



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

DIVISION OF
INVESTMENT MANAGEMENT

October 17, 2019

VIA ELECTRONIC MAIL

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

Stephen E. Roth
Eversheds Sutherland (US) LLP
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Re: Forethought Life Insurance Company

By letter dated October 16, 2019, you request authority under Regulation S-X §3-13 (“Rule 3-13”) for Forethought Life Insurance Company (“Company”) to file audited financial statements of the Company 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 filed under the Securities Act of 1933 (“Securities Act”) on Form S-1 for index-linked annuity contracts that Forethought intends to issue (the “Contracts”), in satisfaction of the requirements of Items 11(e), 11(f) and 11(g) and Item 16(b) of Form S-1, as described in your letter.

Background

The Company

You state that the Company is an insurance company, incorporated under Indiana law, that is principally engaged in selling life insurance and individual variable, fixed, and fixed indexed annuities. In addition, you state that the Company is a wholly owned subsidiary of Commonwealth Annuity & Life Insurance Company (“Commonwealth”), and is an indirect

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

wholly-owned subsidiary of Global Atlantic Financial Group Limited ("Global Atlantic"), a privately held Bermuda-based financial services company.

You state that none of the Company's direct or indirect parents have securities registered with the U.S. Securities and Exchange Commission ("Commission") under the Securities Act, other than variable products for which Commonwealth is depositor, nor do they file reports with the Commission under the Securities Exchange Act of 1934 ("Exchange Act"). You also state that the Company does not prepare GAAP financial statements or a GAAP reporting package in connection with its direct² or indirect parents' preparation of consolidated financial information.

In this regard, you state that none of Global Atlantic's subsidiaries is required to provide standalone GAAP financial statements, or to prepare a GAAP reporting package, in connection with the preparation of consolidated financial information for Global Atlantic. You state that this is because Global Atlantic prepares and manages its consolidated financial information by aggregating financial information for each operating segment recorded across multiple legal entities, including the Company.

You state that the Company does not issue or have outstanding any publicly traded equity securities, nor has it issued any publicly traded debt securities. You state that the only reason the Company would prepare GAAP financial statements is for use in the registration statements on Form S-1 for its insurance products that would be registered solely under the Securities Act. In this regard, you note that Form N-4 under the Investment Company Act of 1940, on which Forethought registers its variable insurance products, permits Forethought to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements in connection with SEC filings.³

You also state that the Company is eligible for and will rely on relief provided by Rule 12h-7 under the Exchange Act for relief from the requirement to file periodic reports under that Act.⁴ In this regard, you note that the Company is subject to supervision by the Indiana Department of Insurance. In addition, you note that the Company files a statement of its annual condition with, is supervised by, and has its financial condition periodically examined by, the

² Commonwealth includes SAP financial statements in the Form N-4 and Form N-6 filings for its variable insurance products in reliance on Form N-4, Item 23(b), Instruction 1, and Form N-6 Item 24(b), Instruction 1.

³ You state that Form N-4 under the Investment Company Act of 1940, on which the Company registers its variable annuity products, permits the Company to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements except for use in its own registration statements or periodic reports, or those of its parent company. See Form N-4 Item 23(b), Instruction 1.

⁴ 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 if certain other conditions are satisfied. 17 C.F.R. §240.12h-7 (2018).

Indiana Commissioner of Insurance.⁵ Further, you state that the Company must prepare SAP financial statements, which are audited by an independent auditor,⁶ for filing with the domiciliary state insurance regulator and the National Association of Insurance Commissioners.

The Contracts

You state that the Contracts for which the Company requests relief can be either standalone index linked annuity Contracts, or contracts that offer variable investment options as well as registered index-linked investment options. You also state that, under the Contracts, Contract owners will be able to select among a set of interest crediting options that are each linked to the performance of different securities indices.

