December 31, 2021 the Company has authorized and issued 10.0 million shares of \$1 par common stock which are outstanding and owned by AADE.

B. Dividend Rate of Preferred Stock - None

C. The payment of dividends by the Company to its parent is regulated under Iowa law. Under Iowa law, the Company may pay dividends only from the earned surplus arising from its business and must receive the prior approval (or non-disapproval) of the Iowa Insurance Commissioner to pay any dividend that would exceed certain statutory limitations.

In connection with the acquisition of Aviva USA during 2013, AHL 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. 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%.

Effective January 30, 2020, the Company's parent, AADE, entered into a Capital Maintenance Agreement to provide capital support to the Company, in an amount sufficient to satisfy the insurance laws of the State of New Jersey, in order to obtain authority for the Company to issue registered index-linked annuities in New Jersey. The agreement will remain in effect for ten years.

D. Ordinary Dividends - None

E. Within the limitations presented in item C above, based on December 31, 2021 results, the maximum dividend that may be paid without prior approval in 2022 is \$0.

F. The unassigned surplus is held for the benefit of the Company's shareholder.

G. Surplus Advances - None

H. Stock Held for Special Purposes - None

I. Changes in Special Surplus Funds - None

J. Unassigned Funds (Surplus)

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and (losses), net of capital gains tax is \$217.7 million at December 31, 2021.

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

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

M. During the quarter ended March 31, 2017, the Company recorded a surplus reset under SSAP No. 72, *Surplus and Quasi-Reorganizations*, in the amount of \$1,502.3 million, resulting in a reclassification between unassigned surplus and gross paid-in and contributed surplus. In accordance with SSAP No. 72, the Company is required to disclose this surplus reset for ten years following its effective date.

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

As of December 31, 2021, the Company has unfunded commitments to invest in certain bonds, mortgage loans, and partnership interests. The total unfunded commitments of the general and separate accounts are \$7,351.2 million.

Effective July 31, 2019, the Company entered into a Capital Maintenance Agreement to provide capital support to its wholly-owned subsidiary, AANY, such that the Company has agreed to maintain AANY's total adjusted capital in an amount at least equal to 300% of AANY's company action level risk based capital. The agreement will remain in effect until both parties agree in writing to its termination and receive prior written approval from the regulating body. Given the current capital level of AANY, the likelihood of payment by the Company under the terms of this agreement is remote. See the table below for additional detail.

Effective July 31, 2019, the Company entered into an agreement to guarantee payment of all amounts due from its subsidiary, AANY, to the contract and certificate holders under the terms of a group annuity contract issued by AANY during August 2019. As part of the issuance, AANY received sufficient assets to fund future obligations of the contract and the chance of any payments by the Company under this guarantee is remote. Further, it is expected that the previously mentioned Capital Maintenance Agreement between the Company and AANY would preclude any payments that would be required under this guarantee. This agreement will remain in effect until all obligations related to the group annuity contract have been satisfied. See the table below for additional detail.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

(2) Nature and circumstances of guarantee

(1)	(2)	(3)	(4)	(5)
Nature and Circumstances of Guarantee and Key Attributes	Liability Recognition of Guarantee	Ultimate Financial Statement Impact if Action Under the Guarantee is Required	Maximum Potential Amount of Future Payments (Undiscounted) the Guarantor Could be Required to Make Under the Guarantee	Current Status of Payment or Performance Risk of Guarantees
Guarantee of total adjusted capital ratio of AANY (a) (b)	\$	Common Stocks (Page 2, Line 2.2)	\$	No payments required since inception
Guarantee related to group annuity contract issued by AANY (a) (b)	\$	Common Stocks (Page 2, Line 2.2)	\$	No payments required since inception
Total	<u>\$</u>		<u>\$</u>	

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

(3) Aggregate compilation of guarantee obligations

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

B. Assessments

(1) Based on the 2021 National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) Report, the Company has identified insolvencies. The Company fulfilled premium-based guaranty funds assessments of less than \$0.1 million during the current period. It is expected that the identified insolvencies will result in retrospective premium-based guaranty fund assessments against the Company. During 2021, future estimated costs to be assessed against the Company from identified insolvencies from the NOLHGA Report 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	\$	639,640
b. Decreases current year:		
Paid premium tax offset applied	\$	14,551
c. Increases current year:		
Change in accrued premium tax offset	\$	33,464
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges, current year-end	<u>\$</u>	<u>658,553</u>

