



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

DIVISION OF
INVESTMENT MANAGEMENT

August 8, 2019

VIA ELECTRONIC MAIL

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

Stephen E. Roth
Eversheds Sutherland (US) LLP
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Re: Symetra Life Insurance Company and First Symetra National Life Insurance Company

By letter dated August 7, 2019, you request authority under Regulation S-X §3-13 ("Rule 3-13") for each of Symetra Life Insurance Company ("Symetra Life") and First Symetra National Life Insurance Company of New York ("FSNY," together with Symetra Life, the "Companies" and each a "Company") to file its audited financial statements 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 submitted under the Securities Act of 1933 ("Securities Act") on Form S-1 for certain index-linked annuity contracts more particularly described below (the "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 Companies

You state that Symetra Life is an Iowa-domiciled life insurance company and that FSNY is a New York-domiciled stock life insurance company that is wholly owned by Symetra Life. You state that Symetra Life, among other things, issues variable annuities and variable life policies registered under the Securities Act, and that FSNY has an offering of variable annuities registered under the Securities Act, although FSNY no longer actively sells those products.

You also state that both Companies are wholly-owned subsidiaries of Symetra Financial Corporation ("SFC"), which is itself a wholly-owned subsidiary of Sumitomo Life Insurance Company ("Sumitomo"). You state that SFC currently does not have securities offered or sold pursuant to the Securities Act nor does it file reports with the Commission pursuant to the Securities Exchange Act of 1934 ("Exchange Act"). You further state that, while SFC prepares

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

consolidated GAAP financial statements that it makes available on its website,² it does not require its subsidiaries, including Symetra Life and FSNY,³ to provide it with full or partial GAAP financial statements or a GAAP reporting package.³

You note that neither Symetra Life nor FSNY issues or has outstanding any publicly traded equity or debt securities. You state that the only reason for Symetra Life to prepare GAAP financial statements is for use in the Form S-1 registration statements for its Contracts⁴ and the only reason FSNY would prepare GAAP financial statements is for use in registration statements on Form S-1 for its insurance products that would be registered solely under the Securities Act. You also note that Symetra Life relies on and FSNY is eligible to and will rely on Rule 12h-7 under the Exchange Act for relief from the requirement to file periodic reports under that Exchange Act.⁵

You note that, as required by Rule 12h-7, each of the Companies is subject to supervision by the insurance regulator in its domiciliary state. You also note that Symetra Life and FSNY file a statement of their annual condition with, are supervised by and have their financial condition periodically examined by the Iowa Insurance Division and the New York State Department of Financial Services, respectively.⁶ In addition, you state that each Company is

² You note that SFC communicates GAAP-basis information to Sumitomo through a series of detailed schedules that are designed to support Sumitomo's reporting under Japanese generally accepted accounting principles. You state that those schedules do not necessarily align with the presentation format of GAAP, however, and do not include accompanying footnotes.

³ In this regard, you note that SFC's business is organized and managed by operating segments rather than through a legal entity approach, and that these segments are defined by type of business and represent the combination of operations of Symetra Life and its subsidiaries. You also note that Symetra Life has entered into agreements with counterparties requiring it to provide financial statements or information to its counterparties upon request for purposes of examining Symetra Life's financial condition and ability to meet its contractual obligations, but that Symetra Life is not required to provide, and will not be providing, GAAP financial statements to its counterparties.

⁴ You note that Forms N-4 and N-6 on which Symetra Life and FSNY have registered their variable insurance products would permit each Company to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements in connection with SEC filings. See Form N-4 Item 23(b), Instruction 1, and Form N-6, Item 24.

⁵ 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).

⁶ 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.*

required to file audited SAP financial statements, with its domiciliary state regulator and the National Association of Insurance Commissioners.⁷

Contracts

You state that the Contracts for which the Companies request permission to file SAP financial statements can be either standalone index-linked annuity contracts or contracts that offer variable investment options as well as registered index-linked investment options.⁸ You state that, during the accumulation phase, owners of the Contracts may select among interest crediting options linked to the performance of securities indices as well as among several different protection features. You also state these protection features may include floors that establish the maximum negative market performance to which the contract owner will be exposed or buffers that establish how much negative market performance the issuing Company will absorb before the negative performance is applied to the Contract. In addition, you state that each protection feature option has a corresponding cap that establishes the maximum positive market performance that may be credited to the Contract at the end of the stated term.