You state that these interest crediting options will offer several different protection features, including "floors" that establish the maximum negative market performance to which the Contract owner will be exposed in a specified period, and a "buffer" that establishes how much negative market performance the Company will absorb before the negative performance is applied to the Contract. In addition, you state that each protection feature option will have a corresponding "cap" that establishes the maximum positive market performance that may be credited to the Contract at the end of the specified period.

You state that the Contracts will not constitute equity interests in the issuer and would be subject to regulation under the insurance laws of the State of Indiana. In addition, you state that 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.⁷

Discussion

⁵ Rule 12h-7(a) and (c) specify that an issuer qualifying under that 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 (as defined in that Act). *Id.*

⁶ You state that the financial statements filed in registration statements for the Contracts will be audited by an auditor that 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 and Oversight Board.

⁷ 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. *Id.* Rule 12h-7(d) further 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. *Id.*

You note 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 therefor of appropriate statements of comparable character.” You assert that, for the Form S-1 registration statements of its Contracts, SAP financial statements that have been audited by an independent auditor are appropriate statements of a comparable character to GAAP financial statements.

In support of this claim, you assert that, similar to investors in variable annuity contracts the insurance benefits under which depend on the insurer’s solvency, investors in the Contracts will be most interested in information relevant to assessing the Company’s ability to fulfill its contractual obligations.⁸ You assert that SAP financial statements would provide investors in the Contracts with sufficient information to assess the Company’s solvency and its ability to fulfill its contractual obligations.⁹

In this regard, you claim that SAP financial statements contain detailed information about an insurance company’s balance sheet including its regulatory capital and surplus, which serve as financial cushions for paying policyholder claims. In addition, you assert that SAP financial statements enable regulators to determine the Company’s ability to meet its obligations to owners of the Contracts 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 the Company 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.^{10 11}

⁸ You note the Commission recognized that investors in those products may be interested only in the solvency of the account depositor with respect to the insurance benefits offered in those products by the depositor. *Registration Form for Insurance Company Separate Accounts that Offer Variable Annuity Contracts*, Securities Act Release No. 33-6502 and Investment Company Act Release No. 13689 (December 22, 1983).

⁹ You also note that, while the use of GAAP assists investors in understanding an issuer’s going concern value, investors in the Contracts do not need information regarding the Company’s *going concern* value since there is no secondary market in the Contracts.

¹⁰ The staff notes that it would be receptive to considering applications under Rule 3-13 from other registrants seeking to file SAP financial statements in lieu of GAAP financial statements in registration statements filed for products similar to the Contracts described here, under circumstances similar to those described above.

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

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 black ink, appearing to read "Alison Staloch". The signature is fluid and cursive, with a long horizontal flourish at the end.

Alison Staloch
Chief Accountant
Division of Investment Management

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

October 11, 2019

Via Electronic Mail

Ms. Alison Staloch
Chief Accountant
Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
stalocha@sec.gov

Re: Forethought Life Insurance Company

Dear Ms. Staloch:

I am writing on behalf of Forethought Life Insurance Company ("Forethought") to request that, pursuant to Rule 3-13 of Regulation S-X, the staff of the Division of Investment Management ("Staff") permit Forethought to file audited financial statements prepared in accordance with statutory accounting principles ("SAP") prescribed or permitted by its domiciliary state regulator in registration statements filed on Form S-1 for index-linked annuity contracts that Forethought intends to issue ("Contracts") in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(f), 11(g), and 16(b) of the Form.

Forethought believes that SAP financial statements will provide investors in its Contracts with sufficient information to assess Forethought's ability to meet its obligations under those insurance products, and that filing SAP financial statements in place of financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") would be consistent with investor protection. Forms N-3, N-4 and N-6 already permit use of SAP financial statements in registration statements for variable insurance products registered on Forms N-3, N-4 and N-6. That relief is intended to reduce the burden on insurance companies that otherwise would prepare GAAP financial statements *solely* to register variable insurance products. Because of the significant costs and administrative burdens associated with preparing GAAP financial statements, the relief permitting use of SAP financial statements in Forms N-3, N-4, and N-6 serves as a precedent for allowing the use of SAP financial statements in registration statements that Forethought would file for its Contracts on Form S-1.

