NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

ATHENE ANNUITY & LIFE ASSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2017

DATE OF REPORT: MAY 24, 2019

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AS OF

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EXAMINER:	JOSEPH F. EVANS, CFE

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Andrew M. Cuomo
Governor

Linda A. Lacewell
Acting Superintendent

June 3, 2019

The Honorable Linda A. Lacewell
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31809, dated August 29, 2018 and annexed hereto, an examination has been made into the condition and affairs of Athene Annuity & Life Assurance Company of New York, hereinafter referred to as "the Company," at its administrative office located at 7700 Mills Civic Parkway, West Des Moines, IA 50266. The Company's home office at December 31, 2017 was located at 69 Lydecker Street, Nyack, NY 10960. Effective March 26, 2018, the Company moved its home office to One Blue Hill Plaza, Suite 1672, Pearl River, NY 10965.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material findings, comments, and violations contained in this report are summarized below.

- On January 24, 2018, Athene Life Re Ltd. ("ALRe") created Athene Annuity Re Ltd. ("AARe") as a Bermuda reinsurer to serve as a reinsurance counterparty for most internal affiliated reinsurance. On February 4, 2019, AARe, a wholly-owned subsidiary of ALRe, made a tax election in accordance with Section 953(d) of the Internal Revenue Code, to be taxed as a US taxpayer, effective as of January 24, 2018.
- Effective March 15, 2018, pursuant to a contribution agreement, Athene Holding Ltd. ("AHL") contributed all outstanding shares of Athene USA Corporation ("AUSA") and its subsidiaries to ALRe.
- Effective December 14 and 31, 2018, pursuant to two separate contribution agreements, ALRe contributed the outstanding shares of AARe, 75% and 25% respectively, down to AUSA.
- Effective December 31, 2018, Athene Life Insurance Company (Delaware) ("ALIC") was merged into AADE and dissolved. (See item 3B of this report.)
- The Company violated Section 325(a) of the New York Insurance Law by failing to maintain the statutorily required records at its home office. (See item 3F of this report.)
- The Company violated Section 243.2(b)(8) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain the market value pricing documentation for six calendar years from its creation or until after the filing of a report on examination. (See item 3G of this report.)

2. SCOPE OF EXAMINATION

The examination of the Company was a full-scope examination as defined in the National Association of Insurance Commissioners' ("NAIC") *Financial Condition Examiners Handbook, 2018 Edition* (the "Handbook"). The examination covers the four-year period from January 1, 2014, to December 31, 2017. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2017 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook published by the NAIC. The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

The examination was called by the Delaware Department of Insurance in accordance with the Handbook guidelines, through the NAIC's Financial Exam Electronic Tracking System. Delaware served as the lead state with participation from the states of Iowa and New York. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting

- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2014 through 2017, by the accounting firm of PricewaterhouseCoopers, LLP ("PwC"). The Company received an unqualified opinion in all years under examination. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company's ultimate parent, AHL has an internal audit department which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX") and Model Audit Rule ("MAR") for its subsidiaries. While the Company is not required to be in compliance with SOX and MAR, several processes of the Company have been included in SOX and MAR testing. Where applicable, the SOX and MAR workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the recommendations contained in the prior financial condition report on examination. The results of the examiner's review are contained in item 7 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated on May 19, 1965, as a stock life insurer under the laws of New York and commenced business on October 20, 1966. Initial resources of $2,850,000, consisting of common capital stock of $950,000 and paid in and contributed surplus of $1,900,000, were provided through the sale of 475,000 shares of common stock (with a par value of $2 each) for $6 per share.

On December 28, 2012, the Company's former parent, Presidential Life Corporation ("Presidential"), a Delaware Corporation, was acquired by Athene Annuity & Life Assurance Company ("AADE"), also a Delaware Corporation and a subsidiary of AHL, for approximately $414 million. Immediately following the acquisition, Presidential converted into a Delaware Limited Liability Company, changed its name to Presidential Life LLC and distributed 100% of the issued and outstanding stock of the Company to AADE. The Company became a direct subsidiary of AADE, and AHL became the ultimate parent of the Company. On October 1, 2013, the Company's name was changed from Presidential Life Insurance Company to its present name.

