



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

March 15, 2019

VIA ELECTRONIC MAIL

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

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Re: Lincoln Benefit Life Company

By letter dated March 15, 2019, you request authority under Regulation S-X §3-13 (“Rule 3-13”) for Lincoln Benefit Life Company (“Company”) to file audited financial statements of the Company prepared in accordance with statutory accounting principles¹ (“SAP”), in place of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), in registration statements filed under the Securities Act of 1933 (“Securities Act”) on Form S-1 for market value adjusted fixed account investment options (“MVA options”) available under combination annuity contracts² issued by the Company (“Contracts”), in satisfaction of the requirements of Items 11(e), 11(f) and 11(g) and Item 16(b) of Form S-1, as described in your letter.

Background

The Company

You state that the Company is a stock life insurance company organized under the laws of the state of Nebraska that is authorized to conduct life insurance and annuity business in the District of Columbia, U.S. Virgin Islands and all states except New York. You state that the Company no longer issues any new variable annuity or variable life insurance products (collectively, “variable products”), but continues to accept premium payments under certain of its existing variable products, including the Contracts.

¹ You note that these principles are those that are prescribed or permitted by the Company’s domiciliary state regulator.

² The Contracts offer fixed account investment options with MVA options registered on Form S-1 and variable account investment options registered on Form N-4.

You state that the Company is a wholly-owned subsidiary of LBL HoldCo II, Inc. (“HoldCo II”), which is a wholly-owned subsidiary of LBL HoldCo, Inc. (“HoldCo”), and a wholly-owned, indirect subsidiary of RL L.P. (“RL”), a Bermuda limited partnership, and RL (Parallel) Partnership, a Bermuda-based partnership.³ You also state that the Company’s direct or indirect parents are privately-held entities, none of which have securities registered with the Commission under the Securities Act, and they do not file reports with the Commission under the Securities Exchange Act of 1934 (“Exchange Act”). You assert that the Company’s direct and indirect parents are not required by the federal securities laws to, and do not themselves, prepare GAAP financials for inclusion in Commission filings.

You note that LBL does prepare limited GAAP-based equity and income information that is consolidated with similar GAAP-based information for HoldCo, and HoldCo II, and provided to HoldCo’s majority owner, RL. You also note that RL uses that consolidated GAAP-based information to prepare its own financial statements under a basis of accounting that differs from GAAP. You assert that the limited GAAP-based information prepared by LBL and provided to RL for use in RL’s financial statements prepared on that different accounting basis do not constitute a GAAP reporting package, or partial GAAP financial statements.

You state that the only reason the Company currently prepares GAAP financial statements is for use in the registration statements on Form S-1 for the MVA options available in the Contracts. You note that Forms N-4 and N-6 under the Investment Company Act of 1940, on which the Company registers its variable insurance products, each would permit the Company to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements in connection with its Form S-1 filings.

In addition, you state that the Company relies on Rule 12h-7 under the Exchange Act for relief from the requirement to file periodic reports under that Act.⁴ In this regard, you note that the Company is subject to supervision by the Department of Insurance of the State of Nebraska. You also note that the Company files its statement of annual condition with, is supervised by, and has its financial condition periodically examined by, the Nebraska Department of Insurance.⁵ In addition, you state that the Company files SAP financial statements, which are audited by an independent auditor,⁶ with the Nebraska Department of Insurance and the National Association of Insurance Commissioners.

³ You note that RL owns what is approximately 98% of HoldCo.

⁴ Rule 12h-7 exempts insurance companies from filing Exchange Act reports with respect to certain specified types of securities that are subject to state insurance regulation and are registered under the Exchange Act if certain other conditions are satisfied. 17 C.F.R. §240.12h-7 (2018).