Furthermore, the time and cost burden of preparing GAAP financial statements only for non-variable insurance products that must be registered on Form S-1 impedes many insurance companies from offering those products. Reducing this burden will likely facilitate entry into the marketplace for such products by more insurance companies, and increase the choices available to investors among such products for retirement and other long term purposes.

BackgroundForethought

Forethought is a stock life insurance company incorporated under Indiana law in 1986 that is principally engaged in selling life insurance and individual variable, fixed, and fixed indexed, annuities. It is admitted to do business in 49 states, the District of Columbia, and Puerto Rico.

Forethought is a wholly owned subsidiary of Commonwealth Annuity & Life Insurance Company ("Commonwealth"), and is ultimately controlled by Global Atlantic Financial Group Limited

("Global Atlantic"), a privately held Bermuda-based financial services company focused on the annuity and life insurance markets.¹

Other than the variable contracts for which Commonwealth is depositor, none of the direct or indirect parents of Forethought have securities registered with the U.S. Securities and Exchange Commission ("Commission") under the Securities Act of 1933, as amended ("1933 Act"). Nor do Forethought's direct or indirect parents file reports with the Commission under the Securities Exchange Act of 1934, as amended ("1934 Act").

Although not required by federal securities laws to prepare GAAP financial statements, Global Atlantic and certain of the intermediate holding companies that own its U.S. life insurance operations ("Intermediate Holding Companies") prepare audited GAAP financial statements for their respective shareholders and/or debt holders, and utilize limited, GAAP-based revenue, expense, asset and liability information from their respective subsidiaries to prepare their respective consolidated GAAP financial statements. However, neither Global Atlantic nor the Intermediate Holding Companies require their respective subsidiaries to provide audited GAAP financial statements, or to prepare a GAAP reporting package or partial GAAP financial statements, in connection with the preparation of the consolidated GAAP financial statements provided to their respective shareholders and/or debt holders.²

Therefore, Forethought does not prepare GAAP financial statements or a GAAP reporting package or partial GAAP financial statements in connection with its direct³ or indirect parents' preparation of consolidated financial information. Nor is Forethought required to—and, indeed, it does not—

¹ The life insurance subsidiaries of Global Atlantic are owned by a series of privately held intermediate holding companies. Forethought's direct parent, Commonwealth, is a wholly owned direct subsidiary of Global Atlantic (FIN) Company ("Finco"), a Delaware corporation and the intermediate holding company that directly owns the U.S. life insurance operations of Global Atlantic. Finco is a wholly owned subsidiary of a privately held Bermuda-based holding company that is a wholly owned subsidiary of another privately held Bermuda-based holding company that is wholly owned by Global Atlantic.

² Global Atlantic currently manages its business operations—including those of its direct and indirect life insurance subsidiaries, such as Commonwealth and Forethought, and the intermediate holding companies that own Global Atlantic's U.S. life insurance operations—through operating segments based primarily on the products offered by its subsidiaries. Each segment is the consolidation of the operations supporting multiple products offered through multiple Global Atlantic subsidiaries; a single Global Atlantic subsidiary can conduct business activities in multiple segments. Global Atlantic prepares and manages its consolidated financial information by aggregating financial information for each operating segment recorded across multiple legal entities—i.e., its subsidiaries. Consequently, none of those subsidiaries—including Forethought and its direct parent, Commonwealth—is required to provide standalone GAAP financial statements, or to prepare a GAAP reporting package or partial GAAP financial statements, in connection with the preparation of consolidated financial information for Global Atlantic.