In addition, you state that the Contracts are not and will not constitute equity interests in the issuing Company and that the Contracts are subject to regulation under Iowa or New York insurance laws, as applicable. In addition, you state in this regard that the Contracts are not and 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.⁹

Discussion

You note that 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 comparable character.” You assert that SAP financial statements audited by an independent auditor are appropriate statements of a comparable character to GAAP financial statements for the Form S-1 registration statements for the Contracts.

⁷ You state that financial statements filed in registration statements for the Contracts will be audited by an auditor that will satisfy the independence standards in Regulation S-X, Article 2, and that the auditor will be registered with and subject to inspection by the Public Company Accounting Oversight Board.

⁸ You note that Symetra Life recently launched a standalone individual single premium deferred annuity with index-linked investment options that is registered with the SEC on Form S-1.

⁹ 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, investors in the Contracts issued by Symetra Life or FSNY will be most interested in information relevant to assessing the respective Company's ability to fulfill its contractual obligations.¹⁰ You assert that SAP financial statements will provide investors in the Contracts issued by either Company with sufficient information to assess the Company's solvency and its ability to fulfill its contractual obligations.¹¹

In this regard, you claim that SAP financial statements contain detailed information about an insurance company's balance sheet as well as its regulatory capital and surplus, which serve as financial cushions for paying policyholder claims. In addition, you assert that SAP financial statements enable state regulators of each Company 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 Symetra Life and FSNY to file SAP financial statements, audited by an independent auditor, in lieu of GAAP financial statements in registration statements filed for the Contracts, as it relates to the accounting basis of those financial statements only and as described above, is granted.^{12 13}

¹⁰ 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).

¹¹ 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.

¹² 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.

¹³ Our analysis underlying this assurance has been developed in consultation with the staff of the Commission's Office of the Chief Accountant.

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,

A handwritten signature in black ink, appearing to read "Alison Staloch". The signature is fluid and cursive, with the first name "Alison" written in a larger, more prominent script than the last name "Staloch".

Alison Staloch
Chief Accountant
Division of Investment Management

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

August 7, 2019

Via E-Mail

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

**Re: Symetra Life Insurance Company and First Symetra National Life Insurance
Company of New York**

Dear Ms. Staloch:

On behalf of Symetra Life Insurance Company ("Symetra Life") and First Symetra National Life Insurance Company of New York ("First Symetra of NY," together with Symetra Life, 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 indexed-linked annuity contracts (the "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.

Because the Contracts are insurance products, the Companies believe that SAP financial statements will provide investors in their respective Contracts with sufficient information to assess each Company's ability to meet its obligations under the relevant Contracts, and that filing SAP financial statements in place of GAAP financial statements 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 of SAP financial statements in registration statements on Form S-1 that each Company would use to register its Contracts.

Furthermore, the Companies note that the time and cost burdens of preparing GAAP financial statements only for non-variable insurance products that must be registered on Form S-1 may impede many insurance companies from offering those products. Reducing these burdens likely will 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

The Companies

Symetra Life is a stock life insurance company that was organized under Washington law on January 23, 1957, and redomesticated to Iowa in 2014. First Symetra of NY is a stock life insurance company organized under the laws of the State of New York, and a wholly-owned subsidiary of Symetra Life.¹ In conjunction with its subsidiaries, Symetra Life provides annuities, employment-based benefits, and life insurance through financial institutions, broker-dealers, benefits consultants, and independent agents and advisors in 49 states and the District of Columbia. Symetra Life is a wholly-owned subsidiary—and First Symetra of NY an indirect subsidiary—of Symetra Financial Corporation (“Symetra Financial”), a privately-held company. Symetra Life, along with its insurance company subsidiaries, represents the majority of Symetra Financial’s business and operations.

