

**QUARTERLY STATEMENT**

**OF THE**

**Athene Annuity & Life Assurance Company**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE QUARTER ENDED  
MARCH 31, 2018**

**LIFE AND ACCIDENT AND HEALTH**

**2018**

STATEMENT AS OF MARCH 31, 2018 OF THE Athene Annuity & Life Assurance Company

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	6,648,195,441		6,648,195,441	5,986,005,031
2. Stocks:				
2.1 Preferred stocks .....	27,750,000		27,750,000	26,750,000
2.2 Common stocks .....	1,266,916,236	37,854	1,266,878,382	1,245,814,871
3. Mortgage loans on real estate:				
3.1 First liens .....	391,698,483		391,698,483	391,187,905
3.2 Other than first liens.....	636,008,760		636,008,760	638,009,525
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ .....53,046,980 ), cash equivalents (\$ ..... ) and short-term investments (\$ .....357,080,190 ) .....	410,127,170		410,127,170	615,729,655
6. Contract loans (including \$ ..... premium notes) .....	1,438,617		1,438,617	1,381,815
7. Derivatives .....	57,885,842		57,885,842	87,736,369
8. Other invested assets .....	959,081,639		959,081,639	930,211,726
9. Receivables for securities .....	3,173,372		3,173,372	3,300,711
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....	5,169,813		5,169,813	2,599,813
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	10,407,445,373	37,854	10,407,407,519	9,928,727,421
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	59,174,422	481,424	58,692,998	50,509,192
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	61,776,255		61,776,255	64,880,771
16.2 Funds held by or deposited with reinsured companies .....	2,594,935,501		2,594,935,501	2,628,443,465
16.3 Other amounts receivable under reinsurance contracts .....	959,769,847		959,769,847	493,431,126
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	8,715,683		8,715,683	
18.2 Net deferred tax asset .....	20,067,305		20,067,305	23,370,184
19. Guaranty funds receivable or on deposit .....	748,477		748,477	858,513
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 .....	4,240		4,240	167,030
24. Health care (\$ ..... ) and other amounts receivable .....	491,479		491,479	517,656
25. Aggregate write-ins for other than invested assets .....	1,145,445	747,631	397,814	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	14,114,274,027	1,266,909	14,113,007,118	13,190,905,356
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	14,094,683		14,094,683	14,213,512
28. Total (Lines 26 and 27)	14,128,368,709	1,266,909	14,127,101,801	13,205,118,867
<b>DETAILS OF WRITE-INS</b>				
1101. Derivative collateral asset .....	5,169,813		5,169,813	2,599,813
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	5,169,813		5,169,813	2,599,813
2501. Miscellaneous assets .....	1,145,445	747,631	397,814	
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	1,145,445	747,631	397,814	

