

January 21, 2017

VIA HAND DELIVERY AND E-MAIL

Brent J. Fields, Esq.  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Response to Requests for a Hearing by American Funds Insurance Series and Capital Research and Management Co. on Substitution Applications by Hartford Life Insurance Company et al., File Nos. 812-14446 and 812-14447**

Dear Mr. Fields:

On behalf of Hartford Life Insurance Company and Hartford Life and Annuity Insurance Company (together, "Hartford Life"), Hartford Investment Management Company ("HIMCO") and the other applicants (collectively, the "Applicants") named in the above-referenced substitution applications (the "Applications"), we are submitting this response to the two hearing requests submitted by American Funds Insurance Series ("AFIS") and Capital Research and Management Co. ("CRMC"), each dated December 30, 2016.<sup>1</sup>

The Applicants respectfully request that the U.S. Securities and Exchange Commission (the "Commission") deny the requested hearings and issue orders approving the Applications. The Applications, as supported by the administrative record, clearly demonstrate that Commission approval of the substitutions is appropriate and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Investment Company Act of 1940 ("1940 Act"). In summary, the bases for denial are simple and straightforward:

- The hearing requests do not raise any issues that have not already been resolved to the satisfaction of the Commission staff during its almost 18 month review of the Applications, which was perhaps the most robust the staff has ever conducted on substitution applications.

---

<sup>1</sup> We will respond separately to the two other hearing requests submitted on the Applications. We note that the additional hearing requests appear to have been actively solicited by CRMC and AFIS and, as such, are appreciably similar to the hearing requests addressed in this letter.

- Insurance company substitutions are commonplace, and are premised on unambiguous contractual provisions and prospectus disclosure. They are fundamental to the long-term nature of variable insurance contracts.
- The Applications, including their conditions and representations, are wholly consistent with prior substitution applications approved by the Commission, and, therefore, include all the elements of investor protection developed by the staff over the years.
- It is unquestionable that the replacement funds are actively managed. Broadridge®, an independent third party, has classified all of the replacement funds as actively managed funds.<sup>2</sup>
- The substitutions will simplify fund line-ups and the investment process, allowing Hartford Life to present information to contract owners in a simpler, more concise and uniform manner. The substitutions will also reduce the amount of net fund expenses borne by contract owners who are invested in the replacement funds.
- Because the replacement funds have substantially similar investment objectives, strategies and risks, and because contract owners would continue to have access to funds with substantially similar risk/return characteristics and their permitted and actual equity investment allocation percentages will not decrease as a result of the proposed substitutions, the value of any contract guarantees will not materially change as a result of the substitutions.<sup>3</sup>

Furthermore, we cannot help but observe that CRMC's and AFIS's perspectives on the Hartford Life substitutions are shaped by their own obvious self-interests. The substitutions will result in a significant loss of assets under management for CRMC and AFIS – an unavoidable consequence of any replaced fund in a substitution transaction – and therefore a loss of substantial fee revenue for CRMC. Unfortunately, CRMC's and AFIS's arguments also appear to be informed by a desire to defend at all costs their own active management business model. The administrative hearing process should not be used to resolve CRMC's and AFIS's business disappointments.

---

<sup>2</sup> Broadridge, an independent provider of investment company data, creates reports specifically designed to provide boards of directors the necessary fee, expense, and investment performance information to help fulfill their governance responsibilities.

<sup>3</sup> Of course, any benefits ultimately paid to a contract owner based on a contract guarantee will depend on a contract owner's particular circumstances (*e.g.*, age at the time when the contract was purchased, age at death), actions specifically taken or not taken by a contract owner related to his or her contract (*e.g.*, the date when a contract owner elects to begin taking withdrawals available under a contract guarantee) and the actual performance of the investment options the contract owner is invested in. As is the case with any investment option, future performance cannot be predicted or guaranteed – not by any investment manager.

## **I. Variable Insurance Contracts and Substitution Transactions**

Both hearing requests portray a fundamental misunderstanding of the general nature of variable annuity contracts and the longstanding process by which life insurance companies have appropriately substituted mutual fund options underlying their variable insurance contracts.