⁵ Rule 12h-7(a) and (c) specify that an issuer qualifying under that rule is a corporation subject to the supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State (as defined in the Exchange Act); and files an annual statement of its financial condition with, and is supervised and its financial condition examined periodically by, the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of the issuer's domiciliary State (as defined in that Act). *Id.*

⁶ You state that the financial statements filed in registration statements for the Contracts will be audited by an auditor that will satisfy the independence standards of Article 2 of Regulation S-X and be registered with and subject to inspection by the Public Company Accounting and Oversight Board.

The Contracts

You state that the Contracts for which you intend to file SAP financial statements for use on Form S-1 are registered combination annuity contracts that offer fixed account investment options with registered MVA options as well as registered variable account investment options. You state that each of the MVA options⁷ provides a specified, fixed interest rate for a specified period, as long as amounts invested in the MVA option are not withdrawn before the end of the specified period. You note that a different interest rate applies to each specified period made available as an MVA option. You also note that the Company decides, in its discretion, which specified periods and what interest rates to offer.

You state that withdrawals or transfers made from an MVA option before the expiration of the specified period are subject to a market value adjustment (“MVA”). You state that MVAs are used to protect the insurer from the risk that contract reserves will have to be sold at a discount to satisfy an insurer’s obligation to pay the surrender or withdrawal. Specifically, you note that, if prevailing interest rates are lower at the time of withdrawal or transfer than when the contract was purchased, a positive MVA will apply and contract value is adjusted upward. You state that, conversely, if prevailing interest rates are higher at the time of withdrawal or transfer than when the contract was purchased, a negative MVA will apply and contract value is adjusted downward and the contract owner may lose principal.

You state that the only securities registered under the Securities Act that the Company issues are the Contracts, which are subject to regulation under Nebraska insurance laws. In addition, you state that the Contracts do not constitute an equity interest in the Company and are not listed, traded or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting.⁸

Discussion

You note Rule 3-13 provides that the Commission “may, upon the informal written request of the registrant, and where consistent with the protection of investors, permit the omission of one or more of the financial statements required by Regulation S-X or the filing in substitution therefore of appropriate statements of a comparable character.” You assert that SAP financial statements audited by an independent auditor are appropriate statements of a comparable character for the Form S-1 registration statements for the Contracts.

⁷ The MVA options for which you request relief are offered as options under the following variable annuities and are registered on Form S-1 under the following Securities Act file numbers: Consultant I Variable Annuity (333-224099); Consultant II Variable Annuity (333-224094); Premier Planner Variable Annuity (333-224097); LBL Advantage Variable Annuity (333-224095); and Consultant Solutions (333-224100).

⁸ Rule 12h-7(b) specifies that the securities that would otherwise trigger Exchange Act reporting obligations must not constitute an equity interest in the issuer, and must either be securities subject to regulation under the insurance laws of the domiciliary State of the issuer or guarantees of securities that are subject to regulation under the insurance laws of that jurisdiction. *Id.* Rule 12h-7(d) further requires that those securities must not be listed, traded, or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting. *Id.*

In support of this claim, you assert that, similar to investors in variable annuity contracts whose insurance benefits offered by the insurer depend on the insurer's solvency, investors in the Contracts will be most interested in information relevant to assessing the Company's ability to fulfill its contractual obligations.⁹ You assert that SAP financial statements would provide owners of the Contracts with sufficient information to assess the Company's solvency and its ability to fulfill its contractual obligations.¹⁰

In this regard, you claim that SAP financial statements contain detailed information about an insurance company's balance sheet, including its regulatory capital and surplus that serve as financial cushions for paying policyholder claims. In addition, you assert that SAP financial statements enable regulators to determine the Company's ability to meet obligations to owners of the Contracts based on the availability of readily marketable assets when obligations are due.

Based on the facts and representations set forth in your letter as summarized above, as well as the conditions outlined above, and without necessarily agreeing with all of your analysis, your request for permission under Rule 3-13 for the Company to file SAP financial statements, audited by an independent auditor, in lieu of GAAP financial statements in Form S-1 registration statements filed for the Contracts, as it relates to the accounting basis of those financial statements only and as described above, is granted^{11 12}

If you have any questions regarding this letter, please call the Chief Accountant's Office of the Division of Investment Management at (202) 551-6918.