(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 the Company, purchased broad based variable COLI policies from American General Life Insurance Company (American General). In January 2012, the COLI policy administrator delivered to the Company 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, the Company 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 the Company's ability to access the value of guarantees associated with the policies. The parties engaged in discovery as well as discussions concerning whether the matter can be resolved without further litigation, and, at the request of the parties on August 11, 2021, the court entered an Amended Scheduling Order setting the trial date for June 2023. On December 27, 2021, the parties agreed in principle to a settlement, pursuant to which we will be able to surrender the policies at any time and receive proceeds within six months. During the year ended December 31, 2021, the Company recorded an impairment of the COLI asset of \$52.9 million, and an adjustment to deferred tax liabilities of \$46.9 million, to reflect the terms of the settlement. As of December 31, 2021, the COLI policies had an asset value of \$378.7 million.

Regulatory Matters - The Company and certain of its insurance subsidiaries 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. The life insurance policies included in this block have been and are currently being administered by AllianceOne, a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide third party administration services on such policies. AllianceOne also administers a small block of annuity policies that were on Aviva USA's legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced similar service and administration issues, but to a lesser degree.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

As a result of the difficulties experienced with respect to the administration of such policies, the Company and its subsidiary, Athene Life Insurance Company of New York (ALICNY), have received notifications from several state regulators, including but not limited to the New York State 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 the Company or one of its subsidiaries, as applicable, relating to the treatment of policyholders subject to the Company's reinsurance agreements with affiliates of Global Atlantic and the conversion of the life and annuity policies, including the administration of such blocks by AllianceOne. The Company and ALICNY have entered into consent orders with regulators of several states, including the NYDFS, the CDI, and the TDI, to resolve the underlying matters in the respective states. All fines and costs, including those associated with remediation plans, paid in connection with the consent orders were subject to indemnification by Global Atlantic or affiliates of Global Atlantic.

In addition to the examinations and proceedings initiated to date, it is possible that other regulators may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. The Company is not currently able to estimate the amount of any such fines, penalties or payments arising from these matters with reasonable certainty, but it is possible that such amounts may be material.

Pursuant to the terms of the reinsurance agreements between the Company 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 the Company, including for administration issues.

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

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

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

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

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

15. Leases - None

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

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

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

	Assets		Liabilities	
	2021	2020	2021	2020
a. Swaps	\$ 2,369,955,241	\$ 1,223,040,612	\$ 4,752,759,671	\$ 1,875,425,108
b. Futures	22,626	16,252		258
c. Options	39,830,675,577	35,519,330,373	990,171,596	214,028,221
d. Total	<u>\$ 42,200,653,444</u>	<u>\$ 36,742,387,237</u>	<u>\$ 5,742,931,267</u>	<u>\$ 2,089,453,588</u>

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

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.

Notes to the Financial Statements

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

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

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

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

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

20. Fair Value Measurements

A. Fair Value Measurement

(1) Fair value measurements at reporting date

Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds: CMBS	\$	\$ 2,829,137	\$ 13,050,000	\$	\$ 15,879,137
Bonds: RMBS		813,524			813,524
Preferred stocks		76,195,535	56,066,725		132,262,260
Common stocks	34,910,415	105,248,000	26,944,661		167,103,076
Derivative assets: Currency Swaps		11,555,689			11,555,689
Derivative assets: Interest Rate	68,119				68,119
Derivative assets: Options		260,917,567			260,917,567
Derivative assets: Total Return Swaps		9,514,101			9,514,101
Derivative assets: Futures	54,428,337				54,428,337
Derivative assets: FX Forwards		137,866,177			137,866,177
Separate account assets: Variable products		31,717,926			31,717,926
Total assets at fair value/NAV	\$ 89,406,871	\$ 636,657,656	\$ 96,061,386	\$	\$ 822,125,913
b. Liabilities at fair value					
Derivative liabilities: Currency Swaps	\$	\$ 3,164,170	\$	\$	\$ 3,164,170
Derivative liabilities: Interest Rate	78,239	1,442,587			1,520,826
Derivative liabilities: Options		45,887,196			45,887,196
Derivative liabilities: FX Forwards		23,901,129			23,901,129
Separate account liabilities: Variable products		31,717,301			31,717,301
Total liabilities at fair value	\$ 78,239	\$ 106,112,383	\$	\$	\$ 106,190,622

