December 19, 2007

VIA ELECTRONIC DELIVERY

Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Jackson National Life Insurance Company Petition for Rulemaking

Dear Ms. Morris:

On behalf of our client, Jackson National Life Insurance Company ("JNL"), we hereby petition the Securities and Exchange Commission (the "Commission") to issue, pursuant to Rule 192(a) of the Rules of Practice, a proposed new rule pursuant to its exemptive authority under Section 12(h) of the Securities Exchange Act of 1934 (the "Exchange Act") exempting issuers of certain types of fixed insurance contracts (described in more detail below) from the reporting requirements of Sections 13 and 15(d) of the Exchange Act (the "Proposed Rule"). Registering these insurance contracts under the current registration regime triggers Exchange Act reporting requirements for the issuing insurance company. For many insurance companies, the burdens of Exchange Act reporting have acted as a barrier to issuing innovative types of insurance contracts, without advancing the public policy reasons that form the rationale for requiring such reports—namely, informing the investing public, providing material information for the protection of investors, and enhancing investor protection through regulation of issuers. Accordingly, JNL requests that the Commission promulgate the Proposed Rule and believes that such a class exemption would be appropriate, in the public interest, and consistent with the protection of investors. A copy of the Proposed Rule is attached as Appendix A.

I. BACKGROUND

A. Description of JNL

JNL is a stock life insurance company organized under the laws of the state of Michigan and authorized to conduct life insurance and annuity business in the District of Columbia and all states except New York. JNL does not have a class of securities registered under Section 12 of the Exchange Act and is not currently required to file reports pursuant to Section 15(d) of the Exchange Act. JNL has separate accounts registered under the Investment Company Act of 1940 (the "Investment Company Act") as unit investment trusts, which it uses to fund its variable annuity and variable life insurance products, and JNL is the sponsor or depositor for those separate accounts.
B. Description of the Relevant Securities

Certain types of fixed insurance contracts may be deemed to be securities under the Securities Act of 1933 (the “Securities Act”) and required to register with the Commission. The Proposed Rule would exempt from the reporting obligations of Section 15(d) of the Exchange Act any issuer that would be subject to such reporting obligations solely due to issuance of securities that meet the following conditions:

(a) such securities are issued by a corporation subject to the supervision of a state insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any state or territory of the United States or the District of Columbia;

(b) such securities are insurance policies, annuity contracts, funding agreements, or guaranteed investment contracts under the insurance laws and regulations of any state or territory of the United States or the District of Columbia; and

(c) the value of such securities does not vary according to the investment experience of a separate account that is an investment company under the Investment Company Act or would be an investment company absent an exclusion under Section 3(c) thereof.

Securities meeting the above conditions are referred to herein as the “Contracts.” Such Contracts may include, for example, market value adjusted (or “MVA”) annuity or life insurance contracts and stand-alone guaranteed living benefits, such as guaranteed minimum withdrawal benefits (“GMWBs”).

1. Description of MVA Contracts

Under a typical fixed deferred annuity or life insurance contract, an insurance company guarantees a specified rate of return to contract owners. Alternatively, some fixed deferred annuity or life insurance contracts credit interest above a guaranteed minimum rate based in part on the movement of one or more financial indices, such as the Standard & Poor’s 500 Index (“equity-indexed contracts”). Fixed deferred annuity or life insurance contracts usually have a “surrender” or “accumulation” period, during which a contract owner who withdraws more than a specified amount (e.g., 10%) is assessed a surrender charge. The surrender charge is intended to recover the up-front costs that the insurance company assumes in selling the contract, such as the commission paid to the sales agent. Another risk assumed by the insurance company in regard to withdrawals during the surrender period is that a contract owner may wish to make a withdrawal at a time when the market value of the investments made by the insurance company to back the contract is low. Some fixed annuity and life insurance contracts with MVA features, including equity-indexed contracts with MVA features, shift this risk to contract owners.

