In the United States, regulation of the insurance business is principally at the state level. State insurance regulators and the National Association of Insurance Commissioners have adopted risk-based capital (RBC) requirements for insurance companies. Risk-based capital calculations measure the ratio of a company's statutory capital, which is measured on a prudent regulatory accounting basis, to a minimum capital amount determined by the risk-based capital formula. The risk-based capital formula measures exposures to investment risk, insurance risk, market risk, and general business risk. The formula applies a covariance calculation to determine the appropriate risk-based capital. Life reinsurance is treated as life insurance. The most pertinent risk-based capital measure is the company action level (CAL) risk-based capital. This is the highest regulatory intervention level and is the level at which a company has to submit a plan to its state regulators. The CAL is 200% of the authorized control level (ACL), the level at which regulators are permitted to seize control of the company. At the end of 2013 the combined risk-based capital ratio of Aegon's life insurance subsidiaries in the United States was approximately 440% of the CAL risk-based capital.

For the insurance and reinsurance undertakings of Aegon in the EU, the European Solvency I directives are applicable, as implemented in the relevant member states. Solvency I allows member states to require solvency standards, exceeding the minimum requirements set by the Solvency I directives. For life insurance companies the Solvency I capital requirement is by and large the sum of 4% of insurance and investment liabilities for general account and 1% of insurance and investment liabilities for account policyholders if no guaranteed investment returns are given. At the end of 2013, Aegon the Netherlands consolidated solvency capital ratio based on IFRS was approximately 240% excluding Aegon bank.

The Prudential Regulation Authority (PRA) regulates insurance companies in the United Kingdom under the Financial Services and Markets Act 2000 and sets minimum solvency standards. Companies must manage their solvency positions according to the most stringent of the published Solvency I measure (Pillar 1) and a privately submitted economic capital measure (Pillar 2). For Aegon UK, the published measure continues to be the most stringent requirement. The Pillar I ratio in the United Kingdom, including the With Profits fund, was approximately 150% at the end of the fourth quarter of 2013 (With Profits fund included at unaudited June 30, 2013 values). The local regulator (PRA) requires the total capital number of the With-Profits funds to be equal to the available capital.

Aegon N.V. is subject to legal restrictions on the amount of dividends it can pay to its shareholders. Under Dutch law the amount that is available to pay dividends consists of total shareholders' equity less the issued and outstanding capital and less the reserves required by law. The revaluation account and legal reserves, foreign currency translation reserve and other, cannot be freely distributed. In case of negative balances for individual reserves legally to be retained, no distributions can be made out of retained earnings to the level of these negative amounts. Total distributable reserves under Dutch law amount to EUR 9,684 million at December 31, 2013 (2012: EUR 10,341 million).

The ability of Aegon's subsidiaries, principly insurance companies, to pay dividends to the holding company is constrained by the need for these subsidiaries to remain adequately capitalized to the levels set by local insurance regulations and governed by local insurance regulatory authorities. Based on the capitalization level of the local subsidiary, local insurance regulators are able to restrict and/or prohibit the transfer of dividends to the holding company. In addition, the ability of subsidiaries to pay dividends to the holding company can be constrained by the need for these subsidiaries to have sufficient shareholders' equity as determined by law. The capitalization level and shareholders' equity of the subsidiaries can be impacted by various factors (e.g. general economic conditions, capital markets risks, underwriting risk factors, changes in government regulations, legal and arbitrational proceedings). To mitigate the impact of such factors on the ability of subsidiaries to pay dividends, the subsidiaries hold additional capital in excess of the levels required by local insurance regulations.

The ability of the holding company to meet its cash obligations depends on the amount of liquid assets on its balance sheet and on the ability of the subsidiaries to pay dividends to the holding company. In order to ensure the holding company's ability to fulfill its cash obligations, it is the company's policy that, the holding company holds liquid assets in reserve to fund at least 1.5 years of holding company operating and funding expenses, without having to rely on the receipt of dividends from its subsidiaries.

Optas N.V., an indirect subsidiary of Aegon N.V., holds statutory reserves of EUR 997 million (2012: EUR 981 million) which are restricted. Included in Aegon N.V.'s legal reserves is an amount of EUR 458 million related to Optas N.V. which represents the increase in statutory reserves since the acquisition of Optas N.V. by Aegon (2012: EUR 441 million). The statutory reserves of Optas N.V. are linked to the acquired negative goodwill related to Optas N.V. at acquisition date.