Sincerely,



Alison Staloch
Chief Accountant
Division of Investment Management

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

⁹ You note that the Commission had recognized, in proposing variable annuity registration forms, that investors in those products may only be interested in the solvency of the account depositor with respect to the insurance benefits offered in those products by the depositor. *Registration Form for Insurance Company Separate Accounts that Offer Variable Annuity Contracts*, Securities Act Release No. 33-6502 and Investment Company Act Release No. 13689 (December 22, 1983).

¹⁰ You also note that, while the use of GAAP assists investors in understanding an issuer's going concern value, investors in the Contracts do not need information regarding the Company's going concern value since there is no secondary market in the Contracts.

¹¹ The staff notes that it would be receptive to considering applications under Rule 3-13 from other registrants seeking to file SAP financial statements in lieu of GAAP financial statements in registration statements filed for products similar to the Contracts described here, under circumstances similar to those described above.

¹² Our analysis underlying this assurance has been developed in consultation with the staff of the Commission's Office of the Chief Accountant.

March 15, 2019

Via Electronic Mail

Ms. Alison Staloch
Chief Accountant
Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
stalocha@sec.gov

Re: Lincoln Benefit Life Company

Dear Ms. Staloch:

I am writing on behalf of Lincoln Benefit Life Company ("LBL") to request that, pursuant to Rule 3-13 of Regulation S-X, the staff of the Division of Investment Management ("Staff") permit LBL to file audited financial statements prepared in accordance with statutory accounting principles ("SAP") prescribed or permitted by the domiciliary state regulator in registration statements filed on Form S-1 for market value adjusted fixed account investment options ("MVA options") available under combination annuity contracts¹ issued by LBL ("Contracts") in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(f), 11(g), and 16(b) of the form.

LBL believes that SAP financial statements will provide investors in its Contracts with sufficient information to assess LBL's ability to meet its obligations under those Contracts, and that filing SAP financial statements in place of financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") would be consistent with investor protection. Forms N-3, N-4 and N-6 already permit insurers to use SAP financial statements in registration statements for variable insurance products registered on those forms. That relief is intended to reduce the burden on insurance companies that otherwise would prepare GAAP financial statements *solely* to register variable insurance products. Because of the significant costs and administrative burdens associated with preparing GAAP financial statements, the relief permitting use of SAP financial statements in Forms N-3, N-4, and N-6 serves as a precedent for allowing the use

¹ The Contracts offer fixed account investment options with MVA options registered on Form S-1 and variable account investment options registered on Form N-4.

of SAP financial statements in registration statements on Form S-1 that LBL uses to register the MVA options for its Contracts.

Furthermore, the time and cost burden of preparing GAAP financial statements only for non-variable insurance products that must be registered on Form S-1 (or Form S-3) may impede many insurance companies from offering those products. Reducing this burden will likely facilitate entry into the marketplace for such products by more insurance companies, and increase the choices available to investors among such products for retirement and other long term purposes.

Background

LBL

LBL is a stock life insurance company organized under the laws of the state of Nebraska in 1938 that is authorized to conduct life insurance and annuity business in the District of Columbia, U.S. Virgin Islands and all states except New York.² LBL no longer issues any new variable annuity or variable life insurance products (collectively, "variable products"), but continues to accept premium payments under certain of its existing variable products, including the Contracts.