On October 2, 2013, AHL acquired Aviva USA Corporation and its subsidiaries, including Aviva Life & Annuity Company ("ALAC"), an Iowa insurance company, from Aviva, PLC. Immediately following the acquisition, AADE contributed the Company to ALAC. ALAC became the immediate parent of the Company. ALAC then sold 100% of the issued and outstanding capital stock of its wholly owned subsidiary, Aviva Life and Annuity Company of New York ("ALACNY"), to the Company in exchange for cash of $48.2 million. Following the Company's acquisition of ALACNY, $103.4 million of ALACNY's surplus was reset under SSAP No. 72, as a reclassification from unassigned deficit to paid-in surplus. On March 3, 2014, ALACNY changed its name to Athene Life Insurance Company of New York ("ALICNY"). Also, in 2014, ALAC changed its name to Athene Annuity and Life Company ("AAIA"). As a result of the transactions, all outstanding shares of ALICNY are owned by the Company which in turn is wholly owned by AAIA.

As of December 31, 2017, the Company had common capital stock of $2,500,875, gross paid in and contributed surplus of $36,334,580 and unassigned funds (surplus) of $228,691,049.

B. Holding Company

The Company is a wholly-owned subsidiary of AAIA, an Iowa domestic insurer. AAIA is in turn a wholly-owned subsidiary of AADE, a Delaware domestic insurer. AADE is in turn a wholly owned subsidiary of AUSA, an Iowa company. AUSA is in turn a wholly-owned subsidiary of ALRe, a Bermuda company. ALRe is in turn a wholly-owned subsidiary of AHL, a Bermuda company.

The Company owns all the outstanding capital stock of ALICNY, a stock life insurance company domiciled in the State of New York.

On January 24, 2018, ALRe created AARe as a Bermuda reinsurer to serve as a reinsurance counterparty for most internal affiliated reinsurance.

Effective March 15, 2018, pursuant to a contribution agreement, AHL contributed AUSA and its subsidiaries to ALRe.

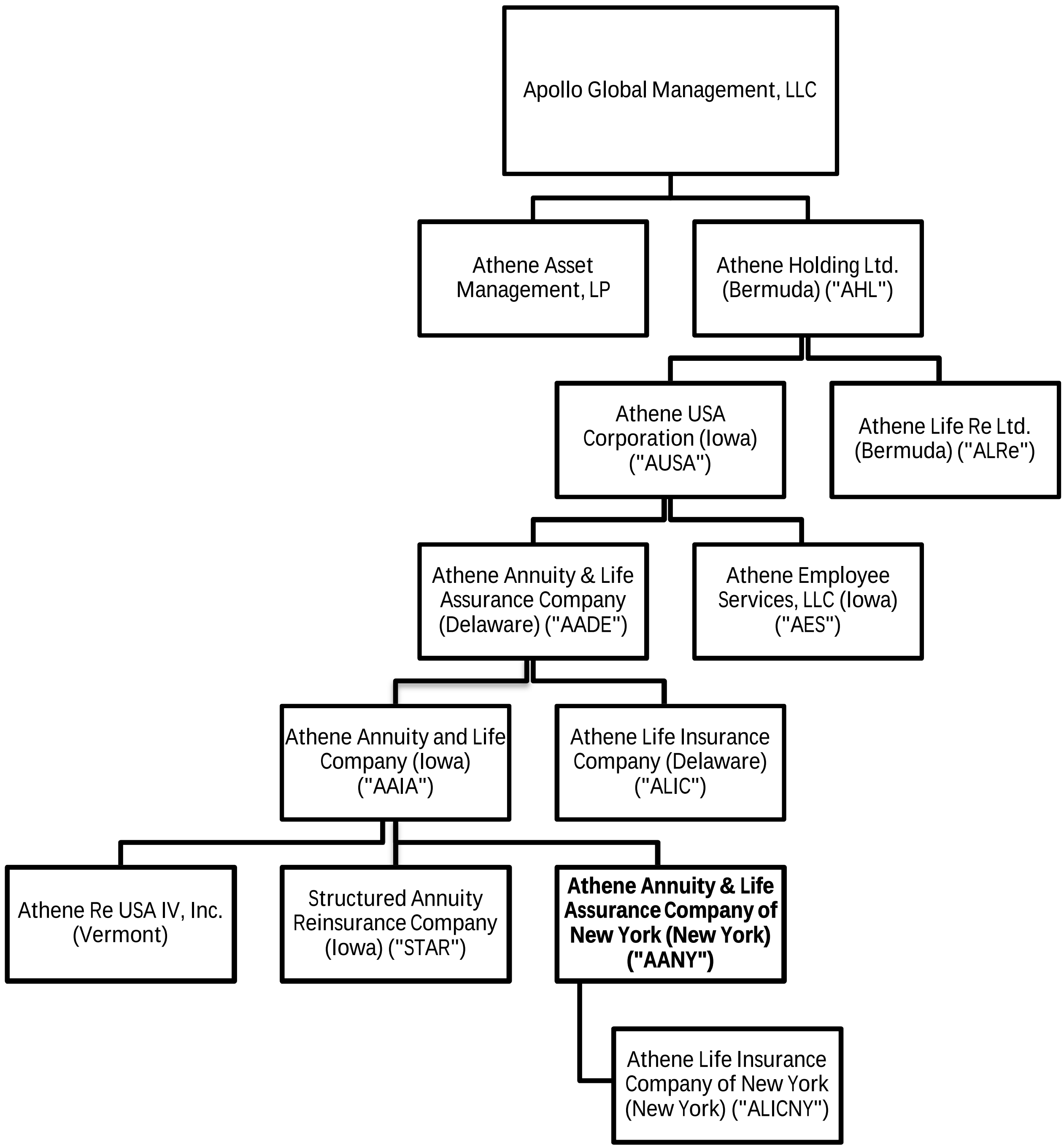
Effective December 14 and 31, 2018 pursuant to two separate contribution agreements, ALRe contributed the outstanding shares of AARe, 75% and 25% respectively, down to AUSA.

