

EXAMINATION REPORT OF
VENERABLE INSURANCE AND ANNUITY COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2020

Des Moines, Iowa
December 22, 2021

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa 50319

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, an Examination has been made of the records, business affairs and financial condition of

VENERABLE INSURANCE AND ANNUITY COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2020

at its Home Office located at 699 Walnut Street, Suite 1350, Des Moines, Iowa.

INTRODUCTION

Venerable Insurance and Annuity Company, hereinafter referred to as the “Company,” was last examined as of December 31, 2015, as a member of the Voya Financial Group under the name Voya Insurance and Annuity Company. The examination reported herein was conducted by the Iowa Insurance Division (the Division).

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2016, to the close of business on December 31, 2020, including any material transactions and/or events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, identify current and prospective risks of a company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition.

HISTORY

The Company was incorporated on January 2, 1973, under the laws of the State of Minnesota as the St. Paul Life Insurance Company and commenced business on October 1, 1973. On December 31, 1987, its parent, the St. Paul Group, changed the name of the Company to Golden American Life Insurance Company (Golden). On December 21, 1993, Golden filed with the appropriate officials and redomesticated from the State of Minnesota to the State of Delaware. The State of Delaware approved the new certificate on January 7, 1994. On May 3, 1996, Golden was sold to Equitable of Iowa Companies (Equitable), an Iowa holding company.

On October 24, 1997, PFHI Holdings, Inc. (PFHI), a Delaware corporation and wholly owned subsidiary of ING Group N.V. (ING), acquired all of the outstanding capital stock of Equitable pursuant to an Agreement and Plan of Merger between Equitable, PFHI, and ING. ING was a global financial service holding company based in the Netherlands.

On January 1, 2004, Equitable Life Insurance Company of Iowa, USG Annuity and Life Company, and United Life and Annuity Insurance Company merged with and into the Company and the Company redomesticated from Delaware to Iowa. Immediately after the merger, the Company changed its name from Golden to ING USA Annuity and Life Insurance Company. At the time of the mergers, within ING's U.S. insurance operations (Group), Voya Holdings Inc., a subsidiary of Voya Financial, Inc. (Voya Financial), became the Company's immediate parent company and ING became the Company's ultimate parent.

On October 26, 2009, ING submitted a corporate restructuring plan to the European Commission whereby ING agreed to separate its banking and insurance businesses by 2013. On April 9, 2009, ING announced plans to divest itself of all or part of the Company.

On May 7, 2013, the initial public offering (IPO) of the common stock of Voya Financial was completed through primary and secondary offerings of the stock directly by Voya Financial (primary) as well as its immediate parent ING Insurance International B.V. (III) (secondary). After the closing of the primary and secondary offerings of the IPO, III held approximately 71% of the outstanding shares of the common stock of Voya Financial and the Company's ultimate controlling person remained ING.

On September 30, 2013, the ownership of Voya Financial was restructured through a series of in-kind dividend transactions between holding company affiliates ultimately transferring III's 71% legal ownership interest in Voya Financial to ING. Subsequent to the restructuring, the Company changed its name to Voya Insurance and Annuity Company effective September 1, 2014, and ING completed a series of public offerings of the shares of common stock of Voya Financial. On March 9, 2015, ING completed the sale of its remaining shares of Voya Financial making Voya Financial the ultimate controlling entity of the Company.

On December 20, 2017, Voya Financial entered into a Master Transaction Agreement with VA Capital Company LLC (VA Capital), a Delaware limited liability company and Athene Holdings Ltd. (Athene), a Bermuda limited company, whereby VA Capital's wholly owned subsidiary, Venerable Holdings, Inc. (VHI) would acquire certain assets of Voya Financial including all of the shares of the Company's common stock. The acquisition of the Company by VHI was completed on June 1, 2018. As a result of the acquisition, the Company changed its name to Venerable Insurance and Annuity Company which was approved by the Division effective September 1, 2019.

