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November 16, 2016

Mr. Matthew Giordano  
Chief Accountant  
Division of Investment Management  
U.S. Securities & Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Dear Mr. Giordano:

On behalf of Great-West Life & Annuity Insurance Company (the “Company”), we respectfully request that the staff (the “Staff”) of the Division of Investment Management advise that it will not object to the Company filing audited financial statements prepared in accordance with statutory accounting principles (“SAP financial statements”) in place of financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP financial statements”), as described below, in registration statements on Form S-1 for certain insurance contracts (the “Contracts”) that provide guaranteed lifetime benefits in satisfaction of the requirements of Items 11(e), 11(f) and 11(g) and Item 16(b) of Form S-1.

***Corporate Background***

The Company is an insurance company domiciled in the State of Colorado and is subject to regulation by the Colorado Department of Insurance. The Company offers a wide range of life insurance, retirement and investment products to individuals, businesses and other private and public organizations throughout the United States.

The Company is an indirect wholly-owned subsidiary of Great-West Lifeco, Inc. (“Great-West Lifeco”), a non-US diversified holding company that is publicly traded in Canada and prepares its consolidated financial statements in accordance with international financial reporting standards (“IFRS”), as issued by the International Standards Accounting Board (“IASB”). Great-West Lifeco files audited financial statements in its Annual Information Form and is subject to oversight by (among other entities) the Manitoba Securities Commission and the Canadian Office of the Superintendent of Financial Institutions. Because the Company is a wholly-owned subsidiary of Great-West Lifeco, it prepares and maintains financial statements and records on an IFRS basis of accounting, and company performance is measured primarily on that basis of reporting.

The Company is required to prepare GAAP financial statements solely for the purpose of including them in reports required by the Securities Exchange Act of 1934 (the “1934 Act”) that

are incorporated by reference into registration statements on Form S-1 for a small number of insurance contracts registered under the Securities Act of 1933 (the "1933 Act").<sup>1</sup> The Company does not issue or have outstanding any publicly-traded equity securities (i.e. common stock or preferred stock); nor has it issued any publicly traded debt securities.

As an insurance company domiciled in Colorado, the Company also prepares SAP financial statements, which are audited by an independent public accountant. SAP accounting principles are designed to assist state insurance departments in the regulation of the solvency of insurance companies. The ultimate objective of solvency regulation is to ensure that insurance companies can pay policyholders, contract holders and other legal obligations when they come due and that the companies maintain capital and surplus at all times and in such forms as required by statute to provide a margin of safety. With the objective of solvency regulation, statutory accounting principles focus on the balance sheet, rather than the income statement, and emphasize the insurance company's liquidity.

The Company is required to file Quarterly and Annual Statements prepared in accordance with specific guidance from the National Association of Insurance Commissioners ("NAIC") using SAP accounting principles. The Quarterly and Annual Statements are reviewed as part of a comprehensive state regulatory program that focuses on monitoring the Company's solvency with the goal of ensuring that it can fulfill its obligations to owners of its insurance contracts. The Quarterly and Annual Statements are available to the public without charge through the Company's website and may also be obtained by members of the public directly from the NAIC.

### ***Contingent Deferred Annuity Contracts Registered on Form S-1***

The Contracts guarantee that the Contract owner and/or his or her spouse (the "Covered Person") will receive lifetime income payments based on the Contract owner's direct investment in certain proprietary mutual funds (the "Covered Funds") managed by the Company's advisory affiliate, regardless of how long the Covered Person lives or the actual performance or value of the Covered Fund or Covered Funds in which the Contract owner invests, provided all the conditions of the Contract are satisfied. The Contract owner pays a periodic fee for the guarantee benefit, which is deducted monthly from the Contract owner's Covered Fund value while the Contract is in force. When the Covered Person reaches a designated age, the Contract owner may begin taking an annual income payment, which is a percentage of the highest locked-in daily/anniversary value of the Covered Funds. Payments are deducted from the Contract owner's Covered Fund(s) value. If a Covered Fund value is reduced to zero due to Covered Fund