On February 4, 2019, AARe, a wholly-owned subsidiary of AUSA, made a tax election in accordance with Section 953(d) of the Internal Revenue Code, to be taxed as a US taxpayer, effective as of January 24, 2018.

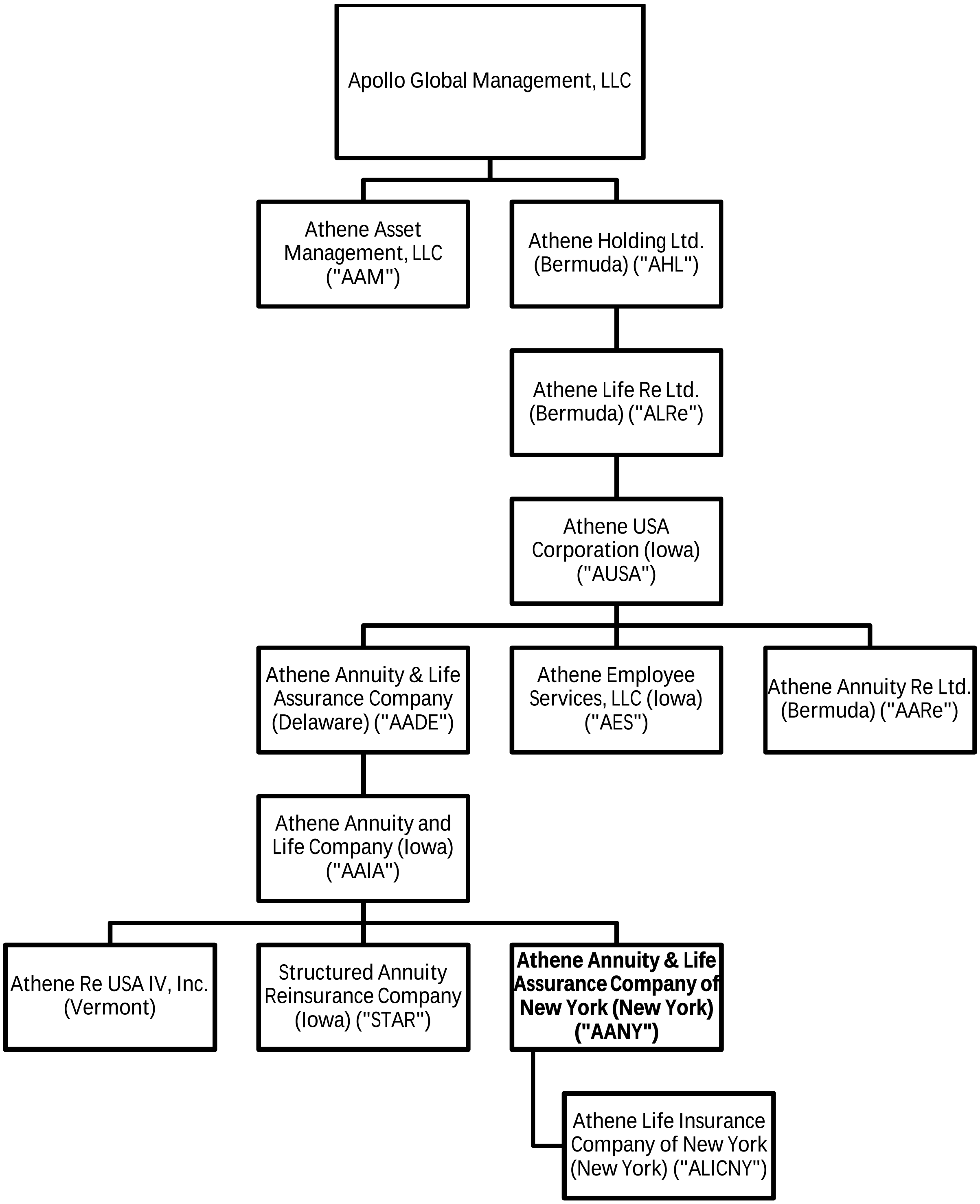
Effective December 31, 2018, Athene Life Insurance Company (Delaware) (“ALIC”) was merged into AADE and dissolved.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2017 follows:



An organization chart reflecting the relationship between the Company and significant entities in its holding company system effective December 31, 2018 follows:



D. Service Agreements

The Company had two service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Expense For Each Year of the Examination
Shared Services and Cost Sharing Arrangement File No. 46320	10/01/2013	AHL, AUSA, ALRe, AES, AADE, AAIA, AAM, ALICNY, AANY	AHL, AUSA, ALRe, AES, AADE, AAIA, AAM, ALICNY, AANY	To make available certain personnel and services between the parties	2014 $ (170,871) 2015 $(5,872,448) 2016 $(4,122,971) 2017 $(3,026,962)
Amended and Restated Investment Management Agreement File No. 51378	01/01/2015 Amended 11/11/2015 Restated	Athene Asset Management, L.P.	The Company	Investment management with respect to the investment and reinvestment of the Company's assets	2014 $(12,958,997) 2015 $ (9,217,692) 2016 $ (9,272,757) 2017 $ (9,436,947)

The Company participates in a consolidated federal income tax agreement with its parent and certain other affiliates.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven and not more than 13 directors. Directors are elected for a period of one (1) year at the annual meeting of the stockholders held in May of each year. As of December 31, 2017, the board of directors consisted of seven members. Meetings of the board are held as determined by the board, but not less than annually. The seven board members and their principal business affiliation, as of December 31, 2017, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
James R. Belardi Manhattan Beach, California	Chief Executive Officer Athene Holding Ltd.	2013
Martin P. Klein Richmond, Virginia	Chief Financial Officer Athene Holding Ltd.	2015
Grant Kvalheim Princeton, New Jersey	Chief Executive Officer and President Athene USA Corporation	2013
Lawrence J. Ruisi * Armonk, New York	Adjunct Professor of Accounting St. John's University	2017
Francis P. Sabatini * Killingworth, Connecticut	President Sabatini Advisory Services, LLC	2013
Hope S. Taitz * Armonk, New York	Self-employed consultant ELY Capital Advisors, LLC	2013
Christopher R. Welp Clive, Iowa	Executive Vice President, Insurance Operations Athene Annuity & Life Assurance Company of New York	2016

* Not affiliated with the Company or any other company in the holding company system

Effective December 7, 2018, James R. Belardi resigned from the Board and was replaced by Mitra Hormozi. Effective December 27, 2018, Ms. Mitra Hormozi also replaced Ms. Hope Taitz as an independent director.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended, and each director attended most meetings.

The following is a listing of the principal officers of the Company as of December 31, 2017:

Name	Title
James R. Belardi	Chief Executive Officer
Grant Kvalheim	President
Christopher Welp	Executive Vice President, Insurance Operations
Michael Downing	Executive Vice President, Chief Actuary
Christopher Grady	Executive Vice President, Retail Sales

Name	Title
Randall Epright	Executive Vice President, Chief Information Officer
Mark Suter	Executive Vice President, Chief Integration Officer
Erik Askelsen	Senior Vice President, General Counsel and Secretary
Jeffrey Boland	Senior Vice President, Chief Risk Officer
Megan Claypool*	Senior Vice President, Chief Compliance Officer
Erin Kuhl	Vice President, Controller and Treasurer

*Designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64)

On March 6, 2014, the Company segregated the titles of President and Chief Executive Officer. James R. Belardi was appointed Chief Executive Officer of the Company and Guy Smith, III remained as the President until December 31, 2016 when he was replaced by Grant Kvalheim.

Effective January 1, 2018, Mark Suter, Executive Vice President, Chief Integration Officer resigned from the Company.

As of June 15, 2018, Erik Askelsen resigned from the Company and was replaced by Blaine Doerrfeld as Corporate Secretary.

