

EXAMINATION REPORT OF  
STRUCTURED ANNUITY REINSURANCE COMPANY  
DES MOINES, IOWA  
AS OF DECEMBER 31, 2021

Des Moines, Iowa  
May 23, 2023

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

STRUCTURED ANNUITY REINSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2021

at its Home Office located at 7700 Mills Civic Parkway, West Des Moines, Iowa.

INTRODUCTION

Structured Annuity Reinsurance Company, hereinafter referred to as the “Company,” was last examined as of December 31, 2017 as a member of the Athene USA group. 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, 2018, to the close of business on December 31, 2021, 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 as a life insurance corporation under the laws of the State of Iowa on August 12, 2013. All outstanding shares of the Company are owned by Athene Annuity and Life Company (AAIA), a life insurance company incorporated in the State of Iowa.

Under a reinsurance agreement executed on August 30, 2013, the Company assumed 100% of all benefits payable on or after August 30, 2013, relating to all structured annuity contracts issued by AAIA (and its predecessor by merger, Aviva Life Insurance Company) to Aviva London Assignment Corporation (an affiliated company prior to October 2, 2013).

The Company became a member of the Athene Holding Ltd. (AHL) holding company structure effective October 2, 2013, pursuant to a stock purchase agreement dated December 21, 2012, between Aviva plc and AHL. AHL acquired 100% of the issued and outstanding capital stock of Aviva USA and thereby acquired control of certain of Aviva USA's insurance company subsidiaries, including but not limited to AAIA, the Company's direct parent. Aviva USA was subsequently renamed as Athene USA Corporation (AUSA). Also on October 2, 2013, immediately following AHL's acquisition of AUSA, AHL contributed 100% of the stock of Athene Annuity & Life Assurance Company (AADE) to AUSA, and AUSA then immediately contributed 100% of the stock of AAIA to AADE. As a result of these post-closing restructuring transactions, AAIA, the company's parent, became a direct, wholly-owned subsidiary of AADE, which in turn was a direct, wholly-owned subsidiary of AUSA, which in turn was a direct, wholly-owned subsidiary of AHL.

At December 31, 2019, the Company was a wholly owned subsidiary of AAIA, whose upstream parent is AHL. AHL had two classes of voting shares, Class A and Class B. Class A shares represented 55% of the aggregate voting power and were listed on the New York Stock Exchange. The Class B shares, representing 45% of the aggregate voting power, were controlled by AGM Management, LLC (AGM LLC) and its affiliates. AHL's by-laws included specific restrictions and adjustments to the voting power of the holders of Class A shares including that other than AGM LLC and certain of its affiliates, no one holder of Class A shares, together with its affiliates may control in excess of 9.9% of the total outstanding vote of AHL. Leon Black, Marc Rowan and Joshua Harris, as the upstream owners of AGM LLC, were the ultimate controlling persons.

AHL entered into a Transaction Agreement in 2019 which closed on February 28, 2020. Pursuant to this Transaction Agreement, AHL agreed to eliminate its multi-class structure leaving only Class A common shares as voting common stock. AHL also agreed to issue 35,534,942 new Class A shares that AHL or its subsidiaries would transfer to affiliates of AGM LLC that comprise the Apollo Operating Group or their subsidiaries (collectively AOG) in exchange for 29,154,519 equity interests of the AOG and \$350 million in cash. The Transaction Agreement also granted AGM LLC or its affiliates the right to purchase additional Class A shares. Apollo Management Holdings, L.P. (AMH), an indirect subsidiary of AGM LLC, purchased additional shares bringing its ownership in AHL to approximately 28%. AHL also entered into a Shareholders Agreement which, among other items, gave AMH the right to vote the Class A Common Shares owned by the AOG, which brought the total voting percentage to approximately 35%. As part of the overall merger and transactions, no person or entity other than an indirect subsidiary of AGM LLC, had the right to vote 10% or more of AHL's total voting power.