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

Description	Beginning balance as of 01/01/2021	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2021
a. Assets										
Bonds: CMBS	\$ 1,277,247	\$ 9,943,788	\$ (1,277,247)	\$ 41,949	\$ 3,064,264	\$	\$	\$	\$	\$ 13,050,000
Preferred stocks	7,717,662	31,855,516		(4,167,660)	4,059,280	18,135,000		(1,533,073)		56,066,725
Common stocks	10,502,604			51,163	16,390,894					26,944,661
Total assets	\$ 19,497,513	\$ 41,799,304	\$ (1,277,247)	\$ (4,074,549)	\$ 23,514,438	\$ 18,135,000	\$	\$ (1,533,073)	\$	\$ 96,061,386
b. Liabilities										
Total liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Transfers into and out of Level 3 represent securities which are carried at lower of cost or fair value resulting in periodic transfers into and out of Level 3 financial instruments which are characterized as carried at fair value. Preferred stock transfers into Level 3 are due to the adoption of revised guidance in SSAP No. 32R, which requires perpetual preferred stock to be carried at fair value.

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

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

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:

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

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

Level 2 inputs include the following:

1. Quoted prices for similar assets or liabilities in active markets,
 2. Observable inputs other than quoted market prices, and
 3. Observable inputs derived principally from market data through correlation or other means.
- Level 3 - Prices or valuation techniques with unobservable inputs significant to the overall fair value estimate. These valuations use critical assumptions not readily available to market participants. Level 3 valuations are based on market standard valuation methodologies, including discounted cash flows, matrix pricing, or other similar techniques.

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

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

B. Other Fair Value Disclosures - None

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Assets - Bonds	\$ 49,868,087,952	\$ 47,312,106,902	\$ 5,026,851	\$ 42,129,751,909	\$ 7,733,309,192		
Assets - Preferred stocks	296,835,558	284,442,236		233,980,915	62,854,643		
Assets - Common stock	167,103,076	167,103,076	34,910,415	105,248,000	26,944,661		
Assets - Mortgage loans - first liens	12,652,020,240	12,384,264,080			12,652,020,240		
Assets - Mortgage loans - other than first liens	1,592,759,460	1,587,365,315			1,592,759,460		
Assets - Policy loans	129,483,311	129,483,311		129,483,311			
Assets - Cash and short-term investments	4,990,425,651	4,990,271,715	4,965,119,760	6,011,912	19,293,979		
Assets - Derivative assets	3,447,384,529	1,256,947,383	54,496,456	3,392,888,073			
Assets - Derivative collateral assets	8,907,540	8,907,540	8,907,540				
Assets - Other invested assets	4,593,435,539	4,495,295,409		489,467,790	2,738,854,140	1,365,113,609	
Assets - Separate account: variable products	31,717,926	31,717,926		31,717,926			
Assets - Separate account: group annuity	28,467,865,760	27,821,372,884	575,695,706	22,690,381,367	5,098,938,550	102,850,137	
Assets - Separate account: index-linked products	804,829,814	806,182,361	91,160,382	681,599,566	32,069,866		
Liabilities - Deposit-type contracts	13,116,914,903	12,744,714,746		12,770,695,775	346,219,128		
Liabilities - Repurchase agreements	2,608,679,474	2,608,679,474		2,608,679,474			
Liabilities - Derivative liabilities	305,991,309	268,646,333	701,545	302,464,294	2,825,470		
Liabilities - Derivative and other collateral	3,226,462,763	3,226,404,126	3,226,462,763				
Liabilities - Separate account: group annuity deposit-type contracts	3,119,389	3,280,248			3,119,389		
Liabilities - Separate account: funding agreements	2,412,548,978	2,298,946,950		2,412,548,978			

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

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

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

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

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

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

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

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

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

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

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

D. Not Practicable to Estimate Fair Value - None

E. Nature and Risk of Investments Reported at NAV

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

As of December 31, 2021, the Company's general and separate accounts have \$1,957.5 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

During 2021, the Company novated a net 2,285 policies with statutory policy reserves of \$145.7 million to Accordia Life and Annuity Company (Accordia). These policies were previously 100% ceded to Accordia through a coinsurance agreement entered into in 2013, and therefore the novation had no impact on the Company's balance sheet, income or capital and surplus position.

