EXAMINATION REPORT OF

AVIVA LIFE AND ANNUITY COMPANY

WEST DES MOINES, IOWA

AS OF DECEMBER 31, 2013

Des Moines, Iowa
May 18, 2015

HONORABLE NICK GERHART
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, affairs and financial condition of

AVIVA LIFE AND ANNUITY COMPANY

WEST DES MOINES, IOWA

AS OF DECEMBER 31, 2013

at the Company's Home Office located at 7700 Mills Civic Parkway, West Des Moines, Iowa. The report of such examination, containing applicable comments, explanations and financial data, is presented herein.

INTRODUCTION

Aviva Life and Annuity Company, hereinafter referred to as the "Company", was previously examined as of December 31, 2009, and is domiciled and licensed as a life insurance company in the State of Iowa. The examination reported herein was conducted by the Iowa Insurance Division.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2010 to the close of business on December 31, 2013, including any material transactions and/or events occurring and noted subsequent to the examination date.

The examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook. The Handbook requires the examination to be planned and performed to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the organization, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions, when applicable to domestic state regulations.

All accounts and activities of the organization were considered in accordance with the risk-focused examination process. The Company's assets were verified and evaluated and the liabilities determined to reflect herein a statement of its financial condition as of December 31, 2013.

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.

On February 12, 1902, the corporate structure was changed to a nonparticipating stock life insurance company with an authorized capital of $100,000 divided into 1,000 shares with a par value of $100 each. The authorized capital was increased on January 8, 1907 with the authorized capital increased to $500,000, divided into 5,000 shares with a par value of $100 each.

The corporate structure was reverted to the mutual plan on May 9, 1919 and the name was changed to Central Life Assurance Society of the United States (Mutual). The capital stock outstanding at that date, amounting to $200,000, was retired. Then on January 24, 1924, the Company changed its name to Central Life Assurance Society (Mutual).

All of the business of the General Mutual Life Insurance Company of Van Wert, Ohio was reinsured by the Company on May 15, 1939.

In July 1933, the Company began managing the business affairs of the Illinois Life Insurance Company of Chicago, Illinois, subject to the jurisdiction of the United States District Court. The Company reinsured all of the business, acquired the assets and assumed the liabilities of that company, effective December 31, 1947.

The name of the Company was changed to Central Life Assurance Company and 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.

On May 31, 1985, the Company entered into a bulk reinsurance agreement, with the Iowa Insurance Commissioner's approval, with Inter-State Assurance Company, a domestic mutual life insurance company. Under the terms of the agreement the Company acquired all the assets, liabilities, surplus and business of said company and the policyholders of Inter-State became policyholders of the Company.

The Company and American Mutual Life Insurance Company, a domestic 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 and was subsequently approved by the Commissioner of Insurance of the State of Iowa. 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. Pursuant to the reorganization, the Company formed American Mutual Holding Company and 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.

The reorganization separated the contract rights and the membership interests of the owners of the Company's policies and annuity contracts. Policyholders' contract rights remained with the Company while their membership rights became membership interests in American Mutual Holding Company. The Iowa Insurance Commissioner held a public hearing on the reorganization on November 21, 1995. The plan of reorganization was approved by American Mutual's policyholders on November 28, 1995 and the Commissioner of Insurance of the State of Iowa approved the plan on December 13, 1995. A "no action" letter was received from the Securities and Exchange Commission on June 13, 1996. The plan became effective on June 30, 1996.

At June 30, 1996, all of the authorized shares of capital common stock of the Company, ten million shares with a par value of $1 each, were issued to American Mutual

Holding Company, the Company's ultimate parent. Immediately upon reorganization, the ultimate parent contributed all of the shares of capital common stock of the Company to AmerUs Life Holdings, Inc., the Company's immediate parent, in exchange for all of AmerUs Life Holdings, Inc.'s initial shares of common stock. Then the ultimate parent contributed all of the initial shares of the Company's immediate parent to AmerUs Group Co. in exchange for all of the initial common shares of AmerUs Group Co. Under this structure, AmerUs Group Co. served as an intermediate holding company between its parent, American Mutual Holding Company, and its wholly owned subsidiary, AmerUs Life Holdings, Inc.

On September 20, 2000, American Mutual Holding Company converted to stock form, changed its name to AmerUs Group Co., and acquired the minority interest of AmerUs Life Holdings, Inc. by issuing AmerUs Group Co. common stock in exchange for the outstanding shares of AmerUs Life Holdings, Inc. held by the public. The value of the stock exchange was approximately $298 million and AmerUs Life Holdings, Inc. merged into AmerUs Group Co. simultaneously with the stock exchange. Prior to the conversion of AmerUs Group Co. to stock form, that company was owned by individuals and entities that held insurance policies or annuity contracts issued by AmerUs (Members). In the conversion, which is referred to as a "demutualization", AmerUs Group Co. distributed cash, policy credits and its newly issued common stock to its members in exchange for their membership interests. The value of the distribution totaled approximately $729 million. Following this transaction, the Company was a wholly owned stock life insurance company subsidiary of AmerUs Group Co.