Effective December 7, 2018, James R. Belardi resigned as Chief Executive Officer and was replaced by Grant Kvalheim as the Chief Executive Officer and President.

Effective April 5, 2019, Jeffrey Boland resigned from the Company and Larry Wu will be the acting head of the US risk team.

Effective April 10, 2019, Erin Clayton Kuhl resigned as Treasurer.

The following officers were appointed and in place as of December 31, 2017:

Name	Title
Kristi Burma	Executive Vice President, Human Resources
John Golden	Executive Vice President, Legal
John Rhodes	Risk Officer
Chuck Herrin	Senior Vice President, IT Security Risk and Compliance
Jeremy Vessels	Senior Vice President, Corporate Development
Patricia Corbett	Senior Vice President, Agency Services and New Business
Karen Lynn	Senior Vice President, Corporate Communication & Brand
Adam Politzer	Senior Vice President, Product Actuary
Paul Conner	Senior Vice President, Valuation Actuary
Jay King	Senior Vice President, Internal Audit
Rod Mims	Senior Vice President, National Sales

Name	Title
Sandra Stokely	Senior Vice President, Insurance Operations
Sandy Nelson	Senior Vice President, Information Technology
Shawn Swaner	Senior Vice President, Chief Technology Officer
Susan Gooding	Senior Vice President, Financial Planning and Analysis
Donald Sanderson	Appointed Actuary

F. Books and Records

Section 325(a) of the New York Insurance Law states, in part:

"Every domestic insurer and every licensed United States branch of an alien insurer entered through this state shall, except as hereinafter provided, keep and maintain at its principal office in this state its charter and by-laws (in the case of a United States branch a copy thereof) and its books of account, and if a domestic stock corporation a record containing the names and addresses of its shareholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof, and if a domestic corporation the minutes of any meetings of its shareholders, policyholders, board of directors and committees thereof . . . . "

On January 28, 2019, the examiner visited the Company's home office located at One Blue Hill Plaza, Pearl River, NY, to inspect the books and records. The physical inspection revealed that the Company did not maintain, at its home office, the detailed workpapers supporting its quarterly statements for 2014 and 2015. In addition, the Company only maintained minutes for one audit committee meeting for 2016.

The Company violated Section 325(a) of the New York Insurance Law by failing to maintain several statutorily required records at its home office.

G. Record Retention

Section 243.2 of the Department Regulation No. 152 states, in part, that:

"(a) In addition to any other requirement contained in Insurance Law Section 325, any other Section of the Insurance Law or other law, or any other provision of this Title, every insurer shall maintain its claims, rating, underwriting, marketing, complaint, financial, and producer licensing records, and such other records subject to examination by the superintendent, in accordance with the provisions of this Part.

(b) Except as otherwise required by law or regulation, an insurer shall maintain:
(8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review."

The examiner’s review of the reinsurance settlements between the Company and AADE revealed that the Company does not retain the market value pricing documentation for the securities transferred under its reinsurance agreement with AADE.

The Company violated Section 243.2(b)(8) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain the market value pricing documentation for six calendar years from its creation or until after the filing of a report on examination.

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in all 50 states, and the District of Columbia. In 2017, 24.3% of life premiums, 94.6% of annuity premiums, 95.4% of accident and health premiums, and 4.2% of deposit type funds were received from New York. Policies are written on a non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2017:

Life Insurance Premiums	
New York	24.3%
Florida	6.7
California	6.7
North Carolina	6.6
Texas	5.5
Subtotal	49.8%
All others	50.2
Total	100.0%

Annuity Considerations	
New York	94.6%
Florida	1.1
New Jersey	1.1
California	0.5
Pennsylvania	0.5
Subtotal	97.8%
All others	2.2
Total	100.0%

Accident and Health Insurance Premiums	
New York	95.4%
Connecticut	3.7
Pennsylvania	0.9
Subtotal	100.0%
All others	0.0
Total	100.0%

Deposit Type Funds	
Florida	50.6%
Pennsylvania	15.4
Illinois	9.2
Michigan	5.5
New York	4.2
Subtotal	84.9%
All others	15.1
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2017, the Company had $2,310,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As reported in Schedule E of the 2017 filed annual statement, an additional $4,129,087 was being held by the states of Arkansas, Florida, Georgia, Nevada, New Hampshire, New Mexico, North Carolina, South Carolina, and Wyoming as well as the Commonwealth of Massachusetts and Virginia.

B. Direct Operations

The Company issues only non-participating contracts.

