

January 27, 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 Request for a Hearing by Andrea D. Calhoun and Steven J. Calhoun 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 hearing request submitted by Andrea D. Calhoun and Steven J. Calhoun (together, the "Calhouns"), dated December 29, 2016.

The Applicants respectfully request that the U.S. Securities and Exchange Commission (the "Commission") deny the requested hearing and issue orders approving the Applications. The Applications and the related administrative record¹ clearly demonstrate that a hearing is not necessary or appropriate and that Commission approval of the substitutions is 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").

Hartford Life appreciates the opportunity to respond to the Calhouns' request and respects their right to ask questions about the proposed substitutions. That said, with great respect for the Calhouns, Hartford Life feels obligated to clarify some inaccuracies in the Calhouns' request. First and foremost, The Hartford has been honoring its commitments to contract owners for over 200 years and will continue to do so. Complying with its legal,

¹ The Applicants also refer the Commission to the other letters that the Applicants have submitted in response to additional hearing requests on the Applications.

regulatory, and ethical obligations is ingrained in the culture of, and is of utmost importance to, Hartford Life.

Hartford Life and the Calhouns have a contractual relationship, and the contract explicitly gives Hartford Life the unilateral right to change fund offerings. The Calhouns own a Hartford Life variable annuity contract and, in addition to the many other insurance benefits provided by their contract, the Calhouns also elected a guaranteed withdrawal benefit rider. Such insurance benefits were undoubtedly critical to the Calhouns' investment decision. At the time the Calhouns decided to invest in a variable annuity, they entered into and received a contract from Hartford Life, unlike if they invested directly in a mutual fund. They also received a prospectus for the contract. The contract, and to the same effect the contract prospectus, includes the following substitution provision:

We reserve the right, subject to any applicable law, to make certain changes, including the right to add, eliminate, or substitute any investment options offered under the contract.

Substitution provisions, such as this one, along with many other insurance company contractual rights, are universal to variable insurance contracts in the marketplace and to the insurance business as a whole. The reason is both simple and vitally important: insurance companies are not able to offer the significant benefits of variable insurance contracts without reserving certain contractual rights, including the right to substitute funds. The ability of insurance companies to exercise these rights is one of the primary ways they manage their insurance risks and operational expenses over the long life of insurance benefit guarantees, as well as manage their contract owners' changing needs over those same durations.

In short, the Calhouns did not purchase an insurance contract that promised a static fund line up. Such a promise would be contrary to the fundamental nature of variable annuity contracts and to the vicissitudes of a changing marketplace. Neither Hartford Life nor any insurance company could promise to offer a frozen fund line up or any single fund ad infinitum.

As Hartford Life contract owners, the Calhouns have contractual rights. For example, Hartford Life will pay the Calhouns the benefits provided by their annuity contract, including a guaranteed withdrawal benefit, pursuant to the provisions of the contract and rider. Hartford Life fully intends to abide by its contractual promises to the Calhouns while faithfully honoring the terms of the variable annuity contracts it entered into with all of its customers.

The insurance benefits provided under the contracts issued by Hartford Life, including the Calhouns' contract and its guaranteed withdrawal benefit rider, will be the same immediately before and after the substitutions. Furthermore, the value of any contract guarantee will not materially change as a result of the substitutions. The Applications and

related administrative record speak loudly on these points. They clearly reflect, among other things, the following:

- The substitutions do not amend the benefit provisions of the insurance contracts in any way;
- The replacement funds are actively managed and have substantially similar investment objectives, strategies, and risks as the corresponding funds to be replaced;
- The Calhouns, and all other contract owners, will continue to have access to the same asset classes (*e.g.*, equity, fixed income, balanced);
- The Calhouns' and all contract owners' permitted and actual equity investment allocation percentages will not decrease as a result of the proposed substitutions;
- The Calhouns, and all other contract owners, will continue to have access to funds with substantially similar risk/return characteristics; and
- The Calhouns, and all other contract owners, will continue to have access to funds with a variety of investment styles offered by proven investment managers.