LBL is a wholly-owned subsidiary of LBL HoldCo II, Inc., a Delaware corporation ("HoldCo II") that is a wholly-owned subsidiary of LBL HoldCo, Inc. ("HoldCo") and a wholly-owned, indirect subsidiary of RL L.P., a Bermuda limited partnership, and RL (Parallel) Partnership, a Bermuda-based partnership.³

The direct and indirect parents of LBL are privately-held entities. None have securities registered with the U.S. Securities and Exchange Commission ("Commission" or "SEC") under the Securities Act of 1933 ("1933 Act"), nor do they file reports with the Commission under the Securities Exchange Act of 1934 ("1934 Act"). Although LBL's direct and indirect parents are not required by the federal securities laws to, and do not themselves, prepare GAAP financial statements, LBL does prepare limited GAAP-based equity and income information that is consolidated with similar GAAP-based information for HoldCo and HoldCo II, and provided to HoldCo's majority owner, RL L.P. RL L.P. uses that consolidated GAAP-based information to prepare its own financial statements under a basis of accounting that differs from GAAP ("Other Comprehensive Basis of Accounting" or "OCBOA"). The limited GAAP-based information prepared by LBL and provided to HoldCo's majority owner for use in the majority owner's financial statements prepared on an OCBOA-basis do not (and would not) constitute a GAAP reporting package, or partial GAAP financial statements.

² Lincoln Benefit has reinsurance agreements whereby certain premiums, contract charges, interest credited to contractholder funds, benefits and expenses are ceded to Allstate Life Insurance Company ("Allstate Life") and other non-affiliated reinsurers.

³ RL L.P. owns 97.77% of HoldCo, while RL (Parallel) Partnership owns 2.23% of HoldCo.

As a Nebraska-based insurance company and pursuant to Nebraska's insurance law, LBL must prepare SAP financial statements, which are audited by an independent auditor and are filed with the domiciliary state insurance regulator and the National Association of Insurance Commissioners. State regulators review the financial statements as part of a comprehensive regulatory program that focuses on LBL's solvency, with the goal of ensuring that LBL can fulfill its contractual obligations to policyholders. The ultimate objective of state solvency regulation is to ensure that the insurance company can pay policyholder liabilities when they come due and that the insurance company maintains capital and surplus at all times in such forms as required by state law to provide a margin of safety. With the objective of solvency regulation, statutory accounting principles focus on the insurance company's balance sheet and emphasize LBL's liquidity.

LBL does not issue or have outstanding any publicly traded equity securities (i.e., common stock or preferred stock); nor has it issued any publicly traded debt securities. Indeed, the only reason LBL currently prepares GAAP financial statements is for use in the registration statements on Form S-1 for the MVA options available in the Contracts. Forms N-4 and N-6 under the Investment Company Act of 1940 ("1940 Act"), on which LBL registers its variable insurance products, each would permit LBL to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements in connection with its Form S-1 filings.⁴

But because the same variable annuities registered on Form N-4 contain MVA options that must be registered on Form S-1, LBL currently must prepare GAAP financial statements. LBL devotes significant effort and bears substantial cost to develop and implement rules, procedures and controls to prepare GAAP financial statements for inclusion in the Form S-1 registration statements for its Contracts.

LBL relies on Rule 12h-7 under the 1934 Act⁵ for relief from the requirement to file periodic reports under that Act. As required as a condition of eligibility for Rule 12h-7, LBL is subject to supervision by the Department of Insurance of the State of Nebraska. LBL files a statement of its annual condition with, is supervised by, and its financial condition is periodically examined by, the Nebraska Department of Insurance. In addition, as required as a condition for the relief provided by Rule 12h-7, the only SEC-registered securities that LBL currently issues are insurance contracts (i.e., the Contracts) that are subject to regulation under Nebraska insurance laws. Those Contracts do not and will not constitute an equity interest in LBL, and are not and will not be listed, traded or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic

⁴ See Form N-4 Item 23(b), Instruction 1, and Form N-6 Item 24(b), Instruction 1.

⁵ 17 CFR 240.12h-7 (exempting insurance companies from filing 1934 Act reports with respect to certain specified types of securities that are subject to state insurance regulation and are registered under the 1933 Act, provided that certain conditions are met).

communications network, or any other similar system, network, or publication for trading or quoting.

