

Athene Holdings, a major fixed indexed annuity issuer, registers for IPO

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In 2015, Athene USA was the fifth biggest seller of indexed annuities in the US, with \$2.55 billion in sales and a 4.8% market share. It trailed Allianz Life, American Equity, Great American, and AIG.

Athene Holding Ltd., one of the offshore, private-equity-backed insurers that injected fresh competition—and controversy—into the fixed indexed annuity market after the financial crisis, filed with the U.S. Securities and Exchange Commission (SEC) for a proposed initial public offering of its Class A common shares.

The number of shares to be offered and the price range for the proposed offering have not yet been determined. The IPO was announced last fall and then postponed. Renaissance Capital IPO Center estimated that Athene Holding would try to raise up to \$1 billion and said that underwriters have not been chosen.

In 2015, one of its subsidiaries, Athene USA, was the fifth biggest seller of indexed annuities in the US, with \$2.55 billion in sales and a 4.8% market share. It trailed Allianz Life, American Equity, Great American, and AIG.

Most indexed annuities are sold by commissioned independent insurance agents and about two-thirds are funded with tax-deferred savings. This business model is widely expected to be adversely affected by the Department of Labor's fiduciary rule, issued in early April. The rule will make it tougher to justify the sale of products with high commissions to IRA owners.

Athene Holding Ltd. (Athene) is a \$86 billion in GAAP (and \$59.9 in invested assets) insurance holding company whose operating subsidiaries' business is primarily issuing and reinsuring retirement savings products, including fixed annuities and funding agreements, according to the Athene website.

Not long after the financial crisis, private equity firms, including Guggenheim Partners, Harbinger and Apollo, swept into the life insurance business, buying depressed companies, hoping to capitalize on rising demand for retirement income products, and confident that they could raise the firms' profitability.

Athene was founded in 2009 by James Belardi, former president of SunAmerica Life

Insurance Company and now CEO of Athene Holding Ltd., and Chip Gillis, former head of Bear Stearns' Insurance Solutions Group and now CEO of Athene Life Re.

The Pembroke, Bermuda-based company was founded in 2008 and booked \$2.6 billion in sales for the 12 months ended December 31, 2015. It plans to list on the NYSE under the symbol ATH. No pricing terms were disclosed.

Athene was purchased in 2012 by Apollo Global Management, the private equity firm co-founded by Michael Millken and Leon Black in 1990. Apollo had been managing assets for Athene before buying it. Apollo subsequently paid \$2.6 billion for Aviva USA, the Des Moines-based life insurer issuer, renaming it Athene USA and divesting its life insurance business. Athene's largest shareholder is AP Alternative Assets, a publicly traded investment vehicle controlled by Apollo, according to Bloomberg.

The products offered by Athene include:

- Retail fixed and equity indexed annuity products;
- Co-insurance and reinsurance arrangements with third-party annuity providers; and
- Institutional products, such as funding agreements.

Athene's principal subsidiaries include Athene Annuity & Life Assurance Company and Athene Life Insurance Company, Delaware-domiciled insurance companies, Athene Annuity and Life Company, an Iowa-domiciled insurance company, Athene Annuity & Life Assurance Company of New York and Athene Life Insurance Company of New York, New York-domiciled insurance companies, Athene Deutschland, a Germany-based life insurance company, and Athene Life Re Ltd., a Bermuda-domiciled reinsurer.