

# BEST'S RATING REPORT

*Annuity Investors*<sup>®</sup>  
**LIFE INSURANCE COMPANY**

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# Annuity Investors Life Insurance Company

Disclosure Information: View A.M. Best's [Rating Disclosure Form](#)

Ultimate Parent: [058317 - American Financial Group, Inc.](#)

A.M. Best Rating Unit: [069545 - Great American Life Group](#)

## Best's Credit Ratings:

Rating Effective Date: August 17, 2018

<b>Best's Financial Strength Rating:</b>	A	<b>Outlook:</b>	Stable	<b>Action:</b>	Affirmed
<b>Best's Issuer Credit Rating:</b>	a+	<b>Outlook:</b>	Stable	<b>Action:</b>	Affirmed

## Five Year Credit Rating History:

Date	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
08/17/2018	A	Stable	Affirmed	a+	Stable	Affirmed
08/11/2017	A	Stable	Affirmed	a+	Stable	Affirmed
05/12/2016	A	Stable	Affirmed	a+	Stable	Affirmed
03/20/2015	A	Stable	Affirmed	a+	Stable	Affirmed
02/21/2014	A	Stable	Affirmed	a+	Stable	Upgraded

## Rating Rationale:

Annuity Investors Life Insurance Company (AILIC) is a member of the Great American Life Group as it serves an important role in the overall group's strategy as an integral subsidiary that is one of two companies selling Great American Financial Resources, Inc.'s core (annuity) product and is among the market leaders in 403(b) sales, in addition to being the only subsidiary selling variable annuities. The rating assignments also reflect the company's consistent net operating earnings and growing risk-adjusted capital position.

For more detail regarding the Rating Rationale and Best's Credit Report for the Rating Unit, view [Great American Life Group \(AMB# 069545\)](#).

## Balance Sheet Strength: Strong

- Continued strong risk-adjusted capitalization along with strong liquidity and financial flexibility.
- Transparent investment portfolio with continued significant exposure to RMBS and to CLOs as a percentage of capital.
- Positive quality of capital with low financial leverage along with low reinsurance dependence.

## Operating Performance: Strong

- Great American Life Insurance Company continues to generate strong earnings with increasing net investment income that is sustainable.
- Strong and stable operating cash flows, with favorable retention trends in its line of business.
- Although the company has reported net realized losses on a statutory basis over the past three years, a substantial portion of these losses has been offset by an increase in its common stock portfolio's unrealized gain over the same time period.

- Lack of premium diversification with a significant majority from annuity core lines of business.

## Business Profile: Neutral

- Favorable and competitive position in major lines of annuity business with good diversification in distribution channels.
- Group's current business mix continues to be more concentrated in its individual annuity line of business.
- Good share of the competitive business that the company pursues with recent efforts of new product development.

## Enterprise Risk Management: Appropriate

- ERM program encourages a strong risk culture and governance with ongoing discipline and risk identification.
- A management-driven approach supported by appropriate models, utilizing stress testing to avoid management surprises.

## Rating Lift/Drag

- Continued material contributor to overall group's earnings along with common branding and administration.

## Outlook

The stable outlooks reflect the group's strong balance sheet strength assessment, continued strong operating performance, along with the strength and support of the Property/Casualty operations.

## Rating Drivers

A positive rating action could occur if there were a positive rating action on American Financial Group, Inc.'s (AFG) core property/casualty operations or if A.M. Best's view of the strategic value of Great American Life's operations were to increase.

A negative rating action could occur should there be a decrease in A.M. Best's view of the strategic value of Great American Life's operations to AFG.

A negative rating action could occur should there be a significant and sustained decline in risk-adjusted capitalization.

A negative rating action could also occur if there is a material decline in operating performance.

## Financial Statements:

### Balance Sheet:

#### Balance Sheet:

Admitted Assets	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Bonds	2,344,080	2,306,191
Preferred Stocks	1,000	1,000
Common Stocks	5,902	5,573
Contract Loans	57,048	58,267
Cash & short-term Investments	74,892	41,153
Investment income due & accrued	25,278	24,380
Other Assets	38,590	26,799
Total assets excluding separate accounts	2,546,790	2,463,363
Separate account assets	644,496	600,064
Total Assets	3,191,286	3,063,427

Liabilities & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
+ Net Policy Reserves	2,194,507	2,144,629
Liabilities for deposit type contracts	27,063	27,737
Policy Claims	4,413	4,554
Interest maintenance reserve	3,841	4,905
Commissions, taxes and expenses	1,774	3,223
Asset Valuation Reserve	13,137	11,826
Other Liabilities	7,356	-2,957
Total liabilities excluding separate accounts	2,252,091	2,193,916
Separate account liabilities	644,496	600,064
Total Liabilities	2,896,587	2,793,980

YE 2017: + Analysis of reserves; annuities \$2,194,507.

YE 2016: + Analysis of reserves; annuities \$2,144,629.

Capital & Surplus	Year End - December 31	
	2017 (\$000)	2016 (\$000)
Common Stock	2,500	2,500
Paid-in & Contributed Surplus	171,550	171,550
Unassigned Surplus	120,648	95,397
Other Surplus	...	...
Total Policyholders' Surplus	294,698	269,447
Total Liabilities & Surplus	3,191,286	3,063,427

Source: Bestlink - Best's Statement File - L/H, US

## Company History:

**Date Incorporated:** 11/13/1981

**Date Commenced:** 12/21/1981

**Domicile:** United States: Ohio

Originally incorporated as UCL Life Assurance Corporation; during 1985, the name was changed to Carillon Life Insurance Company. Great American Life Insurance Company, an AFG affiliate, acquired all of the outstanding common stock of the company for cash in 1993. The present title was adopted during 1995.

## Company Management:

Last significant update on 02/23/2018

### Officers

**President:** S. Craig Lindner

**SVP:** John P. Gruber

**SVP:** Adrienne S. Baglier

**Vice President:** Michael H. Haney

**Vice President:** Rebecca J. Schriml

**Vice President:** Brian P. Sponaugle

**Secretary:** Mark F. Muething

**Treasurer:** Christopher P. Miliano

**Appointed Actuary:** Eugene M. Breen

### Directors

Jeffrey G. Hester

S. Craig Lindner

Christopher P. Miliano

Mark F. Muething

Michael J. Prager

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Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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