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<sup>1</sup> The Company began filing reports under Section 15(d) of the 1934 Act in 1997 after it registered a fixed investment option with a market value adjustment (MVA) feature for its variable annuity contracts. The Company ceased issuing interests in the MVA investment option in 2008 and has stopped updating the registration statement for the MVA investment option. The requested relief will apply only to the Contracts, which provide a benefit that when offered through a variable annuity contract may be registered solely on Form N-4. The relief would not apply to a registration statement for the MVA investment option.

performance and deductions for the annual income payments (including the fee), the Company will make the annual income payments for the life of the Covered Person.

The Company sells the Contracts only to investors who purchase shares in the Covered Funds, which may be offered as investment options in qualified retirement accounts and, in certain limited cases, to retail investors. Investors who purchase shares in one or more Covered Funds must eventually also purchase a Contract.<sup>2</sup> But the Contracts are separate and distinct securities from the Covered Fund shares and are registered with the SEC on Form S-1 separately from the Covered Funds, which are registered under the 1933 Act and the Investment Company Act of 1940 (the “1940 Act”) on Form N-1A. The Company currently offers three versions of the Contracts that are required to be registered on Form S-1, each of which target different segments of the retirement market. The three versions of the Contracts are sold respectively to (1) plan sponsors of retirement plans established under Section 403(b) of the Internal Revenue Code, (2) owners of individual retirement accounts (“IRAs”) and (3) to other investors who invest in a Covered Fund either within a retirement account or within a non-retirement investment account.<sup>3</sup>

The guaranteed lifetime income payments provided by the Contracts are virtually the same as the guaranteed lifetime benefits that are offered as elective riders in variable annuity contracts issued by the Company that are registered under the 1933 Act and the 1940 Act on Form N-4. In fact, the Company offers certain variable annuity contracts registered on Form N-4 that include a non-elective guaranteed lifetime benefit that is functionally identical to the Contracts.<sup>4</sup> The principal difference between the Contracts and the guaranteed lifetime income features available in the variable annuities is how the Covered Funds are owned. When the Covered Funds are purchased and held directly by the investor in a retirement account, individual retirement account or other brokerage or advisory account, the lifetime income guarantee is provided by the Contract. In contrast, when the Covered Funds are offered as investment options within a variable annuity product, they are held in the insurance company separate account and the lifetime income guarantee is provided through a variable annuity contract. Other than how the Covered Funds are owned, there is nothing unique about the Contracts or a variable annuity that would require the guaranteed lifetime income feature to function differently.<sup>5</sup> By offering the Contracts, the Company enables investors to purchase

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<sup>2</sup> Certain Covered Funds require that an investor who purchases shares immediately purchase a Contract, while other Covered Funds require an investor to purchase a Contract only if the Covered Fund shares are held until the first business day of the year that is ten years prior to the target retirement date specified in the Fund’s prospectus.

<sup>3</sup> The 403(b), IRA and retail versions of the Contracts are currently registered, respectively, at File No. 333-194436, File No. 333-209902 and File No. 333-194437.

<sup>4</sup> The guaranteed lifetime income benefit was available as an elective rider to certain of the Company’s older variable annuity contracts and is now offered directly in certain of the Company’s newer variable annuity contracts as a non-elective feature of the contract. See File Nos. 333-203627 (individual contract) and 333-203628 (group contract). These variable annuity contracts are designed to be offered in markets where the Contracts are not available.

<sup>5</sup> Other differences between the Contracts and the Company’s variable annuity contracts that include a guaranteed lifetime income benefit merely reflect differences in product features at time of development. These differences include that, unlike the Contracts, the most recent version of the variable annuity contract permits contributions after

guaranteed lifetime benefits in connection with direct investments in the designated Covered Funds without requiring the purchase of a variable annuity contract.