Substitution transactions in variable insurance contracts are by no means rare. In the past ten years alone, there have been 52 approved applications, most containing multiple fund substitutions. As is the case with the Applications, underlying fund substitutions are premised on clearly stated contractual provisions giving insurance companies the right to substitute underlying funds in their contracts – a right that is disclosed in the prospectuses that investors receive when they purchase the contracts – and by provisions in the agreements that insurance companies enter into with underlying funds pursuant to which underlying fund shares are purchased and redeemed.

The CRMC and AFIS hearing requests overlook why individual investors purchase variable insurance contracts that include these substitution provisions rather than invest those amounts directly in retail mutual funds, where these substitution provisions do not exist. Unlike direct investments in mutual funds, variable insurance contracts provide significant insurance benefits that are in addition to and overlay the underlying fund investments. These insurance benefits are a principal reason why investors purchase variable insurance contracts. Such insurance benefits include contract guarantees – most notably, guaranteed annuity benefits, death benefits and income benefits. Variable insurance contracts are also significantly different from direct mutual fund investments because, along with the insurance benefits, they offer the benefit of tax deferral as well as the ability to reallocate contract values among underlying funds with different investment objectives without any fees or charges and without triggering federal income taxes.

These annuity benefits are critical to understanding why fund substitutions are a necessary component of these contracts. Insurance companies are not able to offer the significant benefits of various variable insurance contracts unconditionally. They can be responsibly offered only with certain unilateral insurer conditions, *e.g.*, limitations on initial and subsequent premium amounts; restricting access to certain underlying funds; age limitations for benefit availability; and, perhaps most vital to insurers, the ability to add, delete, merge, close and *substitute* fund offerings. Insurance companies use these contractual rights to manage operational expenses and insurance risks over the long life of their guarantees, and to manage contract owners' changing needs over those same durations. Without proper regard for Hartford Life's contractual rights or the fundamental nature of variable annuity contracts, CRMC and AFIS will have the Commission believe that the substitutions are violating contract owners' rights, as if the contract owners were all invested in separate retail mutual funds rather than variable annuity contracts. Yet, the truth is that the substitutions proposed by Hartford Life are

clearly within the terms of the variable annuity contracts at issue and preserve the benefits that make variable annuity contracts attractive investments.

This unique variable insurance contract context is also critical to understanding why the representations and conditions that the Commission staff has developed over the past two decades, and which are reflected in the Applications and accompanying administrative record, provide robust protection to variable insurance contract investors. Those representations and conditions ensure that, among other things, investors will bear no costs associated with the substitutions; the replacement funds will have substantially similar investment objectives, strategies and risks as the corresponding existing funds; the basic array of investment styles that investors had before the substitutions will be preserved; investors will not pay higher fees after the substitutions than before the substitutions; and the insurance guarantees are protected. These and other representations and conditions that the Commission staff has developed, and that Hartford Life and other life insurance companies have agreed to time and time again, recognize that the insurance company's contract with the variable insurance contract investor reserve the right to substitute as one of the conditions related to the contract's long-term insurance guarantees. At the same time, the representations and conditions guard against any potential insurance company conflicts of interest<sup>4</sup> that could motivate a substitution, and ensure that the fundamental essence of the variable contract platform that investors purchased remains intact and that investors are not paying for the substitutions.

The proposed substitutions are an example of the important role a life insurance company's right to substitute plays in maintaining its variable contracts over time. Hartford Life's decision to substitute the HIMCO replacement funds for the existing AFIS funds (and other funds identified in the Applications) is motivated by an indisputable fact that the Commission, FINRA and the investment community and press have repeatedly stated: variable annuity contracts can be complex, and therefore have the potential to be confusing as well as difficult and expensive to administer over long periods of time. In Hartford Life's case, its long history of leadership as an issuer of variable annuities and the ultracompetitive variable annuity marketplace in the 1980s, 1990s and the first half of the previous decade resulted in a proliferation of fund options, and Hartford Life's fund line-ups eventually came to contain numerous (sometime a half dozen or more) overlapping and redundant underlying mutual fund investment options – options with substantially similar investment objectives, strategies and risks. Reducing the number of overlapping investment options (and the complexity such redundancies create) will not change the fundamental features of the variable annuity contracts at

