



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

DIVISION OF
INVESTMENT MANAGEMENT

October 21, 2022

VIA ELECTRONIC MAIL

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

Stephen E. Roth
Eversheds Sutherland (US) LLP
Email: steveroth@eversheds-sutherland.com

Re: Everlake Life Insurance Company

By letter dated October 20, 2022, you request permission under Regulation S-X §3-13 (“Rule 3-13”) for Everlake Life Insurance Company (“ELIC”) to file audited financial statements prepared in accordance with statutory accounting principles¹ (“SAP”), in place of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), in registration statements on Form S-1 filed in the future for certain contracts in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(g), and 16(b) of Form S-1, as described in your letter. These contracts (collectively, the “Contracts”) are deferred annuity contracts with market value adjustment features and deferred indexed linked annuity contracts.

Background

ELIC

You state that ELIC is a stock life insurance company, domiciled in the State of Illinois, that is subject to regulation by the Illinois Department of Insurance. You also state that ELIC is a direct wholly-owned subsidiary of Everlake US Holdings Company, a holding company incorporated in the state of Delaware, which is, in turn, a direct wholly owned subsidiary of Everlake US Parent Company, a holding company also incorporated in the state of Delaware, which in turn is a direct wholly owned subsidiary of Everlake Holdings, LP, a Cayman Islands limited partnership, whose general partner is Blackstone ISG Investment Partners – A Management Associates (Cayman) – NQ L.P., a Cayman Islands exempted limited partnership (“BISG Management Associates”). You

¹ You note that these principles are those that are prescribed or permitted by the Company’s domiciliary state regulator.

further state that BISG Management Associates is an indirect subsidiary of Blackstone Inc., a Delaware corporation, which is a publicly traded company listed on the New York Stock Exchange (“Blackstone”).

You state that ELIC prepares SAP financial statements that are audited by an independent auditor and filed with the Illinois Department of Insurance and with the National Association of Insurance Commissioners (“NAIC”), and that ELIC manages its business on the basis of SAP financial statements. You also state that ELIC currently prepares GAAP financial statements in connection with the Contracts that are registered on Form S-1, but does not prepare full entity level GAAP financial statements, a GAAP reporting package or partial GAAP financial statements for any other purpose.²

You state that ELIC relies upon the exemption, provided by rule 12h-7 under the Securities Exchange Act of 1934 (“Exchange Act”), from filing periodic reports required by the Exchange Act and will rely on this exemption and comply with the conditions of the rule so long as ELIC relies on the requested permission.³ In this regard, you note that: (1) ELIC is subject to supervision by the Illinois Department of Insurance; and (2) ELIC files annual statements of its financial condition with, and is supervised and its financial condition is periodically examined by, the Illinois Department of Insurance.⁴

The Contracts

You state that the Contracts are deferred annuity contracts with market value adjustment features (“MVA Contracts”) or deferred annuity contracts with index linked crediting features (“RILA Contracts”):

MVA Contracts. You state that the MVA Contracts are either standalone single or flexible premium annuity contracts that offer fixed rate investment options with market value adjustment features, or are combination contracts that offer fixed rate investment options with MVA features as well as variable investment options. You further state that the fixed rate investment options in the

² In this regard, you state that while certain of either ELIC’s parent companies, or the general partner of Everlake Holdings, LP or other entities in the chain of control (e.g., Blackstone) do, or at some point in the future might, prepare GAAP financial statements, ELIC is not required to prepare full entity level GAAP financial statements, a GAAP reporting package or partial GAAP financial statements in connection therewith, and does not intend to do so if the permission requested by this letter is granted and relied upon.

³ Rule 12h-7 exempts insurance companies from filing Exchange Act reports with respect to certain specified types of securities that are subject to state insurance regulation and are registered under the Securities Act of 1933 if certain other conditions are satisfied. 17 CFR 240.12h-7.

⁴ Rule 12h-7(a) and (c) specify that an issuer qualifying under the rule is a corporation subject to the supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State (as defined in the Exchange Act); and files an annual statement of its financial condition with, and is supervised and its financial condition examined periodically by, the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of the issuer’s domiciliary State.

