

AMERICAN EQUITY INVESTMENT LIFE HOLDING CO  
Form 10-Q  
August 08, 2013

FORM 10-Q

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended June 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number : 001-31911

American Equity Investment Life Holding Company

(Exact name of registrant as specified in its charter)

Iowa

(State or other jurisdiction of incorporation or  
organization)

42-1447959

(I.R.S. Employer Identification No.)

6000 Westown Parkway

West Des Moines, Iowa

(Address of principal executive offices)

50266

(Zip Code)

Registrant's telephone number, including area  
code

(515) 221-0002

(Telephone)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, par value \$1

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$1

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes  
o No x

**APPLICABLE TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of common stock outstanding at July 31, 2013: 64,710,572

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)

	June 30, 2013 (Unaudited)	December 31, 2012
Assets		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value (amortized cost: 2013 - \$24,789,087; 2012 - \$21,957,027)	\$25,545,642	\$24,172,136
Held for investment, at amortized cost (fair value: 2013 - \$61,250; 2012 - \$61,521)	76,170	76,088
Equity securities, available for sale, at fair value (cost: 2013 - \$8,915; 2012 - \$44,598)	9,790	53,422
Mortgage loans on real estate	2,583,703	2,623,940
Derivative instruments	629,135	415,258
Other investments	208,635	196,366
Total investments	29,053,075	27,537,210
Cash and cash equivalents	746,889	1,268,545
Coinsurance deposits	2,944,726	2,910,701
Accrued investment income	287,692	261,833
Deferred policy acquisition costs	2,147,252	1,709,799
Deferred sales inducements	1,646,164	1,292,341
Deferred income taxes	153,701	—
Income taxes recoverable	1,645	—
Other assets	307,406	153,049
Total assets	\$37,288,550	\$35,133,478
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	\$33,635,600	\$31,773,988
Other policy funds and contract claims	440,217	455,752
Notes payable	303,126	309,869
Subordinated debentures	245,958	245,869
Amounts due under repurchase agreements	160,436	—
Deferred income taxes	—	49,303
Income taxes payable	—	4,756
Other liabilities	1,061,137	573,704
Total liabilities	35,846,474	33,413,241
Stockholders' equity:		
Preferred stock, par value \$1 per share, 2,000,000 shares authorized, 2013 and 2012 - no shares issued and outstanding	—	—

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Common stock, par value \$1 per share, 200,000,000 shares authorized; issued and outstanding:		
2013 - 63,500,933 shares (excluding 4,877,735 treasury shares);	63,501	61,751
2012 - 61,750,601 shares (excluding 5,127,379 treasury shares)		
Additional paid-in capital	512,613	496,715
Unallocated common stock held by ESOP; 2013 - 186,485 shares; 2012 - 239,799 shares	(2,009	) (2,583
Accumulated other comprehensive income	244,280	686,807
Retained earnings	623,691	477,547
Total stockholders' equity	1,442,076	1,720,237
Total liabilities and stockholders' equity	\$37,288,550	\$35,133,478
See accompanying notes to unaudited consolidated financial statements.		

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Revenues:				
Traditional life insurance premiums	\$2,913	\$3,248	\$5,611	\$6,470
Annuity product charges	23,511	21,908	44,992	41,301
Net investment income	336,143	320,259	665,833	647,169
Change in fair value of derivatives	64,040	(150,847	) 438,002	108,314
Net realized gains (losses) on investments, excluding other than temporary impairment ("OTTI") losses	15,689	(611	) 26,274	(6,687
OTTI losses on investments:				
Total OTTI losses	(2,775	) (375	) (4,964	) (2,156
Portion of OTTI losses recognized from other comprehensive income	—	(603	) (1,048	) (1,703
Net OTTI losses recognized in operations	(2,775	) (978	) (6,012	) (3,859
Loss on extinguishment of debt	(589	) —	(589	) —
Total revenues	438,932			