The Company's principal products are deferred annuities, which are interest rate sensitive instruments. The Company ceased selling substantially all life and accident and health products in 2013. As a result, the Company's life and accident and health business has been in runoff since 2013.

The Company's agency operations are conducted on a general agency basis.

C. Reinsurance

As of December 31, 2017, the Company had reinsurance treaties in effect with 12 companies, of which 8 were authorized or accredited. The Company's life, accident and health business is reinsured on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis. The Company's annuity business is reinsured with its affiliate AADE on a coinsurance with funds withheld basis.

The maximum retention limit for individual life contracts is between $50,000 and $200,000 per policy, while six are quota share. The total face amount of life insurance ceded as of December 31, 2017, was $319,579,760, which represents 50% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $2,224,007,196 was supported by letters of credit, trust agreements and/or funds withheld.

The Company did not assume any insurance business during the period under examination.

5. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2013	December 31, 2017	Increase (Decrease)
Admitted assets	$3,525,636,366	$3,165,014,211	$(360,622,155)
Liabilities	$3,361,240,043	$2,897,487,707	$(463,752,336)
Common capital stock	$ 2,500,875	$ 2,500,875	$ 0
Gross paid in and contributed surplus	34,384,471	36,334,580	1,950,109
Unassigned funds (surplus)	127,510,977	228,691,049	101,180,072
Total capital and surplus	$ 164,396,323	$ 267,526,504	$ 103,130,181
Total liabilities, capital and surplus	$3,525,636,366	$3,165,014,211	$(360,622,155)

With the exception of the Multi-Year Guarantee Annuity product ("MYGA") sales in 2016, financial changes in the balance sheet during the exam period are primarily due to the stagnation in the sale of annuities due to the low interest rate environment.

The Company's invested assets as of December 31, 2017 were mainly comprised of bonds (89.1%).

The majority (92.0%) of the Company's bond portfolio, as of December 31, 2017, was comprised of investment grade obligations.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term	
Year	Issued	In Force	Issued	In Force
2014	$236	$470,401	$0	$373,614
2015	$100	$433,172	$0	$315,152
2016	$125	$404,011	$0	$286,942
2017	$100	$377,842	$0	$258,845

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

	Ordinary Annuities			
	2014	2015	2016	2017
Outstanding, end of previous year	44,764	41,917	38,842	37,946
Issued during the year	330	196	1,823	569
Other net changes during the year	(3,177)	(3,271)	(2,719)	(2,780)
Outstanding, end of current year	41,917	38,842	37,946	35,735

With the exception of 2016, where AANY introduced a new MYGA product, there was stagnation in the sale of annuities due to the low interest rate environment.

	Group Annuities			
	2014	2015	2016	2017
Outstanding, end of previous year	187	186	184	184
Issued during the year	0	0	0	0
Other net changes during the year	(1)	(2)	(0)	(0)
Outstanding, end of current year	186	184	184	184

The following has been extracted from the Exhibits of Accident and Health Insurance in the filed annual statements for each of the years under review:

	Ordinary			
	2014	2015	2016	2017
Outstanding, end of previous year	82	73	66	63
Issued during the year	0	0	0	0
Other net changes during the year	(9)	(7)	(3)	(4)
Outstanding, end of current year	73	66	63	59

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2014	2015	2016	2017
Ordinary:				
Life insurance	$(186,178)	$ 8,479,643	$ 8,102,718	$13,315,204
Individual annuities	475,742	(1,866,173)	7,978,370	14,061,266
Supplementary contracts	(71,250)	2,568,601	765,531	2,433,996
Total ordinary	$ 218,314	$ 9,182,071	$16,846,619	$29,810,466
Group:				
Annuities	$(103,587)	$ 4,578,164	$ 5,194,110	$ 2,754,012
Total group	$(103,587)	$ 4,578,164	$ 5,194,110	$ 2,754,012
Accident and health:				
Group	$ (6,668)	$ 0	$ 0	$ 0
Other	(1,100)	29,454	15,592	19,109
Total accident and health	$ (7,768)	$ 29,454	$ 15,592	$ 19,109
Total	$ 106,959	$13,789,689	$22,056,322	$32,583,585

The increase in ordinary life and group annuities between 2014 and 2015 was due to a decrease in federal income taxes incurred resulting from increased reserve deductions, changes in gross deferred tax assets, unrealized losses in the funds withheld accounts, larger Interest Maintenance Reserve ("IMR") deductions, statutory to tax differences in investments and a change in the statutory valuation allowance.

The decrease in net gain in individual annuity in 2015 was due to a reduction in investment income.