Contracts, which ELIC has registered on Form S-1, guarantee an interest payment at a specified fixed rate greater than or equal to 0% for a specified term period. You also state that withdrawals from or transfers out of a fixed rate investment option before the end of the specified term are subject to a positive or negative market value adjustment that is calculated according to a formula prescribed by the Contracts.

RILA Contracts. You state that the RILA Contracts, which ELIC also has registered on Form S-1, are single premium deferred indexed linked annuity contracts. You further state that during the accumulation phase of the RILA Contracts, Contract owners select an investment option period for their Contract and may select among a set of interest crediting strategies that are each linked to a market index or benchmark. You also state that the Contract uses the movement of the index as the basis to calculate the performance of each investment option, but performance is subject to specified minimum performance rates and maximum performance rates outlined in the Contract that depend on the investment option(s) chosen.

You state that ELIC does not offer the Contracts for sale, but existing Contract owners may continue to allocate subsequent premiums or additional contract value to available fixed rate investment options in the MVA Contracts and also may continue to rollover their current allocations to new term periods in both the MVA and RILA Contracts. You also state that: (1) the Contracts do not and will not constitute an equity interest in ELIC and are, and will be, subject to regulation under Illinois insurance laws;⁵ (2) the Contracts are not and will not be listed, traded or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting, and ELIC has taken, and will continue to take, steps reasonably designed to ensure that a trading market for the Contracts does not develop;⁶ and (3) prospectuses for the Contracts have disclosed, and will continue to disclose, that ELIC relies on the relief provided by rule 12h-7.⁷

Discussion

You note that Rule 3-13 provides that the Commission 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

⁵ Rule 12h-7(b) specifies that the securities that would otherwise trigger Exchange Act reporting obligations must not constitute an equity interest in the issuer, and must either be securities subject to regulation under the insurance laws of the domiciliary State of the issuer or guarantees of securities that are subject to regulation under the insurance laws of that jurisdiction.

⁶ Rule 12h-7(d) requires that those securities must not be listed, traded, or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting. Rule 12h-7(e) requires that an issuer take steps reasonably designed to ensure that a trading market for the securities does not develop.

⁷ Rule 12h-7(f) provides that the prospectus for the securities must contain a statement indicating that the issuer is relying on the exemption provided by the rule.

therefor of appropriate statements of comparable character. You assert that, for the Form S-1 registration statement of the Contracts, SAP financial statements audited by an independent auditor⁸ are appropriate statements of a comparable character to GAAP financial statements and would be consistent with investor protection.

In support of this claim, you assert that investors in the Contracts will be most interested in information relevant to assessing the issuing Company's ability to fulfill its contractual obligations.⁹ You assert that SAP financial statements would provide investors in the Contracts with sufficient information to assess ELIC's solvency and its ability to satisfy its contractual obligations.¹⁰

In this regard, you claim that SAP financial statements contain detailed information about ELIC's assets and liabilities, including its regulatory capital and surplus, which serve as financial cushions for paying contract owner claims. In addition, you claim that SAP financial statements enable state regulators to determine ELIC's ability to meet contract owner obligations based on the availability of readily marketable assets when obligations are due.

Based on the facts and representations set forth in your letter as summarized above, as well as the conditions outlined above, and without necessarily agreeing with all of your analysis, your request for permission under Rule 3-13 for ELIC to file SAP financial statements, audited by an independent auditor, in lieu of GAAP financial statements in registration statements filed for the Contracts on Form S-1, as it relates to the accounting basis of those financial statements only and as described above, is granted.¹¹

⁸ You state that the independent auditor engaged to audit the SAP financial statements will satisfy the independence standards of Article 2 of Regulation S-X and will be registered with and subject to inspection by the Public Company Accounting Oversight Board.

