



American Equity Executes Industry Re-defining Reinsurance Partnership with Brookfield Reinsurance

October 11, 2021

WEST DES MOINES, Iowa--(BUSINESS WIRE)--Oct. 11, 2021-- **American Equity Investment Life Holding Company ("American Equity") (NYSE: AEL)**, announced today that it has closed its previously announced reinsurance transaction with North End Re (Cayman) SPC, a wholly owned subsidiary of Brookfield Asset Management Reinsurance Partners Ltd. ("Brookfield Reinsurance") (NYSE, TSX: BAMR). Under the terms of the agreement, effective July 1, 2021 American Equity Investment Life Insurance Company ("American Equity Life"), one of American Equity's primary insurance subsidiaries, will cede up to \$10 billion of liabilities including both in-force and new business flow to North End Re.

Transaction Overview

- \$10 billion of liabilities to be ceded which includes approximately \$4 billion of "IncomeShield" in-force statutory reserves ceded as of July 1, 2021 and up to \$6 billion of future statutory reserves under a forward flow reinsurance arrangement on future sales of "IncomeShield" or other mutually agreed products.
- Cash to be transferred upon closing of the in-force reinsurance transaction of \$3.8 billion.
- Capital to be released from the transfer of in-force liabilities in excess of \$200 million.
- Flow reinsurance arrangement will provide American Equity Life capital flexibility to fuel future growth in annuity origination as represents approximately a quarter of current new FIA annual sales.
- Transformation from an investment spread earning insurer into ceding liabilities for a profit by generating stable, recurring "fee-like" cash income.
- American Equity will be entitled to receive ALM fees and ceding commissions that will provide stable, predictable, repeating earnings for 6-7 years.

American Equity continues to execute its strategic transformation into a hybrid, diversified financial services firm with a balanced mix of both traditional insurance-like investment spread business backed by its own risk-bearing equity capital, coupled with growing its base of fee-like earnings by ceding liabilities to reinsurance vehicles with risk-bearing equity capital provided by third party, permanent capital partners. The latter is part of American Equity's building out a return on assets ("ROA") business model which is a capital-efficient way to fuel future growth.

For more details, see American Equity's current report on Form 8-K released on the same day as this new release, available on American Equity's website and at this [link](#), which American Equity will submit to the SEC tomorrow. The company also expects to further discuss the effects of the reinsurance partnership on its third quarter financial results conference call on Tuesday, November 9, at 8:00 a.m. CT.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The forward-looking statements in this disclosure, such as to be, transformation, and will, are based on assumptions and expectations that involve risks and uncertainties, including the "Risk Factors" American Equity describes in its U.S. Securities and Exchange Commission filings. American Equity's future results could differ, and it has no obligation to correct or update any of these statements.

ABOUT AMERICAN EQUITY

American Equity Investment Life Holding Company, through its wholly-owned subsidiaries, is a leading issuer of fixed index annuities through independent agents, banks and broker-dealers. American Equity Investment Life Holding Company, a New York Stock Exchange listed company (NYSE: AEL), is headquartered in West Des Moines, Iowa. For more information, please visit www.american-equity.com.

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