The Contracts⁶

The Contracts for which LBL requests relief in this letter are registered combination annuity contracts that offer fixed account investment options with registered MVA options as well as registered variable account investment options. Each non-variable MVA option provides a specified, fixed interest rate for a specified term (each a "specified period"), as long as amounts invested in the MVA option are not withdrawn before the end of the specified period. A different interest rate applies to each specified period made available as an MVA option. LBL decides, in its discretion, which specified periods and what interest rates to offer. Amounts allocated to an MVA option and held to the end of the term are credited with interest at the specified rate for the duration of the corresponding specified period.

Withdrawals or transfers made from an MVA option before the expiration of the specified period—including amounts paid as death benefit proceeds and as annuity income payments under a Contract—are subject to a market value adjustment ("MVA"). The MVA—which can be positive or negative, depending on changes in interest rates—is calculated pursuant to a formula specified in the Contract.⁷ As explained below, an MVA will either increase or decrease the amount of money paid

⁶ The Contracts for which LBL requests relief are: Consultant I Variable Annuity—SEC File Nos. 333-50545 (N-4) and 333-224099 (S-1); Consultant II Variable Annuity—SEC File Nos. 333-50737 (N-4) and 333-224094 (S-1); Premier Planner Variable Annuity—SEC File Nos. 333-82427 (N-4) and 333-224097 (S-1); LBL Advantage Variable Annuity—SEC File Nos. 333-61146 (N-4) and 333-224095 (S-1); Consultant Solutions (Classic, Plus, Elite, Select)—SEC File Nos. 333-109688 (N-4) and 333-224100 (S-1).

Registration statements for Consultant II Variable Annuity, Premier Planner Variable Annuity, and LBL Advantage Variable Annuity are not annually updated, in accordance with the "Great-West" line of no-action letters. See, e.g., *Great-West Life & Annuity Ins. Co.* (pub. avail. October 23, 1990) ("Great-West Letter"). In the Great-West Letter and others, the SEC staff granted no-action assurance to issuers that did not file updated post-effective amendments annually and did not distribute updated prospectuses to current contract owners for certain closed blocks of business, subject to certain conditions. Included among those conditions is the requirement to distribute to contract owners updated audited financial statements for the registered separate account and to make available updated audited financial statements for the insurance company.

⁷ Generally, the MVA formula approximates the relationship between interest rates prevailing at the time the owner makes the initial allocation to a specified period option, the interest rates prevailing at the time of the withdrawal or transfer, and the amount of time remaining in a specified period. If prevailing interest rates are lower at the time of withdrawal or transfer than when the contract was purchased, a positive MVA will apply and contract value is adjusted upward. Conversely, if prevailing interest rates are higher at the time of withdrawal or transfer than when the contract was purchased, a negative MVA will apply and contract value is adjusted downward and the contract owner may lose principal.

under the Contract if a withdrawal or transfer occurs before the end of the specified period. MVAs are used to protect the insurer from the risk that contract reserves will have to be sold at a discount to satisfy an insurer's obligations to pay the surrender or withdrawal; this is called the insurer's "disintermediation risk." The extent of an insurer's disintermediation risk depends upon the relationship between the contractually guaranteed interest rate and prevailing market interest rates in effect at the time of the transfer, surrender or withdrawal. When prevailing market interest rates rise, the disintermediation risk to the insurer increases; when prevailing market interest rates fall, the risk to the insurer decreases.