STATEMENT AS OF MARCH 31, 2018 OF THE Athene Annuity & Life Assurance Company

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ .....7,905,351,276 less \$ ..... included in Line 6.3 (including \$ .....6,103,335,743 Modco Reserve)	7,905,351,276	7,364,718,604
2. Aggregate reserve for accident and health contracts (including \$ ..... Modco Reserve)		
3. Liability for deposit-type contracts (including \$ .....3,221,628,573 Modco Reserve)	3,281,838,561	3,274,516,206
4. Contract claims:		
4.1 Life	24,624,181	17,338,623
4.2 Accident and health		
5. Policyholders' dividends \$ ..... and coupons \$ ..... due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$ ..... Modco)	38,416	38,416
6.2 Dividends not yet apportioned (including \$ ..... Modco)		
6.3 Coupons and similar benefits (including \$ ..... Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ ..... discount; including \$ ..... accident and health premiums		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including the liability of \$ ..... accident and health experience rating refunds of which \$ ..... is for medical loss ratio rebate per the Public Health Service Act		
9.3 Other amounts payable on reinsurance, including \$ .....31,939,131 assumed and \$ .....980,248,371 ceded	1,012,187,502	575,881,291
9.4 Interest Maintenance Reserve	57,168,687	57,117,911
10. Commissions to agents due or accrued-life and annuity contracts \$ .....123,044 , accident and health \$ .....645,583 and deposit-type contract funds \$ .....	768,627	869,383
11. Commissions and expense allowances payable on reinsurance assumed	50,008,098	10,487,903
12. General expenses due or accrued	1,982,679	1,928,928
13. Transfers to Separate Accounts due or accrued (net) (including \$ .....189,380 accrued for expense allowances recognized in reserves, net of reinsured allowances)	189,380	(5,581)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	2,825,631	2,888,344
15.1 Current federal and foreign income taxes, including \$ ..... on realized capital gains (losses)		25,311,591
15.2 Net deferred tax liability		
16. Unearned investment income	52,648	49,399
17. Amounts withheld or retained by company as agent or trustee	167,114	161,143
18. Amounts held for agents' account, including \$ ..... agents' credit balances		
19. Remittances and items not allocated	2,770,598	4,905,908
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ ..... and interest thereon \$ .....		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	183,057,836	200,065,765
24.02 Reinsurance in unauthorized and certified (\$ ..... ) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$ ..... ) reinsurers		
24.04 Payable to parent, subsidiaries and affiliates	8,396,543	7,792,775
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	8,130,425	6,032,144
24.09 Payable for securities	128,034,835	173,908,851
24.10 Payable for securities lending		
24.11 Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities	78,492,855	119,240,612
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	12,746,085,894	11,843,248,218
27. From Separate Accounts Statement	14,094,683	14,213,512
28. Total liabilities (Lines 26 and 27)	12,760,180,577	11,857,461,729
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	989,772,460	986,780,264
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	374,648,764	358,376,873
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 29 \$ ..... )		
36.2 ..... shares preferred (value included in Line 30 \$ ..... )		
37. Surplus (Total Lines 31+32+33+34+35-36) (including \$ ..... in Separate Accounts Statement)	1,364,421,224	1,345,157,138
38. Totals of Lines 29, 30 and 37	1,366,921,224	1,347,657,138
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	14,127,101,801	13,205,118,867
<b>DETAILS OF WRITE-INS</b>		
2501. Derivative collateral liability	51,876,540	96,110,545
2502. Unclaimed funds	23,115,407	19,629,159
2503. Collateralized borrowing	3,500,908	3,500,908
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	78,492,855	119,240,612
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 through 3103 plus 3198)(Line 31 above)		
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)		