On September 20, 2005, American Vanguard Life Insurance Company, a wholly owned subsidiary, was merged with and into the Company with the Company continuing as the surviving 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 January 1, 2008, AmerUs Group Co. merged with Aviva USA Corporation, a Delaware corporation. AmerUs Group Co. continued as the surviving company and simultaneously changed its name to Aviva USA Corporation (Aviva USA). Aviva USA was an indirect, wholly-owned subsidiary of Aviva plc, a public limited company incorporated under the laws of England and Wales.

On September 30, 2008, Aviva Life Insurance Company (a Delaware-domiciled stock life insurance company) and Indianapolis Life Insurance Company (an Indiana-domiciled stock life insurance company), both affiliates of the Company, were merged with and into the Company with the Company continuing as the surviving company.

On September 30, 2009, American Investors Life Insurance Company, Inc. (a Kansas-domiciled stock life insurance Company), an affiliate of the Company, was merged with and into the Company with the Company continuing as the surviving corporation.

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% 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, the Company. Aviva USA was subsequently renamed as Athene USA Corporation (AUSA).

On October 2, 2013, immediately after AHL's acquisition of AUSA, (i) AHL contributed 100% of the stock of Athene Annuity & Life Assurance Company (Athene Annuity, a life insurance company incorporated in the state of Delaware) to AUSA and (ii) AUSA, immediately after acquiring 100% of the stock of Athene Annuity, contributed 100% of the stock of the Company to Athene Annuity (collectively, the Post Closing Restructuring Transactions). As a result of the Post-Closing Restructuring Transactions, the Company now is a direct, wholly owned subsidiary of Athene Annuity, which in turn is a direct, wholly owned subsidiary of AUSA, which in turn is a direct, wholly owned subsidiary of AHL.

On October 2, 2013, pursuant to an instrument of assignment between the Company and Athene Annuity & Life Assurance Company of New York (Athene Annuity New York, a life insurance company incorporated in the state of New York and wholly owned subsidiary of Athene Annuity), the Company sold 100% 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 in exchange for cash in the amount of $48.2 million. At the time of sale, the Company’s cost basis in ALACNY was $213.0 million, resulting in a loss on sale of $164.8 million. In addition, the Company wrote off $31.4 million of goodwill. As a result of this transaction, the Company’s surplus decreased by $64.6 million.

Subsequent to the sale of ALACNY to Athene Annuity New York, Athene Annuity contributed Athene Annuity New York into the Company. Athene Annuity’s cost basis, cumulative unrealized losses and goodwill relating to Athene Annuity New York were maintained by the Company. The Company recorded paid in capital of $239.2 million for the cost basis, $55.6 million decrease in surplus related to the cumulative unrealized losses and remaining unamortized goodwill of $9.9 million. As a result of this transaction, the Company’s surplus increased by $193.5 million, which is equal to Athene Annuity New York’s capital and surplus at the transaction date plus Athene Annuity’s unamortized goodwill.

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.

On October 2, 2013, the Company sold, through a series of reinsurance agreements, its life insurance business to Accordia Life & Annuity Company (Accordia), a division of Global Atlantic Financial Group.

CAPITAL STOCK AND DIVIDENDS TO STOCKHOLDERS

Authorized capital consists of 10,000,000 shares of common stock, par value of $1 per share. As of December 31, 2013, 10,000,000 shares were issued and outstanding, resulting in common capital stock of $10,000,000. There are no preferred shares. Gross paid in and contributed surplus is $2,220,116,980.

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

Dividends paid to stockholders for the years 2010 through 2013 were as follows:

Year	Stockholders Dividends Paid
2010	$ 150,000,000
2011	100,000,000
2012	0
2013	$ 2,190,000,000

The dividends paid in 2013 were considered extraordinary dividends and were approved by the Commissioner of Insurance of the State of Iowa.

In conjunction with the acquisition of AUSA by AHL, the Company has agreed with the Commissioner of Insurance of the State of Iowa that it will not pay a dividend prior to October 2, 2018 without the prior approval of the Commissioner.

SURPLUS NOTES

On December 30, 2008, the Company issued, in exchange for cash, a $200 million surplus note to Aviva USA due December 15, 2033. On October 1, 2013, the surplus note was split into two separate surplus notes, in amounts of $170 million and $30 million, with the same terms and conditions of the original note. Aviva USA then contributed the $30 million surplus note, along with a $50 million and a $140 million surplus note, to the Company. The Company then cancelled all remaining obligations under the $30 million, $50 million, and $140 million surplus notes from Aviva USA. The $170 million surplus note was then acquired by AHL. The note bears interest at 10.5% through December 15, 2009 and then adjusts annually on December 16 to the lower of 10.5% or London Interbank Offered Rate (LIBOR) for 1 year loans plus 8.6285% (9.2081% at December 2013). Interest is payable each June 15 and December 15 and commenced on June 15, 2009.

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.