Before February 1, 2016, Symetra Financial was a publicly traded company registered with the U.S. Securities and Exchange Commission (“SEC”). Symetra Financial is also the issuer of certain debt securities registered with the SEC. Upon its acquisition by Sumitomo Life Insurance Company (“Sumitomo Life”) in February 2016, Symetra Financial became a wholly owned subsidiary of Sumitomo Life and ceased to be a publicly traded company with reporting requirements under Section 15(d) of the Securities Exchange Act of 1934, as amended (“1934 Act”). It also suspended its 1934 Act reporting obligations related to its debt securities as permitted by Rule 12h-3(b)(1)(i) of the 1934 Act.

As a private company, Symetra Financial does not have securities currently being offered or sold pursuant to the Securities Act of 1933, as amended (“1933 Act”), nor does it file reports with the SEC under the 1934 Act. Although not required by the federal securities laws to prepare GAAP financial statements, Symetra Financial prepares consolidated GAAP financial statements that it makes available on its website, <https://www.symetra.com>. However, Symetra Financial does not require its subsidiaries—including Symetra Life and First Symetra of NY—to provide GAAP financial statements or to prepare a GAAP reporting package or partial GAAP financial statements in connection with the preparation of those consolidated GAAP financial statements.²

¹ First Symetra of NY offers products and services that serve the retirement, employment-based benefits, and life insurance markets. The Company’s principal products include fixed deferred annuities, single premium immediate annuities, medical stop-loss insurance, group life and disability income insurance, and individual life insurance. The only securities issued by First Symetra of NY are variable annuity contracts registered on Form N-4—SEC File Nos. 333-06448 and 333-17095 (sales discontinued); SEC File Nos. 333-140379 and 333-183087 (never sold and registration statements withdrawn)—and funded through its SEC-registered First Symetra Separate Account S (SEC File No. 811-07949). First Symetra of NY no longer actively sells any of its variable annuity contracts.

² Currently, the only Symetra Financial subsidiaries that create separate GAAP financial statements are Symetra Life—for inclusion in the registration statements for its SEC-registered insurance products (the Contracts registered on Form S-1), and Symetra Financial’s registered broker-dealer subsidiary, Symetra Securities, Inc.—as required by the 1934 Act.

Other than the Symetra Life index-linked annuity contracts registered on Form S-1, neither of the direct or indirect parents of First Symetra of NY have securities currently being offered or sold pursuant to the 1933 Act. Nor do the direct or indirect parents of First Symetra of NY file reports with the SEC under the 1934 Act. Moreover, with regard to First Symetra of NY’s variable annuities, Form N-4 permits the Company to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements except for use in its own registration statements or periodic reports, or those of its parent company. Under these circumstances, First Symetra of NY does not prepare GAAP financial statements, partial GAAP financial statements, or

Symetra Financial's business is organized and managed by operating segments rather than through a legal entity approach. The operating segments are defined by type of business and represent the combination of operations of Symetra Life, First Symetra of NY, and other subsidiaries of Symetra Financial. Symetra Financial does not maintain a separate general ledger for its direct or indirect subsidiaries, including Symetra Life and First Symetra of NY.

As insurance companies domiciled, respectively, in Iowa and New York, the Companies must prepare SAP financial statements that are audited by an independent auditor and are filed with the domiciliary state insurance regulator and the National Association of Insurance Commissioners. These financial statements are reviewed by state regulators as part of a comprehensive regulatory program that focuses on the Company's solvency, with the goal of ensuring that the Company can fulfill its contractual obligations to policyholders. The ultimate objective of state solvency regulation is to ensure that an 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 and policyholder protection, statutory accounting principles focus on an insurance company's balance sheet and emphasize the insurance company's liquidity.