## STATEMENT AS OF MARCH 31, 2018 OF THE Athene Annuity &amp; Life Assurance Company

**SUMMARY OF OPERATIONS**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	391,892,093	1,059,035	51,207,186
2. Considerations for supplementary contracts with life contingencies	583,159	54,845	258,471
3. Net investment income	103,757,036	83,578,499	391,158,525
4. Amortization of Interest Maintenance Reserve (IMR)	2,049,009	2,090,469	15,446,782
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	59,841,804	10,729,743	68,655,070
7. Reserve adjustments on reinsurance ceded	67,150,724	(234,062,739)	(830,810,140)
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	133,058	143,751	499,400
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	29,810,369	50,344,366	143,089,573
9. Totals (Lines 1 to 8.3)	655,217,251	(86,062,031)	(160,495,133)
10. Death benefits	32,760	15,111	236,137
11. Matured endowments (excluding guaranteed annual pure endowments)			118,163
12. Annuity benefits	15,506,525	14,021,774	55,045,803
13. Disability benefits and benefits under accident and health contracts			
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	28,593,674	29,429,809	114,510,774
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	28,494,484	11,173,054	49,544,149
18. Payments on supplementary contracts with life contingencies	330,540	172,364	1,334,384
19. Increase in aggregate reserves for life and accident and health contracts	501,631,738	(138,928,525)	(317,784,681)
20. Totals (Lines 10 to 19)	574,589,722	(84,116,412)	(96,995,270)
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	929,345	851,670	5,436,117
22. Commissions and expense allowances on reinsurance assumed	70,000,741	2,727,228	22,764,858
23. General insurance expenses	6,260,933	9,294,134	33,831,187
24. Insurance taxes, licenses and fees, excluding federal income taxes	2,722,862	3,147,797	11,139,318
25. Increase in loading on deferred and uncollected premiums			
26. Net transfers to or (from) Separate Accounts net of reinsurance	198,772	(66,734)	(921,924)
27. Aggregate write-ins for deductions	(9,419,453)	(10,070,116)	(44,545,299)
28. Totals (Lines 20 to 27)	645,282,923	(78,232,433)	(69,291,013)
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	9,934,328	(7,829,598)	(91,204,120)
30. Dividends to policyholders	7,547	8,363	32,740
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	9,926,781	(7,837,960)	(91,236,861)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(7,405,624)	2,104,297	(28,673,632)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	17,332,405	(9,942,257)	(62,563,229)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (2,489,500) (excluding taxes of \$ 3,060,966 transferred to the IMR)	(1,883,204)	10,838,661	86,819,214
35. Net income (Line 33 plus Line 34)	15,449,201	896,403	24,255,985
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	1,347,657,138	1,272,419,957	1,272,419,957
37. Net income (Line 35)	15,449,201	896,403	24,255,985
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ 3,728,318	(1,092,767)	8,922,307	35,690,969
39. Change in net unrealized foreign exchange capital gain (loss)	(3,270,420)	(4,159,103)	(4,304,824)
40. Change in net deferred income tax	425,439	8,175,093	(38,510,647)
41. Change in nonadmitted assets	(83,037)	(107,366)	(648,007)
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	17,007,929	(12,575,859)	(5,240,069)
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in	2,992,196	7,432,732	21,830,321
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance	(4,364,268)	115,160	54,958,330
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus	(7,800,187)	(6,216,349)	(12,794,878)
54. Net change in capital and surplus for the year (Lines 37 through 53)	19,264,086	2,483,017	75,237,181
55. Capital and surplus, as of statement date (Lines 36 + 54)	1,366,921,224	1,274,902,974	1,347,657,138
<b>DETAILS OF WRITE-INS</b>			
08.301. Funds withheld adjustment - assumed	29,789,412	50,314,914	142,937,333
08.302. Miscellaneous income	20,956	29,452	152,240
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	29,810,369	50,344,366	143,089,573
2701. Transfer to IMR - ceded	(9,755,609)	(11,728,232)	(47,274,095)
2702. Transfer to IMR - assumed	205,305	1,675,429	2,997,803
2703. Transfer to IMR - MVA benefits	130,255	(17,463)	(355,553)
2798. Summary of remaining write-ins for Line 27 from overflow page	597	150	86,546
2799. Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	(9,419,453)	(10,070,116)	(44,545,299)
5301. Correction of prior period error	(7,800,187)		(7,110,456)
5302. Tax sharing agreement		(6,216,349)	(5,684,422)
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	(7,800,187)	(6,216,349)	(12,794,878)

## STATEMENT AS OF MARCH 31, 2018 OF THE Athene Annuity &amp; Life Assurance Company

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	392,475,252	1,113,880	51,465,656
2. Net investment income .....	88,515,358	70,205,236	333,511,797
3. Miscellaneous income .....	59,015,180	10,193,791	65,886,564
4. Total (Lines 1 to 3) .....	540,005,791	81,512,907	450,864,018
5. Benefit and loss related payments .....	(86,752,534)	252,116,653	776,922,248
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	3,811	(67,940)	(920,107)
7. Commissions, expenses paid and aggregate write-ins for deductions .....	39,786,688	13,774,593	70,124,772
8. Dividends paid to policyholders .....	7,547	8,363	38,923
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 12,117,806 tax on capital gains (losses) .....	27,193,117	(23,146,994)	(20,955,104)
10. Total (Lines 5 through 9) .....	(19,761,370)	242,684,674	825,210,732
11. Net cash from operations (Line 4 minus Line 10) .....	559,767,161	(161,171,767)	(374,346,714)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	307,444,710	211,312,379	1,332,665,051
12.2 Stocks .....			97,528,257
12.3 Mortgage loans .....	13,982,235	2,421,629	275,944,886
12.4 Real estate .....			
12.5 Other invested assets .....	22,246,674	27,875,871	359,342,257
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	639,366	38,509	(997,793)
12.7 Miscellaneous proceeds .....	12,977,013	30,566,812	255,772,954
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	357,289,998	272,215,200	2,320,255,612
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	985,505,074	670,840,704	3,847,325,670
13.2 Stocks .....	2,500,157	10,000,000	26,546,749
13.3 Mortgage loans .....	12,512,318	50,615,234	470,506,726
13.4 Real estate .....			
13.5 Other invested assets .....	38,409,808	18,068,141	40,842,434
13.6 Miscellaneous applications .....	48,444,016	7,097,709	3,336,874
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	1,087,371,372	756,621,790	4,388,558,452
14. Net increase (or decrease) in contract loans and premium notes .....	56,802	(77,542)	(132,450)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(730,138,176)	(484,329,048)	(2,068,170,391)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....			
16.2 Capital and paid in surplus, less treasury stock .....			
16.3 Borrowed funds .....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	7,322,355	654,370,133	2,760,479,473
16.5 Dividends to stockholders .....			
16.6 Other cash provided (applied) .....	(42,553,824)	12,399,759	39,162,709
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(35,231,469)	666,769,892	2,799,642,182
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(205,602,485)	21,269,077	357,125,077
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	615,729,655	258,604,577	258,604,577
19.2 End of period (Line 18 plus Line 19.1) .....	410,127,170	279,873,654	615,729,655

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

20.0001. Capital contribution of stock compensation expense (financing) .....	2,992,196	7,432,732	21,830,321
20.0002. Capital contribution of stock compensation expense (investing) .....	(2,385,517)	(6,027,048)	(17,690,500)
20.0003. Capital contribution of stock compensation expense (operating) .....	(606,679)	(1,405,683)	(4,139,821)
20.0004. Reinsurance activity settled in bonds (operating) .....	24,242,787		55,307,550
20.0005. Assumed reinsurance activity settled in bonds (investing) .....	7,447,709	6,017,838	37,520,478
20.0006. Ceded reinsurance activity settled in bonds (investing) .....	(31,690,496)	(6,017,838)	(92,828,028)
20.0007. Transfer from Schedule D to Schedule BA - proceeds (investing) .....		4,095,995	4,095,995
20.0008. Transfer from Schedule D to Schedule BA - acquired (investing) .....		(4,095,995)	(4,095,995)
20.0009. Security exchanges - bond proceeds (investing) .....	999,576		61,207,789
20.0010. Security exchanges - bonds acquired (investing) .....	(999,576)		(61,207,789)

STATEMENT AS OF MARCH 31, 2018 OF THE Athene Annuity & Life Assurance Company

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

20.0011. Schedule BA distribution other invested assets - proceeds (investing) .....			25,894,816
20.0012. Schedule BA distribution bonds - acquired (investing) .....			(175,382,482)
20.0013. Schedule BA distribution other invested assets - acquired (investing) .....			(25,894,816)
20.0014. Schedule BA distribution bonds - proceeds (investing) .....			175,382,482

## NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies and Going Concern**

## A. Accounting Practices

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

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

Effective December 31, 2014, the Company received a permitted practice to use the standard scenario to determine the reserve on its variable annuity policies and thus did not calculate the stochastic scenario reserve as required under Actuarial Guideline 43. The Company does not believe this difference in valuation method has any impact on the calculated reserves. Therefore, the Company's net income and statutory surplus are not affected as a result of this permitted practice.

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

	SSAP #	F/S Page	F/S Line #	March 31, 2018	December 31, 2017
<b>NET INCOME</b>					
(1) State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	15,449,201	24,255,985
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP: Standard scenario on variable annuities	.51	...3	...1	0	0
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	15,449,201	24,255,985
<b>SURPLUS</b>					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	1,366,921,224	1,347,657,138
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP: Standard scenario on variable annuities	.51	...3	...1	0	0
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	1,366,921,224	1,347,657,138

## B. Use of Estimates in the Preparation of the Financial Statements: No Change

## C. Accounting Policy

(1) – (5) No Change

(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) – (13) No Change

## D. Going Concern

Management's assessment of the relevant conditions through May 14, 2018 do not give rise to substantial doubt of the Company's ability to continue as a going concern.

**Note 2. Accounting Changes and Corrections of Errors**

During the current year's financial statement preparation, the Company discovered an error within the 2017 Annual Statement relating to reserves. After consideration of materiality and in accordance with SSAP No. 3, *Accounting Changes and Correction of Errors*, this correction was recorded directly to surplus. The impact of the correction of reserves decreased surplus by \$7.8 million in 2018. This represented less than 1% of ending capital and surplus as of both March 31, 2018 and December 31, 2017.

**Note 3. Business Combinations and Goodwill: NONE****Note 4. Discontinued Operations: NONE****Note 5. Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans: No Change

B. Debt Restructuring: No Change

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) No other-than-temporary impairment was recognized 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.

## NOTES TO FINANCIAL STATEMENTS

- (3) Other-than-temporary impairment was recognized on the following securities due to the present value of the cash flows expected to be collected being less than the amortized cost basis.

1 CUSIP	2 Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	3 Present Value of Projected Cash Flows	4 Recognized Other-Than- Temporary Impairment	5 Amortized Cost After Other-Than- Temporary Impairment	6 Fair Value at time of OTTI	7 Date of Financial Statement Where Reported
466306-AA-5 .....	13,604,536	13,561,709	42,827	13,561,709	13,549,896	03/31/2018
45254N-LL-9 .....	8,403,876	8,319,325	84,551	8,319,325	8,153,759	03/31/2018
362341-MC-0 .....	2,174,536	2,125,616	48,920	2,125,616	2,124,584	03/31/2018
Total	XXX	XXX	176,298	XXX	XXX	XXX

- (4) 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 March 31, 2018.

a. The aggregate amount of unrealized losses:

1. Less than 12 Months .....	13,019,956
2. 12 Months or Longer .....	5,031,834

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

1. Less than 12 Months .....	1,030,782,985
2. 12 Months or Longer .....	114,390,523

- (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 – R. No Change

**Note 6. Joint Ventures, Partnerships and Limited Liability Companies:** No Change

**Note 7. Investment Income:** No Change

**Note 8. Derivative Instruments**

A – G. No Change

H. There were no derivative contracts with premium cost.

**Note 9. Income Taxes:** No Change

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

Some employees of Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by Athene Holding Ltd. (AHL), an indirect parent of the Company, for which the Company has no legal obligation. Salary expense of Athene Employee Services LLC is allocated to the Company through the Shared Services Agreement. Under SSAP No. 104R, *Share-Based Payments*, the stock compensation expense associated with the Agreements that would have been allocated to the Company is required to be recorded as a capital contribution to the reporting entity. The Company has allocated the stock compensation expense associated with the Agreements based on the same methodology as the Shared Services Agreement. In accordance with SSAP No. 104R, the Company incurred expense and recorded a capital contribution under the Agreements totaling \$3.0 million and \$21.8 million for the three months ended March 31, 2018 and for the year ended December 31, 2017, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

During February 2018, Athene Life Re Ltd. (ALRe) formed a subsidiary Bermuda reinsurer, Athene Annuity Re Ltd. (AARe) which has been licensed with the Bermuda Monetary Authority. During 2018, pursuant to a Contribution Agreement, AHL contributed Athene USA Corporation (AUSA), the direct parent of the Company, and its subsidiaries to AHL's wholly owned subsidiary ALRe.

The Company recaptured, amended, and entered into new reinsurance agreements with affiliates during 2018. See Note 23, Reinsurance for details of those changes.

**Note 11. Debt:** No Change

**Note 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans:** NONE

**Note 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations:** No Change

**Note 14. Liabilities, Contingencies and Assessments**

A. Contingent Commitments: No Change

B. Assessments: No Change

C. Gain Contingencies: NONE

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits: NONE

E. Joint and Several Liabilities: NONE

F. All Other Contingencies

On July 18, 2017 a putative class action Complaint was filed in the United States District Court for the Northern District of Georgia, Atlanta Division by Jon Bruce Hughes, Individually and on Behalf of all Others Similarly Situated against the Company. Plaintiff filed an Amended Complaint July 20, 2017, which added the Company's Third-Party Administrator, McCamish, as a named Defendant. The Company and McCamish have filed Motions to Dismiss that are fully briefed, but the Court has yet to set a hearing. The Court has entered a Stipulated Order that extends court deadlines while the parties engage in settlement discussions for monetary relief that is immaterial to the Company. The Company believes the allegations are unfounded and it has meritorious defenses to the claims set forth in the Complaint and intends to vigorously defend the litigation. In light of the inherent uncertainties involved in the matter aforementioned, reasonably possible losses, if any, cannot be estimated at this time.



## NOTES TO FINANCIAL STATEMENTS

On September 12, 2016, Jack Holzer and Mary Bruesh-Holzer, filed suit in Jackson County, Missouri against several defendants including the Company, as successor-in-interest to Business Men's Assurance Company of America (BMA). Mr. Holzer allegedly sustained injuries due to asbestos exposure from 1966 to 1973 while working in an office building in Kansas City, Missouri then owned by BMA. Plaintiffs assert strict liability and negligence claims against the Company, and the Company is the last remaining material defendant. The Company is insured for costs, fees and compensatory damages under several primary and excess general liability policies issued to BMA, and has rights to indemnity for costs, fees and damages, including punitive damages. The Company authorized the insurers to resolve the matter and the insurers were able to do so therefore, avoiding the March 6, 2018 scheduled trial. The carriers have paid the settlement amount and the court will dismiss the action with prejudice in the near future. The settlement did not have a material impact on the financial statements.

On December 28, 2012, John D. Perdue, Treasurer of the State of West Virginia (the Treasurer), filed suit against Liberty Life Insurance Company (Liberty), now the Company. The Complaint alleges that Liberty failed to conduct annual searches to identify deceased insureds to whom benefits were owed and failed to timely escheat unclaimed death benefits owed to deceased insureds for whom claims were not paid pursuant to West Virginia's Unclaimed Property Act (the UPA). Based on the alleged failure to comply with the UPA, the Treasurer seeks to assess fines, penalties, interest and attorneys' fees against Liberty for its purported willful, fraudulent and/or negligent conduct. The Treasurer further seeks injunctive relief requiring Liberty to implement and adopt policies and procedures to identify deceased insureds. The Treasurer filed virtually identical civil actions against more than sixty other life insurance companies doing business in the State of West Virginia. The defendant insurers collectively filed motions to dismiss which were granted on December 27, 2013. The Treasurer appealed the dismissal order and on June 16, 2015, the West Virginia Supreme Court reversed. Liberty subsequently filed an answer to the Treasurer's complaint on November 9, 2015 and also filed counter-claims for declaratory relief asserting that the Treasurer's claims violated the primary jurisdiction of the West Virginia Insurance Commissioner, the due process clauses of the United States and West Virginia constitutions and the excessive fines and penalties clauses of the West Virginia constitution. The parties engaged in a mediation, and the Treasurer made a settlement demand for a non-material amount, which was rejected. The matter is currently being litigated, discovery is ongoing and no trial date has yet been set.

The Company's indirect subsidiary, Athene Life Insurance Company of New York (ALICNY), has experienced increased service and administration complaints related to the conversion and administration of the block of life insurance business reinsured to First Allmerica Financial Life Insurance Company (FAFLIC) or otherwise administered by FAFLIC on behalf of ALICNY. On April 5, 2017, ALICNY received notification from the New York Department of Financial Services (NYDFS) that it planned to undertake a market conduct examination of ALICNY for the period of January 1, 2012 through March 31, 2017, relating to the treatment of policyholders subject to the conversion of the block of life insurance to FAFLIC. On November 15, 2017, ALICNY received notification from the NYDFS that its examination had resulted in the identification of a significant number of asserted violations of New York insurance law associated with the life block, with a significant number of such violations not subject to dispute by FAFLIC or ALICNY. On January 30, 2018, ALICNY received a draft report of the Market Conduct Examination from the NYDFS that identified in more detail the violations asserted in the November 15, 2017 letter as well as certain other lesser violations. ALICNY is nearing a resolution of the New York Department market conduct examination, but there are no assurances that a definitive agreement will be finalized and executed by the parties. ALICNY currently expects the resolution will not have a material impact on its capital and surplus. To the extent ALICNY is unable to reach an agreement with the New York Department, it is possible that ALICNY may incur fines or penalties which could have a material adverse effect on the Company's capital and surplus through its carrying value of subsidiaries. In addition to the foregoing, the Company's subsidiaries have received inquiries, and expect to continue to receive inquiries, from other regulatory authorities regarding the conversion matter. It is possible that other jurisdictions may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries or and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. Other than described above, 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 and may impact the Company's capital and surplus through its carrying value of subsidiaries.