³ In reliance on instructions in Form N-4 and Form N-6, Commonwealth includes SAP financial statements in the Form N-4 and Form N-6 filings for its variable insurance products. See Form N-4, Item 23(b), Instruction 1, and Form N-6 Item 24(b), Instruction 1 (permitting use of audited SAP financial statements for insurance company depositor in Form N-4 or Form N-6 registration statement if the insurance company would not have to prepare GAAP financial statements except for use in its own registration statements (i.e., Forms N-3, N-4, or N-6) or periodic reports, or those of its parent company).

prepare GAAP financial statements for use in the Form N-4 registration statements for its variable annuities.⁴

As an Indiana-based insurance company, Forethought must prepare SAP financial statements, which are audited by an independent auditor, for filing with the domiciliary state insurance regulator and the National Association of Insurance Commissioners. State regulators review the financial statements as part of a comprehensive regulatory program that focuses on Forethought's solvency, with the goal of ensuring that Forethought can fulfill its contractual obligations to policyholders. The ultimate objective of state solvency regulation is to ensure that the insurance company can pay policyholder liabilities when they come 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, statutory accounting principles focus on the insurance company's balance sheet and emphasize Forethought's liquidity.

Forethought 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. The only registered securities that Forethought currently issues are variable annuities registered on Form N-4 that include its SAP financial statements. The only reason Forethought would prepare GAAP financial statements is for use in the registration statements on Form S-1 for its insurance products that would be registered solely under the Securities Act of 1933. As noted above, Forethought does not prepare GAAP financial statements for use in the Form N-4 registration statements on which it registers its variable insurance products under the Investment Company Act of 1940.

Forethought is eligible for and will rely on Rule 12h-7 under the 1934 Act⁵ for relief from the requirement to file periodic reports under that Act. As required as a condition of eligibility for Rule 12h-7, Forethought is subject to supervision by the Indiana Department of Insurance. Forethought files a statement of its annual condition with, is supervised by, and its financial condition is periodically examined by, the Indiana Commissioner of Insurance. In addition, as required as a condition for relief provided by Rule 12h-7, the only SEC-registered securities that Forethought currently issues or intends to issue are insurance contracts that are subject to regulation under Indiana insurance laws. Those securities do not and will not constitute an equity interest in Forethought, and 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 Contracts

The Contracts for which Forethought requests relief in this letter can be either standalone index-linked annuity contracts, or contracts that offer variable investment options as well as registered index-linked investment options. Such Contracts will offer contract owners the potential for higher returns than traditional fixed annuity contracts by providing for the assumption of some market risk. Similar to variable annuities, the Contracts will provide returns

⁴ Form N-4 under the Investment Company Act of 1940, on which Forethought registers its variable annuity products, permits Forethought to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements except for use in its own registration statements or periodic reports, or those of its parent company. See Form N-4 Item 23(b), Instruction 1.

⁵ 17 CFR 240.12h-7 (exempting 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, provided that certain conditions are met).

associated with the performance of securities markets, but they also provide some protection against negative market performance.

Contract owners of index-linked annuity contracts will be able to select among a set of interest crediting options that are each linked to the performance of different securities indices. These interest crediting options will offer different protection features, including "floors" that establish the maximum negative market performance to which the Contract owner will be exposed in a specified period, and a "buffer" that establishes how much negative market performance Forethought will absorb before the negative performance is applied to the Contract. Each protection feature will have a corresponding "cap" that establishes the maximum positive market performance that may be credited to the Contract at the end of a specified period. Examples of alternative interest crediting options could potentially include the use of a "spread" that establishes the minimum amount of market performance that needs to be achieved before a Contract owner starts participating in the returns of the linked investment, or a "participation rate" that establishes the percentage of the linked investment option's return that is credited to a Contract owner. In general, a "floor" or "buffer" that exposes the Contract owner to greater risk will have a higher corresponding "cap," a higher corresponding "participation rate," or a lower "spread" and the potential for higher credited interest with each. Proceeds payable to a Contract owner who withdraws Contract value or surrenders the Contract before the end of the specified period will reflect an adjustment made according to a prescribed formula.