Neither Symetra Life nor First Symetra of NY issues or has outstanding any publicly traded equity securities (i.e., common stock or preferred stock); nor has either Company issued any publicly traded debt securities. Moreover, as noted above, the GAAP financial information related to each Company's operations that would otherwise be prepared in connection with the preparation of consolidated GAAP financial statements for Symetra Financial would not constitute a GAAP reporting package or partial GAAP financial statements. Currently, the only reason for Symetra Life to prepare GAAP financial statements is for use in the Form S-1 registration statements for its Contracts;³ and the only reason First Symetra of NY would prepare GAAP financial statements is for use in registration statements on Form S-1 for its insurance products that would be registered solely under the 1933 Act. Forms N-4 and Form N-6, on which the Companies register their respective variable insurance products, would permit each Company to file audited SAP financial statements if it would not otherwise have to prepare GAAP financial statements in connection with SEC filings.⁴

a GAAP reporting package in connection with its direct or indirect parents' preparation of consolidated financial information. Nor is First Symetra of NY required to prepare GAAP financial statements for use in the Form N-4 registration statements for its variable annuities. See Form N-4 Item 23(b), Instruction 1 (permitting use of audited SAP financial statements for insurance company depositor in Form N-4 registration statement if the insurance company would not have to prepare GAAP financial statements except for use in Form N-3 or N-4 filings).

³ Symetra Life has entered into agreements that require it to provide financial statements or information to its counterparties upon request for purposes of examining Symetra Life's financial condition and ability to meet its contractual obligations. In these agreements, the counterparty either (i) reserves the right to request SAP financial statements specifically, or (ii) reserves the right to request financial information or financial statements without specifying an accounting basis (e.g., SAP or GAAP). Under these circumstances, and given the flexibility Symetra Life has under agreements that do not specify the accounting basis for the financial statements or financial information that a counterparty may request, Symetra Life is not required to provide, and will not be providing, GAAP financial statements to its counterparties.

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

If this request to file audited SAP financial statements in place of GAAP financial statements in registration statements filed on Form S-1 (for the Contracts) is granted, Symetra Life also

Symetra Life relies on—and First Symetra of NY is eligible to and will rely on—Rule 12h-7 of the 1934 Act for relief from the requirement to file periodic reports under that 1934 Act.⁵ As required as a condition of eligibility for Rule 12h-7, both Companies are subject to supervision by the insurance regulator of its respective domiciliary state. Symetra Life and First Symetra of NY each file a statement of their annual condition with, and are supervised by and have their financial condition periodically examined by, the Iowa Insurance Division and the New York State Department of Financial Services, respectively. In addition, the only SEC-registered securities that either Company issues or proposes to issue are insurance contracts subject to regulation under Iowa or New York insurance laws, as applicable. Such securities do not and will not constitute an equity interest in the issuing Company, and 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.

The Contracts

The Contracts for which Symetra Life and First Symetra of NY request relief in this letter can either be standalone index-linked annuity contracts, or contracts that offer variable investment options as well as registered index-linked investment options. Such Contracts offer owners the potential for higher returns than traditional fixed annuity contracts by providing for assumption of some market risk. Similar to variable annuities, the Contracts provide returns associated with the performance of securities markets, but they also provide some protection against negative market performance.

During the accumulation phase, Contract owners may select among a set of interest crediting options that are each linked to the performance of a different securities index. These interest crediting options will offer different protection features, including “floors” that establish the maximum negative market performance to which the contract owner will be exposed in a specified period, and a “buffer” that establishes how much negative market performance the Company will absorb before the negative performance is applied to its Contract. Each protection feature will have a corresponding “cap” that establishes the maximum positive market performance that may be credited to the Contract at the end of a stated term. In general, a “floor” or “buffer” that exposes the Contract owner to greater risk will have a higher corresponding “cap” and the potential for higher credited interest. Proceeds payable to a Contract owner who withdraws Contract value or surrenders the Contract before the end of the stated term will reflect an adjustment made according to a prescribed formula.