CAPITAL STOCK AND DIVIDENDS

The Restated Articles of Incorporation (Articles) provide for authorized capital in the amount of \$2,500,000, consisting of 250,000 common shares of common capital stock with a par value of \$10 per share. Issued and outstanding common shares did not change during the period under review. On June 1, 2018, all of the previously issued and outstanding shares of common capital stock were acquired by VHI from Voya Financial.

As of December 31, 2020, the Company reported a balance of gross paid-in and contributed surplus of \$1,240,463,414. The only change during the examination period was a \$50,677,101 contribution made by VHI at the time of acquisition.

During the period under examination, the Company paid the following dividends to its immediate parent, Voya Financial (prior to 2018 acquisition) and VHI (post acquisition):

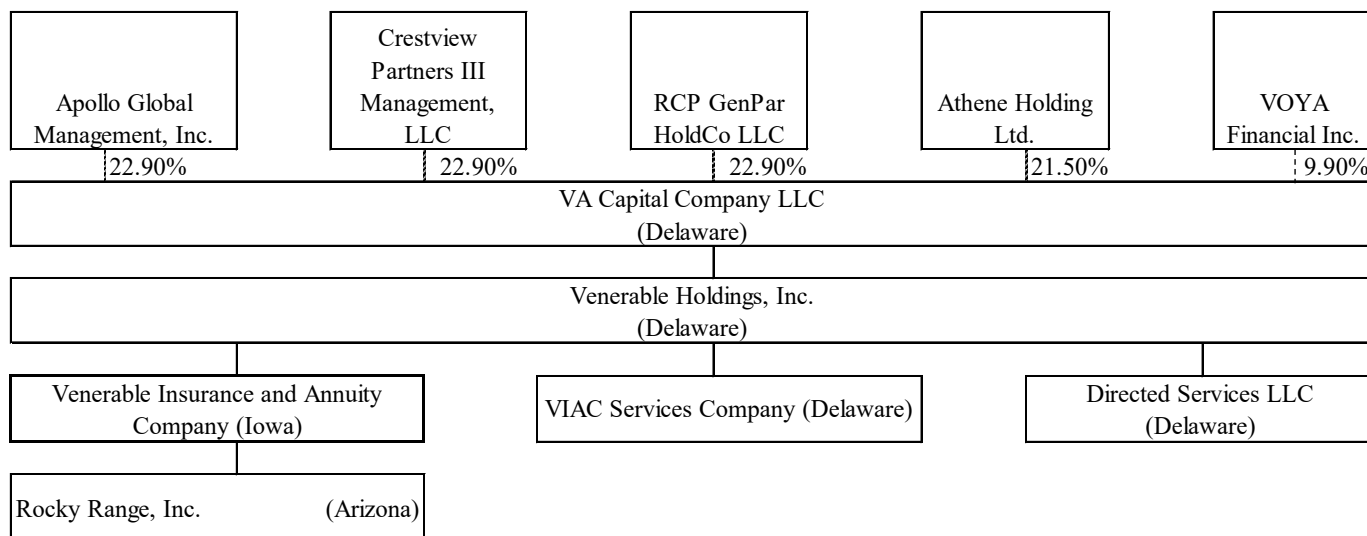
<u>Date Paid</u>	<u>Amount</u>	
June 27, 2016	\$ 373,000,000	(A)
Total 2016	373,000,000	
June 28, 2017	278,000,000	(A)
July 5, 2017	250,000,000	(B)
Total 2017	528,000,000	
July 23, 2019	221,000,000	(A)
Total 2019	221,000,000	
July 24, 2020	32,000,000	(A)
Total 2020	32,000,000	
Total	<u>\$ 1,154,000,000</u>	

- (A) Ordinary dividend.
- (B) Extraordinary dividend approved by the Division.

All ordinary dividends were paid in accordance with Chapter 521A.5(3)c., Code of Iowa, and all extraordinary dividends were paid in accordance with Chapter 521A.5(3)b.