The increase in the annuity line of business in 2016 and 2017 was primarily due to the increase in the sale of the MYGA product launched in 2016.

The decrease in group annuities in 2017 compared to 2016 was due to an increase in federal income taxes incurred from reserve changes, changes in statutory to tax investment basis differences, and revaluing of deferred tax assets for the newly enacted tax rate.

The following ratios, applicable to the accident and health business of the Company, have been extracted from Schedule H for each of the indicated years:

	2014	2015	2016	2017
Premiums earned	100.0%	100.0%	100.0%	100.0%
Incurred losses	(1,288.0)%	65.3%	86.6%	49.4%
Commissions	(2.8)	(4.3)	(4.3)	(4.2)
Expenses	16.5	11.5	11.0	10.0
	(1,274.3)%	72.5%	93.3%	55.2%
Underwriting results	1,374.3%	27.5%	6.7%	44.8%

The negative incurred losses in 2014 were due to the Company's 2013 strategic decision to stop writing accident and health products.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2017, as contained in the Company's 2017 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2017 filed annual statement.

A. Independent Accountants

PwC was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31 of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

PwC concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$2,780,887,694
Stocks:	
Preferred stocks	12,551,659
Common stocks	59,377,113
Mortgage loans on real estate:	
First liens	10,000,000
Other than first liens	109,715,862
Cash, cash equivalents and short term investments	69,015,258
Contract loans	15,675,646
Other invested assets	62,020,159
Derivative collateral asset	550,000
Investment income due and accrued	25,075,394
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	58,167
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,102,479
Reinsurance:	
Amounts recoverable from reinsurers	4,100,916
Current federal and foreign income tax recoverable and interest thereon	13,864,487
Net deferred tax asset	670,505
Guaranty funds receivable or on deposit	114,620
Receivables from parent, subsidiaries and affiliates	4,360
Miscellaneous assets	229,892
Total admitted assets	$3,165,014,211

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 440,503,380
Aggregate reserve for accident and health contracts	94,546
Liability for deposit-type contracts	8,113,246
Contract claims:	
Life	2,123,632
Premiums and annuity considerations for life and accident and health contracts received in advance	33,717
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	8,425,848
Interest maintenance reserve	21,663,014
Commissions to agents due or accrued	27,746
General expenses due or accrued	749,968
Taxes, licenses and fees due or accrued, excluding federal income taxes	461,678
Unearned investment income	87,900
Amounts withheld or retained by company as agent or trustee	32,341
Remittances and items not allocated	1,607,682
Miscellaneous liabilities:	
Asset valuation reserve	29,453,998
Payable to parent, subsidiaries and affiliates	2,439,028
Funds held under coinsurance	2,375,891,974
Derivatives	524,966
Payable for Securities	1,007,560
Unclaimed funds	4,245,483
Total liabilities	$2,897,487,707
Common capital stock	$ 2,500,875
Gross paid in and contributed surplus	36,334,580
Unassigned funds (surplus)	228,691,049
Surplus	$ 265,025,629
Total capital and surplus	$ 267,526,504
Total liabilities, capital and surplus	$3,165,014,211

D. Condensed Summary of Operations

	2014	2015	2016	2017
Premiums and considerations	$ 11,807,022	$ 9,660,879	$ 23,400,228	$ 10,881,017
Investment income	181,475,578	169,378,647	164,895,604	161,845,993
Commissions and reserve adjustments on reinsurance ceded	8,822,534	8,345,443	12,667,410	8,600,962
Miscellaneous income	13,185	16,667	10,585	10,112
Total income	$202,118,319	$187,401,636	$200,973,827	$181,338,084
Benefit payments	$ 44,464,930	$ 43,858,437	$ 37,794,507	$ 39,435,461
Increase in reserves	(17,026,406)	(20,237,682)	2,194,326	(12,421,471)
Commissions	1,645,275	1,347,647	6,196,862	1,948,131
General expenses and taxes	13,931,270	13,621,621	8,838,611	7,711,563
Increase in loading on deferred and uncollected premiums	(343,742)	(277,022)	(190,369)	(193,419)
Net transfers to (from) Separate Accounts	0	0	0	0
Miscellaneous deductions	164,992,873	134,887,968	126,015,174	129,608,487
Total deductions	$207,664,200	$173,200,969	$180,849,111	$166,088,752
Net gain (loss) from operations	$ (5,545,881)	$ 14,200,667	$ 20,124,716	$ 15,249,332
Dividends	0	0	0	0
Federal and foreign income taxes incurred	(5,652,840)	410,978	(1,931,605)	(17,334,254)
Net gain (loss) from operations before net realized capital gains	$ 106,959	$ 13,789,689	$ 22,056,321	$ 32,583,586
Net realized capital gains (losses)	7,032,927	(5,994,982)	(20,768,067)	(3,869,736)
Net income	$ 7,139,886	$ 7,794,707	$ 1,288,254	$ 28,713,850

The increase in premiums, reserves, commissions and commissions and reserve adjustments on reinsurance ceded in 2016 was primarily due to the sale of MYGA product.