On March 8, 2021, AHL entered into an Agreement and Plan of Merger (Merger Agreement), by and among AHL, AGM LLC, and other primary owners to effect an all-stock merger transaction to combine the respective businesses through a series of mergers. As a result of these mergers the new AGM LLC changed its name to Apollo Global Management, Inc. (AGM) in 2021. The agreement ultimately resulted in AHL becoming a direct, wholly-owned subsidiary of AGM once the Merger Agreement closed (the Merger Agreement did not close until 2022). The overall changes would not result in a change to the ultimate controlling persons of Leon Black, Joshua Harris and Marc Rowan.

## CAPITAL STOCK AND DIVIDENDS

The Articles of Incorporation provide for authorized capital in the amount of \$5,000,000, consisting of 50,000 shares of common capital stock with a par value of \$100 per share. Issued and outstanding common shares were \$5,000,000 as of December 31, 2021, with no change in the number of shares issued or direct ownership of the Company during the period under review.

As of December 31, 2021, the Company reported a balance of gross paid-in and contributed surplus of \$75,818,668, an increase of \$761,268 from January 1, 2018 through December 31, 2021. The entire change related to capital contributions representing stock compensation expense allocable to the Company (or its subsidiaries) but for which no actual repayment is expected or will be made and which are therefore required to be recorded as capital contributions pursuant to SSAP No. 104R Share-Based Payments.

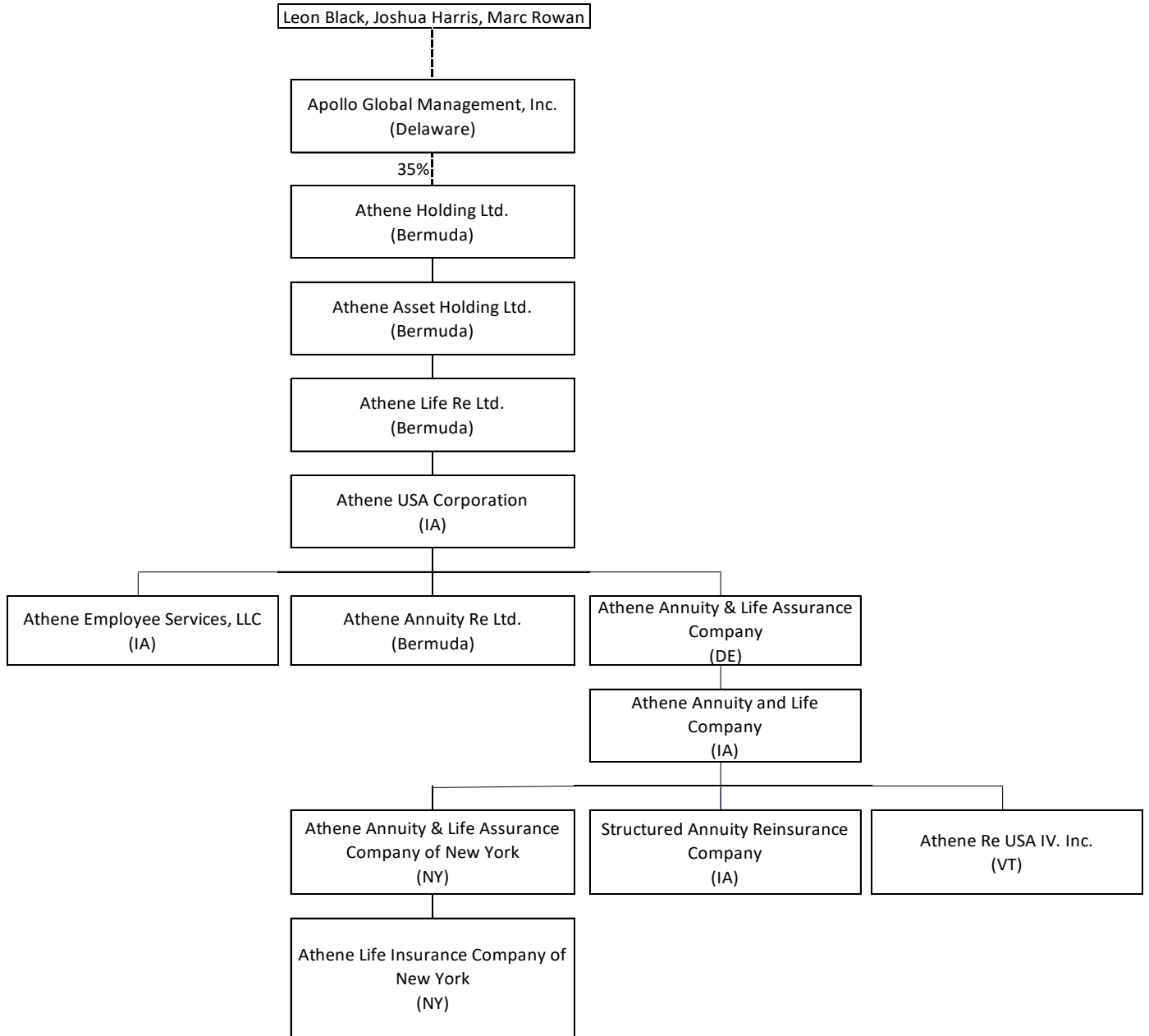
There were no ordinary or extraordinary dividends paid out by the Company during the examination period.