Contracts could also be paired with optional living or death benefits to provide protection in the event a Contract owner outlives his/her assets, or to protect the amount that a Contract owner's beneficiary may receive in the event of market losses.

Forethought is currently developing Contracts that will be registered with the Commission on Form S-1. Forethought intends to file registration statements for those Contracts in 2020.

Effort Required to Prepare GAAP Financial Statements

Preparing GAAP-compliant financial statements for Forethought for inclusion in the registration statements for the Contracts would require significant effort and cost. More specifically:

- Global Atlantic makes frequent use of intercompany reinsurance to optimize capital usage and improve profitability. Intercompany activity is eliminated for GAAP consolidated reporting, but would require Forethought to develop additional models, accounting entries, disclosures, and controls to prepare standalone GAAP financial statements for Forethought.
- Global Atlantic has certain investment entities where multiple domestic insurance companies have an ownership stake. Forethought would be required to consolidate most of these investment entities and report non-controlling interest on a GAAP basis. This would require Forethought to develop new consolidation and elimination rules, procedures, entries, and controls at the Forethought level to address non-controlling interests.
- Global Atlantic makes frequent use of intercompany sales of investment securities to optimize capital usage and improve profitability. Intercompany activity is eliminated in consolidation. To prepare standalone GAAP financial statements would require Forethought to develop additional procedures and controls to account for, record, and disclose this activity.

In addition, Forethought's independent auditor does not currently perform an audit or any review procedures specific to Forethought's GAAP financial results. To do so would require significant effort.

Request for Relief

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 financial statements required by Regulation S-X or the filing in substitution thereof of appropriate statements of a comparable character.” Preparing and obtaining an independent audit of GAAP-compliant financial statements for Forethought solely for inclusion in registration statements for the Contracts would involve substantial costs and administrative burdens, and would not provide investors in those insurance products with material information beyond that available in SAP financial statements. Moreover, for reasons stated more fully below, Forethought believes that, for the Form S-1 registration statements of its Contracts, SAP financial statements that have been audited by an independent auditor⁶ are appropriate financial statements of a comparable character to GAAP financial statements. Accordingly, Forethought requests relief pursuant to Rule 3-13 of Regulation S-X to file SAP financial statements instead of GAAP financial statements in registration statements for its Contracts.⁷

SAP financial statements will provide investors in Forethought’s Contracts with sufficient information to assess Forethought’s ability to meet its contractual obligations

In July 2017, Chairman Jay Clayton publicly acknowledged that the SEC’s existing rules may require public companies to provide disclosure that is burdensome to produce, but is not material to the total mix of information available to investors. Chairman Clayton went on to note that such requirements may be appropriate for relief under Rule 3-13 of Regulation S-X.⁸ Forethought believes that requiring it to prepare GAAP financial statements for inclusion in registration statements for its Contracts—and for no other purpose—presents such a circumstance.

Forms N-3, N-4 and N-6 used to register variable insurance products under the 1933 Act already permit the use of SAP financial statements in place of GAAP financial statements if the insurance company issuing the contract would not have to prepare GAAP financial statements except for use in registration statements on such forms.⁹ In 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 the solvency of the insurance company; and, consequently, 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.¹⁰

⁶ The 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 and Oversight Board.

⁷ Because Forethought intends to rely on Rule 12h-7, it is not requesting any relief pursuant to Rule 3-13 with respect to the 1934 Act.

⁸ Remarks of SEC Chairman Jay Clayton at the Economic Club of New York (July 12, 2017) available at <https://www.sec.gov/news/speech/remarks-economic-club-new-york>.