HOLDING COMPANY SYSTEM

The Company is a member of an insurance holding company system as defined by Chapter 521A, Code of Iowa. A simplified organizational chart as of December 31, 2020, reflecting the ultimate controlling persons and holding company system, is shown below:



All ownership is 100% unless otherwise indicated

The ultimate controlling persons are Leon Black, Joshua Harris and Marc Rowan (Individuals)

MANAGEMENT AND CONTROL

Shareholders

The Amended and Restated Bylaws (Bylaws) prescribe that an annual meeting of the shareholders shall be held each year, at a time and place as designated by the Board of Directors. Shareholders may participate in such meetings by telephone, video conference, or similar means. A written notice stating the time and place of meeting shall be delivered to each shareholder as required by law, although shareholders may waive notice. In general, shareholders holding a majority of shares of outstanding stock at the close of business on the day next preceding the day on which notice is given shall constitute a quorum. Any action which may be taken at a regular or special meeting of the shareholders may be taken without a meeting if the holders of shares having not less than ninety percent of the votes entitled to be cast consent in writing to the action.

Board of Directors

The Bylaws state that the business and affairs of the Company shall be managed by a Board of Directors consisting of seven directors, of which at least one-third satisfy requirements to be considered independent under Iowa law. The Bylaws state that regular meetings of the Board of Directors shall be held without notice at a time and place as fixed by the Board.

Special meetings of the Board of Directors may be called by the Chairman or any other member of the Board, the President, or the Secretary. Special meetings require that written notice stating the time, place and purpose be mailed/delivered not less than three days before such special meeting. A director may waive the requirement of a written notice.

Any action which may be taken at a meeting of the directors, or a committee of directors may be taken without a meeting if a consent in writing shall be signed by all of the directors or members of the committee.

A majority of all directors shall be requisite to constitute a quorum for the transaction of business at all meetings of the Board.

The directors serving as of December 31, 2020, were as follows:

<u>Name and Address</u>	<u>Primary Occupation</u>	<u>Term Expires</u>
Peter Christopher Aberg New York, NY	Partner Reverence Capital Partners	2021
Susan Lynn Gooding Clive, IA	Senior Vice President, Treasurer Athene Holding Ltd	2021
Daniel Geoffrey Kilpatrick New York, NY	Vice President, Principal, Partner Crestview Advisors, L.L.C.	2021
Brenna Haysom Romando Tuxedo Park, NY	Chief Executive Officer Rally Labs LLC	2021
Nedim Sadaka New York, NY	President Para Advisors LLC	2021
Howard Lee Shecter Philadelphia, PA	Legal Counsel Holland & Knight LLP	2021
Vishal Narendra Sheth New York, NY	Partner Apollo Global Management, Inc.	2021

Committees

The Bylaws state that the Board of Directors shall designate a Risk and Investment Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. Each committee shall include a majority of independent board members with the exception of the Risk and Investment Committee, which shall have at least one-third independent board members. The Board of Directors may also establish such other committees as it deems appropriate.

The membership of the designated committees in place as of December 31, 2020, was as follows:

<u>Risk and Investment</u>	<u>Compensation</u>	<u>Nominating and Corporate Governance</u>
Nedim Sadaka	Brenna Haysom Romando	Howard Shecter
Peter Aberg	Howard Shecter	Brenna Haysom
Susan Gooding	Nedim Sadaka	Nedim Sadaka
Daniel Kilpatrick		
Howard Shecter		
Howard Shecter		
Vishal Narendra Sheth		

The Company also utilizes the Audit Committee of its direct parent, VHI. The membership (all independent) as of December 31, 2020, was as follows:

Audit

Howard Shecter
Brenna Haysom
Nedim Sadaka

Officers

The Bylaws provide that the officers of the Company shall be elected as soon as practical after the annual meeting of shareholders, and that they shall hold office until a successor is elected and qualified or upon resignation, removal or suspension. Officers shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as they see fit. A Chairman of the Board may be elected, who would also then be an officer of the Company. One person may hold more than one office, except where prohibited by applicable law.

