RAYMOND JAMES®

December 28, 2016

Via Overnight

Brent J. Fields
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

1:15

Re: SEC File Nos. 812-14446 & 812-14447

Dear Mr. Fields:

On behalf of Raymond James Financial, I hereby request a hearing on the applications filed by Hartford Life Insurance Company, *et al.* (collectively, "Applicants"), on April 21, 2015 and amended on May 25, 2016 and August 31, 2016, SEC file nos. 812-14446 and 812-14447.

REASONS FOR THE HEARING REQUEST

The Applicants request an order approving the substitution of certain funds pursuant to Section 26(c) of the Investment Company Act of 1940 ("1940 Act") and an order of exemption pursuant to Sections 17(b) of the Act from Section 17(a) of the Act. The Applicants seek to replace actively-managed third party funds selected by variable annuity contract holders with funds created and solely managed by Hartford Investment Management Company ("HIMCO"), an affiliate of Hartford Life, from which HIMCO will earn advisory fees. Other actively-managed third party funds selected by current policyholders will be replaced by funds advised by HIMCO and sub-advised to BlackRock. Both HIMCO and Hartford Life are subsidiaries of Hartford Financial Services Group Inc.

Raymond James' clients currently have approximately 11,000 annuity contracts totaling almost $1 billion in assets that will be impacted by this change. If the SEC approves this substitution request, our customers will now be forced to accept funds that in almost all cases have a different investment style and/or objective. Clearly, they will carry different risk/return parameters than the funds they have previously chosen. This constitutes Hartford Life substituting its judgment for that of the contract holder and his/her financial adviser, where it rightfully belongs. Hartford Life offers no evidence of basic suitability for the impacted contract holders. Suitability determinations are critical to ensuring investor protection and promoting fair dealings with customers. The advisers to the affected contract holders, who have the best understanding of each of their customer's insurance needs and investment objectives, appropriately have this responsibility. Additionally, the proposed replacement funds that are to be solely managed by

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HIMCO are newly formed funds with no existing results track record. This makes any suitability determination even more difficult, if not impossible. In fact, if HIMCO offered a mutual fund version of these sub-accounts and asked Raymond James to place them on its list of approved mutual funds, the lack of a published track record as well as the size of the funds would place them well below our minimum criteria.

Further, many of our customers bought optional living benefit guarantees with these policies. When buying such a guarantee, the policyholder knows at the outset the minimum amount of income he or she will receive at any time in the future (provided the terms of the rider are met). The only way to receive more income than the minimum amount is if the account performance exceeds the guaranteed growth of the income base (referred to as a "step-up" of the benefit). Typically, the policyholder with the advisor's assistance selects the sub-accounts he or she believes will provide the returns that will most likely generate sufficient growth to create this living benefit "step-up". Therefore, by substituting these new funds, Hartford is interfering with investment selections that were made in order to maximize the potential of the living benefit riders. We believe therefore, that the substitution requests are not necessary or appropriate, in the public interest, consistent with the protection of investors, or consistent with the purposes fairly intended by the policy and provisions of the 1940 Act.

We note that Hartford Life no longer offers variable insurance contracts and is seeking to sell its variable annuity business. However, these contract holders are our customers, and we will be placed in the difficult position of helping our customers understand why they are being forced to accept funds they never chose or wanted. If this substitution is approved, we will potentially have to have 11,000 different conversations about what if any changes our clients must now make. How do we recommend that they stick with a sub-account with no track record? Simply put, there is insufficient data for us to perform sufficient due diligence to make any recommendation to our clients. For many of our clients, the value of the living and/or death benefits they have on the contracts will force them to stay in the existing contract even if they don't desire to use the new sub-accounts. Any policyholders that determine that the Hartford contract no longer meets their financial needs will have to do an exchange to a new annuity contract which would likely create a new contingent deferred sales charge, thereby limiting their potential liquidity. As an alternative, they could choose to cash in the contract and move the funds to a different investment, thereby creating a taxable gain if the annuity is held in a non-qualified account.

At the end of the day, Hartford is claiming that this is a like for like substitution. Raymond James takes issues with this conclusion. How can one conclude that it is like for like for all policyholders if 17 different sub-accounts are collapsed into a single sub-account? It defies logic that all of the 17 different existing sub-accounts are similar in objective, risk profile and investment methodology. And even if one believed that all 17 sub-accounts were indeed the same, how could anyone conclude this would be a like for like substitution when there is no track record to examine on the new sub-accounts?

We will also note that Hartford initially chose the existing fund managers based on the manager's expertise and track record. These selections were a result of extensive due diligence by Hartford. Up to this point, HIMCO has only been tasked at managing Hartford's general account. Their expertise lies in fixed income. Raymond James does not see how it is in our clients' best interest

to simply allow Hartford to hand over the management of billions of dollars from carefully selected, experienced and well known money managers to an organization with limited equity management expertise and no published track record.

We acknowledge that if this substitution request is approved, all of our clients will be placed into sub-accounts that are cheaper than their current choices. However, approximately ½ of our assets that will be replaced are in sub-accounts managed by American Funds. In each of these cases, the cost savings is only 5 bp per year. While we are always in favor of less cost, we doubt many of our clients would be happy about losing access to their previously selected fund choice in order to save 5 bp per year.

