

MARKET CONDUCT
EXAMINATION REPORT OF
ATHENE ANNUITY AND LIFE COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2017

Des Moines, Iowa
October 11, 2019

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

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

ATHENE ANNUITY AND LIFE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2017

at its home office located at 7700 Mills Civic Parkway, West Des Moines, Iowa.

INTRODUCTION

This examination report, containing applicable comments, explanations and findings, is presented herein. In general, this is a report by exception. Comments regarding practices and procedures reviewed during the examination have been omitted from the report if no improprieties were found. All unacceptable or non-complying practices may not have been identified. The failure to identify specific Company practices does not constitute acceptance of these practices.

SCOPE OF EXAMINATION

This risk-focused, market conduct examination of Athene Annuity and Life Company, hereinafter referred to as the "Company", covers the period from January 1, 2013 through December 31, 2017 including subsequent events through the current date ("Examination Period") with an analysis of certain Company operations conducted through March 28, 2019. The risk-focused examination reviews the Company's internal policies, procedures, and control structures for compliance with applicable Iowa statutes and administrative rules. The examination then focuses on the Company's compliance with those policies, procedures, and control structures.

This Report of Examination reflects the examination of the Company's activities with Iowa consumers.

HISTORY

The following is an abbreviated version of the Company's history:

The Company was incorporated as a mutual legal reserve life insurance company under the laws of the State of Iowa on February 15, 1896 and commenced business under the name Central Life Assurance Company of the United States on February 20, 1896.

The corporate existence was made perpetual by amendments to the Articles of Incorporation adopted July 28, 1950.

As of January 1, 1982, the Company merged with Wisconsin Life Insurance Company, a mutual life insurance company domiciled in Wisconsin. In the merger, the Company was the

surviving entity and acquired all the business, assets and liabilities from Wisconsin Life.

The Company and American Mutual Life Insurance Company were merged into a single entity on December 31, 1994. The merger was approved by the policy owners of both companies in separate special policy owners' meetings on October 21, 1994. The Company was the surviving entity but concurrently with the merger changed its name to American Mutual Life Insurance Company.

A plan of reorganization was adopted by the Board of Directors of the Company on October 27, 1995 which authorized reorganization into a mutual insurance holding company structure, the first such structure established in the insurance industry in the United States. The Company became a stock life insurance company and wholly owned subsidiary of the American Mutual Holding Company. At the same time, the name of the Company was changed to AmerUs Life Insurance Company.

On November 15, 2006, AmerUs Group, Co. was acquired by Aviva plc. On November 1, 2007, the Company changed its name to Aviva Life and Annuity Company.

On September 30, 2008, Aviva Life Insurance Company and Indianapolis Life Insurance Company, both affiliates of the Company, were merged with and into the Company with the Company continuing as the surviving company.

Effective October 2, 2013, pursuant to a stock purchase agreement, dated as of December 21, 2012 (as amended from time to time), between Aviva plc and Athene Holding Ltd., a Bermuda exempted company (AHL), AHL acquired 100 percent 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).