## SURPLUS NOTES

On December 9, 2013, the Company issued, in exchange for cash, an \$18,000,000 surplus note to AUSA due December 15, 2043. The note bore interest at 3.17% through December 15, 2014 and then adjusts each December 16th thereafter to the lower of 6.65% or the London Interbank Offered Rate (LIBOR) plus a margin of 2.49% per annum. Interest is payable each June 15 and December 15 and commenced on December 15, 2013. All principal and interest payments on the note may only be made with the prior written approval of the Commissioner of Insurance of the State of Iowa. In the event of a distribution of the assets of the Company as described in Section 507C of the Iowa Insurance Code, the note shall be subordinated to the Company's obligations to policyholders, claimant and beneficiary claims and all other classes of creditors other than surplus note holders.

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, 2021, reflecting the ultimate controlling persons and significant companies within the 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). Other significant affiliated organizations with whom the companies transact business include Apollo Insurance Solutions Group.

As of December 31, 2021, there were approximately 5,165 U.S. and international legal entities comprising the AHL holding company system.

## MANAGEMENT AND CONTROL

### Shareholders

The annual meeting of the shareholder commencing with the year 2013 shall be held at such place and at such time and on such date as may be specified in the notice of meeting or in a duly executed waiver thereof. The purpose of the annual meeting shall be to elect a Board of Directors and to transact such other business as may properly be brought before the meeting. If this annual meeting is not held, a special meeting may be held in place thereof, and any business transacted or elections held at such meeting shall have the same effect as if transacted or held at the annual meeting.

Special meetings of the shareholder may be called by the President, the Board of Directors, or the Secretary of the Corporation and shall be called by the Secretary upon the written request of the holders of not less than one-tenth of all the shares entitled to vote at the meeting, for any purpose.

Notice of each meeting of the shareholders shall be given by the Secretary not less than 10 days or more than 60 days before the date of the meeting to each shareholder. The notice shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. In addition, the Board may fix a record date for any meetings of the shareholder which shall be not more than seventy (70) or less than ten (10) days prior to the date of the meeting.

At each meeting of the shareholders, shareholders holding a majority of shares of the Corporation issued, outstanding and entitled to be voted at the meeting shall be present in person or by proxy in order to constitute a quorum for the transaction of business.

At each meeting of the shareholders, each holder of voting shares of the Corporation shall be entitled to one vote either in person or by proxy.

### Board of Directors

The business and affairs of the Company shall be managed under the direction of the Board of Directors. The directors shall be elected at the annual meeting and the number to be elected, shall be at least three (3) and not more than seven (7).

Each director shall hold office for a term of one year and until his or her successor is elected and qualified or until his or her death or until his or her earlier resignation or removal.

At each meeting of the shareholders, one-third of the total number of Directors, but in no event less than two (2), shall constitute a quorum for the transaction of business. The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Directors except as the Bylaws shall otherwise require.

Any director may resign at any time by giving notice in writing to the President, the Treasurer or the Secretary of the Board of Directors. Such resignation shall be effective at the date set forth in the notice and if there is none, upon receipt. Any and all Directors may be removed with or without cause by a vote of a majority of the shares issued and outstanding and entitled to vote.

The Board shall meet each year immediately after the annual meeting of the shareholder, for the purpose of organization, election of officers and consideration of any other business that may properly come before the meeting.