---

<sup>4</sup> As fully disclosed in the administrative record, Hartford Life acknowledges that the substitutions will benefit its business and certain of its affiliates. In particular, the substitutions will reduce Hartford Life's costs by increasing Hartford Life's operational efficiencies with respect to the administration and compliance matters. The substitutions may also enhance Hartford Life's ability to manage the costs and risks associated with contract guarantees.

issue. The proposed substitutions streamline the fund line ups in a way that preserves investor choice but limits investment strategy redundancies and avoids possible investor confusion.

What is perhaps most troubling about CRMC's and AFIS's general negative assertions about substitution transactions and their objections to the Applications is that they have willingly entered into agreements with numerous insurance companies – some during the pendency of the Applications – waiving their right to challenge substitutions. Specifically, CRMC and AFIS have agreed that they would “in no way recommend action in connection with, or oppose or interfere with any application made to the [Commission] by [the insurance company] with regard to, the substitution of [AFIS] shares with shares of another investment company.”<sup>5</sup> In other words, CRMC and AFIS recognize and even support an insurance company's right to replace funds when it seems to be in their commercial interest to do so. Indeed, CRMC and AFIS have received assets as the result of substitution transactions.<sup>6</sup> But when it comes to the Applications and the potential loss of significant assets under management for CRMC and AFIS, they present what can only be described as hollow arguments of principle.<sup>7</sup>

## **II. Key Points Related to the Hartford Life Substitutions and the CRMC and AFIS Hearing Requests**

The Applicants do not believe it necessary to rebut or discuss herein each of the arguments and assertions made in the CRMC and AFIS hearing requests. As noted at the outset, the Applications, together with the Commission staff comments and Hartford Life's responses thereto, provide a full and robust record supporting the approvals that the Applicants seek from the Commission. That said, because both hearing requests include some elemental

---

<sup>5</sup> See, e.g., MEMBERS Horizon Variable Separate Account, Pre-Effective Amendment to Registration Statement on Form N-4, Ex. 8A (N-4/A) (Apr. 6, 2016) (File Nos. 333-207276; 811-23092) (Fund Participation and Service Agreement dated Feb. 25, 2016); Ameritas Variable Separate Account VA-2, Pre-Effective Amendment to Registration Statement on Form N-4, Ex. 8.A.4 (N-4/A) (Nov. 25, 2015) (File Nos. 333-206889; 811-05192) (Fund Participation and Service Agreement dated Nov. 19, 2015); Protective Variable Life Separate Account, Post-Effective Amendment to Registration Statement on Form N-6, Ex. 99.8dd (485BPOS) (June 26, 2015) (File Nos. 333-194115; 811-07337) (Fund Participation and Service Agreement dated June 18, 2015); Principal National Life Insurance Company Variable Life Separate Account, Post-Effective Amendment to Registration Statement on Form N-6, Ex. 99.H03A (485BPOS) (Apr. 27, 2015) (File Nos. 333-175768; 811-22589) (Fund Participation and Service Agreement dated May 1, 2014); Separate Account A of Pacific Life & Annuity Company, Post-Effective Amendment to Registration Statement on Form N-4, Ex. 99.8NN (485BPOS) (File Nos. 333-185331; 811-09203) (Oct. 15, 2013) (Fund Participation and Service Agreement dated October 1, 2013); Pruco Life Variable Universal Account, Post-Effective Amendment to Registration Statement on Form N-6, Ex. 99.H (485BPOS) (File Nos. 333-112808; 811-05826) (June 28, 2013) (Fund Participation and Service Agreement dated May 30, 2013).