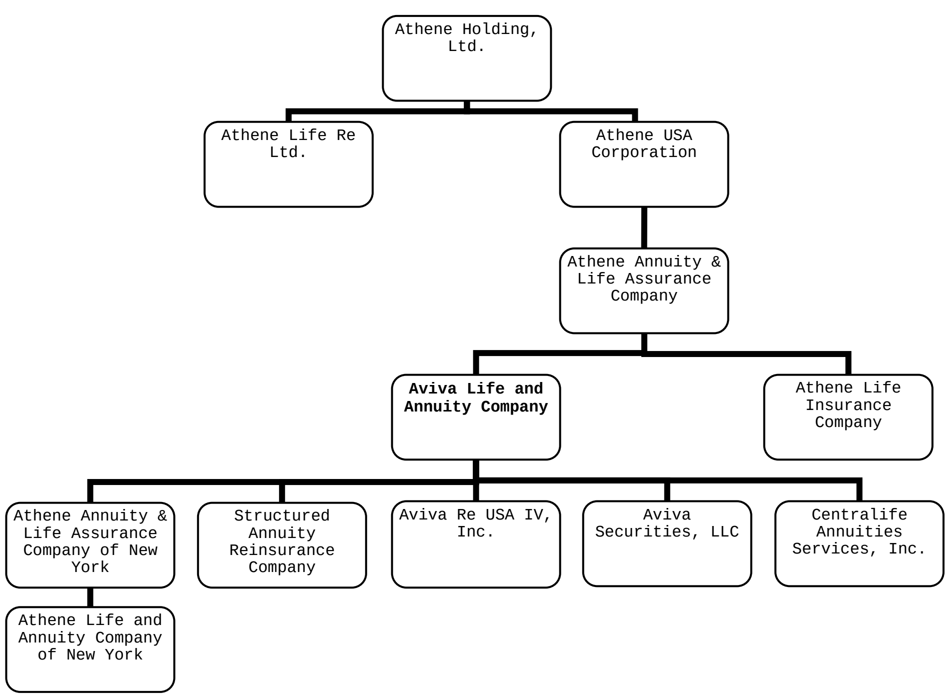
There is no accrued interest on the surplus note at December 31, 2013, as Iowa law permits accrual of interest only with prior regulatory approval.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of an Insurance Holding Company System as defined by Chapter 521A, Code of Iowa, and is a wholly-owned subsidiary of Athene Annuity. Athene Annuity is a wholly-owned subsidiary of AUSA. AUSA is a wholly-owned subsidiary of AHL. AHL, with its direct and indirect subsidiaries, provides investment and insurance products and services worldwide.

An Insurance Holding Company System Registration Statement was filed annually with the Iowa Insurance Division for each year of the examination period.

An organizational chart identifying the Company’s holdings and its relationship to its parent and the other companies involved with this examination follows:



MANAGEMENT AND CONTROL

SHAREHOLDERS

The annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held on the first Friday in May of each year at such place as the Board of Directors shall each year fix, or at such other place, time and date as the Board of Directors shall fix, which date shall be within the earlier of the first six months after the end of the Company's fiscal year or fifteen months after the shareholders' last annual meeting.

Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by law, may be called by the Chairman of the Board, Chief Executive Officer or the Board of Directors, and shall be called by the Board of Directors upon written demand, signed, dated and delivered to the Secretary, of the holders of at least ten percent of all the votes entitled to be cast on any issue proposed to be considered at the meeting. Such written demand shall state the purpose or purposes for which such meeting is to be called. The time, date and place of any special meeting shall be determined by the Board of Directors, or, at its direction, by the Chief Executive Officer.

Notice of the place, date and times of all meetings of shareholders and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be communicated not fewer than ten days nor more than sixty days before the date of the meeting to each shareholder entitled to vote at such meeting. Any shareholder may waive notice required by law or these Bylaws if in writing and signed by any shareholder entitled to such notice, whether before or after the date and time stated in such notice. The Board of Directors may fix, in advance, a date as the record date for any determination of shareholders for any purpose, such date in every case to be not more than seventy days prior to the date on which the particular action or meeting requiring such determination of shareholders is to be taken or held.

At any meeting of the shareholders, a majority of the votes entitled to be cast on the matter by a voting group constitutes a quorum for the voting group for action on that matter, unless the representation of a different number is required by law, and in that case, the representation of the number so required shall constitute a quorum.

Every shareholder entitled to vote may vote in person or by proxy. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of the shareholders. If a quorum exists, action on a matter, other than the election of directors, by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action.

BOARD OF DIRECTORS

The business and affairs of the Company shall be managed under the direction of the Board of Directors. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or to execute and deliver any instrument in the name and on behalf of the corporation.

The number of directors of the corporation shall be not less than five or more than 15, the exact number within such range to be determined from time-to-time by resolution of the Board of Directors. The Board of Directors shall not be authorized to change the range or to change to a fixed number of directors without the approval of the shareholders. Each director shall hold office until the next succeeding annual meeting and until his or her successor shall have been elected and qualified, or until his or her death, resignation or removal.

A quorum of the Board of Directors consists of a majority of the number of directors prescribed in the Bylaws. At all meetings of directors, a quorum being present, the act of the majority of the directors present at the meeting shall be the act of the Board of Directors. Any vacancy occurring in the Board of Directors may be filled by the Board of Directors. If the directors in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of the remaining directors.