⁹ You note the Commission recognized, in proposing variable annuity registration forms, that contract owners, participants, and annuitants may not want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the insurer's solvency. *Registration Form for Insurance Company Separate Accounts that Offer Variable Annuity Contracts*, Securities Act Release No. 6502 and Investment Company Act Release No. 13689 (Dec. 22, 1983).

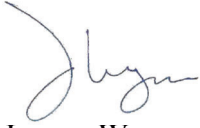
¹⁰ You also note that, while GAAP financial statements assist investors in understanding ELIC's going concern value, investors in the Contracts do not need information regarding ELIC's going concern value since there is no secondary market in the Contracts.

¹¹ Our analysis underlying this assurance has been developed in consultation with the staff of the Commission's Office of the Chief Accountant.

This permission is provided for the Contracts described in your letter based on the facts disclosed therein, including that the Contracts seeking to rely on the permission are non-variable annuity contracts classified as market-value adjusted annuities, contingent deferred annuities, and/or indexed annuities. As to any Contract registered or materially amended in the future, this permission is subject to the Commission staff's assessment of the Contract's registration statement for consistency with the facts described in your letter and the intended product types. In this regard, you have stated that ELIC will notify the staff, in a letter accompanying the filing of any new registration statement for a Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract, of its intent to rely on the permission granted in this letter.

If you have any questions regarding this letter, please call the Chief Accountant's Office of the Division of Investment Management at (202) 551-6918.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jenson Wayne".

Jenson Wayne
Chief Accountant
Division of Investment Management

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

October 20, 2022

Mr. Jenson Wayne
Chief Accountant
Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Everlake Life Insurance Company

Dear Mr. Wayne:

On behalf of Everlake Life Insurance Company of ("ELIC" or "Company"), we respectfully request that, pursuant to Rule 3-13 of Regulation S-X ("Rule 3-13"), the staff of the Division of Investment Management (the "Staff") permit the Company to file audited financial statements prepared in accordance with statutory accounting principles ("SAP") prescribed or permitted by its domiciliary state regulator, in place of financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") in registration statements on Form S-1 that the Company files for certain annuity contracts described in this letter that the Company has issued ("Contracts"), in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(g) and 16(b) of the Form.

Because the Contracts are insurance products subject to state regulation, ELIC believes that SAP financial statements are of a comparable character to GAAP financial statements and would provide investors in the Contracts ("Contract owners") with sufficient information to assess the Company's ability to meet its obligations under the Contracts, and that filing SAP financial statements in place of GAAP financial statements in registration statements on Form S-1 for the Contracts would be consistent with investor protection. Forms N-3, N-4 and N-6 already permit insurers that meet certain criteria to use SAP financial statements on those forms, which relief is intended to reduce the burden on insurance companies that would otherwise prepare GAAP financial statements solely to register variable insurance products. Because of the significant costs and administrative burdens associated with preparing GAAP financial statements, relief permitting use of SAP financial statements in Forms N-3, N-4 and N-6 serves as a precedent for allowing use of SAP financial statements in registration statements on Form S-1 for the Contracts.

The Company

ELIC is a stock life insurance company domiciled in the State of Illinois that is subject to regulation by the Illinois Department of Insurance. The Company has sold a variety of annuity and life insurance products, some of which are registered as securities with the Securities & Exchange Commission ("SEC"), including variable annuity contracts, variable life insurance policies, market value adjusted annuities and index linked annuities.

ELIC, which was formerly named Allstate Life Insurance Company ("ALIC"), is a direct wholly owned subsidiary of Everlake US Holdings Company, a holding company incorporated in the state of Delaware, which is in turn a direct wholly owned subsidiary of Everlake US Parent Company, a holding company also incorporated in the state of Delaware, which in turn is a direct wholly owned subsidiary of Everlake Holdings, LP, a Cayman Islands limited partnership, whose general partner is Blackstone

ISG Investment Partners – A Management Associates (Cayman) – NQ L.P., a Cayman Islands exempted limited partnership (“BISG Management Associates”). BISG Management Associates is an indirect subsidiary of Blackstone Inc., a Delaware corporation, which is a publicly traded company listed on the New York Stock Exchange under the ticker symbol “BX” (“Blackstone”).