Under an MVA, if a contract owner makes a withdrawal at a time when interest rates are higher than at the time when the contract was issued, the contract owner receives less than he or she otherwise would without the MVA. Conversely, if interest rates at the time of withdrawal are lower than at the time when the contract was issued, the contract owner receives more than he or she otherwise would without the MVA. Because contracts that impose an MVA that may
invade principal shift investment risk to the contract owner, they have been required to be registered as securities. Companies have generally registered such contracts on Form S-1 under the Securities Act.

2. **Description of Stand-Alone Guaranteed Living Benefits**

   Stand-alone guaranteed living benefits are relatively new products developed based on popular types of riders that are offered in connection with many variable annuity contracts and registered on Form N-4. Unlike such riders, however, stand-alone guaranteed living benefits do not relate to the contract value inside of a variable annuity, but instead relate to the value of the contract owner’s investments in a separate and distinct account, such as a mutual fund account, brokerage account, or investment advisory account. Examples of stand-alone guaranteed living benefits include stand-alone GMWBs, for which some companies have recently initiated registration under the Securities Act. In addition to stand-alone GMWBs, it is expected that other stand-alone guaranteed living benefits may be developed in the future.

   In general, stand-alone GMWBs guarantee regular income payments for the life of a contract owner to the extent that the value of the contract owner’s guaranteed investment in the relevant account is not sufficient to provide such payments. Stand-alone GMWBs typically have two phases: an accumulation phase and a payout phase. During the accumulation phase, the contract owner’s account usually must be allocated in accordance with restrictions imposed by the insurance company, and withdrawals beyond a specified amount can jeopardize the guarantee. If the contract owner’s account value reduces to a specified level—which is usually set at zero—then the payout phase begins. For the remaining life of the contract owner, the insurance company makes income payments that are calculated based on the amount originally invested in the mutual fund, brokerage, or investment advisory account by the contract owner, subject to modifications arising from withdrawals and other factors.

3. **Future Contracts**

   Other insurance contracts may be registered or developed in the future that meet the conditions and merit the same exemption proposed for the Contracts described in this rulemaking petition.

   **C. Treatment of the Contracts under the Current Regime**

   There is no registration form specifically designed for the Contracts. Accordingly, the Contracts, to the extent registered, would need to be registered under the Securities Act on Form S-1, the “catch-all” form for registration under the Securities Act.¹ Certain forms exist for

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¹ Form S-3 may be available to register certain of the Contracts. However, to the extent issuers rely on the Proposed Rule in the future, if promulgated, they would only be able to meet the registrant requirements of Form S-3 based on the status of their parent company under the Exchange Act. In some cases, use of Form S-3 may require a full and unconditional guarantee by the parent company, which would otherwise exempt the subsidiary from the reporting obligations of the Exchange Act. Accordingly, this petition focuses on the use of Form S-1.
registering other similar types of insurance contracts under the Securities Act. These integrated forms (i.e., Forms N-3, N-4, and N-6) register not only the contract under the Securities Act, but also the separate accounts through which the contracts are issued under the Investment Company Act. Forms N-3, N-4, and N-6, however, can only be used to register variable annuity and variable life insurance contracts and the separate accounts through which they are issued. Accordingly, the Contracts, as insurance company general account products, cannot be registered on Form N-3, N-4, or N-6, as those forms are currently drafted.

Pursuant to Section 15(d) of the Exchange Act, registration of a security on Form S-1 obligates the issuer to comply with the periodic reporting requirements of Section 13 of the Exchange Act, including the filing of annual reports on Form 10-K, quarterly reports on Form 10-Q, as well as various other periodic filings. Accordingly, an insurance company registering a Contract on Form S-1 would be subject to Exchange Act reporting, while an insurance company registering a variable annuity or variable life insurance policy on Form N-3, N-4, or N-6 would not.

II. DISCUSSION

A. Introduction

Competition in the insurance product marketplace is hampered by the current reporting requirements. Requiring insurance companies issuing Contracts to file reports under the Exchange Act serves as a strong disincentive to insurance companies contemplating entering the market that are not otherwise required to file these reports. An insurance company that issues only variable products, and/or traditional life insurance and fixed annuities that are exempt from registration under the Section 3(a)(8) of the Securities Act, would not generally be subject to Exchange Act reporting, disclosure of detailed company information (including management’s discussion and analysis of financial condition and results of operations (“MD&A”)), or preparation of financial statements in accordance with generally accepted accounting principles. By adding one of the Contracts to its product line, an insurance company would immediately become subject to a host of disclosure requirements that are arguably unnecessary for the protection of investors. The significance of these costs acts as a barrier to participation in the market for these Contracts, particularly for smaller insurance companies or insurers owned by foreign parents. This market barrier has only intensified since the adoption of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”).

