



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

DIVISION OF
INVESTMENT MANAGEMENT

February 11, 2021

VIA ELECTRONIC MAIL

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

Stephen E. Roth
Eversheds Sutherland (US) LLP
Email: steveroth@eversheds-sutherland.com

Re: Transamerica Life Insurance Company and
Transamerica Financial Life Insurance Company

By letter dated January 28, 2021, you request permission under Regulation S-X §3-13 (“Rule 3-13”) for Transamerica Life Insurance Company (“TLIC”) and Transamerica Financial Life Insurance Company (“TFLIC”) (each a “Company”, together the “Companies”) to file audited financial statements of the Company prepared in accordance with statutory accounting principles¹ (“SAP”), in place of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), in registration statements on Form S-1 filed in the future for standalone index-linked annuity contracts or combination annuity contracts that offer variable investment options as well as registered index-linked investment options (collectively, “Contracts”), in satisfaction of the financial information required by Form S-1, including 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 TLIC is a stock life insurance company, domiciled in the State of Iowa, that is subject to regulation by the Iowa Insurance Division. You also state TLIC is direct wholly-owned subsidiary of Commonwealth General Corporation (“CGC”), a holding

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

company organized under the laws of Delaware, which in turn is a direct wholly-owned subsidiary of Transamerica Corporation (“TA Corp”), also a holding company organized under the laws of Delaware. You state that TFLIC is a stock life insurance company domiciled in the State of New York that is subject to regulation by the New York Department of Financial Services (“NYDFS”). You also note that TFLIC is 100% owned by TA Corp. TA Corp is directly owned by AEGON N.V., a holding company organized under the laws of The Netherlands.

You state that each Company currently issues variable annuity contracts that are registered as securities with the Commission and that the audited financial statements the Companies file with those registration statements are prepared on a statutory basis. You also note that other than certain other variable annuity contracts that were registered on Form N-4 and variable life insurance policies that were registered on Forms N-6 and S-6, but are no longer issued, no other securities issued by the Companies are registered with the Commission. You state that the audited financial statements filed with the registration statements for contracts no longer issued also are prepared on a statutory basis. You further state that the Contracts would be the first insurance products that either TLIC or TFLIC registers with the SEC on Form S-1, which in the absence of the requested relief, would require the Company to prepare GAAP financial statements for use in an SEC registration statement. You state that neither TLIC nor TFLIC currently prepares GAAP financial statements for any purpose. Regarding parent companies of the Company, you note that neither CGC, TA Corp, nor AEGON N.V. have any GAAP reporting requirements, prepare GAAP financial statements, or GAAP financial information for any other purpose. You note that, consequently, neither TLIC nor TFLIC prepares any partial GAAP financial statements or any GAAP reporting package for use by any of its parent companies.

You also state that each Company is eligible for the exemption from filing periodic reports required by the Securities Exchange Act of 1934 (the “Exchange Act”) provided by rule 12h-7 under the Exchange Act and will rely on this exemption and comply with its conditions so long as the Company relies on the requested relief.² In this regard, you note that (1) each Company is subject to supervision by the insurance commissioner of its domiciliary state; and (2) each Company files an annual statement of its financial condition with, and is supervised and its financial condition is periodically examined by, the insurance commissioner of its domiciliary state.³

² 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 Securities Act of 1933 if certain other conditions are satisfied. 17 CFR 240.12h-7.

³ 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.

The Contracts

You state that the Contracts will either be standalone index-linked annuity contracts or combination annuity contracts that offer variable investment options as well as registered index-linked investment options. You also state that (1) the Contracts will not constitute an equity interest in either Company and will be subject to regulation under the insurance laws of each Company's domiciliary state;⁴ (2) 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 and both Companies will take steps reasonably designed to ensure that a trading market for the securities does not develop,⁵ and (3) prospectuses for the Contracts will disclose that the applicable Company relies on the relief provided by rule 12h-7.⁶

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 thereof of appropriate statements of comparable character. You assert that, for the Form S-1 registration statement of the Contracts, SAP financial statements audited by an independent auditor⁷ are appropriate statements of a comparable character to GAAP financial statements and are consistent with investor protection.

In support of this claim, you assert that investors in the Contracts will be most interested in information relevant to assessing the issuing Company's ability to fulfill its contractual obligations.⁸ You assert that SAP financial statements would provide investors in the Contracts

⁴ 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.

⁵ Rule 12h-7(d) 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. Rule 12h-7(e) requires that an issuer take steps reasonably designed to ensure that a trading market for the securities does not develop.