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.....	\$..... 658,553	\$..... 658,553
Total.....		<u>\$ 658,553</u>	<u>\$ 658,553</u>

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

The Company estimated 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 state tax credits.

(3) Impairment loss - None

(4) State tax credits admitted and nonadmitted

	Total Admitted	Total Nonadmitted
a. Transferable.....	\$..... –	\$..... –
b. Non-transferable.....	\$..... 658,553	\$..... –

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

Notes to the Financial Statements

21. Other Items (Continued)

(2) Direct exposure through investments in subprime mortgage loans

	Book/ Adjusted Carrying Value (Excluding Interest)	Fair Value	Value of Land and Buildings	Other-Than- Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure.....	\$ 9,172,210	\$ 10,030,709	\$ 19,154,017		%
b. Mortgages in good standing.....	458,844,906	497,365,469	732,259,783		
c. Mortgages with restructured terms.....					
d. Total.....	<u>\$ 468,017,116</u>	<u>\$ 507,396,177</u>	<u>\$ 751,413,800</u>	<u>\$</u>	XXX

(3) Direct exposure through other investments

	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than- Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities.....	\$ 259,210,263	\$ 279,166,223	\$ 307,254,832	\$ -
b. Commercial mortgage-backed securities.....				
c. Collateralized debt obligations.....				
d. Structured securities.....				
e. Equity investment in SCAs *.....				
f. Other assets.....				
g. Total.....	<u>\$ 259,210,263</u>	<u>\$ 279,166,223</u>	<u>\$ 307,254,832</u>	<u>\$ -</u>

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

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

G. Retained Assets - None

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

I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

The Company is the owner and beneficiary of life insurance policies included in aggregate write-ins for other than invested assets at their cash surrender values pursuant to SSAP No. 21, *Other Admitted Assets*. At December 31, 2021, the cash surrender value in the investment vehicle was \$378.7 million.

(1) Amount of admitted balance that could be realized from an investment vehicle.....	\$ 378,713,210
(2) Percentage bonds.....	%
(3) Percentage stocks.....	%
(4) Percentage mortgage loans.....	%
(5) Percentage real estate.....	%
(6) Percentage cash and short-term investments.....	%
(7) Percentage derivatives.....	%
(8) Percentage other invested assets.....	100.000 %

22. Events Subsequent

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

23. Reinsurance

Gains on cession of inforce 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 deferred and 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. Based on the emergence of earnings of previous reinsurance of inforce blocks of business in 2021 and 2020, \$12.6 million and \$14.7 million, respectively, was amortized into income.

The Company entered into a coinsurance agreement on January 1, 2018 with AADE, pursuant to which it ceded to AADE a 50% quota share of all of the Company's retail annuity business issued between January 1, 2018 and December 31, 2021 (excluding the Company's registered indexed linked annuities). This treaty had applied prior to any further cession of this business under other treaties. The Company has recognized a reserve credit of \$13,545.1 million as of December 31, 2021 for this block.

Effective June 1, 2020, the Company recaptured a funds withheld agreement originally entered into with AARE on October 1, 2018. The agreement ceded 100% of all inforce and future funding agreements. The Company subsequently entered into a modified coinsurance agreement with AARE effective June 1, 2020 to cede a quota share of all inforce and certain future funding agreements. The reserves for this block were \$9,667.1 million as of December 31, 2021.

Effective June 1, 2020, the Company entered into a modified coinsurance agreement with AARE to cede a quota share of certain future funding agreements. The reserves for this block were \$5,066.3 million as of December 31, 2021.

The Company entered into a modified coinsurance agreement effective January 1, 2022 with AARE, pursuant to which it cedes a quota share, specified by the Company, of certain of the Company's retail annuity business issued on or after January 1, 2022. This treaty is applied prior to any further cession of this business under other treaties.