To the extent an MVA protects an insurer from disintermediation risks, it does so by shifting some or all of that risk to the contract owner. One way to measure the extent of risk that is shifted to the contract owner by an MVA is to examine the MVA's potential to reduce not only interest previously credited to the Contract, but also the premiums paid.⁸

Request for Relief

Rule 3-13 of Regulation S-X provides that the SEC "may, upon the informal written request of the registrant and where consistent with the protection of investors, permit the omission of one or more financial statements required by Regulation S-X or the filing in substitution thereof of appropriate statements of a comparable character." As previously noted, the costs and administrative burdens of preparing and obtaining an independent audit of GAAP-compliant financial statements for LBL solely for inclusion in Form S-1 registration statements for the Contracts would be substantial and would not provide investors in those insurance products with material information beyond that available in SAP financial statements. Moreover, for reasons stated more fully below, LBL believes that, for the Form S-1 registration statements of its Contracts, SAP financial statements that have been audited by an independent auditor⁹ are appropriate financial statements of a comparable character to GAAP financial statements. Accordingly, LBL requests relief pursuant to

⁸ In the adopting release for Rule 151 under the 1933 Act, a "safe harbor" for certain types of annuity contracts that are not deemed to be subject to the federal securities laws, the SEC noted that "[t]he degree to which any given MVA feature affects investment risk, and, therefore, the status of the contract [as a security under the 1933 Act], would depend on, among other things, the terms of the [MVA] feature. In this regard, an MVA feature that invaded principal would be more problematic under a section 3(a)(8) [of the 1933 Act] analysis than one that merely requires forfeiture of a small portion of previously credited excess interest." Definition of Annuity Contract or Optional Annuity Contract, Rel. No. 33-6645, 51 Fed. Reg. 20254 (June 4, 1986) at 20257.

⁹ The auditor will satisfy the independence standards of Article 2 of Regulation S-X and be registered with and subject to inspection by the Public Company Accounting and Oversight Board.

Rule 3-13 of Regulation S-X to file SAP financial statements instead of GAAP financial statements in the Form S-1 registration statements for its Contracts.¹⁰

SAP financial statements will provide investors in LBL's Contracts with sufficient information to assess LBL's ability to meet its contractual obligations.

In July 2017, Chairman Jay Clayton publicly acknowledged that the SEC's existing rules may require public companies to provide disclosure that is burdensome to produce and is not material to the total mix of information available to investors. Chairman Clayton went on to note that such requirements may be appropriate for relief under Rule 3-13 of Regulation S-X.¹¹ LBL believes that requiring it to prepare GAAP financial statements only for inclusion in the Form S-1 registration statements for its Contracts—and for no other purpose—presents such a circumstance.

Forms N-3, N-4 and N-6 used to register variable insurance products under the 1933 Act already permit the use of SAP financial statements in place of GAAP financial statements if the insurance company issuing the variable insurance product would not have to prepare GAAP financial statements except for use in registration statements on such forms. This exception from the general requirement to file GAAP financial statements first appeared in Form N-4 for variable annuities when the form was adopted in 1985¹², and later was incorporated into Form N-6 for variable life policies, when the form was adopted in 2002¹³. In proposing Forms N-3 and N-4 for variable annuity contracts with instructions permitting the use of SAP financial statements, the SEC recognized that: (a) guarantees associated with annuity payments and other benefits provided by the contracts—which are backed by the insurance company's general account—depend on the solvency of the insurance company; and (b) consequently, contract owners, participants, and annuitants may not want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the insurer's solvency.¹⁴

¹⁰ Because LBL relies on Rule 12h-7, it is not requesting any relief pursuant to Rule 3-13 with respect to the 1934 Act.

¹¹ Remarks of SEC Chairman Jay Clayton at the Economic Club of New York (July 12, 2017) available at <https://www.sec.gov/news/speech/remarks-economic-club-new-york>.

¹² Registration Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts, Rel. Nos. 33-6588 and IC-14575 (June 14, 1985) ("Form N-4 Adopting Release").

¹³ Registration Form for Insurance Company Separate Accounts Registered as Unit Investment Trusts that Offer Variable Life Insurance Policies, Rel. Nos. 33-8088 and IC-25522 (April 12, 2002) (Adopting Release).