⁶ Rule 12h-7(f) provides that the prospectus for the securities must contain a statement indicating that the issuer is relying on the exemption provided by the rule.

⁷ You state that the independent auditor engaged to audit the SAP financial statements will be registered with and subject to inspection by the Public Company Accounting Oversight Board, and will satisfy the independence standards of Article 2 of Regulation S-X.

⁸ You note the Commission recognized, in proposing variable annuity registration forms, that 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. *Registration Form for Insurance Company Separate*

with sufficient information to assess the Company's solvency and its ability to satisfy its contractual obligations.⁹

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

Based on the facts and representations set forth in your letter as summarized above, as well as the conditions outlined above, and without necessarily agreeing with all of your analysis, your request for permission under Rule 3-13 for the Company to file SAP financial statements, audited by an independent auditor, in lieu of GAAP financial statements in registration statements 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.^{10 11 12}

Accounts that Offer Variable Annuity Contracts, Securities Act Release No. 6502 and Investment Company Act Release No. 13689 (Dec. 22, 1983).

⁹ You also note that, while GAAP financial statements assist investors in understanding the Company'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.

¹⁰ 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.

¹¹ Our analysis underlying this assurance has been developed in consultation with the staff of the Commission's Office of the Chief Accountant.

¹² This relief is provided for the Contracts described in your letter based on the facts disclosed therein, including that the Contracts seeking to rely on the relief 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 your letter and the intended product types. In this regard, you have stated that the Company 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.

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 that reads "Alison Staloch". The signature is written in a cursive, flowing style.

Alison Staloch
Chief Accountant
Division of Investment Management

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

January 28, 2021

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

Re: Transamerica Life Insurance Company and Transamerica Financial Life Insurance Company

Dear Ms. Staloch:

On behalf of Transamerica Life Insurance Company ("TLIC") and Transamerica Financial Life Insurance Company ("TFLIC") (each a "Company", together the "Companies"), 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 that the Company intends to file for certain index-linked annuity contracts as described in this letter (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 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 with sufficient information to assess the issuing Company's ability to meet its obligations under the Contracts, and that filing SAP financial statements in place of GAAP financial statements in registration statements on Form S-1 for the Contracts would be consistent with investor protection. Forms N-3, N-4 and N-6 already permit insurers 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 financial statements in registration statements on Form S-1 for the Contracts.

Furthermore, time and cost burdens of preparing GAAP financial statements solely for insurance contracts that must be registered on Form S-1, such as the Contracts, may impede many insurance companies from offering those products. Reducing these burdens likely will increase the number of such products offered in the marketplace and broaden choices available to investors among such products for retirement and other long term purposes.

The Companies

TLIC is a stock life insurance company domiciled in the State of Iowa that is subject to regulation by the Iowa Insurance Division. The Company is engaged in selling life and health insurance and annuity contracts and is licensed to conduct business in all states except New York, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands. As an insurance company domiciled in Iowa, the

Company must prepare SAP financial statements that are audited by an independent auditor and filed with the Iowa Insurance Division and the National Association of Insurance Commissioners ("NAIC").

TFLIC is a stock life insurance company domiciled in the State of New York that is subject to regulation by the New York Department of Financial Services ("NYDFS"). The Company is engaged in selling life insurance and annuity contracts and is licensed to conduct business in fifty states and the District of Columbia. As an insurance company domiciled in New York, the Company must prepare SAP financial statements that are audited by an independent auditor and filed with the NYDFS and the NAIC.

State regulators periodically examine the financial statements filed by the Companies 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 contract owners. The ultimate objective of state solvency regulation is to ensure that an insurance company can pay policyholder liabilities when they become 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 solvency and emphasizes the insurance company's liquidity.

Neither TLIC nor TFLIC currently prepares GAAP financial statements for any purpose. Each Company currently issues variable annuity contracts that are registered as securities with the Securities and Exchange Commission ("SEC"). Pursuant to relief provided by Form N-4 on which the variable annuity contracts are registered, which permits companies that would not otherwise have to prepare GAAP financial statements to file SAP financial statements, the audited financial statements the Companies file with those registration statements are prepared on a statutory basis. Other than certain other variable annuity contracts that were registered on Form N-4 and variable life insurance policies that were registered on Forms N-6 and S-6, but are no longer issued, no other securities issued by the Companies are registered with the SEC. The audited financial statements filed with the registration statements for contracts no longer issued also are prepared on a statutory basis. The Contracts would be the first insurance products that either TLIC or TFLIC registers with the SEC on Form S-1, which in the absence of the requested relief, would require the Company to prepare GAAP financial statements for use in an SEC registration statement.