Notes to the Financial Statements

23. Reinsurance (Continued)

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?
Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
Yes () No (X)
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$ –
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (X)

B. Uncollectible Reinsurance - None

C. Commutation of Reinsurance Reflected in Income and Expenses - None

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

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

F. Reinsurance Agreement with an Affiliated Captive Reinsurer - None

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

H. Reinsurance Credit - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Method Used to Estimate - None

B. Method Used to Record - None

C. Amount and Percent of Net Retrospective Premiums - None

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

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

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

Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions?

NO

- (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year - None
- (3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance - None
- (4) Roll-forward of risk corridors asset and liability balances by program benefit year - None
- (5) ACA risk corridors receivable as of reporting date - None

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

26. Intercompany Pooling Arrangements - None

27. Structured Settlements - None

28. Health Care Receivables - None

Notes to the Financial Statements

29. Participating Policies

As of December 31, 2021 and 2020, 64.5% and 62.3%, respectively, of life insurance policies were participating. All participating life insurance policies are included in reinsurance agreements with Athene Re IV or Accordia. 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 policy administration system. The amount of dividend expense incurred was less than \$0.1 million for the years ended December 31, 2021 and 2020. There was no additional income allocated to participating policyholders.

30. Premium Deficiency Reserves - None

31. Reserves for Life Contracts and Annuity Contracts

- The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. The reserve for surrender values promised in excess of the legally computed reserves is shown in Exhibit 5, Miscellaneous Reserves.

The Company offers riders on its fixed annuities which provides for future withdrawal and death benefits. In accordance with the NAIC's Accounting Practices and Procedures Manual, the rider should be reserved for under the revised Actuarial Guideline 33 (AG33). The Company requested and received approval to use an alternative methodology under the Practical Consideration section of AG 33 from the Insurance Division, Department of Commerce of the State of Iowa for policies issued prior to January 1, 2014. The reserve held at December 31, 2021 was based on Actuarial Guideline 43 (AG43) for policies issued prior to January 1, 2014, the approved alternative method for these contracts. For policies issued January 1, 2014 and after, the reserve was based on AG33.

- Mean reserves for substandard policies are determined by computing the regular mean reserve for the policy and holding in addition one half of the extra premium charge for the year.
- As of December 31, 2021, the Company had \$1,545.6 million of insurance in force for which the gross premiums were less than the net premiums according to the standard of valuation set by the State of Iowa. Reserves to cover the above shortfall in premium totaled \$109.0 million at December 31, 2021, are calculated annually, and were included in reserves on Page 3, Line 1 (Exhibit 5, Miscellaneous Reserves).
- The tabular interest at December 31, 2021, (Page 7, Line 4), tabular less actual reserve released (Page 7, Line 5) and tabular cost (Page 7, Line 9) have been determined by formula as described in the NAIC instructions for Page 7.
- The tabular interest on funds not involving life contingencies is calculated as the product of the mean fund balance and the average valuation interest rate.
- Details for Other Changes

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

Item	Total	Ordinary			Credit Life Group and Individual	Group	
		Industrial Life	Life Insurance	Individual Annuities		Supplementary Contracts	Life Insurance	Annuities
Exhibit 7 - Funding agreement Day 1 Discounted Cash Flow Gain	\$ (387,095,626)	\$	\$	\$ (387,095,626)	\$	\$	\$
Exhibit 7 - Funding agreement foreign currency translation adjustment	(106,799,842)			(106,799,842)			
Total	\$ (493,895,468)	\$	\$	\$ (493,895,468)	\$	\$	\$

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	\$ 39,872,642,538	\$	\$	\$ 39,872,642,538	64.308 %
b. At book value less current surrender charge of 5% or more	3,274,664,932		833,062,244	4,107,727,176	6.625 %
c. At fair value			31,717,301	31,717,301	0.051 %
d. Total with market value adjustment or at fair value (total of a through c)	43,147,307,470		864,779,545	44,012,087,015	70.985 %
e. At book value without adjustment (minimal or no charge or adjustment)	15,556,059,905			15,556,059,905	25.090 %
(2) Not subject to discretionary withdrawal	2,434,061,680			2,434,061,680	3.926 %
(3) Total (gross: direct + assumed)	\$ 61,137,429,055	\$	\$ 864,779,545	\$ 62,002,208,600	100.000 %
(4) Reinsurance ceded	15,005,328,742			15,005,328,742	
(5) Total (net) (3 - 4)	\$ 46,132,100,313	\$	\$ 864,779,545	\$ 46,996,879,858	
(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:	\$ 746,962,903	\$	\$	\$ 746,962,903	