<sup>6</sup> See Horace Mann Life Ins. Co. et al., Rel. No. IC-31744 (Aug. 7, 2015) (Order) (File No. 812-14336); Pacific Life Ins. Co. et al., Rel. No. IC-27291 (Apr. 25, 2006) (Order) (File No. 812-13187); The Lincoln Nat'l Life Ins. Co. et al., Rel. No. IC-25652 (July 9, 2002) (Order) (File No. 812-11894).

<sup>7</sup> To be clear, this appears to be a provision that CRMC and AFIS started including in its insurance company agreements many years after it entered into its arrangement with Hartford Life, which is one of their older insurance company relationships.

misrepresentations of the facts and circumstances presented by the Applications, there are a few specific points that Hartford Life believes warrant mention.

First, each of the assertions and arguments that both CRMC and AFIS make in their hearing requests are the same assertions and arguments that they made in numerous written correspondence to the Commission staff during the pendency of the Applications. In its commitment to fully vetting the Applications and all issues presented, even issues presented by parties outside Hartford Life's application process, the staff shared such correspondence with Hartford Life and asked it to provide any appropriate and necessary responses. Accordingly, the Commission staff's written comment letters on the Applications, Hartford Life's written responses to those comments and the Applications themselves – along with other information provided by Hartford Life during the time the Applications were being reviewed by the staff – directly address and, where necessary completely refute, the assertions and arguments made by CRMC and AFIS.

The initially filed Applications closely followed existing precedent and contained all the representations and conditions that the Commission staff has carefully designed over two decades to protect investors. Despite this fact, and despite the fact CRMC and AFIS have waived their right to challenge other insurance company substitutions, they elected to engage in an unprecedented and premature intrusion into Hartford Life's application process, causing significant delays. Nevertheless, now that CRMC and AFIS are requesting a hearing on the Applications, the fact is that the Applications, together with the administrative record, address all of the assertions and arguments that CRMC and AFIS are making, once again, in their hearing requests.

Second, while the Applications involve a large number of substitutions, given the size and scope of Hartford Life's variable annuity block of business, they are not disproportionate relative to other substitutions approved by the Commission. Nor are the specific circumstances of the proposed substitutions as set forth in the Applications by any means unique. For example, many previous substitution applications approved by the Commission have included: a comparable number of funds to be replaced;<sup>8</sup> substitutions through which several existing funds were replaced by a single replacement fund;<sup>9</sup> replacement funds for which an affiliate of the

---

<sup>8</sup> See, e.g., Horace Mann Life Ins. Co. et al., Rel. No. IC-31744 (Aug. 7, 2015) (Order) (File No. 812-14336) (38 substituted funds); MetLife Ins. Co. of Connecticut et al., Rel. No. IC-27810 (Apr. 30, 2007) (Order) (File No. 812-13347) (39 substituted funds); John Hancock Life Ins. Co. et al., Rel. No. IC-27781 (Apr. 16, 2007) (Order) (File No. 812-13318) (35 substituted funds); ING Life Ins. and Annuity Co. et al., Rel. No. IC-27275 (Mar. 28, 2006) (Order) (File No. 812-13237) (52 substituted funds); ING USA Annuity & Life Ins. Co. et al., Rel. No. IC-27052 (Aug. 30, 2005) (Order) (File No. 812-13148) (47 substituted funds).

<sup>9</sup> See, e.g., Horace Mann Life Ins. Co. et al., Rel. No. IC-31744 (Aug. 7, 2015) (Order) (File No. 812-14336) (12 funds replaced by 1 fund); Minnesota Life Ins. Co. et al., Rel. No. IC-31028 (Apr. 24, 2014) (Order) (File No. 812-14203) (6 funds replaced by 1 fund); Lincoln Nat'l Life Ins. Co. et al., Rel. No. IC-30517 (May 14, 2013) (Order) (File No. 812-14063) (5 funds replaced by 1 fund); Nationwide Life Ins. Co. et al., Rel. No. IC-28815 (July 8, 2009)

insurer served as investment adviser;<sup>10</sup> contracts with optional guaranteed benefits;<sup>11</sup> and replacement funds with no history or a very limited history of operations.<sup>12</sup> The record of approved substitutions speaks loudly for itself and fully supports denying the hearing requests and issuing the requested orders of approval.

