NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

ATHENE LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2017

DATE OF REPORT: MAY 24, 2019

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AS OF

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DATE OF REPORT:	MAY 24, 2019
EXAMINER:	JOSEPH F. EVANS, CFE

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Linda A. Lacewell
Acting Superintendent

June 5, 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. 31810, dated August 29, 2018, and annexed hereto, an examination has been made into the condition and affairs of Athene Life Insurance 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 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 comments and violation 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 transactions.
- 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.
- 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) 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 several statutorily required records at its home office. (See item 3F 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, through 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 each year 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 the 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 recommendation 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 as a stock life insurance company under the laws of the State of New York on April 17, 1958, and was licensed and commenced business on November 25, 1958, under the name Gotham Life Insurance Company of New York. Initial resources of $650,000, consisting of common capital stock of $300,000 and paid in and contributed surplus of $350,000, were provided through the sale of 3,000 shares of common stock (with a par value of $100 each) for $216.67 per share.

In 1979, the Company changed its name to Bankers Life and Casualty Company of New York. In March 1994, the Company changed its name to Bankers Life Insurance Company of New York. In July 1995, Indianapolis Life Insurance Company ("ILICO") purchased the Company from Southwestern Life Insurance Company. In 1998, the Company became a subsidiary of the Indianapolis Life Group of Companies ("IL Group"), which was the downstream holding company of ILICO. On May 18, 2001, ILICO became a wholly owned subsidiary of AmerUs Group Co. ("AGC"). On March 5, 2002, the IL Group was dissolved and all the Company's shares reverted back to ILICO which became the Company's immediate parent and AGC became the Company's ultimate parent. On November 15, 2006, AGC merged with Libra Acquisition Corporation, an Iowa corporation and an indirect wholly owned subsidiary of Aviva plc, a public limited company incorporated under the laws of England and Wales. AGC continued after the merger as the surviving corporation and an indirect wholly owned subsidiary of Aviva plc.

On December 31, 2007, ILICO acquired Aviva Life Insurance Company of New York ("ALICNY"), a New York domestic life insurance company. Immediately following that acquisition ALICNY was merged with and into the Company with Bankers Life Insurance Company of New York ("BLNY") being the surviving entity. Simultaneously with the merger, BLNY was renamed Aviva Life and Annuity Company of New York.

Effective January 1, 2008, AGC merged with Aviva USA Corporation, a non-life insurance company incorporated in the State of Delaware. AGC, incorporated in the State of Iowa, continued as the surviving company and simultaneously changed its name to Aviva USA Corporation. Effective September 30, 2008, Aviva Life Insurance Company ("ALIC"), a

Delaware domiciled insurance company in the Aviva holding company system, and ILICO, the Company's immediate parent, were merged with and into Aviva Life & Annuity Company ("ALAC"), an Iowa domiciled insurer. ALAC became the Company's immediate parent. The Company received $15,000,000 and $25,000,000 in capital contributions from its parent during 2009 and 2008, respectively.

On October 2, 2013, the Company sold, through a series of reinsurance agreements, its life insurance business, excluding the block of business written by John Alden of New York, to First Allmerica Financial Life Insurance Company ("FAFLIC"). The Company also entered into transition services and administrative agreements with FAFLIC in connection with these reinsurance agreements.

On October 2, 2013, the Department approved the acquisition of control of the Company by Apollo Global Management, LLC ("AGM"). Simultaneous with the acquisition, ALAC, the Company's immediate parent became the parent of Athene Life & Annuity Assurance Company of New York ("AANY"), an indirect subsidiary of AGM. ALAC then sold 100% of the Company's issued and outstanding capital stock to AANY in exchange for cash in the amount of $48.2 million. Immediately following AANY's acquisition of the Company, $103.4 million of the Company's surplus was reset under SSAP No. 72, as a reclassification of unassigned deficit to paid-in surplus.

On March 3, 2014, the Company changed its name to Athene Life Insurance Company of New York.

All outstanding shares of the Company are owned by AANY, a stock life insurance company domiciled in the State of New York. AANY is a wholly owned subsidiary of Athene Annuity and Life Company ("AAIA"), a stock life insurance company domiciled in the State of Iowa. AAIA is a wholly owned subsidiary of Athene Annuity & Life Assurance Company ("AADE"), a stock life insurance company domiciled in the State of Delaware. AADE is a wholly owned subsidiary of Athene USA Corporation ("AUSA"), which is a wholly owned subsidiary of Athene Life Re Ltd. ("ALRe"), a Bermuda reinsurance company. ALRe is a wholly owned subsidiary of Athene Holding Ltd. (AHL"), a Bermuda exempted company.

As of December 31, 2017, the Company reported capital and paid in and contributed surplus of $2,002,306 and $89,807,650, respectively.

B. Holding Company

The Company is a wholly owned subsidiary of AANY. AANY in turn is a wholly owned subsidiary of AAIA, an Iowa domestic insurer. AAIA is in turn a wholly-owned subsidiary AADE, a Delaware domestic. 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. The ultimate parent of the Company is AHL, a Bermuda company.

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

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

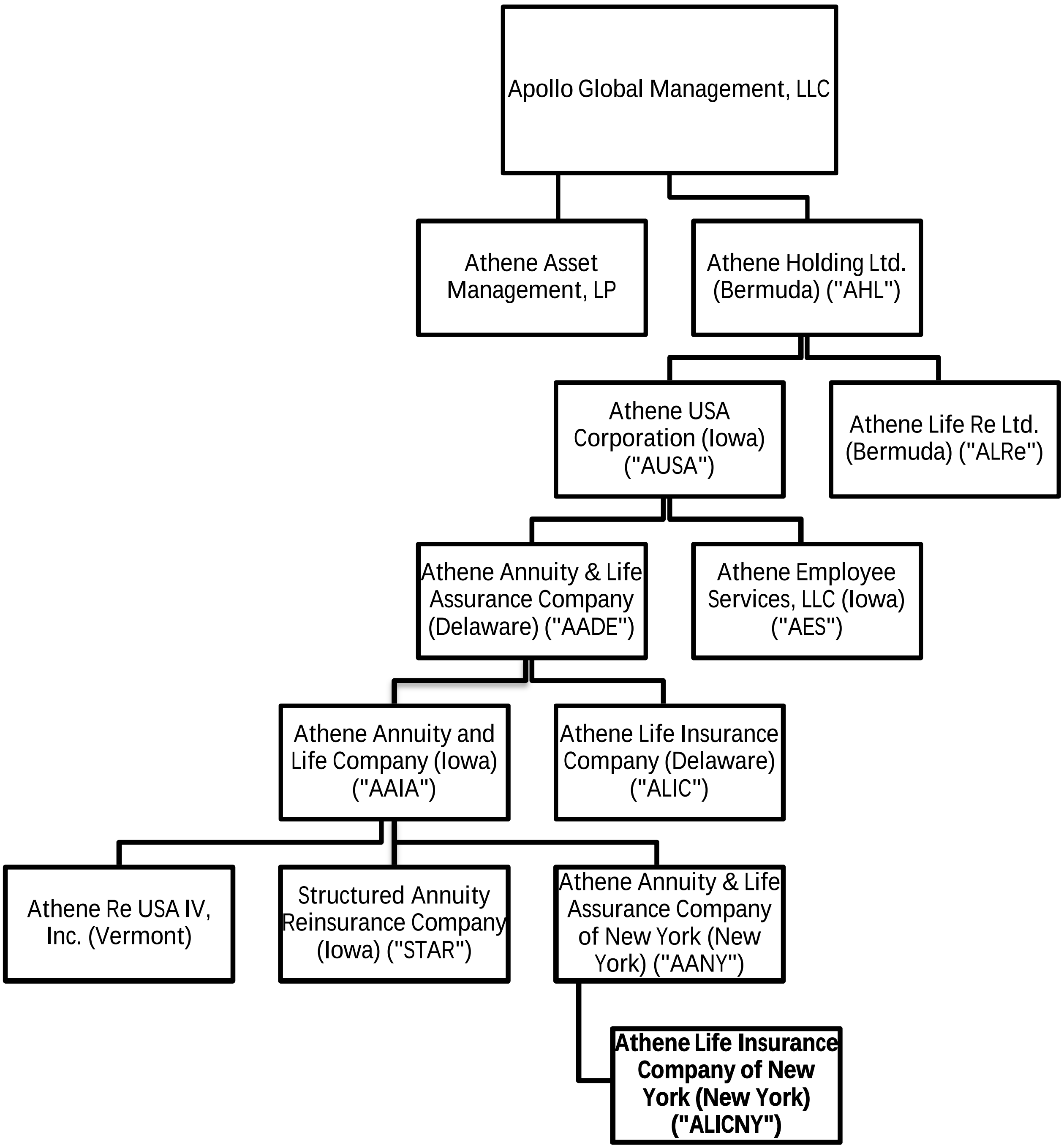
Effective December 14 and 31, 2018, pursuant to two separate contribution agreements, ALRe contributed the outstanding shares of AARe, 75% and 25% respectively, down to AUSA.

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.

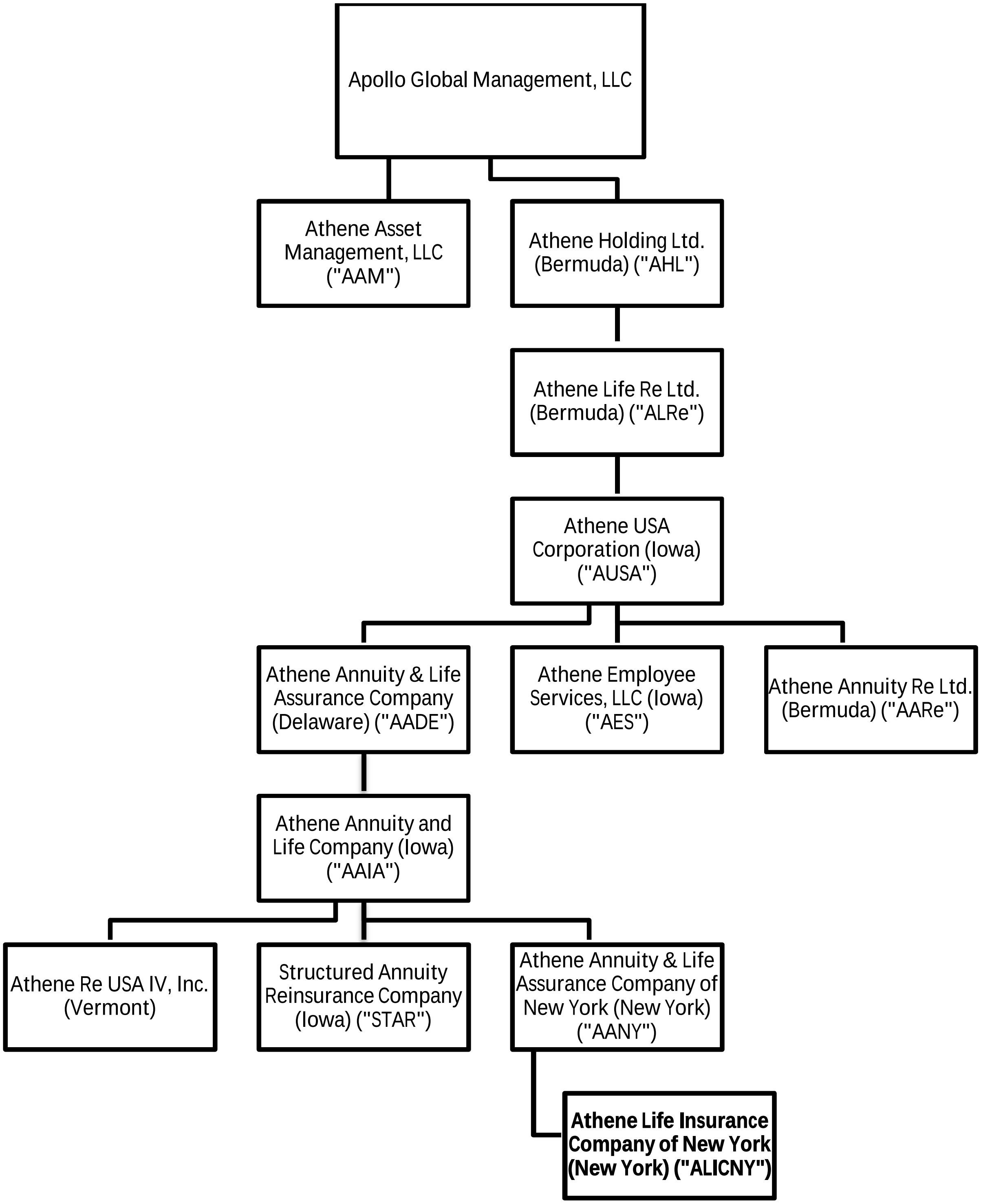
Effective December 31, 2018, Athene Life Insurance Company (Delaware) was merged into AADE and dissolved.

C. Organizational Chart

An abbreviated 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
Amended and Restated Investment Management Agreement File No. 51379	01/01/2015 11/01/2015	Athene Asset Management, L.P.	The Company	Investment management with respect to the investment and reinvestment of the Company's assets.	2014 $(1,622,437) 2015 $(2,188,592) 2016 $(2,222,682) 2017 $(2,183,328)
Shared Services and Cost Sharing Arrangement File No. 47033	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 $(1,031,522) 2015 $(1,268,410) 2016 $(1,979,488) 2017 $(1,770,852)

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

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 7 and not more than 13 directors. Directors are elected for a period of one 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 quarterly.

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 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 that 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
Erin C. Kuhl	Vice President, Controller and Treasurer
Erik Askelsen	Senior Vice President, General Counsel and Secretary
Christopher R. Welp	Executive Vice President, Insurance Operations
Michael S. Downing	Executive Vice President, Chief Actuary
Christopher J. Grady	Executive Vice President, Retail Sales
Randall W. Epright	Executive Vice President, Chief Information Officer
Mark P. Suter	Executive Vice President, Chief Integration Officer
Jeffrey B. Boland	Senior Vice President, Chief Risk Officer
Megan Claypool*	Senior Vice President, Chief Compliance Officer

*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 ("CEO") 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 CEO and was replaced by Grant Kvalheim as the CEO 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

Name	Title
John Rhodes	Risk Officer
Chuck Herrin	Senior Vice President, Information Technology 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 and 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
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, an 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.

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 17 states. In 2017, 83% of life premium, 95% of annuity premium, and 99% of accident and health premiums 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	82.9%
Florida	3.7
New Jersey	2.4
Connecticut	1.4
Michigan	1.3
Subtotal	91.7%
All others	8.3
Total	100.0%

Annuity Considerations	
New York	94.6%
New Jersey	2.4
Maryland	1.6
Florida	0.9
Virginia	0.4
Subtotal	99.9%
All others	0.1
Total	100.0%

Accident and Health Insurance Premiums	
New York	99.0%
Florida	0.7
Connecticut	0.2
California	0.1
Subtotal	100.0%
All others	0.0
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2017, the Company had $5,100,000 (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 $531,380 was being held by the Commonwealth of Massachusetts and the State of North Carolina.

B. Direct Operations

The Company stopped writing new business in 2014. Prior to 2014, the Company concentrated its sales of life insurance and annuities primarily in the State of New York, where the majority of the Company's direct premiums and annuity considerations were collected. The product portfolio included universal life, interest sensitive whole life, survivor universal life, term life, fixed indexed universal life and both single premium and flexible premium fixed interest annuities.

C. Reinsurance

As of December 31, 2017, the Company had reinsurance treaties in effect with nine companies, of which eight were authorized or accredited. The Company’s life, accident and health business is reinsured through coinsurance, yearly renewable term and funds withheld coinsurance arrangements. In addition, reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $100,000. The total face amount of life insurance ceded as of December 31, 2017, was $6,878,713,811, which represents 97.6% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to the unauthorized company, totaling $42, was supported by other debits.

The total face amount of life insurance assumed as of December 31, 2017, $70,659,226.

On July 31, 2015, the Company converted reinsurance agreements with First Allmerica Financial Life Insurance Company ("FAFLIC"), a division of Global Atlantic Financial Group, from coinsurance funds withheld to coinsurance with assets maintained in trust for the benefit of the policies reinsured under the agreement.

On January 1, 2016 and June 4, 2016, the Company novated 30,009 and 16,907 life policies, respectively with statutory reserves of $525.5 million and $167.2 million, to FAFLIC. On February 11 and December 2, 2017, the Company novated a total of 1,450 life policies with statutory reserves of $31.9 million to FAFLIC. The policies were previously 100% ceded to FAFLIC through a coinsurance agreement, and therefore had no impact on the Company's income, capital, and surplus.

Effective July 1, 2017, the Company recaptured all life, disability and long-term care business previously ceded to Hannover Life Reassurance Company ("Hannover"). In conjunction with this transaction, the Company received cash in the amount of $17.9 million for the recaptured reserves.

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 primary cause for fluctuations in the following financial tables is that the Company is no longer writing new business and is in run-off.

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	$1,727,769,722	$967,933,372	$(759,836,350)
Liabilities	$1,663,744,460	$892,396,569	$(771,347,891)
Common capital stock	$ 2,002,306	$ 2,002,306	$ 0
Gross paid in and contributed surplus	89,078,588	89,807,650	729,062
Unassigned funds (surplus)	(27,055,632)	(16,273,152)	10,782,480
Total capital and surplus	$ 64,025,262	$ 75,536,803	$ 11,511,541
Total liabilities, capital and surplus	$1,727,769,722	$967,933,372	$(759,836,350)

Financial changes in the balance sheet during the exam period are primarily due to run-off of the reinsured life and accident and health lines of business and the conversion of FAFLIC reinsurance treaties from funds withheld to coinsurance.

The Company's invested assets as of December 31, 2017 are mainly comprised of bonds (83.2%), mortgage loans (8.1%), and cash and short-term investments (8.1%).

The majority (96.0%) 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		Group Life	
Year	Issued	In Force	Issued	In Force	Issued & Increases	In Force
2014	$94,984	$8,190,347	$13,720	$13,317,258	$0	$636,895
2015	$11,780	$7,983,633	$13,779	$12,386,359	$0	$603,855
2016	$ 2,313	$4,869,303	$ 0	$ 2,441,098	$0	$112,415
2017	$ 1,225	$4,537,445	$ 0	$ 2,403,266	$0	$105,152

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	4,960	4,639	4,284	4,054
Issued during the year	0	0	0	0
Other net changes during the year	(321)	(355)	(230)	(333)
Outstanding, end of current year	4,639	4,284	4,054	3,721

	Group Annuities			
	2014	2015	2016	2017
Outstanding, end of previous year	7	7	7	7
Issued during the year	0	0	0	0
Other net changes during the year	(0)	(0)	(0)	(0)
Outstanding, end of current year	7	7	7	7

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	764	722	665	622
Issued during the year	0	0	0	0
Other net changes during the year	(42)	(57)	(43)	(125)
Outstanding, end of current year	722	665	622	497

The following has been extracted from the Exhibits of Deposit Funds and Dividend Accumulations in the filed annual statements for each of the years under review:

	Deposit Funds			
	2014	2015	2016	2017
Outstanding, end of previous year	377	0	0	0
Issued during the year	0	0	0	0
Other net changes during the year	(377)	(0)	(0)	(0)
Outstanding, end of current year	0	0	0	0

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	$ 4,898,215	$(10,576,299)	$ 3,092,093	$1,027,795
Individual annuities	81,146,345	24,960,792	8,312,960	6,322,789
Supplementary contracts	(503,039)	(392,023)	(440,493)	(128,067)
Total ordinary	$85,541,521	$ 13,992,470	$10,964,560	$7,222,517
Group:				
Life	$ 44,959	$ 0	$ 0	$ 18,290
Annuities	(29,884)	3,194,636	(306,404)	(639,306)
Total group	$ 15,075	$ 3,194,636	$ (306,404)	$ (621,016)
Accident and health:				
Other	$ (569,746)	$ (213,466)	$ 292,994	$ (224,284)
Total accident and health	$ (569,746)	$ (213,466)	$ 292,994	$ (224,284)
Total	$84,986,851	$ 16,973,640	$10,951,151	$6,377,218

The net loss from operations in ordinary life insurance in 2015 was primarily due to the conversion of the FAFLIC treaties from funds withheld to coinsurance.