For these reasons, the value of any contract guarantee will not materially change as a result of the substitutions. After much consideration, the Commission staff asked the Applicants to include a representation to this effect in the Applications, and they did so.²

The replacement funds are actively managed. Broadridge®, an independent third party, has classified all of the replacement funds as actively managed funds.³ Accordingly, the Applicants are not replacing actively managed funds with index-based funds or passively managed funds, as the Calhouns suggest or may have been led to believe. The replacement funds will be managed by proven investment managers, HIMCO and BlackRock, and in addition, the Calhouns will continue to have access to the following investment managers: Hartford, Wellington, American Funds, Invesco, MFS, and Franklin Templeton. Also, as discussed in the administrative record, the post-substitution fund offerings will provide the Calhouns and all contract owners the ability to select from a comparable variety of investment options that have a spectrum of risk/return profiles.

² Of course, any benefits ultimately paid to the Calhouns will depend on their particular circumstances (*e.g.*, age at the time when the contract was purchased, age at death), actions they specifically take or do not take (*e.g.*, the date they begin taking the withdrawals available under a contract guarantee) and the actual performance of the investment options the Calhouns invest in. As is the case with any investment option, future performance cannot be predicted or guaranteed – not by *any* investment manager.

³ 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.

The proposed substitutions offer benefits to all contract owners, including the Calhouns. The variable annuity contracts that are covered by the Applications, including the Calhouns' contract, have 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 issue. However, they will serve to streamline the fund offerings in a way that preserves investor choice, while limiting investment strategy redundancies and avoiding potential investor confusion. In addition, the net fund expenses borne by contract owners, like the Calhouns, who are currently invested in one or more of the existing funds will be lower immediately following the substitutions, and 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.

Hartford Life will communicate with all of its contract owners at the appropriate time. Hartford Life appreciates the Calhouns' concern about communications regarding the proposed substitutions. Contract owners will be notified, at least 30 days before the substitution date, about each fund substitution, the intended substitution date, and certain contract owner transfer rights. For example, the notice will explain that contract owners, including the Calhouns, may transfer contract value to other available investment options prior to or after the execution of the substitutions if they do not want to be invested in a replacement fund. A prospectus for each applicable replacement fund will accompany such notice or be provided in the same timeframe. Given that the substitution process is lengthy, one that has no prescribed or finite regulatory timeline, and given that the transactions themselves may be subject to change during the review process, this communication plan has long been accepted by the Commission staff and is consistent with the communication approach many other insurers have taken for their substitution transactions. In short, contract owners will be provided with clear communications and advance notice.

Last, and most importantly, the Applications, including their conditions and representations, are wholly consistent with prior substitution applications approved by the Commission. Indeed, the Applications include all the elements of investor protection developed by the staff over the years.

While the Calhouns' position the Applications as nefariously shielded from public view and Hartford Life as utilizing an "obscure filing process," nothing could be further from the truth. Instead, Hartford Life is following a well-known, widely-accepted, and thoughtfully-considered path established over decades by law and industry practice.

Brent J. Fields, Esq.
January 27, 2017
Page 5

The Applicants respectfully request that the Commission deny the requested hearing 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 1940 Act. As a result, a hearing is neither necessary nor appropriate.

Sincerely,



Stephen E. Roth



Dodie C. Kent

cc: Andrea D. Calhoun
Steven J. Calhoun

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 30, 2017, I caused a true and correct copy of the foregoing response to the request for a hearing by Andrea D. Calhoun and Steven J. Calhoun, dated December 29, 2016, to be served by delivery to:

Andrea D. Calhoun
Steven J. Calhoun
842 Hokulani Street
Honolulu, HI 96825

Dodie C. Kent

Dodie C. Kent
Partner
Sutherland Asbill & Brennan LLP