In respects relevant to Securities Act registration and Exchange Act reporting, the Contracts bear more resemblance to variable annuity and variable life insurance contracts than to

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2 Insurance companies must prepare their financial statements in accordance with statutory accounting principles which are required by state insurance regulatory authorities. Statutory financial statements are permitted to be filed with Forms N-3, N-4, and N-6 if the insurance company is not otherwise required to prepare its financial statements in accordance with generally accepted accounting principles. In order to issue the Contracts, most insurance companies would need to have their financial statements prepared in accordance with generally accepted accounting principles.
corporate debt and equity securities. The Contracts compete in the marketplace with other types of insurance contracts, including fixed annuity and life insurance contracts not required to register under Section 3(a)(8) of the Securities Act, and variable annuity and variable life insurance contracts. However, the current registration regime hinders the ability of insurers to issue such Contracts, and therefore the competitiveness of the marketplace.

B. Statutory Authority and Legal Analysis

Section 12(h) of the Exchange Act provides the Commission with authority to grant exemptions from the provisions of Section 13, 14, or 15(d). More specifically, Section 12(h) provides:

The Commission may . . . exempt in whole or in part any issuer or class of issuers from the provisions of subsection (g) of this section or from Section 13, 14, or 15(d), . . . upon such terms and conditions and for such period as it deems necessary or appropriate, if the Commission finds, by reason of the number of public investors, amount of trading interest in the securities, the nature and extent of the activities of the issuer, income or assets of the issuer or otherwise, that such action is not inconsistent with the public interest or the protection of investors.

Section 12(h) specifically lists four factors for the Commission to consider in granting an exemption: (1) the number of public investors, (2) amount of trading interest in the securities, (3) the nature and extent of the activities of the issuer, and (4) the income or assets of the issuer. Section 12(h) further permits the Commission to consider other factors not listed therein to determine that an exemption is not inconsistent with the public interest or the protection of investors.

Requiring periodic reports under the Exchange Act imposes significant additional costs and burdens on insurance companies issuing Contracts without furthering the Exchange Act’s purpose of informing the trading markets, without adding materially to the information already available for the protection of investors, without enhancing the protections already afforded Contract owners by virtue of the extensive regulation to which the issuing insurance companies are subject as life insurance companies, and without providing any additional information that would be relevant to Contract owners. Further, many of the same public policy considerations that the Commission and its Staff have considered in the past when granting no-action assurance or exemptive relief from the reporting requirements of Sections 13 and 15(d) of the Exchange Act are present with regard to the Contracts.

1. Amount of Trading Interest in the Contracts

(a) Policy Considerations

The primary purpose of the Exchange Act is “to provide for the regulation of securities exchanges and of over-the-counter markets . . . to prevent inequitable and unfair practices on
such exchanges and markets."³ As such, the rationale underlying the filing of periodic reports is to inform the investing public regarding the security whose registration triggered such filing. The Contracts are not listed on any securities exchanges or traded on any public over-the-counter markets, nor are market quotes available from any securities dealer. The Contracts, however, may be able to be assigned and the owner changed in certain circumstances, subject to the requirements contained in the policy form.⁴ Because of the lack of any material trading interest in the Contracts, there is no "audience" of market participants to analyze the information that would be included in periodic reports filed by an issuing insurance company. Thus, the investing public has no need for such reports. As a practical matter, the "amount of trading interest" in the Contracts is non-existent.