The decrease in reserves and commissions in 2017 compared to 2016 was primarily due to the decrease and stabilization in sales of MYGA product.

The decrease in general expenses in 2016 was primarily the result of lower salary and expense allocations, decrease in actual lease payments and reduced contributions to employee benefit plans.

The significant fluctuations in net realized gains and losses between 2014 and 2017 were primarily due to decreased losses on swaps, the impact of capital gains tax, decreased gains from other invested assets, partially offset by reduced impairments, increased gains on bonds and stocks net of IMR, and the gain on the sale of the Nyack, NY office building.

E. Capital and Surplus Account

	2014	2015	2016	2017
Capital and surplus, December 31, prior year	$164,396,323	$168,147,096	$207,926,747	$231,037,393
Net income	$ 7,139,886	$ 7,794,707	$ 1,288,254	$ 28,713,850
Change in net unrealized capital gains (losses)	1,373,459	12,490,184	9,776,503	7,018,216
Change in net unrealized foreign exchange capital gain (loss)	0	(367)	1,296	0
Change in net deferred income tax	(10,949,157)	(6,256,753)	15,399,374	(17,184,211)
Change in non-admitted assets and related items	14,118,772	273,819	(9,107,936)	9,300,583
Change in reserve valuation basis	(258,487)	(6,579,253)	(41,020)	0
Change in asset valuation reserve	(2,706,345)	7,946,293	(144,665)	11,089,074
Surplus adjustments:				
Paid in	0	312,893	1,022,046	615,171
Change in surplus as a result of reinsurance	(4,967,355)	23,798,128	2,176,572	(2,738,697)
Correction of prior period error	0	0	0	(324,876)
Deferred gain on sale-leaseback of real estate	0	0	2,740,222	0
Net change in capital and surplus for the year	$ 3,750,773	$ 39,779,651	$ 23,110,646	$ 36,489,111
Capital and surplus, December 31, current year	$168,147,096	$207,926,747	$231,037,393	$267,526,504

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the financial condition recommendations contained in the prior report on examination and the subsequent actions taken by the Company in response to each recommendation:

Item	Description
A	The examiner recommends that a formal Enterprise Risk Management processes, including risk management policies, economic capital modeling, and utilization of risk metrics in business decisions, be developed in a timely manner to help ensure that all Companies in the holding company system are managed consistently and within their risk appetites.
	Jeffrey Boland assumed the role as Chief Risk Officer in October 2014. Mr. Boland oversaw the initial development and build-up of the Enterprise Risk Management structure and processes, including the retention of significant additional staff. A formal Risk Strategy and Risk Management Framework has been developed.
B	The examiner recommends that the Company continue to compute Structured Settlement formulaic reserves based on standard mortality assumptions as agreed upon with the Department.
	The Company calculates Structured Settlement formulaic reserves using a standard mortality assumption and plans to continue to do so in the future.

8. SUMMARY AND CONCLUSIONS

Following are the violations contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 325(a) of the New York Insurance Law by failing to maintain several statutorily required records at its home office.	12
B	The Company violated Section 243.2(b)(8) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain the market value pricing documentation for six calendar years from its creation or until after the filing of a report on examination.	13

Respectfully submitted,

, CFE

Joseph F. Evans, CFE
INS Regulatory Insurance Services, Inc.

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Joseph F. Evans, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

Joseph F. Evans

Subscribed and sworn to before me by. Joseph F Evans

this 17 day of June 2019

OFFICIAL SEAL
MARIA GOMEZ
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:01/05/21

Respectfully submitted,

/s/
Mostafa Mahmoud
Principal Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Mostafa Mahmoud, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

/s/
Mostafa Mahmoud

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 31809

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, MARIA T. VULLO, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

JOSEPH F. EVANS
(INS REGULATORY INSURANCE SERVICES, INC.)

as a proper person to examine the affairs of the

ATHENE ANNUITY & LIFE ASSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York

this 29th day of August, 2018

MARIA T. VULLO
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU