



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

MARKET CONDUCT
EXAMINATION REPORT

OF

**ATHENE ANNUITY & LIFE
ASSURANCE COMPANY**
WILMINGTON, DE

As of: February 2, 2023
Issued: March 28, 2023

**BUREAU OF MARKET ACTIONS
PROPERTY AND CASUALTY DIVISION**



PENNSYLVANIA INSURANCE DEPARTMENT
EXAMINATION VERIFICATION

I, _____, _____ from
(Name of Examiner) (Title of Examiner)

_____ certify that I was the Examiner-In-Charge of the Report of
(Name of Vendor/Department)

Examination of _____ made as of _____.
(Name of Examined Company) (Date)

The last date of examination file review was _____ and the written Report
(Date)

of Examination was reviewed and accepted by the _____
(Chief of Market Conduct Examiner)

on _____.
(Date)

I have reviewed the completed written Report of Examination and certify that the facts and figures recited
therein are true and accurate, according to the records, documents and other evidence obtained during the
course of the examination.

(Examiner-in Charge)

(Name of Vendor/Department)

(Address of Vendor/Department)

[Handwritten Signature]
(Examiner in Charge Signature)

2/1/2023
(Date)

IN ORDER TO SATISFY SECTION 40 P.S. § 323.5(b), THAT PROVIDES FOR NO LONGER THAN
SIXTY (60) DAYS FROM THE COMPLETION OF THE EXAMINATION, THE EXAMINER IN
CHARGE SHALL FILE WITH THE DEPARTMENT A VERIFIED WRITTEN REPORT OF
EXAMINATION UNDER OATH.

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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this __31st__ day of __March__, 2022, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate David J. Buono, Jr., Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.





Michael Humphreys
Acting Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:
ATHENE ANNUITY & :
LIFE ASSURANCE COMPANY : 40 P.S. §§3703(a)(1)(ii)(A) and 3703(c)(1)
7700 Mills Civic Parkway :
West Des Moines, IA 50266 : 18 PA Code §4117(k)(1)
: :
: :
: 31 Pa. Code §§146.3,146.5(c), and
: 146.7(a)(1)
: :
: :
: :
Respondent. : Docket No. MC23-02-003

CONSENT ORDER

AND NOW, this 28th day of March, 2023, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter and agrees that this Consent Order shall have the full force and effect of an order

duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Athene Annuity & Life Assurance Company, and maintains its address at 7700 Mills Civic Parkway, West Des Moines, IA 50266.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from January 1, 2019 through December 31, 2020.
- (c) On February 2, 2023, the Insurance Department issued a Market Conduct Examination Report to Respondent.
- (d) A response to the Examination Report was provided by Respondent on March 3, 2023.
- (e) The Market Conduct Examination of Respondent revealed violations of the following:

- (i) All findings and conclusions in the Examination Report, which is attached hereto, are hereby incorporated into this Consent Order.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) Violations of 40 P.S. §§3703(a)(1)(ii)(A) and 3703(c)(1) are punishable by the following under 40 P.S. §3705. Upon a determination by hearing that this article has been violated, the Commissioner may pursue one or more of the following courses of action:
 - (i) Issue an order requiring the insurer to cease and desist from engaging in the violation or suspend, revoke or refuse to issue the certificate of qualification or license of the offending insurer;
 - (ii) Impose a civil penalty of not more than \$5000 for each violation;

- (c) Respondent's violations of 31 Pa. Code §§146.3, 146.5(c), and 146.7(a)(1) are punishable under Sections 1 through 5 and Section 9 of the Unfair Insurance Practices Act (40 P.S. §§1171.1 – 1171.5 and 1171.9):

- (i) cease and desist from engaging in the prohibited activity;
 - (ii) suspension or revocation of the license(s) of Respondent.
- (d) In addition to any penalties imposed by the Commissioner for Respondent's violations of 40 P.S. §§1171.1 – 1171.5, the Commissioner may, under (40 P.S. §§1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:
- (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);
 - (ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law , a penalty of not more than one thousand dollars (\$1,000.00).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

- (b) Respondent shall pay Nine Thousand Dollars (\$9,000.00) in settlement of all violations contained in the Report.
- (c) Payment of this matter shall be made at <https://www.bpp.ob.pa.gov/Customer>. Instructions on how to do this are provided in the attached cover letter to this order. Payment must be made no later than thirty (30) days after the date of this Order.
- (d) To determine Respondent's compliance with the full and timely implementation of all recommendations in the Examination Report, the Department may inquire with the Respondent about its implementation of the Recommendations no earlier than twelve (12) months from the date of this Order.
- (e) Respondent shall share the Examination Report and this Order with each of its directors and submit affidavits executed by each of its directors, stating under oath that they have received a copy of the Examination Report and this Order. Such affidavits shall be submitted within thirty (30) days of the date of this Order.
- (f) Respondent shall comply with all recommendations contained in the attached Report.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not

limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: ATHENE ANNUITY & LIFE
ASSURANCE COMPANY
Respondent

Megan A Claypool

SVP & Chief Compliance Officer

Chad M. Batters

VP Compliance

David J. Buono

DAVID J. BUONO
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

I. INTRODUCTION

The Market Conduct Examination (Examination) was conducted through a desktop examination of Athene Annuity and Life Assurance Company (the Company) (NAIC #61492). All reviews were conducted in the offices of the Pennsylvania Insurance Department (the Department) and off-site locations.

Pennsylvania Market Conduct Examination Reports generally note the items that have been reviewed and whether there is a violation of law or regulation. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in an Examination Report may result in imposition of penalties. An Examination Report also includes management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations for future compliance. Findings identified in all summaries issued to the Company throughout the Examination process are included in this Examination Report; however, in some instances, the content of multiple summaries may be combined into a single report section. This only applies to sections in which no violations were found.

Throughout the course of the Examination, Company officials were provided status memoranda or summaries, which reference specific policy numbers with citations to each section of law violated. Additional information was requested to clarify apparent violations. Multiple conference calls, status meetings, and an exit conference were conducted with Company officials to discuss the various types of violations identified during the Examination and to review written summaries provided for the violation's examiners identified.

The courtesy and cooperation extended by the officers and employees of the Company during the Examination is acknowledged.

The following examiners participated in the Examination and in the preparation of this Examination Report.

PA Insurance Department

Paul Towsen, MCM
Chief Property & Casualty/Life & Annuity Division
PA Insurance Department

David J. Kelly, MCM
Market Conduct Examiner
PA Insurance Department

Donna Shafer, MCM
Market Conduct Examiner, II
PA Insurance Department

Holly Blanchard, FLMI, AIE, ACP, CCP, INS, MCM
Contract Market Conduct Examiner

Lindsay Bates, MCM, CFE
Contract Market Conduct Examiner

Cheryl Cole Ulm, MCM, CFE
Contract Market Conduct Examiner

II. SCOPE OF EXAMINATION

The Examination was conducted pursuant to the authority granted by Sections 903 and 904 (40 P.S. §§ 323.3 and 323.4) of the Insurance Department Act and covered the experience period of January 1, 2019, through December 31, 2020, unless otherwise noted. The purpose of the Examination was to ensure compliance with Pennsylvania insurance laws and regulations.

The Examination focused on the Company's policies, procedures, and processes in the following areas: Complaints, Policyholder Services, and Claims, regarding Individual Life products. The lines of business examined included: Whole Life, Traditional Universal Life, Indexed Universal Life, Variable Life, and Term Life issued during the exam period.

Examiners requested that the Company identify the universe of files for each: complaints and claims. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for examination.

For control purposes, some of the review segments identified in this Examination Report may be broken down into various sub-categories by line of insurance or Company administration. These specific sub-categories, if not reflected individually in the Examination Report, are included, and grouped within the respective categories of the Examination Report. All reviews conducted throughout the Examination included consideration of company responses to examiner requests pursuant to 40 P.S. §§ 323.3 and 323.4. While these statute and regulation sections are included in all reviews completed during the Examination, the Examination Report only notes when examiners found a violation of these sections in a particular sub-category, such as incomplete file documentation or incorrect information provided in response to the requests.

III. COMPANY HISTORY

Athene Annuity & Life Assurance Company (“the Company”) is currently incorporated under the laws of the State of Delaware. The Company was originally incorporated in South Carolina as Southeastern Life Insurance Company (“SLIC”) on November 3, 1905, and commenced business on January 1, 1906. The Company’s name was changed from SLIC to Liberty Life Insurance Company (“Liberty”) in 1942. Liberty operated under the ultimate control of The Liberty Corporation until November 1, 2000, when it was acquired by RBC Insurance Holdings (USA) Inc. (“RBCIH”). RBCIH was a Delaware insurance holding company ultimately controlled by Royal Bank of Canada (RBC). Liberty operated under ultimate control of RBC until April 29, 2011, when it was acquired by Athene Holding Ltd. (AHL). In July 2011, AHL acquired Investors Insurance Company (“IIC”) and subsequently contributed IIC’s issued and outstanding shares to Liberty on September 30, 2011. IIC was later merged into Liberty and dissolved effective December 31, 2013. On September 30, 2011, Liberty re-domesticated from South Carolina to Delaware and its name was changed to Athene Annuity & Life Assurance Company (AADE) effective February 1, 2012. Athene Life Insurance Company (“ALIC”) was formed on March 5, 2010, as an Indiana life insurance company and wholly owned subsidiary of AHL. On November 5, 2012, ALIC re-domesticated from the State of Indiana to the State of Delaware and effective December 31, 2012, ALIC, with regulatory approval, was merged with and into AADE. The Company remained AHL’s primary United States operating entity until late 2013. AADE continues to ensure proper administration of legacy blocks of business but no longer offers retail annuity or life sales.

OVERVIEW AND ORGANIZATION OF THE COMPANY

The Company is a member of a Holding Company System as defined by 18 Del. C. § 5001 of the Delaware Insurance Code. AHL, the Company’s ultimate parent company, was formed on September 3, 2008, as a Bermuda exempted company. As of December 31, 2017, AHL conducted its operations through three direct subsidiaries: AUSA, ALRe; and Athora Holding, Ltd. Formerly known as AGER Bermuda Holdings Ltd. (AGER)). AUSA serves as the United States holding company for the Company’s United States

annuity operations and its United States insurance subsidiaries. ALRe is a Class E registered (re) insurer licensed in Bermuda reinsuring products for affiliated entities and third-party life insurance companies. AGER consists of several German operating entities that were acquired in October 2015 with most of the business placed in run-off by the predecessor owner in early 2010. As of December 31, 2017, AGER had limited active operations. AGER and its subsidiaries were deconsolidated via a carve-out and private placement offering subsequent to the examination period.

AHL operated as a privately held company from its inception until December 9, 2016, when its Class A shares were first listed on the New York Stock Exchange. Prior to February 28, 2020, AGL's common shares comprised Class A, Class B, and Class M common shares. Effective February 28, 2020, AHL's common shares comprise a single class of voting common stock (the "Class A Common Shares"). As of December 31, 2020, Apollo Global Management, Inc (AGM) and its affiliates held an approximate 28.5% ownership interest in the Class A Common Shares. Additionally, AGM owns and controls Apollo Insurance Solutions Group LP, which acts as investment manager for AHL and its subsidiaries. AGM is a publicly listed company that is ultimately controlled, directly or indirectly, by three controlling individuals.

As of December 31, 2020, the Company is licensed in the District of Columbia, Puerto Rico, and all states except New York. The Company is authorized to transact the business of life insurance including annuities, variable annuities, variable life and credit life, health, and credit health.

The Company has historically issued individual life insurance, annuities, and related spread products. However, the Company has not actively marketed retail type products since 2015. The Company focused primarily on the issuance of FABN (deposit-type contracts) (prior to Q4 2020) to financial institutions along with its assumptive reinsurance platform. The Company also maintains the structure and preliminary approvals to conduct business in the pension risk transfer market including the establishment of a comingled separate account for this purpose.

The Company's previously described product offerings are components of the overall AHL product and distribution strategy. AHL's full suite of products offered through the Company and its subsidiaries are described as follows according to AHL's four distribution channels: (1) retail sales of fixed and fixed-indexed annuity products; (2) institutional products, which include funding agreements and pension risk transfer transactions; (3) fixed annuity reinsurance agreements with third-party life insurance and annuity providers; and (4) opportunistic purchases of companies.

IV. CONSUMER COMPLAINTS

Examiners requested documentation relating to consumer complaints, including policies and procedures for complaint handling, record keeping, dispositions, and timelines.

Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards found in 40 P.S. §§ 323.3, 323.4, 40 P.S. §1171.5, and 31 Pa. Code §146.5

A. Policies and procedures related to intake and handling of complaints

The Company was asked to provide all policies and procedures utilized by the Company during the Examination period for the intake of complaints and all correspondence that is provided to the policyholder outlining how to file a complaint, including contact information and addresses presented for consumer inquiries, as well as information presented to file a complaint with the Pennsylvania Insurance Department. The Company provided comprehensive documents in response to the request. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

B. Complaint Register and log and other related documents

The Company was asked to provide a record of all complaints which it received during the experience period of January 1, 2019, through December 31, 2020, as well as documentation that all complaints, both Department of Insurance and internal Company complaints, are recorded in the required format on the regulated entity's complaint register. The Company was also asked to provide the complete internal complaint register for the above identified lines of business for the Examination period as well as any Department complaints. In response, the Company provided one log, which included the Department complaints and all other complaints, including internal Company complaints, totaling four (4) complaint files. All files were selected for a comprehensive review. In

accordance with the requirements of the Examination, the files were reviewed to ensure compliance with applicable state laws and regulations, and to verify compliance with 31 Pa. Code §146.5(b) and (c). No violations were noted.

C. Policies and procedures for tracking and finalizing a complaint.

The Company was asked to provide policies and procedures demonstrating that the Company takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes. In response, the Company provided comprehensive responses. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

V. POLICYHOLDER SERVICES

Examiners requested documentation relating to policyholder services. Specifically, the documents were reviewed to ensure policyholder service guidelines were in place and being followed in a uniform and consistent manner, and that no policyholder service practices, or procedures were in place that could be discriminatory in nature, or specifically prohibited by statute or regulation. Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards found in 40 P.S. §§ 477a, 40 P.S. §§ 323.3, 323.4, 40 P.S. §753(B)(8), and 40 P.S. § 3703.

A. Policyholder Services Business Area

Examiners requested a comprehensive description of the policyholder services department(s), including an organization chart for the business units comprising the policyholder services areas. The Company provided a response to the request, including the organizational chart. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

B. Contact Information

Examiners requested documentation that advises the policyholder how to access customer service, including the contact information that is presented. In response, the Company provided two (2) supporting documents and a narrative regarding contact information. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

C. Producer information

Examiners requested policies and procedures for ensuring that each producer has the appropriate education and training for selling products, and sales manuals for oversight of

producers utilized during the experience period. In response, the Company stated “As previously discussed, Athene Annuity & Life Assurance Company has not accepted new life applications since April 2011. As such, the Company has no information to provide.” No violations were noted.

D. Producer information

Examiners requested a listing of appointments and terminations for the Examination review period, listing of producer appointments and terminations by line of business, and business zip code. In response the Company stated “As previously discussed, Athene Annuity & Life Assurance Company has not accepted new life applications since April 2011. As such, the Company has no information to provide.” No violations were noted.

E. Free Look Period

The Company was asked to provide a listing of all policyholders who canceled their policy pursuant to the free look provision during the Examination period for each line of business identified. In response to the request, the Company stated “As previously discussed, Athene Annuity & Life Assurance Company has not accepted new life applications since April 2011. As such, the Company has no information to provide.” No violations were noted.

F. Insurable Interest

The Company was asked to provide the processes and procedures for verifying that an insurable interest exists on each policy and identifying circumstances where insurable interest is a concern. In response, the Company stated “As previously discussed, Athene Annuity & Life Assurance Company has not accepted new life applications since April 2011. As such, the Company has no information to provide.” No violations were noted.

G. Marketing Materials

The Company was asked to provide a list of marketing materials utilized during the Examination period for each line of business outlined. This included Company-initiated and producer-initiated marketing materials that were approved by the Company. Additionally, the Company was asked to include any illustrations utilized for the products

during the exam period. In response to the requests, the Company stated “As previously discussed, Athene Annuity & Life Assurance Company has not accepted new life applications since April 2011. As such, the Company has no information to provide. No violations were noted.

H. Cancellation, Partial Surrender, or loan

The Company was asked to provide all policies and procedures utilized by the Company for policyholder instigated cancellations, partial surrenders, or loans during the Examination period. In response, the Company provided a spreadsheet containing a list of 102 cancellations occurring during the examination period as well as policies and procedures. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 753(B)(8). No violations were noted.

I. Cancellations

The Company was asked to provide a list of all policyholder-initiated cancellations for each line of business for the Examination period. In response, the Company provided a spreadsheet containing a list of 102 cancellations occurring during the examination period as well as policies and procedures. Data analytics and sampling was performed on the list. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 753(B)(8). No violations were noted.

J. Premium notices

The Company was asked to provide all examples of notices of premium payments due to the policyholder as well as documentation demonstrating that premium notices and billing notices are sent out with an adequate time of advance notice. In response, the Company provided supporting documents. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

K. Unclaimed property

The Company was asked to provide all policies and procedures related to unclaimed property utilized during the Examination period, as well as the Company's unclaimed property register. In response to the request, the Company provided two (2) supporting documents, as well as the unclaimed property register. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

L. Death Master Index

The Company was asked to provide a list of all policies and procedures for reporting unclaimed property to the Death Master Index, including all processes for reconciliation against the Death Master Index. In response to the request, the Company provided three (3) supporting documents. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations. One violation was noted.

1 VIOLATION-40 P.S. § 3703. (c)(1) – Death master file comparison....

(c) Payment.

(1) The benefits from a policy, contract or retained asset account, plus applicable accrued contractual interest, shall first be paid to the designated beneficiaries or owners.

The examiners identified that in one claim file the Company failed to pay the accrued contractual interest.

M. Location of missing policyholders or beneficiaries

The Company was asked to provide documentation demonstrating that reasonable attempts to locate missing policyholders or beneficiaries are made, including schedule F of the annual statement, policies scheduled for matured endowments, and identification of unpaid payees of returned benefit checks and copies of all unclaimed property reports. In

response to the request, the Company provided comprehensive documentation. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations One (1) violation was noted.

1 VIOLATION 40 P.S. § 3703. (a)(1)(ii)(a) – Death master file comparison.

(a) Comparison. – An insurer shall implement procedures for performing a comparison of its insureds' in-force life insurance policies, contracts and retained asset accounts against the same death master file, on at least a semiannual basis, by using the full death master file once and thereafter using the death master file update files for future comparison to identify potential matches of its insureds. For a potential match identified as a result of a death master file match, all of the following shall apply:

(1) Within 90 days of a death master file match the insurer shall:

(i) complete a good faith effort to confirm the death of the insured or retained asset account holder against other available records and information. The effort shall be documented by the insurer; and

(ii) determine whether benefits are due in accordance with the applicable policy or contract, and if benefits are due:

(a) use good faith efforts to locate the beneficiary or beneficiaries, which shall be documented by the insurer

The examiners identified that in one claim file failed to incorporate good faith efforts to locate the beneficiary of the proceeds within 90 days.

N. Suitability

The Company was asked to provide their suitability standards, and the processes and procedures utilized to identify suitability. In response to the request, the Company stated “As previously discussed, Athene Annuity & Life Assurance Company has not accepted new life applications since April 2011. As such, the Company has no information to provide.” No violations were noted.

O. Insurable Interest

The Company was asked to provide processes and procedures utilized to confirm that an insurable interest is presented with an application, as well as any processes and procedures utilized when an insurance interest cannot be determined. In response to the request, the Company stated “As previously discussed, Athene Annuity & Life Assurance Company has not accepted new life applications since April 2011. As such, the Company has no information to provide.” No violations were noted.

VI. CLAIMS PROCEDURES

Examiners requested documentation relating to claims procedures, including policies and procedures for claims handling, record keeping, dispositions, and timelines. Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards found in 40 P.S. §§ 511B, 1171.5, 18 Pa Code § 4117 (k)(1), and 31 Pa. Code § Ch. 146.

A. Claims Manual

The Company was asked to provide all policies and procedures regarding claims handling utilized during the Examination process. In response, the Company provided two (2) supporting documents. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations noted above. No violations were noted.

B. Claims Training

The Company was asked to provide all claims training documentation utilized during the Examination period. In response to the request, the Company provided supporting documents as well as a narrative regarding the claims training process. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations noted above. No violations were noted.

C. Claims Process

The Company was asked to provide a comprehensive narrative regarding the claims handling process from inception to final disposition, including investigative notes and reference during the experience period. The Company provided a comprehensive narrative regarding the claims process. In accordance with the requirements of the

Examination, the document was reviewed to ensure compliance with applicable state laws and regulations noted above, as well as 31 Pa Code § 146.5 (c). No violations were noted.

D. Claims Forms

The Company was asked to provide claim forms that were utilized for each line of business identified. In response to the request the Company provided fifteen (15) supporting documents. In accordance with the requirements of the Examination, all documents were reviewed to ensure compliance with applicable state laws and regulations noted above. No violations were noted.

E. Claims Universes

The Company was asked to provide the universe of paid, denied, and pending claims. The Company did not have any denied claims during the examination period. In response to the requests, the Company provided spreadsheets for each universe. Random samples were derived from each universe and requested from the Company. Files were provided by the Company for each claim file requested. The examiners performed a comprehensive review of each claim file to determine compliance with applicable state laws and regulations noted above, as well as 40 P.S. § 1171.5 (a)(10)(iii) and 31 Pa Code § 146.3, 31 Pa Code § 146.5 (c), and 31 Pa Code § 146.7. Twelve (12) violations were noted.

5 VIOLATIONS-31 Pa Code § 146.3 – File and record documentation

The claim files of the insurer shall be subject to Examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed.

The examiners identified that in five (5) claim files the Company failed to provide a comprehensive file which allowed for reconstruction of all events or contained inaccurate information.

1 VIOLATION-18 PA Code § 4117. (k)(1) – Insurance fraud.

(k) Insurance forms and verification of services. –

(1) All applications for insurance and all claim forms shall contain or have attached thereto the following notice:

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

The examiners identified that in one (1) file the Company failed to provide the required fraud warning statement to the beneficiary.

4 VIOLATIONS-31 Pa Code § 146.5. (c) – Failure to acknowledge pertinent communications.

(c) An appropriate reply shall be made within 10 working days on other pertinent communications from a claimant which reasonably suggest that a response is expected.

The examiners identified that in the claim files documented that the Company failed to respond within 10 working days on three (3) paid claim and one (1) pended claim.

2 VIOLATIONS-31 Pa Code § 146.7. (a)(1) – Standards for prompt, fair and equitable settlements applicable to insurers.

(a) Acceptance or denial of a claim shall comply with the following:

(1) Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first-party claimant shall be advised of the acceptance or denial of the claim by the insurer. An insurer may not deny a claim on the grounds of a specific policy provision, condition, or exclusion unless reference to the provision, condition or exclusion is included in the denial. The denial shall be given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial.

The examiners identified that in two claim files the Company did not accept or deny the claims within 15 working days of receipt of properly executed proofs of loss.

VII. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary due to the number, nature or severity of violations noted in this Examination Report.

1. The Company must ensure that it has made good faith efforts to locate the beneficiary or beneficiaries within 90 days of a death master file match as required by 40 P.S. § 3703. (a)(1)(ii)(a).
2. The Company must ensure it makes all appropriate benefit and interest payments upon determination of a benefit due after a death master file match as required by 40 P.S. § 3703. (c)(1).
3. The Company should ensure to provide the proper fraud notice as required by 18 PA Code § 4117. (k)(1).
4. The Company should ensure that comprehensive claim files are retained and contain all notes and work papers pertaining to the claim in a level of detail allowing pertinent events and dates of events to be reconstructed as required by 31 Pa Code § 146.3.
5. The Company should ensure that an appropriate reply is made within ten (10) working days on other pertinent communications from a claimant which reasonably suggest that a response is expected as required by 31 Pa Code § 146.5. (c).
6. The Company should ensure to accept or deny a claim within 15 working days after receipt of proper proof of loss as required by 31 Pa Code § 146.7. (a)(1).