ELIC currently prepares GAAP financial statements in connection with the Contracts that are registered on Form S-1, but does not prepare full entity level GAAP financial statements, a GAAP reporting package or partial GAAP financial statements for any other purpose. While certain of either ELIC’s parent companies, or the general partner of Everlake Holdings, LP or other entities in the chain of control (e.g., Blackstone) do, or at some point in the future might, prepare GAAP financial statements, ELIC is not required to prepare full entity level GAAP financial statements, a GAAP reporting package or partial GAAP financial statements in connection therewith, and does not intend to do so if the permission requested by this letter is granted and relied upon. As an insurance company subject to state regulation, ELIC prepares SAP financial statements that are audited by an independent auditor and filed with the Illinois Department of Insurance and with the National Association of Insurance Commissioners. ELIC manages its business on the basis of the SAP financial statements.

State regulators periodically examine the SAP financial statements filed by the Company as part of a comprehensive regulatory program that focuses on the Company’s solvency, with the goal of ensuring that the Company can fulfill its contractual obligations to its contract owners. The ultimate objective of state solvency regulation is to ensure that an insurance company can pay contract owner liabilities when they become due and that the insurance company maintains capital and surplus at all times in such forms as required by state law to provide a margin of safety. With the objective of solvency regulation and contract owner protection, statutory accounting principles focus on an insurance company’s balance sheet and solvency and emphasize the insurance company’s liquidity.

The Company does not issue or have outstanding any publicly traded equity securities (i.e., common stock or preferred stock); nor does the Company have any publicly traded debt securities outstanding. The only reason for ELIC to prepare GAAP financial statements would be for use in Form S-1 registration statements for the Contracts. Form N-4 and Form N-6, on which ELIC registers its variable annuity contracts and variable life insurance policies, respectively, would permit the Company to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements in connection with SEC filings.¹

ELIC relies upon the exemption from filing periodic reports required by the Securities Exchange Act of 1934 Act that is provided by Rule 12h-7 thereunder and will rely on this exemption and comply with the conditions of the rule as long as it relies on the permission provided in response to this letter. The Company is subject to supervision by the Illinois Department of Insurance. The Contracts do not and will not constitute an equity interest in the Company, and are and will be subject to regulation under Illinois Insurance law. The Company files annual statements of its financial condition with, and is supervised and its financial condition examined periodically by the Illinois Department of Insurance. The Contracts are not and will not be listed, traded, or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting. The Company has taken, and will continue to take, steps reasonably designed to ensure that a trading market for the Contracts does not develop. Prospectuses for the Contracts have disclosed, and will continue to disclose, that the Company relies on the relief provided by Rule 12h-7.

¹ See Form N-4 Item 23(b), Instruction 1, and Form N-6 Item 24(b), Instruction 1.

If this request to file audited SAP financial statements in place of GAAP financial statements in registration statements filed on Form S-1 (for the Contracts) is granted, ELIC also intends to include SAP financial statements in the registration statements for its variable annuity contracts and its variable life insurance policies, as permitted under Forms N-4 and N-6.

The Contracts

The Contracts are either deferred annuity contracts with market value adjustment (MVA) features (MVA Contracts) or deferred index-linked annuity contracts (RILA Contracts).

The MVA Contracts are either standalone single or flexible premium annuity contracts that offer fixed rate investment options with MVA features, or are combination contracts that offer fixed rate investment options with MVA features as well as variable investment options. The fixed rate investment options in the Contracts, which ELIC has registered on Form S-1, guarantee an interest payment at a specified fixed rate greater than or equal to 0% for a specified term period. Withdrawals from or transfers out of a fixed rate investment option before the end of the specified term are subject to a positive or negative MVA that is calculated according to a formula prescribed by the Contracts.