⁹ 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—“Registration Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts,” Rel. Nos. 33-6588, IC-14575 (June 14, 1985) (“Form N-4 Adopting Release”), and later was incorporated into Form N-6 for variable life policies, which was adopted in 2002—“Registration Form for Insurance Company Separate Accounts Registered as Unit Investment Trusts that Offer Variable Life Insurance Policies,” Rel. Nos. 33-8088 and IC-25522 (April 12, 2002) (Adopting Release).

¹⁰ See Registration Form for Insurance Company Separate Accounts that Offer Variable Annuity Contracts, Rel. Nos. 33-6502 and IC-13689 (December 23, 1983) (Proposing Release).

Like investors in variable annuity contracts, the insurance benefits under which depend on the insurer's solvency, investors in the Forethought's Contracts will be most interested in information relevant to assessing Forethought's ability to fulfill its contractual obligations. SAP financial statements are designed to provide precisely this type of information. They contain detailed information about an insurance company's balance sheet, including its regulatory capital and surplus that serve as financial cushions for paying contract owner claims. Furthermore, SAP financial statements enable state regulators to determine an insurance company's ability to meet its obligations to contract owners based on the availability of readily marketable assets when obligations are due.

Among other things, GAAP financial statements are designed to assist investors in determining a company's "going concern value." As there will be no secondary market for the Contracts, this type of information will be less valuable to owners of Forethought's Contracts.

For these reasons, SAP financial statements would provide owners of Forethought's Contracts with sufficient information to assess Forethought's solvency and its ability to fulfill its contractual obligations. GAAP financial statements would not provide additional disclosure value to contract owners sufficient to justify the significant costs and administrative burdens of preparing and auditing the additional set of financial statements.

Forethought would be required to prepare GAAP financial statements only for the purpose of including them in registration statements for its Contracts

Forethought does not issue or have outstanding any publicly-traded equity or debt securities. In addition, the GAAP financial information related to Forethought's operations that would otherwise be prepared for use by its indirect parents would not constitute GAAP financial statements, or a GAAP reporting package or partial GAAP financial statements. For these reasons, Forethought is eligible to use SAP financial statements in the registration statements on Form N-4 for its variable products.

When the SEC provided GAAP relief in Forms N-3, N-4 and N-6, it explicitly recognized alleviating disclosure burden as a legitimate reason to permit the use of SAP financial statements by insurance companies that would not have to prepare GAAP financial statements except for use in a registration statement for an insurance product.¹¹ Such relief is also appropriate for Forethought with respect to the registration statements for its Contracts.

Conclusion

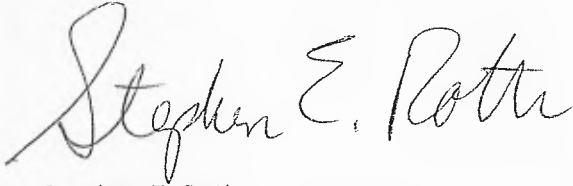
Because the Contracts will be insurance products subject to state regulation, and SAP financial statements would provide owners of the Contracts with sufficient information to assess Forethought's ability to meet its contractual obligations, Forethought respectfully submits that filing SAP financial statements audited by an independent auditor in place of GAAP financial statements required by Regulation S-X would be consistent with investor protection. And for the reasons stated above, we respectfully request, on behalf of Forethought, that the Staff grant relief pursuant to Rule 3-13 of Regulation S-X to permit Forethought to file SAP financial statements audited by an independent auditor in registration statements for its Contracts.

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¹¹ In the adopting release for Forms N-3 and N-4, the SEC stated "the use of statutory financial statements is permitted solely to relieve the disclosure burden upon this group of registrants and their sponsoring insurance company." See Form N-4 Adopting Release, *supra* note 10, at n. 9.

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

Sincerely,

A handwritten signature in cursive script that reads "Stephen E. Roth". The signature is written in dark ink and is positioned above the printed name and firm name.

Stephen E. Roth
Eversheds Sutherland (US) LLP

cc: William J. Kotapish
Harry Eisenstein
Sarah Patterson