The decrease in net gain from operations in ordinary life insurance in 2017 was primarily due to an increased payout in benefits and a decrease in federal income taxes incurred.

The decrease in net gain from operations in individual annuities in 2015 compared to 2014 was primarily due to a release of asset adequacy reserves and offsetting reserve strengthening in 2014.

The decrease in net gain from operations in individual annuities in 2016 compared to 2015 was primarily due to a decrease in investment income and an increase in reserves.

The increase in net gain from operations in group annuities in 2015 as compared to 2014 are primarily 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 deductions and a change in the statutory valuation allowance.

The decrease in group annuities in 2017 compared to 2016 was due to an increase in payout of annuity benefits and increase in reserves.

The changes in net loss from operations in accident and health were primarily due to the run-off of the accident and health line of business.

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 (lines 5 and 6)	1,776.4%	436.4%	1,100.7%	115.6%
Commissions (line 7)	(109.1)	(28.4)	158.3	(1.5)
Expenses (lines 8 and 9)	153.8	61.0	(133.9)	1.7
	1,821.1%	469.0%	1,125.1%	115.8%
Underwriting results	(1,721.1)%	(369.0)%	(1,025.1)%	(15.8)%

The negative underwriting results are primarily due to run-off of the accident and health line of business.

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	$782,472,032
Stocks:	
Preferred stocks	4,000,000
Mortgage loans on real estate:	
First liens	75,878,378
Cash, cash equivalents and short term investments	76,271,854
Contract loans	1,644,809
Other invested assets	498,941
Investment income due and accrued	10,449,308
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	66,398
Deferred premiums, agents' balances and installments booked but deferred and not yet due	778,190
Reinsurance:	
Other amounts receivable under reinsurance contracts	8,034,896
Net deferred tax asset	6,497,436
Guaranty funds receivable or on deposit	305
Miscellaneous assets	1,340,828
Total admitted assets	$967,933,372

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$482,632,542
Aggregate reserve for accident and health contracts	11,396,858
Liability for deposit-type contracts	108,115,758
Contract claims:	
Life	3,622,458
Accident and health	99,042
Policyholders' dividends and coupons due and unpaid	6,711
Provision for policyholders' dividends and coupons payable in	
Dividends apportioned for payment	135,175
Amounts provisionally held for deferred dividend policies	0
Premiums and annuity considerations for life and accident and health	
contracts received in advance	2,027
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	51,329
Interest maintenance reserve	11,406,016
General expenses due or accrued	456,146
Taxes, licenses and fees due or accrued, excluding federal income taxes	300
Current federal and foreign income taxes	213,191
Amounts withheld or retained by company as agent or trustee	385,759
Remittances and items not allocated	373,914
Miscellaneous liabilities:	
Asset valuation reserve	6,957,829
Payable to parent, subsidiaries and affiliates	414,038
Funds held under coinsurance	263,149,798
Payable to third party administrator	1,598,055
Unclaimed funds	1,379,620
Total liabilities	$892,396,569
Common capital stock	$ 2,002,306
Gross paid in and contributed surplus	89,807,650
Unassigned funds (surplus)	(16,273,152)
Surplus	$ 73,534,497
Total capital and surplus	$ 75,536,803
Total liabilities, capital and surplus	$967,933,372