(b) Applicable Precedent

The requested rulemaking is supported by ample precedent based upon this rationale. On numerous occasions, either the Commission has granted exemptive relief pursuant to Section 12(h) relieving issuers from the Exchange Act's reporting requirements, or the Commission Staff has provided assurance that it would not recommend to the Commission that any enforcement action be taken if an issuer does not comply with the periodic reporting requirements of Sections 13 and 15(d), based, at least in part, on the lack of a trading market for the registered securities.⁵


⁴ Assignment provisions in insurance contracts vary among insurers and may be impacted by state insurance law requirements. For example, JNL includes the following assignment provision, which it believes is common in the industry, in many of its insurance contracts: "The Owner may assign this Contract before the Income Date, but the Company will not be bound by an assignment unless it is in writing and has been accepted and recorded at the Company's Service Center. The Company reserves the right to refuse assignments at any time on a non-discriminatory basis."

2. Receipt of All Relevant Information

   (a) Policy Considerations

   Contract owners would find information contained in periodic reports under the Exchange Act to be repetitive of information they already receive and otherwise not useful. While Exchange Act periodic reports have no audience and serve no purpose with respect to the Contracts, Securities Act disclosure documents will provide all material information to existing and prospective owners to evaluate the issuing insurance company and the Contract. Contract owners would be primarily interested in the terms and provisions of the Contract, which would be fully described in all material respects in the prospectus that is delivered to such owners. A Contract owner also has an interest in the issuing insurance company’s ability to meet its obligations under a Contract, and owners accordingly would receive information in the prospectus regarding the issuing insurance company and its general account, including audited financial statements and MD&A. Thus, unlike Exchange Act periodic reports, the Securities Act disclosure documents are geared to the specific aspects of a Contract and will provide adequate and sufficient information to Contract owners regarding the Contract and the issuing insurance company.

   With regard to financial information, existing or prospective Contract owners would be interested primarily in information relating to the solvency of the issuing insurance company. The inclusion of the issuing insurance company’s annual audited financial statements in its prospectus should be adequate to address any concern a Contract owner may have regarding the issuing insurance company’s ability to meet its contractual obligations, just as the availability of the depositor annual financial statements has been deemed adequate financial information for investors by the Commission under Forms N-3, N-4, and N-6, the registration forms for variable insurance products. Furthermore, inclusion of MD&A in the prospectus provides additional information regarding the financial position of the issuing insurance company.

   Moreover, information contained in the prospectus or otherwise publicly available would satisfy not only the “currentness” requirements of Section 10(a)(3) of the Securities Act, but also the accuracy and completeness requirements of applicable anti-fraud provisions of the Securities and Exchange Acts. In addition, Contract owners would periodically receive updated prospectuses containing material developments regarding the Contract.

   Indeed, to the extent that Contract owners would benefit from information required to be filed on Form 10-K under the Exchange Act, such information largely will be available in a Contract issuer’s Securities Act prospectus. For example, Item 1 of Form 10-K requires a description of an issuer’s business. This information is also required to be included in a Securities Act prospectus by Item 101 of Regulation S-K. Similarly, other relevant information from Form 10-K would appear in a Contract’s Securities Act prospectus as follows:

- Risk factors of the Contract (Item 1a of Form 10-K) would be provided pursuant to Item 503(c) of Regulation S-K.

- Information on properties of the Company (Item 2 of Form 10-K) would be provided pursuant to Item 102 of Regulation S-K.

- Information on legal proceedings (Item 3 of Form 10-K) would be provided pursuant to Item 103 of Regulation S-K.

- Relevant financial data (Item 6 of Form 10-K) would be provided pursuant to Item 301 of Regulation S-K.

- MD&A (Item 7 of Form 10-K) would be provided pursuant to Item 303 of Regulation S-K.

- Disclosures on market risk (Item 7 of Form 10-K) would be provided pursuant to Item 305 of Regulation S-K.

- Information from financial statements (Item 8 of Form 10-K) would be provided pursuant to Regulation S-X.

- Information on directors, executive officers, corporate governance, and executive compensation (Items 10 and 11 of Form 10-K) would be provided pursuant to Items 401, 402, and 407 of Regulation S-K.

- Information on beneficial owners, related transactions, and director independence (Items 12 and 13 of Form 10-K) would be provided pursuant to Items 403, 404, and 407 of Regulation S-K.