The Board of Directors may hold its meetings at such place or places within or without the State of Iowa, as the Board may from time-to-time determine. Immediately after the final adjournment of each annual meeting of the shareholders for the election of directors, the Board of Directors shall meet, at the same place where said meeting of shareholders finally adjourned, for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given.

Regular meetings of the Board of Directors shall be held at such place and at such time as the Board of Directors shall by resolution fix and determine from time-to time. Special meetings of the Board of Directors shall be held whenever called by direction of the Chairman of the Board, Chief Executive Officer, or one-third of the directors at the time being in office. Notice of each special meeting shall be communicated to each director at least two days before the date on which the meeting is to be held. Each notice shall state the date, time and place of the meeting. Unless otherwise stated in the notice thereof, any and all business may be transacted at a special meeting.

The directors shall be entitled to be reimbursed for any expenses paid by them on account of attendance at any regular or special meeting of the Board of Directors and the Board may fix the compensation of directors from time-to-time by resolution of the Board. As of December 31, 2013, compensation for external directors is set at $7,000 annually and paid on a quarterly basis.

The directors serving as of December 31, 2013 were:

Name and Address	Principal Business Affiliation	Term Expires
James R. Belardi Manhattan Beach, CA	Insurance Executive Athene Asset Management, L.P.	2014
James A. Betts Raleigh, NC	Consultant Self-Employed	2014
Joshua M. Black New York, NY	Associate Apollo Global Management, LLC	2014
Grant Kvalheim Princeton, NJ	President Athene Holding Ltd.	2014
Matthew R. Michelini New York, NY	Principal Apollo Management Holdings, L.P.	2014
Francis P. Sabatini Granby, CT	Consultant Sabatini Advisor Services, LLC	2014
Imran M. Siddiqui New York, NY	Senior Partner Apollo Global Management, LLC	2014
Guy H. Smith III Simpsonville, SC	Insurance Executive Athene Annuity and Life Company	2014
Hope S. Taitz Armonk, NY	Consultant Self-Employed	2014

COMMITTEES

The Amended and Substituted Bylaws state, “the Board of Directors may establish and appoint members to an Executive Committee. The members of the Executive Committee shall serve at the will of the Board of Directors. The Executive Committee shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Company except when the Board of Directors is in session, subject to the limitations set forth in these Bylaws.” The Board minutes are silent as to the appointment of an Executive Committee.

The Board of Directors, by resolution adopted by the affirmative vote of a majority of the number of directors then in office, may establish one or more other committees of the Board of Directors, each committee to consist of two or more directors appointed by the Board of Directors. Any such committee shall serve at the will of the Board of Directors. Each such committee shall have the powers delegated to it by the Board of Directors.

A committee shall not: (a) authorize distributions by the Company; (b) approve or propose to shareholders of the Company action that the law requires be approved by shareholders; (c) fill vacancies on the Board of Directors of the Company or on any of its committees; (d) amend Articles of Incorporation; (e) adopt, amend or repeal Bylaws of the Company; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares by the Company, except according to a formula or method prescribed by the Board of Directors; (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee or a senior executive officer of the Company to do so within limits specifically prescribed by the Board of Directors.

The Company has designated the Audit Committee of the Board of Directors of Athene Annuity to act as its Audit Committee for purposes of the Iowa Model Audit Rule. According to the Athene Annuity Audit Committee Charter dated July 8, 2011, the Audit Committee shall consist of at least four members, all of whom must be members of the Board. One of the members of the Committee shall serve as chairperson of the Committee. The Board shall appoint the members of the Committee. The chairperson of the Committee shall be designated by the Board, or, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee. The Board may remove or replace any member of the Committee at any time by the affirmative vote of a majority of the Board. The Committee shall meet at the call of its chairperson or two or more members of the Committee. Meetings may, at the discretion of the Committee, include members of the management of the Company or any of its subsidiaries, independent consultants and such other persons as the Committee or its chairperson may determine. A majority of the members of the Committee shall constitute a quorum.

The membership of the Audit Committee as of December 31, 2013, was as follows:

Hope S. Taitz, Chairperson
James A. Betts
Francis P. Sabatini
Guy H. Smith III

OFFICERS

The executive officers of the Company, as defined in the Amended and Substituted Bylaws, shall be a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may from time-to-time be appointed by the Board of Directors. One person may hold the offices and perform the duties of any two or more of said offices.

The duly elected officers of the Company listed on the Company's jurat page at December 31, 2013 are listed below:

Name	Title
James R. Belardi	Chief Executive Officer
Guy H. Smith III	President
Brenda J. Cushing	Executive Vice President, Chief Financial Officer, Treasurer
Richard C. Cohan, Jr.	Executive Vice President, General Counsel, Secretary
Jeffrey R. Boland	Executive Vice President and Chief Risk Officer
Stephen E. Cernich	Executive Vice President and Head of Corporate Development
Matthew S. Easley	Executive Vice President and Chief Actuary
Christopher J. Grady	Executive Vice President and Head of Retail Sales
Gerhard B. Recker	Executive Vice President and Chief Information Officer
Christopher R. Welp	Executive Vice President and Head of Insurance Operations
David. C. Attaway	Senior Vice President and Controller

The salaries of these officers are shown in Exhibit A to be found immediately following the signature page of this report.

