



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

DIVISION OF  
INVESTMENT MANAGEMENT

May 28, 2024

**VIA ELECTRONIC MAIL**

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE  
DIVISION OF INVESTMENT MANAGEMENT

Chip Lunde  
Willkie Farr & Gallagher LLP  
Email: CLunde@willkie.com

Re: American General Life Insurance Company, The Variable Annuity Life Insurance Company and The United States Life Insurance Company in the City of New York

By letter dated May 28, 2024 (“Request Letter”), you request permission under Regulation S-X §3-13 (“Rule 3-13”) for American General Life Insurance Company (“AGL”), The Variable Annuity Life Insurance Company (“VALIC”), and The United States Life Insurance Company in the City of New York (“USL,”) (each a “Company” and together the “Companies”) to file audited financial statements prepared in accordance with statutory accounting principles<sup>1</sup> (“SAP”), in place of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), in registration statements on Form S-1 that the Companies will file with the Commission for certain annuity contracts described in the Request Letter (the “Contracts”) in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(g), and 16(b) of Form S-1, as described in the Request Letter.

Based on the facts and representations set forth in the Request Letter, as well as the conditions outlined in the Request Letter,<sup>2</sup> and without necessarily agreeing with all of your analysis, your request for permission under Rule 3-13 for AGL, VALIC, and USL to file SAP financial statements, audited by an independent auditor, in lieu of GAAP financial statements in registration statements

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<sup>1</sup> You note that these principles are those that are prescribed or permitted by the Companies’ domiciliary state regulators.

<sup>2</sup> Any different facts, representations or conditions might require the Division to reach a different conclusion.

filed for the Contracts on Form S-1, as it relates to the accounting basis of those financial statements only and as described above, is granted.<sup>3</sup>

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,



Jenson Wayne  
Chief Accountant  
Division of Investment Management

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

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<sup>3</sup> Our position has been developed in consultation with the staff of the Commission's Office of the Chief Accountant.

This permission is provided for the Contracts described in the Request Letter based on the facts disclosed therein, including that the Contracts seeking to rely on the permission are non-variable annuity contracts classified as market-value adjusted annuities, contingent deferred annuities, and/or indexed annuities. As to any Contract registered or materially amended in the future, this permission is subject to the Commission staff's assessment of the Contract's registration statement for consistency with the facts described in the Request Letter and the intended product types. In this regard, you have stated that the Companies will notify the staff, in a letter accompanying the filing of any new registration statement for a Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract, of its intent to rely on the permission granted in this letter.

May 28, 2024

Mr. Jenson Wayne  
Chief Accountant  
Division of Investment Management  
U.S. Securities and Exchange  
Commission 100 F Street, NE  
Washington, DC 20549

**Re: American General Life Insurance Company,  
The Variable Annuity Life Insurance Company and  
The United States Life Insurance Company in the City of New York  
Request Pursuant to Rule 3-13 of Regulation S-X**

Dear Mr. Wayne:

On behalf of American General Life Insurance Company (“AGL”), The Variable Annuity Life Insurance Company (“VALIC”), and The United States Life Insurance Company in the City of New York (“USL,” together with AGL and VALIC, the “Companies” and each a “Company”), we respectfully request that, pursuant to Rule 3-13 of Regulation S-X, the staff of the Division of Investment Management (the “Staff”) permit each Company to file audited financial statements prepared in accordance with statutory accounting principles (“SAP”) prescribed or permitted by its domiciliary state regulator in place of financial statements prepared in accordance with United States generally accepted accounting principles (“GAAP”) in registration statements on Form S-1 for certain annuity contracts described herein that the Companies may issue in the future (together, the “Contracts” and each a “Contract”),<sup>1</sup> in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(g), and 16(b) of Form S-1.

As described more fully below, because the Contracts will be insurance products subject to state regulation, the Companies believe that SAP financial statements are of a comparable character to GAAP financial statements and would provide investors in the Contracts (“Contract owners”) with sufficient information to assess the Companies’ ability to meet their obligations under the Contracts, and that filing SAP financial statements in place of GAAP financial statements in Form S-1 registration statements for the Contracts would be consistent with the protection of investors. Forms N-3, N-4 and N-6 already permit insurers that meet certain criteria to use SAP financial statements on those forms, which relief is intended to reduce the burden on insurance companies that would otherwise prepare GAAP financial statements solely to register variable insurance products. Because of the significant costs and administrative burdens associated with preparing GAAP financial statements, relief permitting use of SAP financial statements in Forms N-3, N-4, and N-6 serves as a precedent for allowing use of SAP on Form S-1 for the Contracts.

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<sup>1</sup> See “Description of the Contracts,” below.

## Description of the Companies

AGL is a stock life insurance company organized under the laws of the State of Texas on April 11, 1960. AGL is subject to regulation by the Texas Department of Insurance. AGL is licensed to transact insurance business in all states except New York.

VALIC is a stock life insurance company originally organized in 1955 as The Variable Annuity Life Insurance Company of America, Incorporated. VALIC re-organized under the laws of the state of Texas on August 20, 1968. On November 5, 1968, the name was changed to The Variable Annuity Life Insurance Company. VALIC is subject to regulation by the Texas Department of Insurance. VALIC is licensed to transact insurance business in all U.S. states and Washington D.C.

USL is a stock life insurance company organized under the laws of the State of New York on February 25, 1850. USL is subject to regulation by the New York Department of Financial Services. USL is licensed to transact insurance business in all U.S. States, Washington D.C. and the U.S. Virgin Islands.

Each of the Companies is an indirect, wholly owned subsidiary of Corebridge Financial, Inc. (“Corebridge”), which is a majority-owned subsidiary of American International Group, Inc. (“AIG”), a Delaware corporation. AIG is a holding company which, through its subsidiaries, is engaged primarily in a broad range of insurance and insurance-related activities in the United States and abroad. AIG has announced its intention to sell all of its interest in Corebridge over time. On September 19, 2022, June 12, 2023, and November 8, 2023, AIG sold a portion of its interest in Corebridge in public offerings of Corebridge common stock. Upon completion of the separation of Corebridge from AIG, each of the Companies will continue to be an indirect, wholly owned subsidiary of Corebridge and will no longer be an indirect, majority-owned subsidiary of AIG.

Securities issued by AIG and Corebridge are registered with the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933, as amended (“1933 Act”), and AIG and Corebridge each respectively file reports with the SEC under the Securities Exchange Act of 1934, as amended (“1934 Act”). AIG and Corebridge each include GAAP financial statements in their respective SEC filings. The Companies currently provide certain GAAP financial information to AIG and Corebridge for consolidation in GAAP financial statements that each files in its respective 1934 Act reports. However, the GAAP information that AGL, VALIC and USL prepare does not and will not constitute a GAAP reporting package or partial GAAP financial statements.

None of the Companies issues or has outstanding any publicly traded equity or debt securities. AGL and USL have variable annuity and variable life insurance products registered on Forms N-4 and N-6 registration statements, and VALIC offers variable annuity products registered on Form N-4 registration statements. However, Form N-4 and Form N-6, permit each Company to file audited SAP financial statements.<sup>2</sup> The Companies currently file audited SAP financial statements in their variable insurance products on Forms N-4 and N-6. The Companies would not be required to prepare audited GAAP financial statements other than in connection with issuing the Contracts.

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<sup>2</sup> See Form N-4 Item 26(b), Instruction 1, and Form N-6 Item 28(b), Instruction 1.

As insurance companies domiciled in Texas (with respect to AGL and VALIC) and New York (with respect to USL), each prepare financial statements in accordance with SAP prescribed or permitted by its domiciliary state regulator. Each Company's SAP financial statements are filed with its domiciliary state insurance regulators and the National Association of Insurance Commissioners. The annual SAP financial statements are audited by an independent auditor who meets the requirements set forth in Regulation S-X Article 2. These financial statements are reviewed by state regulators as part of a comprehensive regulatory program. SAP was developed to monitor and regulate the solvency of insurance companies. In developing SAP, the insurance regulators were primarily concerned with assuring an insurer's ability to pay all its current and future obligations to policyholders.

Each Company is eligible for and will rely on the exemption from filing periodic reports required by the 1934 Act provided by Rule 12h-7 thereunder, and will rely on this exemption and comply with the conditions of the rule as long as each Company relies on the permission provided in response to this letter.<sup>3</sup> As required by Rule 12h-7, (a) each Company is subject to supervision by the insurance regulator of its domiciliary state; (b) each Company files an annual statement of its financial condition with, and is supervised and its financial condition is periodically examined by, the insurance regulator of its domiciliary state; (c) the Contracts will not constitute an equity interest in the issuing Companies and will be subject to regulation under the insurance laws of each Company's domiciliary state; (d) the Contracts will 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; (e) each Company will take steps reasonably designed to ensure that a trading market for the Contracts does not develop; and (f) the prospectuses for the Contracts will disclose that the applicable Company relies on the relief provided by Rule 12h-7.

### **Description of the Contracts**

The Contracts that the Companies will register with the SEC on Form S-1 will be registered index-linked annuity contracts ("RILA Contracts") and/or registered modified guaranteed annuity contracts with market value adjustment features ("MVA Contracts").

The RILA Contracts will be standalone index-linked annuity contracts and/or combination annuity contracts that offer variable investment options as well as index-linked investment options. The RILA Contracts will offer one or more index-linked investment options that provide investment returns that depend on the performance of one or more market indexes or benchmarks over a specified period or term. The Contract may include a feature that will increase performance by some specified percentage amount at the end of the term.

The RILA Contracts may provide Contract owners some protection against negative market performance by applying buffers or floors or other features to the index or benchmark. Generally, a floor feature provides protection against negative market performance beyond a specified threshold, whereas a buffer feature provides protection against negative market performance up to a specified threshold. These protection features may provide for a maximum positive market performance ("cap") or other limits to be applied to the Contract value at the end of the term.

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<sup>3</sup> 17 CFR 240.12h-7.

Amounts payable upon withdrawal of Contract value or surrender of a RILA Contract before the end of an investment option term will be based on the performance of the index or benchmark on the transaction date. The RILA Contracts may also have a market value adjustment feature that adjusts Contract value upon withdrawal or surrender based on changes in current interest rates since the inception of the term.

The MVA Contracts will be standalone annuity contracts that offer fixed rate investment options with market value adjustment features, and/or will be combination annuity contracts that offer fixed rate investment options with market value adjustment features as well as variable investment options and/or index-linked investment options. The fixed rate investment options in the Contracts will guarantee a fixed rate of interest on amounts that remain invested for a specified period or term. Amounts payable upon withdrawal from or transfers out of the fixed rate investment option before the end of the stated term would reflect a market value adjustment, which could be positive or negative depending on how prevailing interest rates have changed.

### **The Companies' Request**

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 of the financial statements herein required or the filing in substitution therefor of appropriate statements of comparable character.”

For the reasons stated below, the Companies believe that SAP financial statements<sup>4</sup> audited by an independent auditor included in the Form S-1 registration statements for the Contracts are appropriate statements of comparable character to GAAP financial statements and would be consistent with investor protection.

### **SAP financial statements will provide investors in the Contracts with sufficient information to assess the issuing Company's ability to meet its contractual obligations.**

The SEC currently permits insurance companies to file SAP financial statements in place of GAAP financial statements in Forms N-3, N-4 and N-6 used to register variable insurance products under the 1933 Act subject to certain conditions, including that the issuing company would not have to prepare GAAP financial statements except for use in registration statements on such forms. 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 guarantees associated with annuity payments and other benefits provided by such contracts, which are backed by the insurance company's general account, depend on the issuing insurer's solvency, and that contract owners, participants, and annuitants who invest in the contracts 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.<sup>5</sup>

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<sup>4</sup> 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.

<sup>5</sup> See *Registration Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts (Proposing Release)*, SEC Release Nos. 33-6502 and IC-13689 (Dec. 23, 1983).

Similar to investors in variable annuity contracts, the Companies believe Contract owners will be most interested in information relevant to the issuing Company's ability to fulfill its contractual obligations. SAP was developed to monitor and regulate the solvency of insurance companies. In developing SAP, the insurance regulators were primarily concerned with assuring an insurer's ability to pay all its current and future obligations to policyholders. SAP financial statements contain detailed information about each Company's assets and liabilities and its regulatory capital and surplus.

In contrast to SAP, U.S. GAAP financial statements assist investors in understanding a company's going concern value. In view of the absence of any secondary market for the Contracts, investors in the Contracts do not need information regarding the issuing Company's going concern value.

Consequently, SAP financial statements would provide Contract owners with sufficient information to assess AGL's, VALIC's or USL's ability to meet its respective obligations under the Contracts. GAAP financial statements, would not provide additional informative value to Contract owners that would justify the significant costs and administrative burdens of preparing and auditing an additional set of financial statements solely to include in the Form S-1 registration statements for the Contracts.

### **Conclusion**

For the reasons stated above, the Companies submit that SAP financial statements are appropriate financial statements of a comparable character to GAAP financial statements and will provide Contract owners with appropriate information to assess the issuing Company's ability to meet its obligations under the Contracts. Further, the use of SAP financial statements in place of GAAP financial statements in Form S-1 registration statements for the Contracts is consistent with investor protection.

We respectfully request on behalf of AGL, VALIC and USL that the Staff grant permission pursuant to Rule 3-13 of Regulation S-X to permit AGL, VALIC and USL to file SAP financial statements audited by an independent auditor in the Form S-1 registration statements for the Contracts. Should you provide this permission, each Company agrees to notify the Staff in a letter accompanying the filing of any new registration statement for a Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract of its intent to rely on the permission granted in response to this letter.

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We appreciate your attention to this matter. Please contact me at 202-303-1018 if you need additional information or have any question regarding this request.

Sincerely,



Chip Lunde  
Willkie Farr & Gallagher LLP