Symetra Life recently launched Symetra TrekSM, a standalone individual single premium deferred annuity with index-linked investment options that is registered with the SEC on Form S-1.⁶ First Symetra of NY is in the process of developing index-linked annuity contracts that will be substantially similar to Symetra TrekSM except to the extent required to comply with New York law, and will be registered with the SEC on Form S-1. In the future, Symetra Life and First Symetra of NY each may offer different versions of the Contracts, including versions that can also offer variable investment options.

intends to include SAP financial statements in the registration statements for its variable annuities and its variable life insurance policies, as permitted under Forms N-4 and N-6.

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).

⁶ SEC File No. 333-225314, declared effective in November 2018.

Efforts and Burdens Related to Preparing GAAP Financial Statements for Symetra Life

Constructing GAAP compliant financial statements for Symetra Life is time consuming and expensive.

Symetra Life's GAAP reporting process is primarily structured to produce the consolidated GAAP financial statements voluntarily prepared by Symetra Financial.⁷ Once the consolidated Symetra Financial GAAP financial statements have been prepared, additional procedures are currently performed to carve out and produce the financial statements, footnotes, disclosure checklists and auditing schedules requested by Symetra Life's independent auditors for use in the registration statements on Form S-1 for the Contracts.

As noted above, Symetra Financial does not require its subsidiaries to provide GAAP financial statements, or to prepare a GAAP reporting package or partial GAAP financial statements in connection with the consolidated GAAP financials that it voluntarily prepares. Because Symetra Financial does not maintain a separate general ledger for Symetra Life or any other subsidiary, the process of deriving GAAP financial statements for any Symetra Financial subsidiary as a legal entity from the information developed in connection with the preparation of consolidated GAAP financial statements for Symetra Financial is complicated and costly. More specifically, not having to prepare its own GAAP-compliant financial statements would free Symetra Life (and First Symetra of NY, if it were required to prepare GAAP financial statements for use in Form S-1 registration statements for the registered index-linked annuity contracts that it proposes to issue) from performing additional manual tasks, including the following:

- Preparing statements of other comprehensive income and changes in stockholders' equity.
- Preparing statements of cash flows.
- Preparing financial statement footnotes at a materiality level appropriate for the Company :
 - Preparing Company investment disclosures;
 - Identifying and preparing disclosures to ensure appropriate recognition of intercompany transactions that are otherwise eliminated in consolidation for Symetra Financial; and
 - Performing procedures to identify related parties and related party transactions, and evaluate such transactions to determine if disclosure is required.
- Preparing disclosure checklists to ensure GAAP requirements are met.
- Preparing auditing schedules for independent auditors and allocating time to support audit requirements.

Furthermore, the time, effort and expenses involved to support the preparation of audited GAAP financial statements for each Company place (or will place), and will continue to place significant strain on systems and personnel. Because both Companies must prepare SAP financial statements for the states, production of entity-level GAAP financial statements results in duplicative reporting and auditing of financial statements. Moreover, the additional procedures that must be performed to carve out and produce legal entity GAAP financial statements for each

⁷ GAAP-basis information is also communicated to Symetra Financial's parent, Sumitomo Life, through a series of detailed schedules that are designed to support Sumitomo Life's reporting under Japanese generally accepted accounting principles. Those schedules do not necessarily align with the presentation format of GAAP, however, and do not include accompanying footnotes.

Company result in higher costs and place additional demands on the systems and personnel involved in implementing those additional procedures.

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.” Preparing and obtaining an independent audit of GAAP-compliant financial statements for Symetra Life and for First Symetra of NY solely for inclusion in Form S-1 registration statements for the Contracts would involve substantial costs and administrative burdens, 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, each of the Companies believes that, for the Form S-1 registration statement for its Contracts, SAP financial statements that have been audited by an independent auditor⁸ are appropriate financial statements of a comparable character to GAAP financial statements. Accordingly, each Company requests relief pursuant to Rule 3-13 of Regulation S-X to file SAP financial statements instead of GAAP financial statements in Form S-1 registration statements for its Contracts.⁹

SAP financial statements will provide investors in Contracts with sufficient information to assess the respective Company’s ability to meet its respective 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.¹⁰ Each Company 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 1985¹¹, and later was incorporated into Form N-6 for variable life insurance policies, when that form was adopted in 2002¹². In proposing Forms N-3

⁸ 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.