When there are interim changes needed for the disclosures filed under the Securities Act, a company that issues a Contract would update the prospectus by filing a post-effective amendment or a prospectus supplement under Rule 424. Contract owners would receive updated prospectuses upon the payment of additional insurance premiums and upon taking other actions under the Contract. In addition, Contract owners would receive other periodic communications from the issuing company and/or selling broker-dealer, such as annual statements and confirmations. All of these periodic communications, particularly the prospectus updates, would serve much the same purpose as the information required in Form 10-Q and/or Form 8-K under the Exchange Act.
(b) Applicable Precedent

The Commission has granted exemptive relief pursuant to Section 12(h) to issuers relieving them from the Exchange Act’s reporting requirements based, at least in part, on arguments that investors would receive either all information relevant to an investor or comparable information to that which would be contained in the periodic reports under the Exchange Act. Similarly, insurance companies relying on the Proposed Rule would furnish all information material to existing and prospective Contract owners in order to evaluate the issuing insurance company and the Contract.

3. Insurance Regulation

(a) Policy Considerations

The companies that issue the Contracts are subject to extensive regulation by the insurance departments of both their respective states of domicile, as well as the states in which they conduct business. A typical company is subject to periodic review of its books, records, and operations. Companies generally must file annual reports with their respective insurance regulators regarding their operations and financial condition. Furthermore, state insurance regulators require companies to maintain sufficient levels of capital, surplus, and risk-based capital, as well as restrict the investments made by the companies’ general accounts. The companies are also subject to periodic examinations by state insurance regulators in their state of domicile and the states in which they conduct business. The overriding purpose of all of these state insurance regulatory measures is to ensure that the companies are financially secure enough to meet their contractual obligations and maintain their credit ratings.

(b) Applicable Precedent

The existence of insurance regulation has been identified in two exemptive applications as a factor supporting exemptive relief pursuant to Section 12(h). Like the issuers that filed those applications, insurance companies relying on the Proposed Rule would be subject to extensive regulation by state insurance departments. In considering the “activities of the issuer” under Section 12(h) of the Exchange Act, the existence of a separate regulatory regime that oversees an issuer’s businesses and operations should provide substantial reassurance to the Commission and its Staff that additional periodic reporting is not necessary for the public interest or for the protection of Contract owners.

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Financial and Administrative Costs and Burdens

Preparing and filing annual reports on Form 10-K, quarterly reports on Form 10-Q, and other periodic reports pursuant to Sections 13 and 15(d) would impose significant financial and administrative costs and burdens on companies issuing the Contracts that ultimately may be passed on to investors in the form of higher contract fees and charges. Such companies would need to devote several legal and accounting personnel to regularly prepare, review, file, and disseminate such reports, retain independent auditors to review filings and provide any necessary consents, and involve the board of directors as necessary. Additionally, the obligation to review such reports creates an unnecessary drain on Commission Staff time and resources. In the absence of any regulatory purpose, benefit to the public interest, or protection of investors, such expense and effort would not be justified.

The imposition of Exchange Act reporting requirements also hampers competition. Certain insurance companies are publicly held companies, and therefore they have the obligation and the resources necessary to comply with the Exchange Act’s reporting requirements. Such companies have a distinct advantage in issuing the Contracts described in this petition. However, because the number of such publicly held companies is relatively small, the market for the Contracts may be constrained by the barriers imposed on non-publicly held companies. For all of these reasons, the marginal benefits realized by the additional disclosures provided under the Exchange Act should be outweighed by the price and competition burdens imposed by the periodic reporting requirements.

Furthermore, if an insurance company does not currently file Exchange Act reports for itself and does not have a class of securities registered under Section 12 of the Exchange Act, it would not meet the definition of “issuer” under Sarbanes-Oxley and accordingly does not need to comply with most of its requirements. Similarly, an insurance company’s registered unit investment trust separate accounts, while classified as “issuers” under the Exchange Act, are specifically excluded almost entirely from Sarbanes-Oxley pursuant to certain rules promulgated thereunder.