Regular meetings of the Board shall be held at such times and places as the Board shall determine. Special meetings of the Board shall be held at the call of the President or of the Secretary or of any one Director.

The directors duly elected and serving as of December 31, 2021 were as follows:

<u>Name and Address</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Michael Downing Clive, IA	Executive Vice President, Chief Acutary Athene Annuity and Life Company	2022
Travis Twee West Des Moines, IA	Vice Preside, Treasurer, Controller Athene Annuity and Life Company	2022
Christopher Welp Clive, IA	Executive Vice President, Insurance Operations Athene USA	2022

Committees

The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, including an executive committee, from among the members of the whole board. Each committee must have two or more members. Any such committee, to the extent provided in the resolution of the whole board, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Company. The procedures to be followed by such committees with respect to notice, quorum, voting, action without meeting and other such matters shall be the same as those specified for meetings of directors.

The Company has designated the Audit Committee of the Board of Directors of AADE to act as its Audit Committee for purposes of the Iowa Model Audit Rule.

The membership of the Audit Committee as of December 31, 2021 was as follows:

<u>Name</u>	<u>Position</u>
Lawrence Ruisi	Chair
Francis Sabatini	Member
Mitra O’Neill	Member
Hope Taitz	Observer

Board governance functions are also provided to the Company through the following committees of its upstream parent, AHL:

*AHL Board Committees*

- Executive Committee
- Risk Committee
- Conflicts Committee
- Legal and Regulatory Committee
- Audit Committee

- Compensation Committee
- Nominating and Governance Committee

The Compensation Committee and the Nominating & Governance Committee were in place through December 31, 2021, but were eliminated in conjunction with the merger which occurred subsequently in 2022. In conjunction with the merger, the responsibility for establishing the compensation elements and benefit plans and programs of executives in senior roles and risk and control function holders was delegated to the Compensation Committee of the Apollo Group Management Board of Directors.

The delegation of board committee governance functions was noted to be in compliance with Chapter 521A.5(4)e, Code of Iowa.

### Officers

The Bylaws provide that the officers of the Company are appointed by the Board and shall hold office until the next annual Board meeting and until a successor is elected or upon resignation, removal or suspension. Officers shall consist of a President, a Secretary and a Treasurer, and such other Vice Presidents, Assistants and other officers as the Board may appoint.

Principal officers serving as of December 31, 2021, were as follows:

<u>Name</u>	<u>Office</u>
Grant Kvalheim	President
Blaine Doerrfeld	Secretary, Vice President and Senior Counsel
Travis Tweed	Treasurer, Vice President and Controller
Todd Okesson	Vice President, Senior Counsel
Leigh Pagan	Vice President, Tax

### CONFLICT OF INTEREST STATEMENTS

The Company has a Code of Business Conduct and Ethics 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 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 minutes did not formally document the review and approval of the prior exam report as of December 31, 2017.

The Articles of Incorporation (Articles) and Bylaws (Bylaws) were not amended during the examination period.

### 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 (Non-New York Companies)

Effective January 1, 2020, the Company, along with an additional ten affiliates (all non-New York domiciled companies) entered into an agreement whereby the Company's parent, AAIA and Athene Employee Services (AES) are to provide various services to the parties under the agreement. Services provided include executive, strategic and operations management, financial services and accounting, treasury, reinsurance and underwriting, human resources, legal, IT, sales, market development, tax, audit services, risk management, printing and supplies, and other listed services. Fees are reimbursed on a cost basis, with indirect expenses to be allocated using time, usage, proportion of revenue, or other reasonable methodology. Expenses are reimbursed monthly on an estimated basis, with a true-up prepared and settled quarterly. The agreement may be terminated by any party, for that party, with at least thirty days written notice.

### Investment Management Agreement

Effective October 2, 2013, the Company and Apollo Insurance Solutions Group, LLC (ISG), entered into an investment management agreement under which ISG has discretionary authority to manage the Company's funds and assets, subject to restrictions and limitations within investment guidelines attached to the agreement. The Company pays ISG a management fee, as scheduled in the agreement, based on the month-end net asset value of the funds and assets, to be paid monthly in arrears. This agreement may be terminated by any party at the end of any quarter with at least thirty days prior written notice.