⁹ Because Symetra Life relies on Rule 12h-7, and First Symetra of NY is eligible to and will rely on Rule 12h-7, neither Company is requesting any relief pursuant to Rule 3-13 with respect to the 1934 Act.

¹⁰ 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>.

¹¹ 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”).

¹² 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).

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.¹³

Similar to investors in variable insurance products, investors in Symetra Life or First Symetra of NY index-linked annuity contracts would be most interested in information relevant to the respective Company’s ability to fulfill its contractual obligations. Statutory accounting principles are designed specifically to provide this type of information, emphasizing a company’s ability to pay policyholder claims. 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 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 are designed to assist investors in determining a company’s ongoing value. As there is no secondary market for the Contracts, this type of information is less valuable to potential or current Contract owners.

For these reasons, Symetra Life and First Symetra of NY respectfully submit that SAP financial statements would provide owners of their respective Contracts with sufficient information to assess the Company’s solvency and its ability to fulfill its contractual obligations. GAAP financial statements, on the other hand, would not provide any additional informative value to investors that would justify the significant cost and administrative burdens of preparing and auditing the additional set of financial statements.

Symetra Life is currently required—and without the requested relief, First Symetra of NY would be 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, neither Symetra Life nor First Symetra of NY issues or has outstanding any publicly-traded equity or debt securities. In addition, other than the Symetra Life Contracts, neither the direct nor the indirect parent of First Symetra of NY—Symetra Life and Symetra Financial, respectively—have securities registered with the SEC under the 1933 Act; and neither Symetra Life nor Symetra Financial files reports with the SEC under the 1934 Act. Moreover, the business of Symetra Financial—Symetra Life’s direct parent and First Symetra of NY’s indirect parent—is organized and managed by operating segments that represent the combination of operation of its subsidiaries; Symetra Financial does not maintain a separate general ledger for its direct or indirect subsidiaries. Nor does Symetra Financial require its subsidiaries to provide GAAP financial statements, or to prepare a GAAP reporting package or partial GAAP financial statements in connection with the consolidated GAAP financials that it voluntarily prepares. For these reasons, the Companies are eligible to use SAP financial statements in the registration statements on Form N-4 and N-6 for their respective variable insurance 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

¹³ 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).

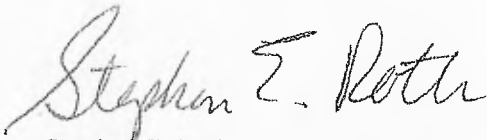
statements except for use in a registration statement for an insurance product.¹⁴ The Companies respectfully submit that such relief is also appropriate with respect to the registration statements for their respective Contracts. As previously noted, Symetra Life devotes significant resources to preparing GAAP financial statements for inclusion in the Form S-1 registration statements for its Contracts. Absent the requested relief, First Symetra of NY would devote significant resources to preparing GAAP financial statements for inclusion in the Form S-1 registration statements for the index-linked annuity contracts it plans to issue.

Conclusion

Because the Contracts are insurance contracts subject to state regulation, and SAP financial statements provide prospective or current policyholders with sufficient information to assess the Company's ability to meet its contractual obligations, the Companies respectfully submit that filing SAP financial statements audited by an independent auditor in place of 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 Symetra Life and First Symetra of NY, that the Staff grant relief pursuant to Rule 3-13 of Regulation S-X to permit Symetra Life and First Symetra of NY to file SAP financial statements audited by an independent auditor in registration statements on Form S-1 for their respective Contracts.

Thank you for your attention to this matter. Please contact me at 202-383-0158, or Patrice Pitts at 202.383.0548, if you need additional information or have questions concerning this request.

Sincerely,



Stephen E. Roth
Eversheds Sutherland (US) LLP

cc: Paul G. Cellupica
William J. Kotapish
Harry Eisenstein
Jacqueline M. Veneziani

¹⁴ 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 11, at n.9.