We understand that it is highly unusual for a distributor to request a hearing in such a situation, and that it is even more unusual for the SEC to grant the request. But we ask the SEC to ask itself one question. Did Hartford start this process by asking itself how it could change the contract to best serve the policyholders, or did Hartford begin with the question "how can we improve the profitability of these contracts within the legal framework afforded to us by the contract?" Logic leads us to conclude the later. Therefore, we hope that you will grant us this hearing so that we can make our case that the proposed substitutions are not in the best interests of our customers and therefore, could not possibly be consistent with the protection of investors.

We request a hearing on these applications to determine:

1. **Whether the Staff has adequately assessed the effect of the substitutions on contract holders' guarantees.**

Many of our customers purchased their Hartford Life variable contracts with valuable investment guarantees in the form of living income guarantees and death benefits. These guarantees were priced based on the actively managed mutual funds available to the contract holder at the time of purchase. More importantly, our clients, with the help of their advisor, chose specific sub-accounts in order to maximize the opportunity for an increase in the minimum guaranteed income afforded by the contract. To the extent that the new funds underperform the existing funds, our clients will pay the price in the form of less income in retirement. Obviously, no one knows at this point whether or not the new funds will adequately perform in the future. However, Hartford is asking the SEC to substitute its opinion for that of our clients' and their advisor.

2. **Whether the Staff has correctly determined that the proposed replacement funds are similar to the current funds.**

The proposed replacement funds that will be managed by BlackRock are managed very differently than the current funds are actively managed funds. BlackRock uses a quantitative approach built around algorithms that are designed to categorize and aggregate data to identify patterns and connections of this data. While Raymond James sees the merits of this approach, the fact of the matter is that this is a very different investment style than the traditional actively managed funds that are being replaced. The lack of a published track record for the replacement funds that will be managed by HIMCO keeps us from forming any opinion as to how similar these

new funds are to those being replaced. We believe that the lack of a track record is more than sufficient cause for concern.

Hartford Life asserts that it is acting in the best interest of contract holders by forcing a conversion of freely-chosen funds with brand new, unproven funds from which a Hartford Life investment adviser will now earn substantial fees. At the very time it is seeking to sell its VA business, Hartford Life seeks the SEC's permission to increase its revenues (investment advisory fees) and decrease its costs (guarantees).

Many of the proposed replacement funds have objectives and strategies that are not particularly similar to those of the funds they are proposed to replace. These changes in investment strategy, from mature, high-performing funds to newly formed funds with significant differences in the objectives and strategies, amount to a material change in investment decision. Hartford Life is asking the Commission to approve its plan to replace many investors' chosen investment with a completely different investment, in essence substituting its own judgment for that of the investor. This is not consistent with the purposes fairly intended by the policy and provisions of the 1940 Act.

RAYMOND JAMES IS AN INTERESTED PERSON ENTITLED TO REQUEST A HEARING

To be an interested person entitled to request a hearing on an application under the 1940 Act, a requestor must state an ownership or other direct interest in the applicants at issue or demonstrate that it is likely to be harmed by the granting of the application.[1]

If the applications are granted, Raymond James and its clients are likely to suffer material harm. Hartford Life called the majority of their variable insurance contracts "Industry Leaders" contracts. Hartford Life marketed the contracts – and Raymond James relied on Hartford Life's marketing – as a combination of an insurance product and the best funds offered by third party money managers, and Hartford Life now is using the SEC to completely and totally eviscerate that product. Further, our financial advisors marketed these contracts to our customers on the basis of the attractive guarantees they featured and the active asset management provided by managers. Our representatives face a loss of credibility when the investment we encouraged customers to buy is unilaterally changed without their consent.

We will face considerable expenses if the current funds are replaced. We will have to draft a communications plan to help our representatives explain to their customers why the funds they chose are being removed and substituted with new funds with no track record. Prior to this communication, we will need to do the necessary due diligence on the new funds. Most important, we will have to perform extensive suitability analyses as our customers reassess their investment portfolios. Unfortunately, this is not a situation that allows for blanket recommendations. Because variable annuities are often a part of a much broader retirement plan, each of our 11,000 clients'

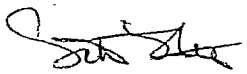
[1] *See* The Chase Manhattan Bank, N.A. and Chemical Bank, Investment Company Act Release No. 23186 (May 14, 1998) (order); Potomac Capital Investment Corp., Investment Company Act Release No. 17238 (Nov. 28, 1989) (order); Shearson Loeb Rhoades Inc., Investment Company Act Release Nos. 11834 and 11835 (June 26, 1981) (orders).

situations are unique and therefore each policy will require its own analysis to determine how, if at all, this change effects that plan.

We believe that we have raised material issues of fact and policy in this request that would warrant a hearing and that our request raises issues of public interest and investor protection relevant to the applications. [2]

Please find enclosed proof of service upon the Applicants in the form of an affidavit.

Very truly yours,



Scott L. Stolz, Senior VP, Private Client Group Investment Products
Raymond James Financial

cc: The Honorable Mary Jo White
The Honorable Michael S. Piwowar
The Honorable Kara M. Stein
David W. Grim

[2] *See, e.g.,* Pantepec International, Inc., Investment Company Act Release No. 17908 (Dec. 20, 1990).