### Tax Allocation Agreement

Effective January 1, 2019, the Company along with an additional ten affiliates entered into an agreement with AUSA to file a consolidated federal tax return. AUSA, as the parent of the group, is responsible for all filings and settlements due related to a consolidated federal tax return. AUSA calculates a separate tax liability for each tax filing, including estimated payments, for each party, and each party agrees to settle its portion of the tax liability required. Amounts payable by each entity will be equal to that which would be payable had the entity filed a separate income tax return. Parties may agree to terminate the agreement for one or more members with thirty days prior written notice.

## FIDELITY BONDS AND OTHER INSURANCE

The Company's upstream parent, AHL, maintains a Comprehensive Crime policy with fidelity bond coverage up to \$20,000,000, with a \$5,000,000 deductible, which adequately covers the suggested minimum amount of coverage for the Company and overall group as recommended by the NAIC. The Company is included as a named insured in the policy.

Also maintained are Commercial Property and General Liability, Workers' Compensation, Directors and Officers Liability, and Errors and Omissions Liability policies, other specialized policies and a Commercial Umbrella Liability providing overall coverage in the base amount of \$25,000,000 with additional excess layers of coverage.

## EMPLOYEES' WELFARE

Employees, whether compensated directly or through AES, are eligible for basic core benefits such as Life insurance, Accidental Death & Dismemberment, Short- and Long-term disability, and other benefits. Employees are also eligible to participate in optional benefits such as medical, dental, vision and other similar options.

In addition to their salary, employees are eligible to participate in a 401(k) savings plan and other forms of compensation.

## REINSURANCE

### General

The Company's overall reinsurance program is primarily designed to mitigate and limit its risk exposure from mortality-related liabilities and to provide liquidity.

All 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 were also noted to have been filed with the Division.

### Assumed

Effective October 1, 2017, the Company entered into a reinsurance agreement with AAIA, under which the Company assumes, through a Coinsurance with Funds Withheld basis agreement, 100% of the closed block of structured annuities issued by AAIA that were previously issued to contract holder Aviva London Assignment Corp. This agreement replaced a similar agreement between the companies with an effective date of August 30, 2013.

The business assumed under this agreement represents 100% of the Company's business.

### Ceded

Effective January 1, 2018, the Company entered into a retrocession agreement with its affiliate, AARe. Under this agreement the Company cedes, on a Modified Coinsurance basis, 80% of the closed block of structured annuity business that it assumes from its parent, AAIA. This agreement replaced a similar agreement effective October 1, 2013, between the Company and Athene Life Re Ltd. (ALRe). In conjunction with entering into a new agreement with AARe the business under the prior agreement was recaptured effective on the same date as the new agreement.

Effective April 1, 2014, the Company entered into a retrocession agreement to cede the remaining 20% of the closed block of structured annuity business to its upstream parent, AADE, on a Coinsurance with Funds Withheld basis. A similar agreement was originally in place between the two entities with an effective date of August 30, 2013.

The Company has taken a reserve credit of \$212.4 million for the retroceded business, and reported a Modified Coinsurance Reserve of \$849.7 million and Funds Withheld under Coinsurance of \$232.6 million as of December 31, 2021.

There are no other reinsurance agreements in place.

## STATUTORY DEPOSIT

As of December 31, 2021, the book/adjusted carrying value of securities that were held as special deposits with the State of Iowa totaled \$1,019,376,817, representing amounts on deposit for the benefit of all policyholders pursuant to Chapter 511.8(16), Code of Iowa.

## TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to transact life and annuity business solely in the state of Iowa. There were no changes made to the jurisdictions in which the Company was licensed to write business during the period under examination.

### Lines of Business

The sole business purpose of the Company is to assume, on an indemnity reinsurance basis, all of its parent company's (AAIA's) liability with respect to structured settlement annuities issued by AAIA to Aviva London Assignment Corporation. The Company writes no new business directly.