The RILA Contracts, which ELIC also has registered on Form S-1, are single premium deferred index linked annuity contracts. During the accumulation phase of the RILA Contracts, Contract owners select an investment option period for their Contract and may select among a set of interest crediting strategies that are each linked to a market index or benchmark. The Contract uses the movement of the index as the basis to calculate the performance of each investment option, but performance is subject to specified minimum performance rates and maximum performance rates outlined in the Contract that depend on the investment option(s) chosen. Withdrawals, annuitizations, and death claims from an investment option before the end of an investment option period are subject to a positive or negative adjustment based on the change in the Fair Value Index that is calculated according to a formula prescribed by the Contract. The effect of this adjustment is similar to that of the MVA feature in the MVA Contracts.

ELIC does not offer the Contracts for sale, but existing Contract owners may continue to allocate subsequent premiums or additional contract value to available fixed rate investment options in the MVA Contracts and also may continue to rollover their current allocations to new term periods in both the MVA and RILA Contracts.

The Company's Rule 3-13 Request

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 herein required or the filing in substitution therefor of appropriate statements of comparable character." For the reasons stated herein, ELIC believes that SAP financial statements audited by an independent auditor² included in the Form S-1 registration statements for the Contracts are appropriate statements of a comparable character to GAAP financial statements and would be consistent with investor protection.

SAP financial statements will provide investors in the Contracts with sufficient information to assess the Company's ability to meet its contractual obligations.

Forms N-3, N-4 and N-6 used to register variable insurance products under the Securities Act of 1933 already permit use of SAP financial statements in place of GAAP financial statements if the insurance company issuing the contract meets certain criteria, including that it would not have to prepare GAAP financial statements except for use in registration statements on such forms. When proposing Forms N-3 and N-4 for variable annuity contracts with instructions permitting the use of SAP financial statements, the SEC recognized that guarantees associated with annuity payments and other benefits provided by the contracts, which are backed by the insurance company's general account, depend on

² ELIC's auditor will satisfy the independence standards of Article 2 of Regulation S-X and be registered with and subject to inspection by the Public Company Accounting Oversight Board.

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 insurance company's solvency.³

Similar to investors in variable annuity contracts, investors in the Contracts will be most interested in information relevant to assessing the Company's ability to fulfill its contractual obligations. Statutory accounting principles are designed specifically to provide this type of information to state regulators. SAP financial statements contain detailed information about the Company's assets and liabilities as well as its regulatory capital and surplus, which serve as financial cushions for paying Contract owner claims. Furthermore, SAP financial statements enable state regulators to determine the Company's ability to meet Contract owner obligations based on the availability of readily marketable assets when obligations are due. In contrast, GAAP financial statements assist investors in understanding a company's going concern value. Due to the absence of any secondary market in the Contracts, Contract owners do not need information regarding the Company's going concern value. Consequently, SAP financial statements would provide Contract owners with sufficient information to assess the Company's solvency and its ability to satisfy its contractual obligations. GAAP financial statements, on the other hand, would not provide additional informative value to Contract owners that would justify the significant costs and administrative burdens of preparing and auditing the additional set of financial statements solely to include in Form S-1 registration statements for the Contracts.

Conclusion

For the reasons stated above, SAP financial statements are appropriate financial statements of a comparable character to GAAP financial statements and will provide investors in the Contracts with sufficient information to assess the Company's ability to meet its obligations under the Contracts, and filing SAP financial statements in place of GAAP financial statements would be consistent with investor protection.

We respectfully request, on behalf of ELIC, that the Staff grant permission pursuant to Rule 3-13 of Regulation S-X to permit ELIC to file SAP financial statements audited by an independent auditor in registration statements on Form S-1 for the Contracts. Should you provide this permission, ELIC agrees to notify the Staff in a letter, accompanying the filing of any new registration statement for a Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract, of its intent to rely on the permission granted in response to this letter.

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

Sincerely,



Stephen E. Roth
Eversheds Sutherland (US) LLP

³ See Registration Form for Insurance Company Separate Accounts that Offer Variable Annuity Contracts (Proposing Release) Rel. Nos. 33-6502 and IC-13689 (December 22, 1983).