Notes to the Financial Statements

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

B. Group Annuities

	General Account	Separate Account With Guarantees	Separate Account Nonguaranteed	Total	Percent of Total
(1) Subject to discretionary withdrawal					
a. With market value adjustment	\$ 118,730,513	\$	\$	\$ 118,730,513	0.416 %
b. At book value less current surrender charge of 5% or more	130,388			130,388	—
c. At fair value					
d. Total with market value adjustment or at fair value (total of a through c)	118,860,901			118,860,901	0.416
e. At book value without adjustment (minimal or no charge or adjustment)	1,128,828,514			1,128,828,514	3.952
(2) Not subject to discretionary withdrawal		27,319,335,727		27,319,335,727	95.632
(3) Total (gross: direct + assumed)	\$ 1,247,689,415	\$ 27,319,335,727	\$	\$ 28,567,025,142	100.000 %
(4) Reinsurance ceded					
(5) Total (net) (3 - 4)	\$ 1,247,689,415	\$ 27,319,335,727	\$	\$ 28,567,025,142	
(6) Amount included in B(1)b above that will move to B(1)e for the first time within the year after the statement date:	\$	\$	\$	\$	

C. Deposit-Type Contracts (no life contingencies)

	General Account	Separate Account With Guarantees	Separate Account Nonguaranteed	Total	Percent of Total
(1) Subject to discretionary withdrawal					
a. With market value adjustment	\$	\$	\$	\$	%
b. At book value less current surrender charge of 5% or more					
c. At fair value					
d. Total with market value adjustment or at fair value (total of a through c)					
e. At book value without adjustment (minimal or no charge or adjustment)					
(2) Not subject to discretionary withdrawal	13,009,040,885	2,302,227,198		15,311,268,083	100.000
(3) Total (gross: direct + assumed)	\$ 13,009,040,885	\$ 2,302,227,198	\$	\$ 15,311,268,083	100.000 %
(4) Reinsurance ceded	264,326,139			264,326,139	
(5) Total (net) (3 - 4)	\$ 12,744,714,746	\$ 2,302,227,198	\$	\$ 15,046,941,944	
(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)	\$ 47,141,596,780
(2) Exhibit 5, supplementary contracts with life contingencies section, total (net)	238,192,948
(3) Exhibit of Deposit-type Contracts, Line 14, Column 1	12,744,714,746
(4) Subtotal	\$ 60,124,504,474
Separate Accounts Annual Statement	
(5) Exhibit 3, Line 0299999, Column 2	28,184,115,272
(6) Exhibit 3, Line 0399999, Column 2	
(7) Policyholder dividend and coupon accumulations	
(8) Policyholder premiums	
(9) Guaranteed interest contracts	2,298,946,950
(10) Other contract deposit funds	3,280,248
(11) Subtotal	\$ 30,486,342,470
(12) Combined total	\$ 90,610,846,944

Notes to the Financial Statements

33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics

A. General Account

	Account Value	Cash Value	Reserve
(1) Subject to discretionary withdrawal, surrender values or policy loans:			
a. Term Policies with Cash Value	\$	\$ 1,704,043,689	\$ 1,762,163,680
b. Universal Life	340,788,423	337,978,409	335,434,621
c. Universal Life with Secondary Guarantees	8,798,467	7,978,485	38,368,706
d. Indexed Universal Life	212,903,931	207,570,976	180,064,523
e. Indexed Universal Life with Secondary Guarantees	279,687,487	266,204,583	611,536,084
f. Indexed Life			
g. Other Permanent Cash Value Life Insurance	20,530,146	20,530,146	20,721,218
h. Variable Life			
i. Variable Universal Life			
j. Miscellaneous Reserves			
(2) Not subject to discretionary withdrawal or no cash values			
a. Term Policies without Cash Value	XXX	XXX	49,845,488
b. Accidental Death Benefits	XXX	XXX	160,630
c. Disability – Active Lives	XXX	XXX	6,095,501
d. Disability – Disabled Lives	XXX	XXX	10,057,123
e. Miscellaneous Reserves	XXX	XXX	153,450,236
(3) Total (gross: direct + assumed)	862,708,454	2,544,306,288	3,167,897,810
(4) Reinsurance Ceded	801,197,027	2,484,346,305	3,105,710,936
(5) Total (net) (3) - (4)	\$ 61,511,427	\$ 59,959,983	\$ 62,186,874