## GROWTH OF COMPANY

A summary of significant financial data (*000's*) for the past five years is presented below:

Year	Total Admitted Assets	Aggregate Life Reserves	Capital and Surplus	Life and Annuity Premium	A&H Premium	Deposit Type Funds	Life Insurance In-Force
2018	\$ 1,391,045	\$ 742,366	\$ 92,364	\$ 0	\$ 0	\$ 155,906	\$ 0
2019	1,378,886	733,838	96,058	0	0	150,642	0
2020	1,380,224	724,373	100,535	0	0	145,585	0
2021	1,322,894	712,724	98,693	0	0	136,936	0

## ACCOUNTS AND RECORDS

The Company's accounting records were maintained on a computerized system. The Company's balance sheet accounts were verified with the line items of the annual statement submitted to the Division.

During the course of the examination, no statutory compliance issues were noted nor were there material aggregate surplus differences identified from the amounts reflected in the financial statements, as presented in the annual statement as of December 31, 2021.

## SUBSEQUENT EVENTS

### Apollo/Athene Transaction

Effective January 1, 2022, AGM and AHL effected a business combination of Apollo Asset Management, Inc., a Delaware corporation formerly known as Apollo Global Management, Inc., and AHL, a Bermuda corporation. As a result of the merger, the combined entity AGM has two principal subsidiaries: Apollo Asset Management, its alternative asset management business, and AHL, its retirement services business. Following the transaction, AGM is now the publicly traded entity, with approximately 600 million shares of a single class of voting stock entitled to one vote per share. Ultimate control of the Company remained unchanged as prior to the business combination, AGM voted approximately 35% of AHL's outstanding shares.

Additionally, following the completion of the mergers, AUSA contributed its 100% ownership in AADE to its direct wholly-owned subsidiary, AARE; as a result, AADE became a direct wholly-owned subsidiary of AARE.

FINANCIAL STATEMENTS  
AND COMMENTS THEREON

Note: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2021.

## ASSETS

	Assets	Nonadmitted Assets	Admitted Assets
Bonds	\$ 1,224,788,749	\$ -	\$ 1,224,788,749
Preferred stocks	17,130,220		17,130,220
Cash (\$ 11,243,527), and short-term investments (\$0)	11,243,527		11,243,527
Other Invested Assets	29,496,305		29,496,305
Receivable for securities	44,577		44,577
Subtotals, cash and invested assets	<u>\$ 1,282,703,378</u>	<u>\$ -</u>	<u>\$ 1,282,703,378</u>
Investment income due and accrued	13,943,588		13,943,588
Amounts recovered from reinsurers	12,378,946		12,378,946
Other amounts receivable under reinsurance contracts	12,113,506		12,113,506
Net deferred tax asset	6,344,838	5,604,967	739,871
Receivables from parent subsidiaries and affiliates	1,015,078		1,015,078
Total assets excluding separate accounts	<u>\$ 1,328,499,334</u>	<u>\$ 5,604,967</u>	<u>\$ 1,322,894,367</u>
Separate accounts	-		-
Totals	<u>\$ 1,328,499,334</u>	<u>\$ 5,604,967</u>	<u>\$ 1,322,894,367</u>

## LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts		\$ 712,723,517
Liability for deposit-type contracts		136,936,312
Contract claims:		
Life		5,570,788
Other amounts payable on reinsurance including \$1,785,784 assumed and \$105,946,741 ceded		107,732,525
Interest maintenance reserve		2,452,477
Commissions and expense allowances payable on reinsurance assumed		113,354
General expenses due or accrued		135,527
Current federal and foreign income taxes, including \$13,693,868 on realized capital gains		13,693,868
Remittances and items not allocated		53,230
Miscellaneous liabilities:		
Asset valuation reserve		11,837,740
Payable to parent		382,351
Funds held under coinsurance		232,569,432
Total liabilities excluding Separate Accounts business		<u>\$ 1,224,201,121</u>
From Separate Accounts statement		<u>-</u>
Total liabilities		<u>\$ 1,224,201,121</u>
Common capital stock	\$ 5,000,000	
Surplus notes	18,000,000	
Gross paid in and contributed surplus	75,818,668	
Unassigned funds (surplus)	<u>(125,424)</u>	
Surplus as regards policyholders		<u>\$ 98,693,244</u>
Total Liabilities, Capital and Surplus		<u>\$ 1,322,894,365</u>