Registration of a Contract, however, would result in an issuing insurance company meeting the definition of an issuer under either Section 2(a)(7) of Sarbanes-Oxley or Section 10A(f)(2) of the Exchange Act. Accordingly, after registration of a Contract, an issuing insurance company would need to comply with certain aspects of Sarbanes-Oxley, such as the

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8 Section 2(a)(7) of Sarbanes-Oxley defines “issuer” as an issuer, as defined in Section 3 of the Exchange Act, that files reports under Section 15(d) of the Exchange Act or that has a class of securities registered under Section 12 of the Exchange Act. In addition, Section 205(d) of Sarbanes-Oxley added a definition of “issuer” to Section 10A(f)(2) of the Exchange Act that mirrors the definition in Section 2(a)(7) of Sarbanes-Oxley. Section 3(a)(8) of the Exchange Act (which pre-dates Sarbanes-Oxley) defines “issuer” to mean any person that issues a security, or in the context of a unit investment trust, the person or entity that acts as the depositor for the trust. The Company would be an issuer under the general definition in Section 3(a)(8), but currently would not meet the definition of an issuer under either Section 2(a)(7) of Sarbanes-Oxley or Section 10A(f)(2) of the Exchange Act.
filing of certifications of periodic reports, maintenance of disclosure controls and procedures, and the upcoming need for management to assess the effectiveness of internal controls over financial reporting pursuant to Section 404 of Sarbanes-Oxley. The preparation and ongoing monitoring for compliance with Sarbanes-Oxley would require significant financial costs, as well as considerable corporate resources for an issuing insurance company.

If the Commission promulgates the Proposed Rule, insurance companies issuing the Contracts would not become subject to the additional requirements of Sarbanes-Oxley that apply to reporting companies under Section 15(d) of the Exchange Act as such companies would not meet the definition of an issuer under the Exchange Act. Therefore, those provisions of Sarbanes-Oxley that apply to “issuers” as defined in Sarbanes-Oxley and Section 10A(f) of the Exchange Act would not apply. Only those provisions that apply to, or apply with respect to, issuers as defined in Section 3(a)(8) of the Exchange Act would affect the companies issuing the Contracts as an “issuer.”

III. CONCLUSION

For all of the reasons discussed above, JNL believes that the imposition of Exchange Act reporting requirements on insurance companies issuing Contracts imposes significant costs and burdens without furthering the Exchange Act’s purpose of informing investors and trading markets, without adding materially to the information available for the protection of investors, and without enhancing the protections afforded to Contract owners and prospective Contract owners by virtue of the disclosure requirements of the Securities Act and the extensive oversight of state insurance regulators. Furthermore, JNL believes that adopting the Proposed Rule would increase competition among issuers of the Contracts. Requiring insurance companies issuing the Contracts to file with the Commission annual reports on Form 10-K, quarterly reports on Form 10-Q, and other periodic reports pursuant to Sections 13 and 15(d) will impose significant additional costs and burdens without advancing the public policy reasons that form the rationale for requiring such reports. JNL therefore petitions the Commission to promulgate the Proposed Rule, substantially in the form set forth in Appendix A hereto, exempting issuers of the Contracts from the reporting requirements of Sections 13 and 15(d) of the Securities Act.

If you have any questions concerning the above, or require additional information, please contact the undersigned at 202.383.0158 or Mary E. Thornton at 202.383.0698.

Sincerely,

[Signature]
Stephen E. Roth

cc: Susan Nash, Esq.
William J. Kotapish, Esq.
Susan Rhee, Esq.
Mary E. Thornton, Esq.
Appendix A

Rule 12h-[ ]. Exemption From Duty to File Reports Under Section 15(d) For Issuers of Certain Insurance Contracts.

An issuer shall be exempt from the duty under Section 15(d) of the Act to file reports required by Section 13(a) of the Act with respect to securities registered under the Securities Act of 1933 on Form S-1 or Form S-3, provided that:

(a) such securities are issued by a corporation subject to the supervision of a state insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any state or territory of the United States or the District of Columbia;

(b) such securities are insurance policies, annuity contracts, funding agreements, or guaranteed investment contracts under the insurance laws and regulations of any state or territory of the United States or the District of Columbia; and

(c) the value of such securities does not vary according to the investment experience of a separate account that is an investment company under the Investment Company Act of 1940 or would be an investment company absent an exclusion under Section 3(c) thereof.