Third, the benefits offered by the guarantees under the contracts will be the same immediately before and after the substitutions. As part of the Commission staff's review of the Applications, the staff specifically sought information about how the substitutions would impact the value of contract guarantees. In this regard, Hartford Life represented that, among other things, because the replacement funds had substantially similar investment objectives, strategies and risks, and because contract owners will continue to have access to funds with substantially similar risk/return characteristics and their permitted and actual equity investment allocation percentages will not decrease as a result of the proposed substitutions, the value of any contract guarantees will not materially change as a result of the substitutions.<sup>13</sup> Following extensive consideration by the Division of Investment Management's Office of Chief Counsel, Hartford Life added a representation to this effect, one that the staff specifically requested.<sup>14</sup>

CRMC and AFIS allege that the Applications are flawed because they omit a historical condition, *i.e.*, that the substitutions will not "adversely" affect any riders under the contracts. They further allege that the condition was removed because Hartford Life is unable to make such a statement. CRMC and AFIS are patently mistaken and have misinterpreted the meaning of that condition, which traces back to the specific concern that a substitution could result in the complete termination of a rider by substituting a contract owner into an ineligible

---

(Order) (File No. 812-13495) (6 funds replaced by 1 fund); ING Travelers Ins. Co. et al., Rel. No. IC-27307 (Apr. 27, 2006) (Order) (File No. 812-13250) (6 funds replaced by 1 fund).

<sup>10</sup> See, e.g., Allianz Life Ins. Co. of N. Am. et al., Rel. No. IC-32242 (Aug. 29, 2016) (Order) (File No. 812-14580); New York Life Ins. and Annuity Corp. et al., Rel. No. IC-32227 (Aug. 23, 2016) (Order) (File No. 812-14589); Voya Ret. Ins. and Annuity Co. et al., Rel. No. IC-31599 (May 12, 2015) (Order) (File No. 812-14302); MetLife Ins. Co. of Connecticut et al., Rel. No. IC-31023 (Apr. 22, 2014) (Order) (File No. 812-14221); Minnesota Life Ins. Co. et al., Rel. No. IC-31028 (Apr. 24, 2014) (Order) (File No. 812-14203).

<sup>11</sup> See, e.g., Allianz Life Ins. Co. of N. Am. et al., Rel. No. IC-32242 (Aug. 29, 2016) (Order) (File No. 812-14580); New York Life Ins. and Annuity Corp. et al., Rel. No. IC-32227 (Aug. 23, 2016) (Order) (File No. 812-14589); Voya Ret. Ins. and Annuity Co. et al., Rel. No. IC-31599 (May 12, 2015) (Order) (File No. 812-14302); Pacific Life Ins. Co. et al., Rel. No. IC-31499 (Mar. 6, 2015) (Order) (File No. 812-14359); Minnesota Life Ins. Co. et al., Rel. No. IC-31028 (Apr. 24, 2014) (Order) (File No. 812-14203).

<sup>12</sup> See, e.g., Minnesota Life Ins. Co. et al., Rel. No. IC-31028 (Apr. 24, 2014) (Order) (File No. 812-14203); Pruco Life Ins. Co. et al., Rel. No. IC-30209 (Sept. 20, 2012) (Order) (File No. 812-13990); New York Life Ins. & Annuity Co. et al., Rel. No. IC-29947 (Feb. 14, 2012) (Order) (File No. 812-13903); Nationwide Life Ins. Co. et al., Rel. No. IC-29505 (Nov. 22, 2010) (Order) (File No. 812-13648); Nationwide Life Ins. Co. et al., Rel. No. IC-28815 (July 8, 2009) (Order) (File No. 812-13495).

<sup>13</sup> See *supra* note 3.