## SUMMARY OF OPERATIONS

Premium and annuity considerations	\$ -
Net investment income	65,641,393
Amortization of Interest Maintenance Reserve	186,585
Commissions and expense allowances on reinsurance ceded	456,804
Reserve adjustments on reinsurance ceded	(141,742,533)
Miscellaneous Income:	
Aggregate write-ins for miscellaneous income	32,222
Total	<u>\$ (75,425,529)</u>
Interest and adjustments on contract or deposit-type contract funds	7,180,971
Increase in aggregate reserves for life and accident and health contracts	(11,649,265)
Total	<u>\$ (4,468,294)</u>
Commissions and expense allowances on reinsurance assumed	456,804
General insurance expenses	456,647
Insurance taxes, licenses and fees, excluding federal income taxes	45,611
Aggregate write-ins for deductibles	3,454,320
Total	<u>\$ (54,912)</u>
Net gain from operations before dividends to policyholders and federal income taxes	<u>\$ (75,370,617)</u>
Dividends to policyholders	-
Net gain from operations after dividends to policyholders and before federal income taxes	<u>\$ (75,370,617)</u>
Federal and foreign income taxes incurred (excluding tax on capital gains)	(14,806,540)
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains or (losses)	<u>\$ (60,564,077)</u>
Net realized capital gains or (losses)	40,809,364
Net income	<u>\$ (19,754,713)</u>

**CAPITAL AND SURPLUS ACCOUNT**

Capital and surplus, December 31, 2020 \$ 100,534,980

**GAINS AND (LOSSES) IN SURPLUS**

Net income	\$ (19,754,713)	
Change in net unrealized capital gains or (losses)	(49,442,471)	
Change in net deferred income tax	10,187,157	
Change in nonadmitted assets	(5,306,238)	
Change in asset valuation reserve	15,069,409	
Surplus adjustments		
Paid in	207,145	
Change in surplus as a result of reinsurance	<u>47,197,973</u>	
Change in surplus as regards policyholders for the year		<u>(1,841,738)</u>
Surplus as regards policyholders, December 31, 2021		<u>\$ 98,693,242</u>



## CASH FLOW

### Cash from Operations

Premiums collected net of reinsurance	\$	0	
Net investment income		67,267,116	
Miscellaneous income		489,025	
Total		<u>                    </u>	\$ 67,756,141
Benefit and loss related payments		93,101,447	
write-ins for deductions		716,025	
Federal and foreign income taxes paid		17,214,365	
Total		<u>                    </u>	<u>111,031,837</u>
Net cash from operations			\$ (43,275,696)

### Cash from Investments

Proceeds from investments sold, matured, or repaid:			
Bonds	\$	140,150,902	
Stocks		693,137	
Mortgage loans		12,250,000	
Other invested assets		91,153,860	
Total investment proceeds		<u>                    </u>	\$ 244,247,899
Cost of investments acquired (long-term only):			
Bonds		204,682,017	
Stocks		8,772,685	
Miscellaneous applications		25,722	
Total investments acquired			<u>213,480,424</u>
Net cash from investments			\$ 30,767,475

### Cash from Financing and Miscellaneous Sources

Cash provided (applied):			
Net deposits on deposit-type contracts and other insurance liabilities	\$	(8,648,322)	
Other cash applied		(4,526,520)	
Net Cash from Financing and Miscellaneous sources			<u>(13,174,842)</u>

### RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash, cash equivalents and short-term investments	\$	(25,683,063)	
Cash and short-term investments:			
Beginning of year			36,926,590
End of year			<u>\$ 11,243,527</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 examiners from INS Regulatory Insurance Services, Inc., assisted the Iowa Insurance Division:

Sarah Lucibello, CFE	Field Manager
Mary Rodack, CFE	Financial Regulation Senior Specialist
Sophie Evans	Staff Examiner
John Smolak	Staff Examiner

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

A review of the Company's reserves was performed under the direction of Carl Harris, FSA, MAAA of Insurance Strategies Consulting, LLC.

Respectfully submitted,

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

/s/ Amanda Theisen  
Amanda Theisen, CFE, PIR, MCM  
Assistant Chief – Examinations  
Iowa Insurance Division  
State of Iowa