Principal officers serving as of December 31, 2020, were as follows:

<u>Name</u>	<u>Title</u>
Patrick D. Lusk	President, Chief Executive Officer
David P. Wiland	Executive Vice President, Chief Financial Officer
Kenneth L. Brown	Executive Vice President, Chief Operating Officer
Thomas N. Hanson	Executive Vice President, Chief Risk Officer
Lindsey A. Bollinger	Executive Vice President, Chief Implementation
Timothy D. Billow	Executive Vice President, Chief Information Officer
Timothy W. Brown	Executive Vice President, Chief Legal Officer,
Heather A. Kleis	Executive Vice President, Chief Human Resources
Michael W. Guenzler*	Senior Vice President, Chief Information Security
Kristi L. Harding	Senior Vice President, Chief Compliance Officer
Gregory S. Smith Jr	Senior Vice President, Chief Accounting Officer
Dawn M. Miceli	Vice President, Treasurer
Parul Bhatia	Vice President, Appointed Actuary

* Effective October 13, 2021, Mr. Simon Scully assumed the role of Chief Information Security Officer on an interim basis subsequent to the death of Michael Guenzler.

CONFLICT OF INTEREST STATEMENTS

The Company has a Code of Conduct Policy, which addresses conflicts of interest and is acknowledged by key employees on an annual basis. The review of the questionnaire responses disclosed that there were no significant conflicts of interest reported.

CORPORATE RECORDS

The minutes of the shareholder and Board of Directors' meetings were reviewed for the period under examination. The meeting minutes of the Board appeared to adequately document its meetings and approval of Company transactions and events.

The Articles and Bylaws were amended as following during the examination period:

- The Articles and Bylaws were amended and restated in their entirety effective June 1, 2018.
- The Articles and Bylaws were then each amended effective September 1, 2019, to change the Company name from Voya Insurance and Annuity Company to Venerable Insurance and Annuity Company.

The changes to the Articles and Bylaws were approved by the Company's Board of Directors and were approved and filed with the Division.

INTERCOMPANY AGREEMENTS

The Company is a party to several agreements with its affiliates. Where required, all agreements have been filed with and approved by the Division. Agreements considered to be significant are described in more detail as follows:

Shared Services and Cost Sharing Agreement

Effective June 1, 2018, the Company, VA Capital, VHI, Rocky Range, Inc. (Rocky Range) and VIAC Services Company (VSC) entered into an agreement to provide personnel and resources to the participants under the agreement. All participating entities are designated as being both a potential Service Provider and a Service Recipient. Services include all areas necessary to carry out day-to-day functions, and include such services and functions as human resources, financial services and accounting, actuarial and corporate valuation, product management, risk management, accounts payable and treasury, strategic and operations management, mergers and acquisitions, communications, legal and compliance, and various other functions. Services are reimbursed on a cost basis which may be determined using direct or allocation methodology. This agreement may be terminated by any party on behalf of that party by providing thirty days written notice.

Investment Management Agreement

Effective June 1, 2018, the Company and Apollo Insurance Solutions Group, LLC (AISG, previously known as Athene Asset Management LLC) entered into an investment management agreement under which AISG has discretionary authority, subject to specified investment guidelines, to manage the funds and assets related to the Account established pursuant to the primary reinsurance agreements entered into with Athene Life Re Ltd. (ALRe) and Athene Annuity & Life Assurance Company (AADE). The Company pays AISG or its designee a management fee, as scheduled in the agreement. This agreement may be terminated by any party at the end of any quarter with at least thirty days prior written notice.

Amended and Restated Investment Management Agreement

Effective June 1, 2018, the Company, VHI and Voya Investment Management Co. LLC (VIM) entered into an investment management agreement under which VIM has been granted both discretionary and non-discretionary authority, based on asset classes and subject to specified investment guidelines, to manage the funds and assets related to the investments backing the Closed Block of Variable Annuity business retained by the Company (not including any mutual funds held in separate accounts). The Company pays VIM a management fee, as scheduled in the agreement.

Tax Sharing Agreement

The Company and any of its subsidiaries are a party to a Federal Income Tax Allocation Agreement effective June 1, 2018. Pursuant to this agreement, the Company agrees to file a consolidated federal income tax return and make payment on behalf of this affiliated group. Amounts payable by each entity will be equal to that which would be payable had the entity filed a separate income tax return.