VIII. COMPANY RESPONSE



March 3, 2023

Paul Townsen
Chief, Property & Casualty/Life & Annuity Division
Pennsylvania Insurance Department
1321 Strawberry Square
Harrisburg, PA 17120

Re: Athene Annuity & Life Assurance Company, NAIC 61492
Exam Report Athene 61492

Dear Mr. Townsen,

Athene Annuity & Life Assurance Company (“Athene” or the “Company”) is in receipt of the final report (“Final Report”), received on February 2, 2023, provided by the Pennsylvania Insurance Department (the “Department”). Athene respectfully offers this correspondence as the Company’s response to the Final Report. Athene reserves the right to supplement this response if new information becomes available.

Below we have listed the violations included in the Final Report followed by Athene’s response.

V. Policyholder Services

1. 1 Violation - 40 P.S. § 3703. (c)(1)

The examiner states the Company failed to pay the accrued contractual interest on one claim payment.

Company Response:

In one instance, prior to transferring the funds to Athene’s unclaimed property account, the Company failed to include statutory interest on the claim proceeds. There was no contractual interest due. The claim proceeds remain in Athene’s unclaimed property account pending escheatment to the Commonwealth. Prior to escheating the funds to the Commonwealth, Athene will review the claim proceeds and pay the required statutory interest.

2. 1 Violation - 40 P.S. § 3703. (a)(1)(ii)(a)

The Department states the Company failed to incorporate good faith efforts to locate the beneficiary of the proceeds within 90 days.

Company Response:

As evidenced with documentation provided during the exam, Athene has documented procedures to research a potential match identified through the death master file process within 90 days. In



one instance, Athene acknowledges those procedures were not followed. The Claims team was made aware and received a reminder of the Department's requirements for 40 P.S. § 3703. (a)(1)(ii)(a).

VI. Claims Procedures

3. 5 Violations - 31 Pa Code § 146.3

Examiners identified that in five (5) claim files the Company failed to provide a comprehensive file which allowed for reconstruction of all events or contained inaccurate information.

Company Response:

In three files, Athene acknowledges documents unrelated to the claim file were included inadvertently. Athene will ensure files prepared for future examinations only includes the appropriate documentation.

In two files, Athene acknowledges that additional file documentation in the form of processor notes would aid in the reconstruction of these files. Athene has procedures for placing notes in a claim file, and in these two instances, those procedures were not followed. The Claims team was made aware and received a reminder to thoroughly document the file.

4. 1 Violation - 18 PA Code § 4117. (k)(1)

Examiners identified the Company failed to provide the required fraud warning statement to the beneficiary.

Company Response:

In one file, Athene acknowledges the fraud warning statement was not provided to the beneficiary. Athene finds this was an isolated incident, as the company's procedure is to provide the fraud statement with every claim.

5. 4 Violations - 31 Pa Code § 146.5. (c)

Examiners identified that in the claim files documented that the Company failed to respond within 10 working days on three (3) paid claim and one (1) pended claim.

Company Response:

In four instances, the Company agrees a response was not provided within 10 working days. As evidenced with Athene's processes and procedures provided as part of the exam, the Company has guidelines for timely responding to claims communications. The Company acknowledges that those procedures were not followed in these isolated instances and has issued a reminder to the Claims team about the requirements of 31 Pa Code § 146.5. (c).



6. 2 Violations - 31 Pa Code § 146.7. (a)(1)

The examiners identified that in two claim files the Company did not accept or deny the claims within 15 working days of receipt of properly executed proofs of loss.

Company Response:

In two instances, Athene agrees the requirements of 31 Pa Code § 146.7. (a)(1) were not fully met. Athene demonstrated during the examination that it has documented procedures to ensure the prompt, fair and equitable settlement of claims. These oversights were reviewed with the appropriate business units to ensure all claims communications are properly handled.

Athene thanks the Department for the opportunity to respond and trusts the information contained in this correspondence to be beneficial.

Sincerely,

A handwritten signature in black ink that reads "Marie Ryan".

Marie Ryan
Senior Compliance Manager
Athene Annuity & Life Assurance Company