

March 8, 2005

Carl B. Wilkerson, Esq.
Vice President & Chief Counsel
Securities & Litigation
American Council of Life Insurers
101 Constitution Avenue, NW
Suite 700
Washington, DC 20001-2133

Dear Mr. Wilkerson:

This is to advise you that, until further notice, the staff of the Commission will not object if certain insurance company depositor or sponsor (hereinafter, "depositor") financial statements included in the registration statements of variable annuity and variable life insurance contracts are audited in accordance with either the auditing standards of the Public Company Accounting Oversight Board ("PCAOB") or generally accepted auditing standards issued by the American Institute of Certified Public Accountants Auditing Standards Board ("GAAS"). This applies only to certain mutual insurance companies and other insurance company depositors whose sole nexus to the Securities Exchange Act of 1934 ("Exchange Act") is as depositor of one or more separate accounts that issue variable insurance contracts and that are registered as investment companies under the Investment Company Act of 1940.

Financial statements of insurance company depositors that are, in their own right, Exchange Act filers, including mutual insurance companies that issue registered market value adjustment contracts, must be audited in accordance with PCAOB standards. In addition, the financial statements of registered separate accounts that issue variable insurance contracts must be audited in accordance with PCAOB standards.

As you are aware, the Sarbanes-Oxley Act, which established the PCAOB, does not expressly address depositors of registered separate accounts. The staff is considering several recent inquiries regarding whether the audits of insurance company depositor financial statements included in variable insurance registration statements are required to be audited in accordance with PCAOB standards. While the staff is considering this issue, we have determined that we will not object to auditor opinions on financial statement audits conducted under either PCAOB or AICPA standards in the circumstances outlined above. We have made this determination in light of the need for immediate guidance in this area in connection with the filing of post-effective

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amendments including depositor financial statements for the year ended December 31, 2004. Our determination does not represent a legal conclusion as to the requirements of the Sarbanes-Oxley Act or the PCAOB.

If you have any questions regarding this matter, please contact William J. Kotapish at (202) 551-6795 or myself at (202) 551-6918.

Very truly yours,

Brian D. Bullard
Chief Accountant