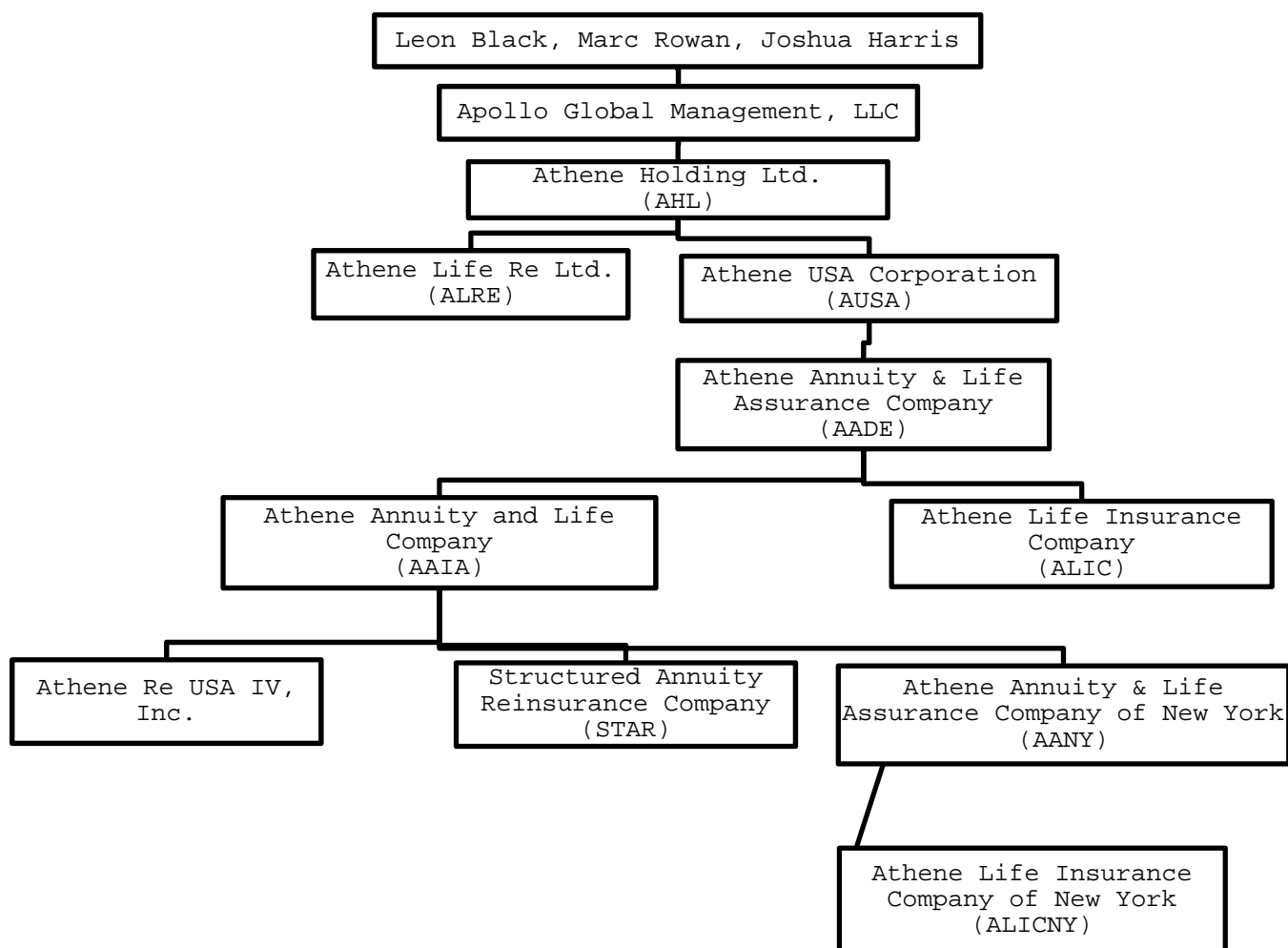
On October 2, 2013, the Company sold 100 percent of the issued and outstanding capital stock of Aviva Life and Annuity Company of New York (ALACNY, a life insurance company incorporated in the state of New York and wholly-owned subsidiary of the Company), to Athene Annuity New York.

As a result of the October 2, 2013 transactions, all outstanding shares of the Company are owned by Athene Annuity, who in turn is wholly owned by AUSA.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. Leon Black, Marc Rowan, and Joshua Harris are the ultimate controlling persons for the group. An Insurance Holding Company System Registration Statement was filed with the Iowa Insurance Division for each year of the examination period.

An abbreviated organizational chart identifying the Companies within the Holding Company System follows:



TERRITORY AND PLAN OF OPERATION

At December 31, 2017, the Company was authorized to transact business in the District of Columbia, Puerto Rico, and all other states except New York.

The five states with the largest direct premium and annuity considerations collected in 2017 were:

<u>State</u>	<u>Direct Premium Collected</u>	<u>Percentage of Total</u>
California	\$685,999,322	8.8%
Michigan	652,591,999	8.3
Colorado	577,789,817	7.4
Florida	575,784,804	7.3
Texas	405,889,065	5.2
Total all premium	\$7,845,710,808	100.0%

The Company sells individual fixed annuities. Beginning in 2017, the Company began the sale of group annuities in connection with pension risk transfer transactions.

In October 2013, the Company entered into a 100% coinsurance and assumption agreement with Accordia Life and Annuity Company ("Accordia", formerly known as Presidential Life Insurance Company), a Global Atlantic Financial Group Limited affiliate. The agreement covers all open block life insurance business issued by the Company, with the exception of enhanced guarantee universal life insurance products.

The Company entered into an assumption reinsurance agreement on October 1, 2013. The coinsurance and assumption agreement effectively moved responsibility for these policies from the Company to Accordia without diminishing policyholder contract rights.

PRODUCER LICENSING AND APPOINTMENTS

The Examiners reviewed the Company's onboarding, appointment, termination and license monitoring procedures. It appeared all policies and procedures were in compliance with state statutes and regulations.

MARKETING AND SALES

The Examiners reviewed the Company's advertising policies and procedures, producer education and training requirements, and social media policies, procedures, and controls. It appeared all policies and procedures were in compliance with state statutes and regulations.

Annuity Suitability

The Examiners reviewed the Company's suitability policies, procedures, and supporting documentation, including; internal audit reports, company webinars, compliance checklists, and conducted interviews of the Company's management personnel knowledgeable of the Company's suitability review and system of supervision process, practices and procedures. It appeared the suitability procedures were in compliance with applicable statutes and regulations.

TREATMENT OF POLICYHOLDERS

Claim Practices

The Examiners reviewed the Company's claim handling policies and procedures. It appeared all procedures were in compliance with applicable statutes and regulations.

Complaints

The Examiners reviewed the Company's complaint register and complaint handling procedures. The Examiners reviewed a random sample of complaints from the entire population of complaints received by the Company during the Examination Period. The complaints were reviewed to determine if the Company provided complete responses and took appropriate actions to address the complaint matters. The samples were determined to be in compliance with Iowa Code statutes and regulations.

