

AMERICAN EQUITY INVESTMENT LIFE HOLDING CO  
Form 10-Q  
August 06, 2012

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, 2012

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 42-1447959  
(State of Incorporation) (I.R.S. Employer Identification No.)

6000 Westown Parkway 50266  
West Des Moines, Iowa  
(Address of principal executive offices) (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	Name of each exchange on which registered
Common Stock, par value \$1	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)

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

APPLICABLE TO CORPORATE ISSUERS:

Shares of common stock outstanding at July 31, 2012: 62,616,109

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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, 2012 (Unaudited)	December 31, 2011
Assets		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value (amortized cost: 2012 - \$19,083,027; 2011 - \$16,980,279)	\$20,955,231	\$18,464,109
Held for investment, at amortized cost (fair value: 2012 - \$988,361; 2011 - \$2,644,422)	1,000,024	2,644,206
Equity securities, available for sale, at fair value (cost: 2012 - \$53,397; 2011 - \$58,438)	61,441	62,845
Mortgage loans on real estate	2,732,093	2,823,047
Derivative instruments	476,699	273,314
Other investments	201,757	115,930
Total investments	25,427,245	24,383,451
Cash and cash equivalents	1,407,830	404,952
Coinsurance deposits	2,895,212	2,818,642
Accrued investment income	244,644	228,937
Deferred policy acquisition costs	1,677,770	1,683,857
Deferred sales inducements	1,253,583	1,242,787
Deferred income taxes	—	21,981
Income taxes recoverable	11,934	8,441
Other assets	215,384	81,671
Total assets	\$33,133,602	\$30,874,719
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	\$29,896,751	\$28,118,716
Other policy funds and contract claims	434,142	400,594
Notes payable	303,595	297,608
Subordinated debentures	256,122	268,593
Deferred income taxes	29,808	—
Other liabilities	635,533	380,529
Total liabilities	31,555,951	29,466,040
Stockholders' equity:		
Preferred stock, no par value, 2,000,000 shares authorized, 2012 and 2011 no shares issued and outstanding	—	—
Common stock, par value \$1 per share, 125,000,000 shares authorized; issued and outstanding:	60,209	57,837

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2012 - 60,208,754 shares (excluding 5,124,749 treasury shares); 2011 - 57,836,540 shares (excluding 5,616,595 treasury shares)		
Additional paid-in capital	482,563	468,281
Unallocated common stock held by ESOP; 2012 - 294,770 shares; 2011 - 336,093 shares	(3,175	) (3,620 )
Accumulated other comprehensive income	579,872	457,229
Retained earnings	458,182	428,952
Total stockholders' equity	1,577,651	1,408,679
Total liabilities and stockholders' equity	\$33,133,602	\$30,874,719
See accompanying notes to unaudited consolidated financial statements.		

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

(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues:				
Traditional life insurance premiums	\$3,248	\$3,289	\$6,470	\$6,205
Annuity product charges	21,908	19,892	41,301	36,854
Net investment income	320,259	296,878	647,169	589,006
Change in fair value of derivatives	(150,847 )	(22,029 )	108,314	126,624
Net realized losses on investments, excluding other than temporary impairment ("OTTI") losses	(611 )	(854 )	(6,687 )	(2,047 )
OTTI losses on investments:				
Total OTTI losses	(375 )	(113 )	(2,156 )	(5,213 )
Portion of OTTI losses recognized from other comprehensive income	(603 )	(2,116 )	(1,703 )	(3,587 )
Net OTTI losses recognized in operations	(978 )	(2,229 )	(3,859 )	(8,800 )
Total revenues	192,979	294,947	792,708	747,842

Benefits and expenses:

Insurance policy benefits and change in future policy benefits