D. Condensed Summary of Operations

	2014	2015	2016	2017
Premiums and considerations	$ 2,235,406	$ 1,375,718	$ 750,706	$19,310,558
Investment income	104,788,106	73,905,986	44,665,426	43,533,389
Commissions and reserve adjustments on reinsurance ceded	5,939,319	3,407,858	1,990,270	1,666,522
Miscellaneous income	1,500,833	1,483,576	1,558,220	1,611,147
Total income	$114,463,664	$80,173,138	$48,964,622	$66,121,616
Benefit payments	$ 45,682,547	$41,246,629	$35,794,100	$39,444,256
Increase in reserves	(99,220,535)	(19,274,103)	(12,006,847)	5,999,486
Commissions	5,201,824	3,005,566	1,430,874	1,604,569
General expenses and taxes	3,731,719	2,854,473	2,224,276	3,097,915
Increase in loading on deferred and uncollected premiums	(102,912)	97,730	73,900	(157,535)
Miscellaneous deductions	69,381,778	55,922,539	9,453,813	9,745,514
Total deductions	$ 24,674,421	$83,852,834	$36,970,116	$59,734,205
Net gain (loss) from operations	$ 89,789,243	$ (3,679,696)	$ 11,994,50	$ 6,387,411
Dividends	96,581	77,369	173,107	48,482
Federal and foreign income taxes incurred	4,705,813	(20,730,704)	870,248	(38,288)
Net gain (loss) from operations before net realized capital gains	$ 84,986,849	$16,973,639	$10,951,151	$ 6,377,217
Net realized capital gains (losses)	3,066,623	(2,594,245)	(575,686)	(92,261)
Net income	$ 88,053,474	$14,379,395	$10,375,464	$ 6,284,957

Significant fluctuations over the examination period were primarily due to the Company not writing any new business, the conversion of several reinsurance agreements with FAFLIC from funds withheld to coinsurance, recapture of reserves and cash on the Hannover reinsurance agreements, and the impact of federal income taxes.

The increase in premiums and considerations in 2017 was primarily due to recapture related to the Hannover reinsurance agreements.

The decrease in investment income in 2016 was primarily due to the conversion of the FAFLIC treaties from funds withheld to coinsurance.

The change in the increase in reserves in 2015 was primarily due to a release of asset adequacy reserves and offsetting reserve strengthening in 2014.

The change in the increase in reserves in 2017 was primarily due to an increase in reserves resulting from the recapture of the Hannover reinsurance treaty.

The decrease in miscellaneous deductions in 2016 was primarily due to the conversion of the treaties with FAFLIC from funds withheld to coinsurance.

E. Capital and Surplus Account

	2014	2015	2016	2017
Capital and surplus, December 31, prior year	$ 64,025,262	$54,808,805	$72,947,847	$78,296,455
Net income	$ 88,053,474	$14,379,395	$10,375,464	$ 6,284,957
Change in net unrealized capital gains (losses)	(2,936,769)	(7,292,679)	0	0
Change in net deferred income tax	6,123,076	(1,207,084)	(2,053,851)	(13,622,337)
Change in non-admitted assets and related items	(378,348)	1,539,456	1,635,557	6,249,861
Change in reserve valuation basis	(104,402,712)	0	0	0
Change in asset valuation reserve	1,388,054	4,547,582	(745,413)	(359,988)
Surplus adjustments:				
Paid in	0	155,019	305,875	268,168
Change in surplus as a result of reinsurance	2,936,769	6,541,168	(917,181)	0
Correction of prior period error	0	(523,815)	(3,251,843)	(1,580,312)
Net change in capital and surplus for the year	$ (9,216,457)	$18,139,042	$ 5,348,608	$ (2,759,652)
Capital and surplus, December 31, current year	$ 54,808,805	$72,947,847	$78,296,455	$75,536,803

The change in reserve valuation basis in 2014 was primarily due to a strengthening of payout annuity reserves resulting from a change in the basis of valuation.

F. Reserves

The Department conducted a review of the reserves as of December 31, 2017. This review included an examination of the asset adequacy analysis in accordance with 11 NYCRR 95 (Insurance Regulation 126). During the review, concerns were raised regarding the lack of conservatism with respect to the asset adequacy analysis in accordance with Insurance Regulation 126. In response, the Company agreed to refine its reserving methodology and to strengthen reserves in a manner acceptable to the Department which showed a need for additional reserves of $46 million.

The examiner recommends that the Company continue to compute reserves using the assumptions and methodology as agreed upon with the Department.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the recommendation contained in the prior financial condition report on examination and the subsequent actions taken by the Company in response to the 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.

8. SUMMARY AND CONCLUSIONS

Following are the violation and recommendation 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.	13
B	The examiner recommends that the Company continue to compute reserves using the assumptions and methodology as agreed upon with the Department.	28

Respectfully submitted,

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. 31810

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 LIFE INSURANCE 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
DEPUTY CHIEF - LIFE BUREAU