Reciprocal Loan Agreement

Effective June 1, 2018, through June 1, 2028, the Company and VHI entered into a reciprocal loan agreement to provide short term loans to each other as may be needed from time to time. This agreement may be terminated by either party upon providing written notice thirty days prior to the termination date.

FIDELITY BONDS AND OTHER INSURANCE

The Company's upstream parent, VA Capital, and its named subsidiaries, are protected by a \$5,000,000 fidelity bond which meets the NAIC's suggested minimum amount of coverage.

The other interests of the Company appear to be adequately protected through coverages afforded by policies in force with admitted insurers.

EMPLOYEES' WELFARE

Employees are eligible to participate in a 401(k) savings plan. The Company is a party to a deferred compensation plan for eligible employees of VSC and certain other individuals who meet the eligibility criteria. The liability for the deferred compensation commitment for VSC's employees is held in VSC, and the Company has no legal obligation for benefits under the plan. Amounts applicable to the Company are allocated under the Shared Services and Cost Sharing Agreement.

REINSURANCE

General

All significant reinsurance agreements reviewed were noted to include an insolvency clause that is in compliance with Chapter 521.B, Code of Iowa. In addition, treaty terms were reviewed to ensure that contract provisions allowed for the proper transfer of risk. Where required, reinsurance agreements with unauthorized insurers were approved by the Division and the Company has adequately secured reserve credits with unauthorized companies. Reinsurance agreements with affiliates were also noted to have been filed with the Division.

Assumed

The Company no longer assumes new reinsurance business. For 2020, the Company reported total assumed life reserves of eight million dollars.

Ceded

The Company reinsures its previously issued, closed block variable annuity contracts to affiliated reinsurers.

- Effective June 1, 2018, the Company entered into a reinsurance agreement with Rocky Range, an Arizona pure captive insurance company which is a wholly owned subsidiary of the Company. Under this agreement

the Company cedes, on a funds withheld coinsurance and modified coinsurance (ModCo) basis, certain variable annuity business to Rocky Range.

- Effective June 1, 2018, the Company also entered into two retrocession agreements with ALRe and AADE (effective December 31, 2019, the ALRe agreement was novated to AARE), that have the impact of ceding a specified percentage of the net liability associated with specified contracts from Rocky Range to AARE and AADE. Under the AARE retrocession agreement, a percentage of the liability associated with specified contracts are ceded from Rocky Range to AARE on a ModCo funds withheld basis. Under the AADE retrocession agreement, a percentage of the liability associated with specified contracts are ceded from Rocky Range to AADE on a coinsurance basis. AARE and AADE are then ultimately liable directly to the Company. All other payout annuities are reinsured at annuitization by Rocky Range to the Company.
- The Company reinsures a specified percentage of its previously issued, fixed and fixed indexed annuity contracts to affiliated reinsurers through the following agreements.
- Effective June 1, 2018, the Company entered into a reinsurance agreement with ALRe, under which the Company cedes a specified percentage, on a ModCo basis, of the general and separate account liabilities with respect to specific lines of business of the Company. Effective December 31, 2019, the ALRe agreement was novated to AARE, a Bermuda reinsurer and wholly owned subsidiary of Athene.
- Effective June 1, 2018, the Company entered into a reinsurance agreement with AADE, under which the Company cedes a specified percentage on a coinsurance basis, of the general account liabilities with respect to specific lines of business of the Company.
- Effective June 1, 2018, the Company entered into a reinsurance agreement with AADE, under which the Company cedes a specified percentage, on a ModCo basis, of the separate account liabilities with respect to specific lines of business of the Company.
- The Company reinsures its remaining business to third party reinsurers, in accordance with the (Company's acquisition by VA Capital).
- The most notable reinsurance agreement is with ReliaStar Life Insurance Company (ReliaStar), an insurance company organized under the laws of the State of Minnesota that is an indirect wholly-owned subsidiary of Voya Financial. Under this agreement, effective April 1, 2018, the Company cedes reinsured general account liabilities on a coinsurance basis and separate account liabilities on a ModCo basis, its individual and group traditional life insurance, supplemental contracts consisting of life insurance proceeds, and certain deferred annuity and investment-only policies of the Company.

STATUTORY DEPOSIT

The Company had securities on deposit with the Iowa Insurance Division in excess of the minimum statutory requirement.

TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to transact life and accident and health business in forty-nine states and the District of Columbia.

The Company does not issue any new life or annuity products. Life and accident and health policies currently in run-off and closed blocks of fixed annuities are all 100% ceded, and the Company now focuses on managing its closed blocks of variable annuities.

GROWTH OF COMPANY

The growth of the Company is reflected by the following data taken from the Company's copies of filed annual statements for the years indicated (000's omitted):

<u>Year</u>	<u>Total Admitted Assets</u>	<u>Aggregate Life Reserves</u>	<u>Capital and Surplus</u>	<u>Life and Annuity Premium</u>	<u>A&H Premium</u>	<u>Deposit Type Funds</u>	<u>Life Insurance In-Force</u>
2016	\$ 29,135,430	\$ 18,686,476	\$ 1,906,214	\$ 2,012,299	\$ 77	\$ -	\$ 192,822,381
2017	29,177,566	18,651,107	1,835,152	1,715,841	73	625,000	185,746,125
2018	26,508,194	15,318,498	2,221,194	367,616	65	290,900	2,553,502
2019	24,772,225	14,202,215	2,441,401	88,588	58	-	2,282,934
2020	23,892,591	13,338,068	2,685,828	84,239	53	-	2,088,344

The changes in 2018 result from the acquisition of the Company by VA Capital effective June 1, 2018, and the related changes to the business model.

ACCOUNTS AND RECORDS

Trial balances were prepared for all years of the examination period. Amounts from the general ledger accounts were reconciled and found to be in agreement with balances reported on the filed annual statements for assets, liabilities, income or disbursements. During the course of the examination, no material aggregate surplus difference was identified from the amount reflected in the financial statements, as presented in the annual statement at December 31, 2020.

SUBSEQUENT EVENTS

COVID-19 Pandemic

The Iowa Insurance Division continues to monitor the impact of the COVID-19 global pandemic on all of its domestic insurers, including the Company.

Acquisition Activity

Effective June 1, 2021, the Company completed its acquisition of Corporate Solutions Life Reinsurance Company (CSLR), an insurance company domiciled in Delaware, from Equitable Holdings Inc., a corporation organized under the laws of the State of Delaware.

FINANCIAL STATEMENTS
AND COMMENTS THEREON

NOTE: Except as otherwise stated, the financial statements immediately following reflect only the transactions for the period ending December 31, 2020 and the assets and liabilities as of this date. Schedules may not add or tie precisely due to rounding.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 16,272,818,092	\$	\$ 16,272,818,092
Preferred stocks	117,797,740		117,797,740
Common stocks	1,400,588,115		1,400,588,115
Mortgage loans on real estate:			
First liens	3,404,837,808		3,404,837,808
Cash and cash equivalents	750,022,225		750,022,225
Short-term investments	37,382,277		37,382,277
Contract loans	4,420,941		4,420,941
Derivatives	995,020,317		995,020,317
Other invested assets	486,388,210		486,388,210
Receivables for securities	6,822,934		6,822,934
Securities lending reinvested collateral assets	-		-
Derivative receivable	7,196,199		7,196,199
Subtotals, cash and invested assets	23,483,294,858	-	23,483,294,858
Investment income due and accrued	156,360,164	1,019,331	155,340,833
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	(52,233,460)		(52,233,460)
Reinsurance:			
Amounts recoverable from reinsurers	71,621,832		71,621,832
Other amounts receivable under reinsurance contracts	62,952,511		62,952,511
Guaranty funds receivable or on deposit	527,715		527,715
Receivables from parent, subsidiaries and affiliates	1,911,687		1,911,687
Healthcare and other amounts receivable	7,306,266	7,306,266	0
Margin call collateral	142,590,000		142,590,000
Miscellaneous assets	30,347,349	3,762,630	26,584,719
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	23,904,678,922	12,088,227	23,892,590,695
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	25,595,174,943	0	25,595,174,943
Total Assets	<u>\$ 49,499,853,865</u>	<u>\$ 12,088,227</u>	<u>\$ 49,487,765,638</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$	13,338,067,957
Liability for deposit-type contracts		2,912,756,412
Contract claims:		
Life		(8,846,657)
Accident and health		0
Premiums and annuity considerations for life and accident and health		
Other amounts payable on reinsurance, including \$0 assumed and \$58,434,969 ceded		58,434,969
Interest maintenance reserve (IMR)		219,149,899
Commissions to agents due or accrued - life and annuity contracts		26,033
General expenses due or accrued		74,567
Transfers to Separate Accounts due or accrued (net)		(57,762,118)
Taxes, licenses and fees due or accrued, excluding federal income taxes		(126,519)
Amounts withheld or retained by company as agent or trustee		1,164,862
Amounts held for agents' account		7,803,365
Remittances and items not allocated		(1,480,538)
Miscellaneous liabilities:		
Asset valuation reserve (AVR)		392,556,475
Funds held under reinsurance treaties with unauthorized reinsurers		2,668,578,186
Payable to parent, subsidiaries and affiliates		67,458,831
Derivatives		1,241,055,987
Payable for securities		195,815,861
Payable for securities lending		125,587,124
Derivative payable		36,963,281
Unclaimed property		8,164,943
Miscellaneous liabilities:		1,319,519
Total Liabilities excluding Separate Accounts business		<u>21,206,762,439</u>
From Separate Accounts Statement		<u>25,595,174,943</u>
Total Liabilities		<u>46,801,937,382</u>
Common capital stock	\$	2,500,000
Deferred gain on reinsurance		258,517,057
Surplus notes		350,000,000
Gross paid in and contributed surplus		1,240,463,414
Unassigned funds (surplus)		<u>834,347,788</u>
Surplus as Regards Policyholders		2,685,828,259
Total Liabilities, Capital and Surplus	\$	<u><u>49,487,765,641</u></u>

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health policies and contracts	\$ 3,093,089
Considerations for supplementary contracts with life contingencies	38,652,423
Net investment income	1,550,345,148
Amortization of interest maintenance reserve (IMR)	17,567,349
Commissions and expense allowances on reinsurance ceded	231,108,799
Reserve adjustments on reinsurance ceded	(1,330,070,915)
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	583,962,544
Fee income	(580,419,749)
Miscellaneous income	6,583,147
Totals	<u>520,821,835</u>
Annuity benefits	944,258,447
Surrender benefits and withdrawals for life contracts	1,755,436,924
Interest and adjustments on contract or deposit type contract funds	130,690,173
Payments on supplementary contracts with life contingencies	212,854,705
Increase in aggregate reserves for life and accident and health contracts	<u>(864,015,366)</u>
Totals	2,179,224,883
Commissions on premiums, annuity considerations and deposit-type contract funds	141,142,858
General insurance expenses and fraternal expenses	117,897,624
Insurance taxes, licenses and fees, excluding federal income taxes	4,096,008
Net transfers from Separate Accounts net of reinsurance	(2,745,599,542)
Derivative (gains) losses on funds withheld	(630,874,670)
Investment income on funds withheld	172,642,633
Miscellaneous expenses	3,161,541
Totals	<u>(758,308,665)</u>
Net gain from operations before dividends to policyholders and federal income taxes	1,279,130,500
Dividends to policyholders	<u>-</u>
Net gain from operations after dividends to policyholders and before federal income taxes	1,279,130,500
Federal and foreign income taxes incurred (excluding tax on capital gains)	<u>(36,999,529)</u>
Net gain from operations after dividends and taxes	1,316,130,029
Net realized capital gains (excluding gains (losses) transferred to the IMR) less capital gains tax of \$(3,655,491)	<u>(1,187,347,940)</u>
Net Income	<u><u>\$ 128,782,089</u></u>