On April 6, 2016, the Department of Labor (DOL) issued the fiduciary rule which imposes upon third parties who sell annuities within Employee Retirement Income Security Act of 1974 (as amended, ERISA) plans or to individual retirement account (IRA) holders a fiduciary duty to retirement investors. The DOL delayed the applicability date of the fiduciary rule to June 9, 2017 and the full compliance date to July 1, 2019. On March 15, 2018 the U.S. Court of Appeals Fifth Circuit issued an opinion vacating, in their entirety, the DOL Fiduciary Rule and its associated package of new and amended prohibited transaction exemptions. In late April, the American Association of Retired Persons (AARP) and top legal officials in California, New York and Oregon filed a petition in the Fifth Circuit Court of Appeals asking for the court's permission to intervene in the lawsuit to appeal the opinion. The Fifth Circuit ruling is scheduled to take effect on May 7, 2018 absent any petition for rehearing or motion to stay by the DOL or an approval of the request to intervene. The Company will continue to abide by the fiduciary rule until the Fifth Circuit's ruling becomes effective. Since the Company is not issuing new business, the rule will not have an impact on sales and is not expected to have a material impact on its operating expenses.

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.

**Note 15. Leases:** NONE

**Note 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk:** No Change

**Note 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:** NONE

**Note 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans:** NONE

**Note 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators:** NONE

**Note 20. Fair Value Measurement**

A.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total	Net Asset Value (NAV) Included in Level 2
a. Assets at fair value					
Common stock unaffiliated .....	1,684,864	9,894		1,694,758	
Derivative assets: Options .....		55,307,321		55,307,321	
Derivative assets: Futures .....	2,210,175			2,210,175	
Derivative assets: Forwards .....		306,849		306,849	
Separate account assets: Variable products .....		14,094,683		14,094,683	
Total assets at fair value .....	3,895,039	69,718,747		73,613,786	

## NOTES TO FINANCIAL STATEMENTS

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total	Net Asset Value (NAV) Included in Level 2
b. Liabilities at fair value					
Derivative liabilities: Currency Swaps .....		4,280,253		4,280,253	
Derivative liabilities: Total Return Swaps .....		6,941		6,941	
Derivative liabilities: Forwards .....		1,250,493		1,250,493	
Separate account liabilities: Variable products .....		14,284,063		14,284,063	
Total liabilities at fair value .....		19,821,750		19,821,750	

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the quarter ended March 31, 2018.

## (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Ending Balance as of Prior Quarter End	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance for Current Quarter End
a. Assets										
Common stock unaffiliated .....	44		(9,894)		9,692	158				
Total Assets .....	44		(9,894)		9,692	158				

Assets transferred out of Level 3 primarily included those assets for which the Company is now able to obtain pricing from a recognized external pricing source.

- (3) Transfers between fair value hierarchy levels are recognized at the end of the period in which the transfer occurs.
- (4) The following discussion describes the valuation methodologies and inputs used for assets and liabilities measured and disclosed at fair value. The techniques utilized in estimating the fair values of financial instruments are reliant on the assumptions used.

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

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

The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability.

Level 2 inputs include the following:

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

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

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

## B. Other Fair Value Disclosures: NONE

## NOTES TO FINANCIAL STATEMENTS

- C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)	Net Asset Value (NAV) Included in Level 2
Assets - Bonds	6,775,867,685	6,648,195,441	2,215,729	5,751,268,861	1,022,383,095		
Assets - Preferred stocks	30,717,330	27,750,000		30,717,330			
Assets - Common stocks unaffiliated	1,694,758	1,694,758	1,684,864	9,894			
Assets - Mortgage loans - first liens	423,319,372	391,698,483			423,319,372		
Assets - Mortgage loans - other than first liens	627,568,578	636,008,760			627,568,578		
Assets - Cash and short-term investments	410,124,048	410,127,170	252,188,645	157,935,403			
Assets - Policy loans	1,438,617	1,438,617		1,438,617			
Assets - Derivative assets	57,838,059	57,885,842	2,210,175	55,627,884			
Assets - Derivative collateral assets	5,169,813	5,169,813	5,169,813				
Assets - Other invested assets	959,063,820	959,081,639		33,034,820	926,029,000		
Assets - Separate account: variable products	14,094,683	14,094,683		14,094,683			
Liabilities - Collateralized borrowings	3,541,231	3,500,908			3,541,231		
Liabilities - Derivative liabilities	9,170,316	8,130,425		9,170,316			
Liabilities - Deposit-type contracts	3,312,207,940	3,281,838,561		3,161,917,238	150,290,702		
Liabilities - Derivative collateral liability	51,876,540	51,876,540	51,876,540				

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

Preferred stocks and common stocks unaffiliated – The Company values equity securities, typically private equities or equity securities not traded on an exchange, using several commercial pricing services and are classified as Level 2 assets.