B. Separate Account with Guarantees - None

C. Separate Account Nonguaranteed - None

D. Reconciliation of Total Life Insurance Reserves

	Amount
Life & Accident & Health Annual Statement:	
1. Exhibit 5, Life Insurance Section, Total (net)	\$ 44,481,489
2. Exhibit 5, Accidental Death Benefits Section, Total (net)	1,300
3. Exhibit 5, Disability – Active Lives Section, Total (net)	
4. Exhibit 5, Disability – Disabled Lives Section, Total (net)	
5. Exhibit 5, Miscellaneous Reserves Section, Total (net)	17,704,085
6. Subtotal	\$ 62,186,874
Separate Accounts Annual Statement:	
7. Exhibit 3, Line 0199999, Column 2	
8. Exhibit 3, Line 0499999, Column 2	
9. Exhibit 3, Line 0599999, Column 2	
10. Subtotal (Lines 7 through 9)	\$
11. Combined Total (Lines 6 and 10)	\$ 62,186,874

34. Premiums and Annuity Considerations Deferred and Uncollected

A. Deferred and Uncollected Life Insurance Premiums and Annuity Considerations

Type	Gross	Net of Loading
(1) Industrial	\$	\$
(2) Ordinary new business		
(3) Ordinary renewal	4,961,982	6,531,967
(4) Credit life		
(5) Group life		
(6) Group annuity		
(7) Totals	\$ 4,961,982	\$ 6,531,967

35. Separate Accounts

In accordance with a 2019 consent order entered into with the NYDFS, during 2020, the Company began the process of transferring to AANY, its subsidiary, primary responsibility for New York residents entitled to payments under certain existing PRT transactions. On October 22, 2020, the Company entered into an Assignment Agreement with AANY pursuant to which the Company assigned all rights and obligations related to certain individuals entitled to annuity payments from existing PRT business and transferred net invested assets with a carrying value of \$32.0 million in 2020 and \$157.1 million in 2021. In connection with the transfer of its primary obligations to AANY, the Company released statutory reserves of \$25.8 million in 2020 and \$136.1 million in 2021. After considering the affects of reinsurance, the Company's separate accounts recognized an aggregate net loss of \$1.2 million in 2020 and \$4.2 million in 2021. In the remote scenario and only to the extent AANY is unable to perform its obligations to New York residents entitled to payments under the existing assigned PRT transactions, the Company will be required to satisfy any of the remaining obligations.

Notes to the Financial Statements

35. Separate Accounts (Continued)

A. Separate Account Activity

- (1) The Company maintains four types of separate account arrangements. The first arrangement includes one separate account containing funding agreement policies issued to the FHLB, known as Separate Account – Funding Agreements. The second arrangement includes one separate account, known as ALAC Separate Account I, consisting of individual variable annuities of a non-guaranteed return nature. The third arrangement, known as Group Annuity Separate Accounts, includes six separate accounts supporting annuities payable under group fixed annuity contracts issued to various employers, or trusts established by such employers, in respect of those employers' pension plans. The fourth arrangement includes two separate accounts consisting of index-linked deferred annuity contracts, known as Index-Linked Deferred Annuity Separate Accounts.

- (2) Separate account assets legally insulated from the general account claims

In accordance with the products/transactions recorded within the separate account, some assets are considered legally insulated whereas others are not legally insulated from the general account. The legal insulation of the separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account. The assets legally insulated from the general account as of December 31, 2021, are attributed to the following separate account arrangements:

Product/Transaction	Legally Insulated Assets	Separate Account Assets (Not Legally Insulated)
Separate Account - Funding Agreements	\$	\$ 677,123
Separate Account I - Variable Annuities	31,717,923	
Group Annuity Separate Accounts	28,741,723,431	
Index-Linked Deferred Annuity Separate Accounts	1,262,650,569	
Total	<u>\$ 30,036,091,923</u>	<u>\$ 677,123</u>

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

The Company's variable annuity product guarantees a minimum death benefit. The Company's general account has not paid towards separate account guarantees for the past five years. The Company's variable annuity separate account has not paid risk charges for the past five years.