¹⁴ See Registration Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts Rel. Nos. 33-6502 and IC-13689 (December 23, 1983) (Proposing Release).

Like investors in variable annuity contracts, investors in LBL's Contracts are most interested in information relevant to assessing LBL's ability to fulfill its contractual obligations. SAP financial statements are designed to provide precisely this type of information. They contain detailed information about an insurance company's balance sheet, including its regulatory capital and surplus that serve as financial cushions for paying contract owner claims. Furthermore, SAP financial statements enable state regulators to determine an insurance company's ability to meet its obligations to contract owners based on the availability of readily marketable assets when obligations are due. Among other things, GAAP financial statements assist investors in understanding a company's "going concern value." Because there is no secondary market in the Contracts, investors in the Contracts do not need information regarding LBL's "going concern value."

Consequently, SAP financial statements provide owners of LBL's Contracts with sufficient information to assess LBL's solvency and its ability to fulfill its contractual obligations. GAAP financial statements, on the other hand, do not provide disclosure of additional value to contract owners sufficient to justify the significant costs and administrative burdens of preparing and auditing the additional set of financial statements.

LBL is currently required to prepare GAAP financial statements only for the purpose of including them in Form S-1 registration statements for its Contracts.

As noted above, LBL does not issue or have outstanding any publicly-traded equity or debt securities. LBL's direct and indirect parents do not prepare GAAP financial statements. And the limited GAAP-based equity and income information that LBL does prepare—that is consolidated with similar GAAP-based information for HoldCo and HoldCo II and provided to HoldCo's majority owner for use in the OCBOA-based financial statements of RL L.P.—does not (and would not) constitute a GAAP reporting package or partial GAAP financial statements. Accordingly, LBL is eligible to use SAP financial statements in the registration statements on Form N-4 and N-6 for its variable products.

When the SEC provided relief from filing GAAP financial statements in Forms N-3; N-4 and N-6, it explicitly recognized alleviating disclosure burden as a legitimate reason to permit the use of SAP financial statements by insurance companies that would not have to prepare GAAP financial statements except for use in a registration statement for an insurance product.¹⁵ Such relief is also appropriate for LBL with respect to the Form S-1 registration statements for its Contracts. As previously noted, LBL devotes significant resources to preparing GAAP financial statements for inclusion in those registration statements for the Contracts.

¹⁵ In the adopting release for Forms N-3 and N-4, the SEC stated "the use of statutory financial statements is permitted solely to relieve the disclosure burden upon this group of registrants and their sponsoring insurance company." See Form N-4 Adopting Release, *supra* note 12, at n.9.

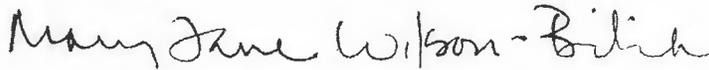
Conclusion

Because the Contracts are insurance products subject to state regulation, and SAP financial statements provide owners of the Contracts with sufficient information to assess LBL's ability to meet its contractual obligations, LBL respectfully submits that filing SAP financial statements audited by an independent auditor in place of the GAAP financial statements required by Regulation S-X would be consistent with investor protection. And for the reasons stated above, we respectfully request, on behalf of LBL, that the Staff grant relief pursuant to Rule 3-13 of Regulation S-X to permit LBL to file SAP financial statements, audited by an independent auditor, in registration statements on Form S-1 for its Contracts.

* * * * *

Thank you for your attention to this matter. Please contact me at 202-383-0660 or Patrice Pitts at 202-383-0548 if you need additional information or have any questions concerning this request.

Sincerely,



Mary Jane Wilson-Bilik
Eversheds-Sutherland (US) LLP

cc: Harry Eisenstein—SEC
William J. Kotapish—SEC
Paul G. Cellupica—SEC
Megan Curoe—Lincoln Benefit Life Company
Patrice M. Pitts—Eversheds Sutherland (US) LLP