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, 2018 \$ 2,441,401,065

GAINS AND (LOSSES) IN SURPLUS

Net income	\$ 128,782,089	
Change in net unrealized capital gains	13,747,752	
Change in net unrealized foreign exchange capital gain (loss)	(66,988)	
Change in nonadmitted assets	(4,600,842)	
Change in reserve on account of change in valuation basis (increase) or decrease	(9,761,151)	
Change in asset valuation reserve	(54,541,770)	
Change in surplus notes	(85,000,000)	
Surplus adjustment:		
Change in surplus as a result of reinsurance	287,868,103	
Dividends to stockholders	<u>(32,000,000)</u>	
Net change in capital and surplus for the year		<u>244,427,193</u>
Capital and surplus, December 31, 2019		<u>\$ 2,685,828,258</u>

CASH FLOW

Cash from Operations		
Premiums collected net of reinsurance	\$ 5,108,265	
Net investment income	1,647,275,951	
Miscellaneous income	88,073,454	
Total		\$ 1,740,457,670
Benefit and loss related payments	3,995,240,934	
Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(2,725,158,271)	
Commissions, expenses paid and aggregate write-ins for deductions	(77,552,166)	
Dividends paid to policyholders	-	
Federal and foreign income taxes paid	-	
Total		1,192,530,497
Net cash from operations		547,927,173
Cash from Investments		
Proceeds from investments sold, matured, or repaid:		
Bonds	5,430,299,268	
Stocks	89,703,290	
Mortgage loans	236,155,820	
Real estate	-	
Other invested assets	36,287,246	
Net gains or (losses) on cash, cash equivalents and short-term	147,541	
Miscellaneous proceeds	174,924,289	
Total investment proceeds		5,967,517,454
Cost of investments acquired (long-term only):		
Bonds	5,043,125,078	
Stocks	52,044,469	
Mortgage loans	97,775,849	
Real estate	-	
Other invested assets	122,497,269	
Miscellaneous applications	1,289,374,681	
Total investments acquired		6,604,817,346
Net increase (decrease) in contract loans and premium notes		(873,418)
Net cash from investments		(636,426,474)

CASH FLOW (continued)

Cash from Financing and Miscellaneous Sources

Cash provided (applied):		
Surplus notes, capital notes	(85,000,000)	
Capital and paid in surplus, less treasury stock	-	
Borrowed funds	(10,000,000)	
Net deposits on deposit-type contracts and other insurance liabilities	160,057,570	
Dividends to stockholders	32,000,000	
Other cash applied	<u>116,737,150</u>	
Net Cash from Financing and Miscellaneous sources		<u>149,794,720</u>

**RECONCILIATION OF CASH, CASH EQUIVALENTS
AND SHORT-TERM INVESTMENTS**

Net change in cash, cash equivalents and short-term investments	61,295,418
Cash and short-term investments:	
Beginning of year	<u>726,109,083</u>
End of year	<u>\$ 787,404,501</u>

CONCLUSION

Acknowledgment is hereby made of the cooperation and assistance extended by the officers and employees of the Company during this examination.

In addition to the undersigned, the following Iowa Insurance Division Examiner participated in the examination and preparation of this report:

Daniel Mathis, CFE	Chief Examiner
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The following examiners from INS Regulatory Insurance Services, Inc., assisted the Iowa Insurance Division:

Don Carbone	Field Manager
Robert Rodack, CFE	Examiner-in-Charge
Mary Rodack, CFE	Financial Regulation Senior Specialist

A review of the information technology system was performed under the direction of David Gordon, CISA, of INS Services, Inc.

A review of the Company's reserves was performed under the direction of Frank Edwards, FSA, MAAA of INS Consultants, Inc.

Respectfully submitted,

/s/ Robert Rodack
ROBERT RODACK, CFE
Examiner-in-Charge
Insurance Division
State of Iowa

/s/ Daniel Mathis
DANIEL MATHIS, CFE
Chief Examiner
Insurance Division
State of Iowa