CONFLICT OF INTEREST

The Company has an established procedure for the annual disclosure to its Board of Directors of any material interest or affiliation on the part of the directors, officers, responsible employees and members of their immediate family, which is in conflict with, or is likely to be in conflict with the official duties of such person. An examination review of these statements indicated there were no conflicts found that would appear to interfere with that person's official duties.

CORPORATE RECORDS

The examiners did not identify any changes to the Company's Articles of Incorporation or Bylaws during the years under examination.

The minutes of the meetings of the shareholders, the Board of Directors and the committees of the Board were reviewed for the examination period.

The examination report, for the period ending December 31, 2009, was received by the Audit Committee and approved by the Board of Directors at the November 15, 2011 meeting.

FIDELITY BONDS AND OTHER INSURANCE

The Company is protected by a Financial Institution Bond up to a single loss limit of $10,000,000. This coverage is for all companies of the group. It was noted that the coverage exceeds the N.A.I.C. suggested amount of fidelity insurance for the Company. Other various interests of the Company are protected by appropriate policies of insurance.

EMPLOYEES' AND AGENTS' WELFARE

Employees' Welfare

The Company provides qualified employees access to retirement benefits, group health, dental, disability income, life insurance and, for eligible dependents, group life insurance on a non-contributory basis. Benefits under the group health and dental coverages are extended to the dependents of the employee on a contributory basis.

Agents' Welfare

The Company has a nonqualified defined contribution pension plan for career agents that qualify. The Company had nonqualified supplemental defined benefit pension plans to provide retirement benefits to certain agents. In conjunction with a reinsurance agreement the Company entered into on October 1, 2013, all changes in the pension liability subsequent to October 1, 2013 are funded by a reinsurer.

STATUTORY DEPOSIT FOR LEGAL RESERVE

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

REINSURANCE

A review found that reinsurance agreements entered into during the examination years contained proper insolvency clauses and none of the contract provisions were noted to be outside the general practice of the industry.

LIFE

Assumed

The Company assumes fifty percent of the risk over a stated retention on variable universal life insurance policies from an unaffiliated company. Effective May 31, 2000, this treaty was terminated as to new business.

The Company also assumes modest amounts of life business derived from pooling agreements with four companies. These treaties have been terminated as to new business.

The Company did not enter into any new assumed treaties during the examination period.

Ceded

The Company entered into a reinsurance agreement on December 15, 2011 with Aviva Re USA IV, Inc., an affiliated reinsurer domiciled in Vermont. The agreement ceded, through funds withheld coinsurance, all policy liabilities of the former AmerUs Life Insurance Company regulatory closed block consisting of participating whole life insurance, term life insurance, and some dividend-paying universal life insurance. The Company has taken a reserve credit of $1,637,186,957 for this agreement.

The Company entered into a reinsurance agreement on October 10, 2012 with Aviva Re VI, Inc., an affiliated reinsurer domiciled in Vermont. The agreement ceded, through funds withheld coinsurance, all business the Company assumed from The United States Business of The Canada Life Assurance Company, which consisted of all single and joint-life universal life policies with no-lapse guarantees underwritten and issued by ALACNY from July 1, 2005 through December 31, 2008. The Company recaptured this business on October 1, 2013 and on the same day The United States Business of The Canada Life Assurance Company recaptured this business from the Company.

The Company entered into a reinsurance agreement on April 1, 2013 with Aviva Re Iowa III, Inc., an affiliated reinsurer domiciled in Iowa. The agreement ceded, through funds withheld coinsurance, all single and joint-life universal life and indexed universal life policies with no-lapse guarantees underwritten and issued by the Company during 2009. The agreement also covered ten, twenty and thirty year level-term policies issued from June 1, 2008 through December 31, 2009. The Company recaptured this business on October 1, 2013 and ceded it to Accordia. See description of Accordia agreements below.

The Company entered into a reinsurance agreement on August 30, 2013 with Structured Annuity Reinsurance Company (STAR), an affiliated reinsurer domiciled in Iowa. The agreement ceded, through coinsurance, all annuity contracts issued by the Company (and its predecessor by merger, Aviva Life Insurance Company) to Aviva London Assignment Corporation, a former affiliated entity. The Company has taken a reserve credit of $ 1,196,202,265 as of December 31, 2013.

The Company recaptured annuities business on August 31, 2013 that had been ceded to an unaffiliated reinsurance company under two modified coinsurance agreements. One agreement covered certain deferred annuity products issued between January 1, 2006 and December 31, 2008. The other agreement covered certain deferred and immediate annuities issued by the Company and its predecessor by merger, Aviva Life Insurance Company. The Company ceded the business recaptured from these two agreements to ALRe on October 1, 2013. See description of ALRe agreements below.

The Company entered into an assumption reinsurance agreement on October 1, 2013 with Accordia Life & Annuity Company (Accordia), an unaffiliated life insurer domiciled in Iowa. The agreement ceded, through coinsurance, all open block life insurance contracts issued by the Company, with the exception of Enhanced Guarantee universal life insurance products. The Company has taken a reserve credit of $6,676,649,572 for this agreement.