The Company's Group Annuity Separate Account and Index-Linked Deferred Annuity Separate Account liabilities are guaranteed by the general account. The Company's general account has not paid towards separate account guarantees for the past five years.

To compensate the general account for the risk taken, the separate account was paid risk charges as follows for the past five years:

a. 2021	\$ 12,823,094
b. 2020	\$ 7,339,072
c. 2019	\$ 5,572,622
d. 2018	\$ 8,878,343
e. 2017	\$ 1,906,267

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

B. General Nature and Characteristics of Separate Accounts Business

Separate Account - Funding Agreements: The funding agreement policies are secured by the assets in the Company's general account which are not subject to claims that arise out of any other business of the Company. The funding agreement policies may not be accelerated by the holder unless there is a default under the agreement, but the Company may retire the funding agreement policies at any time. The assets and liabilities of this separate account are carried at amortized cost.

ALAC Separate Account I: Net investment experience of this separate account is credited directly to the policyholder and can be positive or negative, as determined by the performance and/or fair value of the investments held in the separate account. These variable annuities generally provide an incidental death benefit of the greater of account value or premium paid. The assets and liabilities of these accounts are carried at fair value. This business has been included in column 4 of the table below.

Group Annuity Separate Accounts: The group fixed annuity contracts obligate the Company's general account to make annuity payments if the separate account is not able to do so. The assets and liabilities of this separate account are carried at amortized cost. During 2021 and 2020, the Company's general account contributed \$155.4 million and \$375.0 million, respectively, to Group Annuity Separate Accounts. During April 2021, the Texas Group Annuity Commingled Separate Account repaid \$100 million of seed money plus \$7.6 million of interest to the Company's general account.

Index-linked Deferred Annuity Separate Accounts: The index-linked annuity separate accounts support registered index-linked deferred annuity contracts issued by the Company. The separate account assets are legally segregated and are not subject to claims which may arise from any other business of the Company. The assets and liabilities are carried at amortized cost. During 2021, the Company's general account contributed \$83.2 million to the Index-Linked Deferred Annuity Separate Accounts. During 2020, the Company's general account contributed \$90.0 million of seed money to the Index-Linked Deferred Annuity Separate Accounts.

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

Notes to the Financial Statements

35. Separate Accounts (Continued)

	Indexed	Nonindexed Guarantee Less than/equal to 4%	Nonindexed Guarantee More than 4%	Nonguaranteed Separate Accounts	Total
(1) Premiums, considerations or deposits for period ending 12/31/2021	\$ 114,266,684	\$ 3,094,666,932	\$	\$ 48,756	\$ 3,208,982,372
(2) Reserves at 12/31/2021 for accounts with assets at:					
a. Fair value				31,717,301	31,717,301
b. Amortized cost	833,062,244	27,251,068,403	2,370,494,522		30,454,625,169
c. Total reserves	<u>\$ 833,062,244</u>	<u>\$ 27,251,068,403</u>	<u>\$ 2,370,494,522</u>	<u>\$ 31,717,301</u>	<u>\$ 30,486,342,470</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	833,062,244				833,062,244
3. At fair value				31,717,301	31,717,301
4. At book value without market value adjustment and with current surrender charge less than 5%					
5. Subtotal	<u>\$ 833,062,244</u>	<u>\$</u>	<u>\$</u>	<u>\$ 31,717,301</u>	<u>\$ 864,779,545</u>
b. Not subject to discretionary withdrawal		27,251,068,403	2,370,494,522		29,621,562,925
c. Total	<u>\$ 833,062,244</u>	<u>\$ 27,251,068,403</u>	<u>\$ 2,370,494,522</u>	<u>\$ 31,717,301</u>	<u>\$ 30,486,342,470</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)					\$ 2,820,342,094
b. Transfers from Separate Accounts (Page 4, Line 10)					208,516,542
c. Net transfers to or (from) Separate Accounts (a - b)					<u>\$ 2,611,825,551</u>
(2) Reconciling adjustments					
a. Other adjustments					\$ (4,338)
(3) Transfers as reported in the Summary of Operations of the Life, Accident & Health Annual Statement					
(1c + 2) = (Page 4, Line 26)					<u>\$ 2,611,821,213</u>

36. Loss/Claim Adjustment Expenses - None