The Contracts are the only registered securities issued by the Company that require the Company to prepare GAAP financial statements. Forms N-4 and N-6 under the 1940 Act, on which the Company registers its variable insurance products, each would permit the Company to file SAP financial statements audited by an independent public accountant if it would not have to prepare GAAP financial statements except for use in registration statements filed on Forms N-3, N-4 and N-6.<sup>6</sup> This exception from the general requirement to file GAAP financial statements first appeared in Form N-4 for variable annuities when the form was adopted in 1985<sup>7</sup> and later incorporated into the Form N-6 for variable life policies, which was adopted in 2002.<sup>8</sup> The Company began offering the Contracts in 2009. But for the Contracts registered on Form S-1, the Company would not otherwise be required to prepare GAAP financial statements for any registered security, and therefore, would be eligible for this exception to file SAP financial statements with its Form N-4 and N-6 filings.

The Company devotes significant resources to preparing and obtaining an independent audit of GAAP financial statements for inclusion in the Contracts' registration statements. It estimates that the annual cost of preparing and obtaining an audit of the GAAP financial statements is approximately \$2,000,000, which is primarily comprised of the cost of eight full time employee positions, the actuarial systems required to calculate insurance reserves in accordance with GAAP and the fees paid to the external auditors.

While the Company currently files reports under Section 15(d) of the 1934 Act, it is eligible for the exemption from such filing requirement provided by Rule 12h-7 under the 1934 Act.<sup>9</sup> In connection with implementing the relief requested by this letter the Company intends to

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guaranteed income payments begin, and provides for the annual reset (i.e. possible increase) of guaranteed income payments to occur automatically rather than at the contract owner's request.

<sup>6</sup> See Form N-4 (for insurance company separate accounts offering variable annuity contracts that are registered as unit investment trusts) Item 23(b), Instruction ; Form N-6 (for insurance company separate accounts offering variable life insurance policies that are registered as unit investment trusts) Item 24(b) Instruction 1; and Form N-3 (for insurance company separate accounts offering variable annuity contracts that are registered as management investment companies) Item 28(b), Instruction 1.

<sup>7</sup> Registration Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts (Adopting Release), Securities Act Release No. 6588, Investment Company Act Release No. 14575 (June 14, 1985)

<sup>8</sup> Registration Form for Insurance Company Separate Accounts that Offer Variable Life Insurance Policies (Adopting Release), Securities Act Release No. 8088, Investment Company Act Release No. 25522 (June 1, 2002)("Form N-6 Adopting Release").

<sup>9</sup> 17 CFR 240.12h-7 exempts insurance companies from filing 1934 Act reports with respect to certain specified types of securities that are subject to state insurance regulation and are registered under the 1933 Act if there is no trading market for the securities and certain other conditions are satisfied. The Company has ensured that a trading market for the securities will not develop by including in each Contract a provision that unequivocally restricts the Contract owner from transferring, selling, assigning, pledging, charging, encumbering or alienating the Contract in any way.

take advantage of this exemption to suspend its 1934 Act reporting obligation and therefore will file its financial statements directly in the registration statements on Form S-1 for the Contracts.

### ***Request for Relief***

Because preparing and, where necessary, obtaining an independent audit of GAAP financial statements solely to fulfill the registration requirements for a small portion of the Company's SEC-registered insurance products is costly and otherwise very burdensome, the Company requests relief pursuant to Rule 3-13 of Regulation S-X to file SAP financial statements in the registration statements on Form S-1 for the Contracts. Rule 3-13 of Regulation S-X provides that the SEC "may, upon the informal written request of the registrant, and where consistent with the protection of investors, permit the omission of one or more of the financial statements required by Regulation S-X or the filing in substitution therefore of appropriate statements of comparable character." For the reasons explained below, the Company believes that SAP financial statements audited by an independent public accountant are appropriate statements of comparable character for investors in the Contracts.

The Company is not requesting any relief with respect to its current 1934 Act reporting obligations or any relief to file SAP financial statements in 1934 Act reports generally because, as noted above, it intends to suspend its 1934 Act reporting obligation in reliance on the exemption provided by Rule 12h-7 under the 1934 Act. If the requested relief is granted, the Company will take the steps necessary to rely on Rule 12h-7 prior to implementing the relief, including disclosing its reliance on the exemption in the Contract prospectuses. It will then cease incorporating by reference the financial statements and other information filed pursuant to the 1934 Act into the Contract registration statements, and will instead include all such information required by Form S-1 directly in the Contract prospectuses.