<sup>14</sup> This representation has been included in the two most recently approved substitution applications. See Allianz Life Ins. Co. of N. Am. et al., Rel. No. IC-32242 (Aug. 29, 2016) (Order) (File No. 812-14580); New York Life Ins. and Annuity Corp. et al., Rel. No. IC-32227 (Aug. 23, 2016) (Order) (File No. 812-14589).

investment option. That condition did not directly address the effect of a substitution on the value of contract guarantees.<sup>15</sup> During the substitution review process, the staff requested the removal of that condition. The staff did so because it determined that, given the totality of the representations and conditions in the Applications, including the new representation regarding the value (and not just the termination) of the guarantees, such condition was no longer necessary.

Fourth, contract owners will benefit from the proposed substitutions. The substitutions will reduce the amount of net fund expenses borne by contract owners who are invested in the replacement funds. In addition, to further protect contract owners, Hartford Life has agreed to cap fund expenses, as well as contract fees and charges, for a period of at least two years following the substitutions.<sup>16</sup> The substitutions will simplify fund line-ups and the investment process, allowing Hartford Life to present information to contract owners in a simpler, more concise and uniform manner. Contract owners will continue to have access to an array of investment options and investment managers. Like the existing funds, the replacement funds will be actively managed, and Broadridge®, an independent third party, has classified all of the replacement funds as actively managed funds.<sup>17</sup> As is the case with all substitutions, Hartford Life has also agreed to bear all expenses and transaction costs of the substitutions.

---

<sup>15</sup> See, e.g., The Guardian Ins. & Annuity Co. et al., Rel. No. IC-31993 (Feb. 10, 2016) (Order) (File No. 812-14449) (“The proposed Substitutions will not adversely affect any riders under the Contracts since each Replacement Fund is an allowable investment option for use with such riders.”); Pacific Life Ins. Co. et al., Rel. No. IC-31499 (Mar. 6, 2015) (Order) (File No. 812-14359) (“The Proposed Substitution will not adversely affect any riders under the Contracts since the Replacement Portfolio is an allowable Investment Option for use with such riders”); Lincoln Nat’l Life Ins. Co. et al., Rel. No. IC-30517 (May 14, 2013) (Order) (File No. 812-14063) (“The proposed Substitution will have no impact on Contracts with optional riders, as the Insurance Companies do not limit investment options for the riders on a fund-by-fund basis.”).

<sup>16</sup> We feel the need to point out another point of confusion on the part of CRMC and AFIS. They allege that the Applications should include a condition providing that Hartford Life will not receive any direct or indirect benefits from certain parties at higher rate than it received from other parties prior to the substitutions. That condition does not apply to the facts and circumstances of the Applications. Rather it applies only to a substitution involving a replacement fund that is not affiliated with the insurance company applicant, and even then that condition is an alternative to the two-year expense cap to which Hartford Life agreed. See, e.g., The Guardian Ins. & Annuity Co. et al., Rel. No. IC-31993 (Feb. 10, 2016) (Order) (File No. 812-14449); Pacific Life Ins. Co. et al., Rel. No. IC-31499 (Mar. 6, 2015) (Order) (File No. 812-14359); Am. Fid. Assurance Co. et al., Rel. No. IC-31251 (Sept. 16, 2014) (Order) (File No. 812-14288); Minnesota Life Ins. Co. et al., Rel. No. IC-31028 (Apr. 24, 2014) (Order) (File No. 812-14203) (compare conditions for affiliated funds versus conditions for unaffiliated funds); Ameritas Life Ins. Corp. et al., Rel. No. IC-30787 (Nov. 15, 2013) (Order) (File No. 812-14189).

<sup>17</sup> See *supra* note 2.