The Company entered into an assumption reinsurance agreement on October 1, 2013 with Accordia. The agreement ceded, through coinsurance, all policy liabilities of the former Indianapolis Life Insurance Company regulatory closed block. The Company has taken a reserve credit of $806,818,099 for this agreement.

The Company entered into an 80% modified coinsurance agreement with Athene Life Re Ltd. (ALRe), a Bermuda-domiciled reinsurer, on October 1, 2013 covering all fixed spread annuity and fixed spread life business. Modified coinsurance reserves at inception, as a result of entering in the agreement, were $1,147,532,789.

The Company entered into a modified coinsurance agreement with ALRe on October 1, 2013. Under the agreement, 100% of funding agreements and 80% of all in force (and future) annuity business was ceded to ALRe. Modified coinsurance reserves at inception, as a result of entering into this agreement, were $28,872,534,026.

The Company entered into seven other agreements with unaffiliated reinsurance companies during the examination period. All of these agreements were with authorized companies and remain in place at the examination date. The Company has taken reserve credits totaling $7,545,786 for these agreements as of December 31, 2013.

ACCIDENT AND HEALTH

Assumed

The Company did not enter into any assumed accident and health reinsurance agreements during the examination period.

Ceded

The Company has reinsurance agreements with six authorized reinsurers for accident and health business. Coverages ceded include accident; accident and sickness; medical expense; total disability; loss of time benefits; recurrent disabilities; accidental death and dismemberment and long-term disability monthly income benefits. None of the long-term disability business is retained while the other coverages are subject to Company retentions and reinsurer acceptance limits.

TERRITORY AND PLAN OF OPERATION

At December 31, 2013, the Company was authorized to transact business in the District of Columbia and all other states except New York.

GROWTH OF COMPANY

The growth of the Company is reflected by the following significant data taken from office copies of filed annual statements. No discrepancies were noted.

(000's Omitted)

Year	Total Admitted Assets	Separate Account Assets	Total Liabilities	Separate Account Liabilities	Capital And Surplus	Life Insurance In Force
2010	$45,603,044	$2,690,682	$43,246,971	$2,458,636	$2,356,074	$ 96,580,706
2011	48,504,278	1,958,153	45,825,670	1,692,554	2,678,609	99,296,103
2012	51,044,172	477,946	48,175,628	394,315	2,868,544	104,909,161
2013	43,841,716	88,597	42,862,935	(39,719)	978,782	100,927,654

Year	Aggregate Life Reserves	Aggregate A & H Reserves	Life Claims Reserves	A & H Premium	Annuity Premium	Life Premium
2010	$37,692,978	$11,249	$56,535	$ 974	$ 5,874,081	$ 590,702
2011	38,912,461	10,144	76,733	1,242	4,547,725	(1,500,391)
2012	40,056,601	9,107	81,137	636	4,376,277	1,233,180
2013	35,382,780	7,998	28,427	640	(21,464,851)	(4,438,746)

ACCOUNTS AND RECORDS

Trial balances of the Company's general ledgers were taken for each year under examination and were found to be in agreement with the office copies of the filed annual statements for those years.

The Company utilizes various investment stratagems as hedges to protect the value of its assets and surplus.

During the course of the examination no statutory violations or material differences with the amounts reflected in the financial statements, as presented in the annual statement at December 31, 2013, were identified with the exception of the two below noted adjustments recorded in the Company's 2013 audited statutory financial statements which were issued subsequent to filing of the Company's 2013 Annual Statement.

(1) It was determined the Company's investment in subsidiary account was overstated and surplus account overstated by $6,265,000 based on the external auditors' finding that the asset adequacy reserves of STAR should be increased by that amount.

(2) It was determined the Company's investment in subsidiary account was overstated and surplus account overstated by $18,000,000 based on the external auditors' finding that the Company did not account for surplus notes of a subsidiary in accordance with Statutory Accounting Principles.

The records in the Company's policy master file were sampled and tested by comparing data contained in supporting documents to data contained in the computer records. No material differences were noted.

SUBSEQUENT EVENTS

In February 2014, the Company recorded a cash receipt of $215 million representing a capital contribution from Athene Annuity. This capital contribution was accrued at December 31, 2013 as a receivable from parent. The contribution was approved by the domiciliary commissioner and determined to be properly classified as an admitted asset in accordance with Statutory Accounting Principles.

During the first quarter of 2014, the Company reclassified the owner-occupied property in Topeka, Kansas to be held for sale as a result of the Company's announcement that it would close its Topeka, Kansas location and move those operations to its U.S. headquarters in West Des Moines, Iowa.

Effective March 3, 2014, the Company changed its name from Aviva Life and Annuity Company to Athene Annuity and Life Company. The name change was approved by insurance regulators in applicable jurisdictions.

During the second quarter of 2014, The Company transferred a $57 million agent deferred compensation liability to Accordia in connection with the 2013 sale of the life business through reinsurance. Along with this liability, assets of $62.2 million were transferred to Accordia. Following this transfer, the Company no longer has any defined benefit plans.

Effective June 5, 2014, Erik Askelsen was elected Senior Vice President, General Counsel and Secretary of the Company replacing Richard Cohan.