If the requested relief is granted, all financial statements and information that will be included in the next annual update of the registration statements for the Contracts will be prepared on a SAP basis, including information for prior periods. The Company will file such SAP financial statements and information as part of the annual update of the registration statements for the Contracts. Providing prior period SAP financial information in the amended registration statements will ensure that Contract owners may easily compare current financial information with the financial information reported for prior periods.

### ***Authority Supporting Relief from GAAP Reporting***

In what we believe is a substantially similar context, the SEC already has recognized alleviating disclosure burden as a legitimate reason to permit the use of SAP financial statements by insurance company depositors of registered separate accounts that would not have to prepare financial statements in accordance with generally accepted accounting principles except for use in registration statements on Forms N-3, N-4 or N-6. In adopting Forms N-3 and N-4 with instructions permitting the use of SAP financial statements by such insurance companies, the

SEC noted that “the use of statutory financial statements is permitted solely to relieve the disclosure burden upon this group of registrants and their sponsoring insurance companies.” See Release No. 33-6588 and Release No. IC-14575 at footnote 9. Form N-6, adopted in 2002, contains similar instructions permitting such insurance companies to file SAP financial statements. The Company began issuing the Contracts in 2009 after the SEC had adopted both Forms N-4 and N-6.<sup>10</sup> Of particular import, both variable annuity contracts and variable life insurance policies incorporate substantial insurance guarantees that are, in the context of variable annuities, very similar to the guarantees provided by the Contracts, and in the context of variable life insurance policies, of equal or greater magnitude than the insurance guarantees provided by the Contracts.

Permitting use of SAP financial statements will not harm investors in the Contracts. The lifetime income guarantees provided by the Contracts depend on the Company’s ability to fulfill its contractual obligations, which in turn depends on its solvency. In the context of Form N-4 for variable annuity contracts, the SEC recognized that the guarantees associated with annuity payments and other benefits provided by such contracts, which are backed by the insurance company general account, depend upon the solvency of the insurance company and that contract owners, participants and annuitants who invest in the contracts may not want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the company’s solvency.<sup>11</sup> Guaranteed income benefits were introduced in the 1990’s as an alternative to annuity payments. The benefits provide greater liquidity than annuity payments by permitting contract owners to withdraw contract value while also receiving income payments.

SAP financial statements are designed to facilitate regulatory oversight of insurance company solvency by providing detailed information about an insurance company’s balance sheet as well as information about its regulatory capital and surplus, which serve as the company’s financial cushion for paying contract owner claims. Furthermore, SAP financial statements enable regulators to determine the Company’s ability to meet policyholder obligations based on the availability of readily marketable assets when both current and future obligations are due. Consequently, SAP financial statements should provide investors in the Contracts sufficient information to assess the Company’s solvency and its ability to fulfill its contractual guarantees. GAAP financial statements do not provide additional disclosure value material to investors in the Contracts that warrants the costs and administrative burden of preparing and auditing an additional set of financial statements solely for use in connection with the Contracts.

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<sup>10</sup> When Form N-4 was adopted in 1985, insurance companies issued very few products registered on Forms S-1 or S-3. At no time since 1985 has the SEC formally considered whether to extend the relief provided in Form N-4 to insurance products registered on such forms.

<sup>11</sup> See Registration Form for Insurance Company Separate Accounts that Offer Variable Annuity Contracts, (Proposing Release), Securities Act Release No. 6502, Investment Company Act Release No. 13689 (December 22, 1983). Form N-4 requires only that a two year comparative balance sheet of the insurance company be included in the Statement of Additional Information. The insurance company must include its full audited financial statements in Part C of the registration statement and make the full financial statements available to owners of the contracts upon request.

Furthermore, the SEC already permits use of SAP financial statements in variable annuities registered on Form N-4 that offer virtually identical guaranteed lifetime income benefits. Because investors in Contracts assume the same risks as variable contract owners who elect to receive the guaranteed lifetime income benefit, the same financial disclosure is appropriate. We believe the fact that the SEC permits use of SAP financial statements in Form N-4 also overcomes the presumption established by Rule 4-01(a)(1) of Regulation S-X that financial statements filed with the SEC that are not prepared in accordance with GAAP are misleading or inaccurate.

The Staff has granted relief from financial disclosure requirements prescribed by Form S-1 in a similar insurance product-related context that we believe supports the Company's request. In TIAA Real Estate Account (pub. avail. May 1, 1996), the Staff permitted a departure from the usual financial disclosure requirements of Form S-1 that brought the treatment of an insurance contract registered on Form S-1 in line with similar products registered on Forms N-3 or N-4. The relief permitted an insurance company separate account that invested in real estate assets to include full financial statements in Part II of the registration statement on Form S-1 rather than the prospectus as required by the form. The separate account funded certain variable annuity contracts issued by Teachers Insurance and Annuity Association of America ("TIAA"). It registered its securities on Form S-1 because, investing primarily in real estate assets, it did not fall within the definition of an investment company that was eligible to register securities on Form N-3 or N-4. Requesting relief, the separate account argued that its investors did not need any more financial information than investors in variable annuity contracts registered on Form N-3 or N-4 and that moving the financial statements to Part II of the registration statement would provide meaningful disclosure while significantly reducing its cost and administrative burdens. By granting the requested relief, the Staff brought the separate account's presentation of financial disclosure in line with that provided by similarly structured variable annuity contracts registered on Forms N-3 or N-4.

We believe that the relief the Company is seeking from producing a separate set of GAAP financial statements solely for investors in the Contracts presents a similar situation. Here, the Contracts resemble key features of investment products also registered on Form N-4. They provide benefits virtually identical to the benefits offered through certain riders that the Company offers with its variable annuity contracts that are registered on Form N-4. The Contracts are functionally equivalent to these variable annuity contract riders and expose Contract owners to the same risks related to the Company's financial condition as such riders. Like the relief provided in connection with the TIAA Real Estate Account, the requested relief will bring financial disclosure for the Contracts in line with that required for a similarly structured and functionally equivalent investment product registered on Form N-4.

SAP financial statements stress measurements that relate to an insurance company's claims paying ability. Consequently, SAP financial statements provide financial information that is relevant to assessing the Company's ability to pay on the insurance guarantees provided by the Contracts. Including SAP financial statements in the 1933 Act registration statements for the

Mr. Matthew Giordano  
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Contracts will adequately protect Contract investors by providing a complete and accurate report on the Company's financial condition.

The guaranteed benefits provided by the Contracts are registered solely on Form N-4 when they are offered as part of a variable annuity. No separate registration of the guarantees on Form S-1 or S-3 is required. Form N-4 would permit the Company to file SAP financial statements if it would not have to prepare GAAP financial statements except for use in registration statements on Forms N-3, N-4 and N.6 Requiring the Company to use GAAP financial statements when such a guaranteed benefit is offered as a standalone product imposes inconsistent disclosure requirements based solely on whether the Contracts qualify for registration on Form N-4 or must register under the 1933 Act on Form S-1 as a separate security from the Covered Funds to which they relate. Imposing different financial disclosure requirements for the Contracts when SAP financial statements are permitted for variable annuity contracts that contain virtually identical benefits cannot be justified from a public policy or an investor protection perspective.

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For the foregoing reasons, we respectfully request that pursuant to the SEC's authority in Rule 3-13 of Regulation S-X the Company be permitted to file SAP financial statements audited by an independent public accountant in registration statements on Form S-1 for the Contracts, as described above.

Thank you for your attention to this matter. Please contact me at (202) 383-0158 if you need more information or have any questions concerning this request.

Sincerely,

  
Stephen E. Roth

cc: Alison Staloch  
William Kotapish  
Ryan Logsdon  
Lorna MacLeod