



AGL Life Assurance Company

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March 9, 2007

VIA ELECTRONIC MAIL

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090.

**Re: Commission File No. S7-25-06
Release No. 33-8766; IA 2576
Prohibition of Fraud by Advisers to Certain Pooled Investment Vehicles;
Accredited Investors in Certain Private Investment Vehicles**

Dear Ms. Morris:

AGL Life Assurance Company ("AGL") is submitting this comment letter in response to the request for comments made by the Securities and Exchange Commission (the "Commission") with respect to the proposed amendments to the definition of "accredited investor" under Rule 501(a) of Regulation D and Rule 215 of the Securities Act of 1933, as amended (the "Securities Act"). The Commission's proposals will be referred to as the "Proposed Rules" and the proposing release will be referred to as the "Proposing Release."

AGL is an insurance company issuing variable life insurance and annuity products on a private placement basis. These products are offered and sold without registration under the Securities Act pursuant to exemptions provided in the Securities Act and Regulation D promulgated thereunder. For purposes of these comments, AGL separate accounts supported by premiums from insurance and annuity products sold to purchasers who are not "qualified persons" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 are treated as being included in the term "3(c)(1) Pools," as that term is defined in the Proposing Release.

AGL wishes to comment only on the portion of the Proposing Release that contemplates that the Proposed Rules would not provide for a "grandfather" mechanism that would apply to an individual who qualifies currently as an "accredited investor" under Rule 501(a) of Regulation D but who would not meet the "accredited natural person" requirements included in the Proposed Rules. AGL believes that the absence of a grandfather mechanism would have unintended adverse effects that could be harmful to many holders of products issued by private placement variable life insurance or variable annuity issuers.

Private placement variable life insurance and annuity products frequently provide policy owners with options to pay policy premium in multiple installments over time or to make

additional premium payments up to a stated policy maximum amount, provided that a minimum initial policy premium has been paid. Once the policy owner has paid the minimum initial policy premium and the policy has been issued, the issuing insurer generally cannot cancel the policy for non-payment of the future premium installments, although a policy owner's failure to pay future premiums under the policy will, in the case of a variable life insurance policy, affect the policy's surrender value and the value of the death benefit payable on the death of the insured under the policy, and in the case of a variable annuity policy, will affect the surrender value of the policy and the amount of any annuity payments under the policy.

Owners of private placement insurance and annuity products typically acquire these products with a long term view of how the benefits anticipated under these products fit into the owners' comprehensive financial, retirement or estate planning. That planning could be significantly and adversely affected if an owner, who acquired a private placement product providing for future premium payments in reliance on existing law, is thereafter prevented from making future premium payments because of the person's inability to satisfy the "accredited natural person" requirements set out in the Proposed Rules.

This outcome is particularly worrisome where a policy owner who does not satisfy the new "accredited natural person" test, and therefore is prohibited from making additional premium payments, is also not able to acquire additional or replacement insurance. For example, events may occur between the date the insured person under a private placement life policy completes the insurer's medical underwriting procedures and the date of the next scheduled policy premium that would render the person uninsurable or insurable only at rates significantly in excess of the rates called for under the policy already in force. The unavailability or economic unfeasibility of replacement or additional insurance could significantly disrupt such person's long term financial planning.

In considering whether to adopt the Proposed Rules, we respectfully request that the Commission include in any final rules a grandfather provision that would permit an existing investor in a 3(c)(1) Pool as of the effective date of the new rule to continue to make future investment in that pool without regard to whether the investor satisfies any "accredited natural person" requirements. Such a provision, when applied to an owner of a private placement variable life or variable annuity policy, would permit an existing policy holder to make additional premium payments under their policy as designed and prevent disruptions to their existing financial, retirement and estate planning.

We appreciate the opportunity to comment on the Proposed Rules and would be happy to discuss our comments further with the Staff should that be helpful.

Sincerely,

/s/

Joseph A. Phillip, Jr.
Senior Vice President and General Counsel