Effective September 4, 2014, David Attaway was elected Senior Vice President, Chief Financial Officer and Treasurer of the Company replacing Brenda Cushing.

Effective November 13, 2014, Stephen Cernich was elected Interim Chief Actuary of the Company replacing Matthew Easley.

Effective May 29, 2015, Bernd Recker resigned as Chief Information Officer of the Company.

F I N A N C I A L   S T A T E M E N T S

A N D   C O M M E N T S   T H E R E O N

Note: The financial statements contained herein reflect only the transactions of the year ended December 31, 2013, and the assets and liabilities as of that date. Schedules may not add or tie precisely due to rounding.

ASSETS

	Assets	Non-Admitted	Net-Admitted
Bonds	$ 32,350,724,360	$	$ 32,350,724,360
Stocks:			
Preferred stocks	11,407,736		11,407,736
Common stocks	366,594,161		366,594,161
Mortgage loans on real estate:			
First liens	4,810,867,098		4,810,867,098
Real estate:			
Properties occupied by the Company	7,907,316		7,907,316
Properties held for the production of income	9,388,542		9,388,542
Properties held for sale	20,580		20,580
Cash, cash equivalents and short-term investments	1,943,802,871		1,943,802,871
Contract loans	243,529,301		243,529,301
Derivatives	446,190,997		446,190,997
Other invested assets	1,399,097,350		1,399,097,350
Receivables for securities	3,866,764		3,866,764
Investment income due and accrued	407,326,029	233,105	407,092,924
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	2,544,000		2,544,000
Deferred premiums and agents' balances not yet due	10,133,044		10,133,044
Reinsurance Ceded:			
Amounts recoverable from reinsurers	161,718,603		161,718,603
Other amounts receivable under reinsurance contracts	892,468,094		892,468,094
Net deferred tax asset	180,122,113	22,113	180,100,000
Guaranty funds receivable or on deposit	5,730,762		5,730,762
Receivable from parent, subsidiaries and affiliates	221,556,745		221,556,745
Health care and other amounts receivable	22,116,623	18,184,036	3,932,587
Aggregate write-ins for other than invested assets:			
Corporate owned life insurance	274,445,276		274,445,276
Miscellaneous assets	14,719,707	14,719,707	
From Separate Accounts Statement	88,597,364		88,597,364
Total Assets	$ 43,874,875,436	$ 33,158,961	$ 43,841,716,475

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$ 35,382,780,405
Aggregate reserve for accident and health contracts	7,997,877
Liability for deposit-type contracts	1,150,086,484
Contract claims:	
Life	28,426,949
Accident and health	20,763
Provision for policyholders' dividends apportioned for payment	842
Premiums and annuity considerations for life and A&H contracts received in advance	6,329
Other amounts payable on reinsurance including assumed and ceded	1,840,527,936
Interest maintenance reserve	97,118,226
Commissions to agents due or accrued	6,735,473
General expenses due or accrued	2,773,058
Transfers to Separate Accounts due or accrued(net)	1,298,124,774
Taxes, licenses and fees due or accrued	11,828,826
Current federal and foreign income taxes	30,819,109
Unearned investment income	3,968,710
Amounts withheld or retained by company as agent or trustee	2,620,743
Amounts held for agents' account	3,886,122
Remittances and items not allocated	50,820,495
Liability for benefits for employees and agents if not included above	95,430,354
Miscellaneous liabilities:	
Asset valuation reserve	325,091,140
Funds held under reinsurance treaties with unauthorized and certified reinsurers	1,524,647,258
Payable to parent, subsidiaries and affiliates	25,692,464
Funds held under coinsurance	80,629,139
Derivatives	86,624,314
Payable for securities	129,039,386
Aggregate write-ins for liabilities:	
Derivative collateral	698,812,220
Escheatable items	15,342,246
SSAP 102 transition obligations	1,485,384
Miscellaneous liability	1,317,317
From Separate Accounts Statement	(39,719,468)
Total Liabilities	$ 42,862,934,874
Common capital stock	$ 10,000,000
Surplus notes	170,000,000
Gross paid in and contributed surplus	2,220,116,980
Unassigned funds (surplus)	(1,421,335,379)
Total Capital and Surplus	$ 978,781,601
Total Liabilities, Capital and Surplus	$ 43,841,716,475