### **III. CRMC and AFIS are not Interested Persons Entitled to Request a Hearing**

Rule 0-5 under the 1940 Act provides that only “interested persons” are entitled to request a hearing before issuance of an order of the Commission approving an application.<sup>18</sup> The Commission has consistently defined an “interested person” for purposes of Rule 0-5 as someone who has “an ownership or other direct interest in the applicants at issue or [that can] demonstrate that it is likely to be harmed by the granting of the application.”<sup>19</sup>

CRMC is not an interested person. CRMC does not state an ownership or other direct interest in the Applicants. The only “harm” that CRMC may suffer from the approval of the Applications is a reduction in future revenue from the asset-based management fees that it collects from AFIS. However, CRMC would not actually be harmed by any such loss, because CRMC has no legitimate expectation to receive a certain level of management fees. Reductions in asset-based management fees are an inherent risk for investment advisers that manage mutual funds, as each mutual fund’s assets are subject to the freely redeemable nature of the fund’s shares. If the Commission were to acknowledge CRMC’s loss of revenue as a rationale to grant standing, it would be recognizing a harm that is inconsistent with fundamental principles of the 1940 Act.

Nor is AFIS an interested person for similar reasons. AFIS does not state an ownership or other direct interest in the Applicants. The only “harm” that AFIS would suffer from the approval of the Applications is a loss of assets from the redemption of its shares. However, AFIS would not actually be harmed from the loss of assets, because AFIS has no legitimate expectation to a certain level of assets. Like all mutual funds, AFIS’s shares are freely redeemable. As with CRMC’s illegitimate expectation to a certain level of management fees, AFIS is essentially asking the Commission to acknowledge its expectation to a certain level of assets, which is also inconsistent with fundamental principles of the 1940 Act.

CRMC and AFIS mistake the protections that are intended to benefit investors as protections for their financial interests. Section 26(c) of the 1940 Act protects investors, not investment advisers or funds. CRMC and AFIS purport to be acting in the interests of contract owners and the public, but their hearing requests are clearly financially motivated. Ultimately, AFIS is the issuer of redeemable securities, and CRMC and AFIS are inherently subject to the potential loss of assets under management.

\* \* \*

---

<sup>18</sup> See 17 C.F.R. § 275.0-5(a), (c).

<sup>19</sup> See Chase Manhattan Bank and Chem. Bank, Rel. No. IC-23186 (May 14, 1998) (Order) (File No. 812-10136); see also, e.g., Potomac Capital Inv. Corp. et al., Rel. No. IC-17238 (Nov. 28, 1989) (Order) (File No. 812-6035).

Brent J. Fields, Esq.  
January 21, 2017  
Page 10

CRMC and AFIS are not entitled to an administrative hearing on the Applications simply because they want to preserve their assets under management. Nor is a Commission hearing an appropriate forum to attempt to resolve business disappointments or disagreements. Instead, the Commission needs only to decide whether a hearing is necessary or appropriate in the public interest or the protection of investors.<sup>20</sup> The Applications have been thoroughly and expertly reviewed by the Division of Investment Management and include a robust administrative record that addresses all of the assertions and allegations raised in the hearing requests. The requested hearings are neither necessary nor appropriate, and the Applicants respectfully suggest that there has been enough undue delay and submit that the hearing requests should be denied.

Sincerely,



Stephen E. Roth



Dodie C. Kent

cc: Thomas S. Harman, Esq., Morgan, Lewis & Bockius LLP  
Harvey L. Pitt, Esq., Kalorama Legal Services, PLLC

---

<sup>20</sup> See 17 C.F.R. § 275.0-5(c).

**CERTIFICATE OF SERVICE**

I, Dodie C. Kent, an attorney at law representing Hartford Life Insurance Company and the other applicants for orders of approval and exemption from the U.S. Securities and Exchange Commission under the Investment Company Act of 1940, as amended, File Nos. 812-14446 and 812-14447, hereby certify that, on January 23, 2017, I caused a true and correct copy of the foregoing response to the requests for a hearing by American Funds Insurance Series and Capital Research and Management Co., each dated December 30, 2016, to be served by hand delivery to:

Thomas S. Harman  
Partner  
Morgan, Lewis & Bockius LLP  
1111 Pennsylvania Ave. NW  
Washington, DC 20004

Harvey L. Pitt  
Chief Executive Officer and Managing Director  
Kalorama Legal Services  
1130 Connecticut Ave. NW  
Suite 710  
Washington, DC 20036

*Dodie C. Kent*

---

Dodie C. Kent  
Partner  
Sutherland Asbill & Brennan LLP