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

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

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

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

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

Collateralized borrowings – The Company estimates collateralized borrowings using discounted cash flow analysis and rates being offered for similar collateral to borrowers with similar credit ratings. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and prepayments. Collateralized borrowings are classified as Level 3.

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

- D. Not Practical to Estimate Fair Value: NONE

**Note 21. Other Items:** No Change

**Note 22. Events Subsequent**

Subsequent events have been considered through May 14, 2018 for the statutory statement dated March 31, 2018. There have been no Type I events subsequent to the close of the books and accounts for this statement that have a material effect on the financial condition of the Company.

Type II events subsequent consisted of the following:

On April 19, 2018, the Company drew a \$75.0 million advance on the Unsecured Revolving Promissory Note held by its direct parent, AUSA.

## NOTES TO FINANCIAL STATEMENTS

### **Note 23. Reinsurance**

Effective January 1, 2018, the Company entered into a coinsurance agreement with Athene Annuity and Life Company (AAIA) to assume 50% of all retail annuity business issued by AAIA on or after January 1, 2018. The Company subsequently entered into a retrocession modified coinsurance agreement with AARe effective January 1, 2018 to cede an 80% quota share of this AAIA retail annuity business.

Effective January 1, 2018, the Company recaptured a modified coinsurance agreement originally entered into with ALRe on August 1, 2017. This agreement retroceded 80% of the assumed Lincoln National Life Insurance Company business issued on or after August 1, 2017. The modified coinsurance reserves that were recaptured from ALRe were \$168.7 million as of January 1, 2018.

Effective January 1, 2018, the Company recaptured a retrocession modified coinsurance agreement originally entered into with ALRe on November 1, 2012, which was subsequently amended on December 31, 2012 and January 1, 2016. This treaty retroceded 80% of the assumed Liberty Bankers Life Insurance Company annuity business, 89% of the assumed Athene Annuity & Life Assurance Company of New York annuity business and 80% of the assumed Royal Neighbors of America annuity business. The Company subsequently entered into a retrocession modified coinsurance agreement with AARe effective January 1, 2018 to cede the same quota shares of these blocks of business. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe were \$2,168.0 million as of January 1, 2018.

Effective January 1, 2018, the Company recaptured a retrocession modified coinsurance agreement originally entered into with ALRe on December 16, 2011. This agreement retroceded 80% of the assumed Transamerica Life Insurance Company annuity business. The Company subsequently entered into a retrocession modified coinsurance agreement with AARe effective January 1, 2018 to cede the same 80% quota share of this business. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe were \$674.3 million as of January 1, 2018.

Effective January 1, 2018, the Company recaptured a modified coinsurance agreement originally entered into with ALRe on April 29, 2011. This agreement ceded 75% of the inforce (as of April 29, 2011) and future annuity business, which was increased to 80% on January 1, 2014. The Company subsequently entered into a modified coinsurance agreement with AARe effective January 1, 2018 to cede the same 80% quota share of the annuity business. The modified coinsurance reserves that were recaptured from ALRe and ceded to AARe were \$2,995.6 million as of January 1, 2018.

**Note 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination:** NONE

**Note 25. Change in Incurred Losses and Loss Adjustment Expenses:** NONE

**Note 26. Intercompany Pooling Arrangements:** NONE

**Note 27. Structured Settlements:** NONE

**Note 28. Health Care Receivables:** NONE

**Note 29. Participating Policies:** No Change

**Note 30. Premium Deficiency Reserves:** NONE

**Note 31. Reserves for Life Contracts and Annuity Contracts:** No Change

**Note 32. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics:** No Change

**Note 33. Premiums and Annuity Considerations Deferred and Uncollected:** NONE

**Note 34. Separate Accounts:** No Change

**Note 35. Loss/Claim Adjustment Expenses:** NONE