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

Premiums and annuity considerations	$(25,902,957,345)
Considerations for supplementary contracts with life contingencies	(232,810,529)
Net investment income	3,490,474,239
Amortization of interest maintenance reserve (IMR)	43,820,345
Separate accounts net gain from operations	44,685,667
Commissions and expense allowances on reinsurance ceded	(305,593,570)
Reserve adjustments on reinsurance ceded	20,556,354,983
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	669,412
Aggregate write-ins for miscellaneous income:	
COLI income	17,288,554
Funds withheld reserve adjustment - assumed	14,722,450
Miscellaneous income	225,001
Total	$ (2,273,120,792)
Death benefits	$ 72,064,553
Matured endowments(excluding guaranteed annual pure endowments)	370,067
Annuity benefits	587,005,150
Disability benefits and benefits under accident and health policies	2,397,230
Surrender benefits and withdrawals for life contracts	1,773,684,484
Interest and adjustments on contracts or deposit-type contract funds	47,030,702
Payments on supplementary contracts with life contingencies	8,960,226
Increase in aggregate reserves for life and accident and health	(4,878,745,277)
Total	$ (2,387,232,865)
Commissions on premiums, annuity considerations and deposit-type contract funds(direct business only)	333,443,640
Commissions and expense allowances on reinsurance assumed	(107,045,669)
General insurance expenses	233,077,166
Insurance taxes, licenses and fees, excluding federal income taxes	36,877,874
Increase in loading on deferred and uncollected premiums	5,010,619
Net transfers to or (from) separate accounts net of reinsurance	(6,684,065)
Aggregate write-ins for deductions:	
Transfer to IMR - ceded	(814,275,689)
Funds withheld reserve adjustment - ceded	356,829,296
Transfer to IMR – MVA benefits	(19,970,392)
Letter of credit fees	10,082,658
Fines and penalties	4,788,953
Financial guarantee expense	591,251
Miscellaneous expense	490,028
Total	$ (2,354,017,196)
Net gain from operations before dividends to policyholders and federal income taxes	$ 80,896,404
Dividends to policyholders	(4,218,981)
Net gain from operations after dividends to policyholders and before federal income taxes	$ 85,115,385
Federal and foreign income taxes incurred	(122,293,983)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	$ 207,409,368
Net realized capital gains or (losses)	(164,314,029)
Net income	$ 43,095,338

CAPITAL AND SURPLUS ACCOUNT

Capital and Surplus, December 31, 2012	$ 2,868,544,431
Net income	$ 43,095,338
Change in net unrealized capital gains(losses)	(16,265,531)
Change in net deferred income tax	(248,571,216)
Change in non-admitted assets	78,461,991
Change in liability for reinsurance in unauthorized and certified companies	171,578
Change in reserve on account of change in valuation basis (increase)	(181,965,868)
Change in asset valuation reserve	(55,170,329)
Change in surplus notes	(220,000,000)
Surplus adjustments:	
Paid in surplus	684,839,706
Change in surplus as a result of reinsurance	249,814,117
Dividends to stockholders	(2,190,000,000)
Aggregate write-ins for gains and losses in surplus:	
Correction of prior period error	(29,693,835)
Captive tax sharing agreement	(2,757,663)
SSAP 102 transition obligation	(1,721,118)
Net change in capital and surplus for the year	$ (1,889,762,830)
Capital and Surplus, December 31, 2013	$ 978,781,601

CASH FLOW

CASH FROM OPERATIONS

Premiums collected net of reinsurance	$ (26,333,480,741)
Net investment income	3,710,084,481
Miscellaneous income	(322,310,035)
Total	$ (22,945,706,295)
Benefit and loss payments	$ (19,424,515,082)
Net transfers to Separate Accounts	77,822,825
Commissions, expenses paid and aggregate write-ins for deductions	871,103,954
Dividends paid to policyholders	10,519,114
Federal and foreign income taxes paid(excluding tax on capital gains)	182,203,910
Total	$ (18,282,865,279)
Net cash from operations	$ (4,662,841,016)

CASH FROM INVESTMENTS

Proceeds from investments sold, matured or repaid:	
Bonds	$ 18,003,859,292
Stocks	573,110,616
Mortgage loans	953,959,099
Other invested assets	330,837,295
Net gains (losses) on cash, cash equivalents and short-term investments	2,223,640
Miscellaneous proceeds	168,777,776
Total investment proceeds	$ 20,032,767,718
Cost of investments acquired (long-term only):	
Bonds	$ 8,610,208,465
Stocks	426,414,706
Mortgage loans	1,049,598,619
Other invested assets	719,643,616
Total investments acquired	$ 10,805,865,406
Net increase (or decrease) in policy loans and premium notes	(362,314,196)
Net cash from investments	$ 9,589,216,508

CASH FROM FINANCING AND MISCELLANEOUS SOURCES

Cash provided (applied):	
Surplus notes, capital notes	$ (220,000,000)
Capital and paid in surplus, less treasury stock	684,839,706
Net deposits on deposit-type contracts and other liabilities	(443,964,431)
Dividends to stockholders	2,190,000,000
Other cash provided (applied)	(1,328,032,455)
Net cash from financing and miscellaneous sources	$ (3,497,157,181)

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash, cash equivalents and short-term investments	$ 1,429,218,311
Cash, cash equivalents and short-term investments:	
Beginning of year	514,584,560
End of year	$ 1,943,802,871

CONCLUSION

The assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

In addition to the undersigned, Bradley Neff CFE, Vitaliy Kyryk CFE, and Paul Ellis CFE, of Noble Consulting Services, Inc., and Investment Specialist Joseph Prakash CFA of JP Consulting participated in the examination and the preparation of this report.

The IS portion of this examination was completed by Noble Consulting Services, Inc.

The actuarial portion of this examination was completed by Insurance Strategies Consulting, LLC.

Respectfully submitted,

/s/ Thomas J. Allen
Thomas J. Allen, CFE
Examiner-in-Charge
Noble Consulting Services, Inc. on behalf of the
Iowa Insurance Division
State of Iowa