TLIC is direct wholly-owned subsidiary of Commonwealth General Corporation ("CGC"), a holding company organized under the laws of Delaware, which in turn is a direct wholly-owned subsidiary of Transamerica Corporation ("TA Corp"), also a holding company organized under the laws of Delaware. TFLIC is 100% owned by TA Corp. TA Corp is directly owned by AEGON N.V., a holding company organized under the laws of The Netherlands. None of CGC, TA Corp or AEGON N.V. have any U.S. GAAP reporting requirement nor do they prepare GAAP financial statements or GAAP financial information for any other purpose. Consequently, neither TLIC nor TFLIC prepares any partial GAAP financial statements or any GAAP reporting package for use by any of its parent companies. There are several legal entities that are indirect wholly-owned subsidiaries of either TA Corp or Aegon, N.V. that prepare GAAP financial statements for regulatory reporting purposes. While these entities are affiliated with TLIC and TFLIC, they are not subsidiaries of either Company and, therefore, do not consolidate into TLIC's or TFLIC's financial statements.

Each Company is eligible for the exemption provided by Rule 12h-7 under the Securities Exchange Act of 1934 from the requirement to file periodic reports under that Act and will rely on the exemption and comply with the conditions of the exemption so long as it relies on the relief requested by this letter. As required by Rule 12h-7, (1) each Company is subject to supervision by the insurance commissioner of its domiciliary state; (2) each Company files an annual statement of its financial condition with, and is supervised and its financial condition is periodically examined by, the insurance commissioner of its domiciliary state; (3) the Contracts will not constitute an equity interest in either Company and will be subject to regulation under the insurance laws of each Company's domiciliary state; (4) the Contracts will not be listed, traded or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any similar system; (5) both Companies will take steps reasonably designed to ensure that a trading market for the securities does not develop; and (6)

prospectuses for the Contracts will disclose that the applicable Company relies on the relief provided by Rule 12h-7.

The Contracts

The Contracts that TLIC and TFLIC will register with the SEC on Form S-1 will either be standalone index-linked annuity contracts or combination annuity contracts that offer variable investment options as well as registered index-linked investment options. Like variable investment options, index-linked investment options provide Contract owners the potential for higher returns than traditional fixed annuity contracts by shifting some market risk to Contract owners in the form of interest based on the performance of one or more market indexes or benchmarks. Index-linked investment options also provide Contract owners some protection against negative market performance by subjecting negative performance of such index or benchmark to a floor or buffer.

During the accumulation phase, Contracts owners will be able to select among several index-linked investment options that are linked to the performance of a specified market index. These interest crediting options will include a floor, establishing the maximum negative market performance to which Contract owners will be exposed, or a buffer, establishing the maximum amount of negative market performance that the Company will absorb, and a cap, which establishes the maximum positive market performance that may be credited to the Contract at the end of the investment option period. Investment options with floors or buffers that expose the Contract owner to greater risk will have a higher corresponding cap and greater potential for higher credited interest. Proceeds payable to a Contract owner who withdraws Contract value or surrenders the Contract before the end of an investment option period will be adjusted according to a prescribed formula.

Request for Relief

Preparing and obtaining an independent audit of GAAP financial statements for the Companies solely for inclusion in the registration statements on Form S-1 for the Contracts would impose substantial costs and administrative burdens and would not provide investors in the Contracts with material information beyond that available in the SAP financial statements already prepared by each Company. Consequently, TLIC and TFLIC request relief pursuant to Rule 3-13 of Regulation S-X to file SAP financial statements in place of GAAP financial statements in registration statements for the Contracts. 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 by Regulation S-X or the filing in substitution thereof of appropriate statements of a comparable character.” For the reasons stated herein, the Companies believe that SAP financial statements audited by an independent auditor¹ included in the Form S-1 registration statements for the Contracts are appropriate statements of a comparable character to GAAP financial statements and are consistent with investor protection.

SAP financial statements will provide investors in the Contracts with sufficient information to assess TLIC’s and TFLIC’s ability to meet their contractual obligations.

Forms N-3, N-4 and N-6 used to register variable insurance products under the Securities Act of 1933, already permit use of SAP financial statements in place of GAAP financial statements if the insurance company issuing the contract would not have to prepare GAAP financial statements except for use in registration statements on such forms. When 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 the contracts, which are backed by the insurance company’s general account, depend on the solvency of the insurance company, and that contract owners, participants and annuitants who invest in the contracts may not

¹ 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 Oversight Board (“PCAOB”).

want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the insurance company's solvency.²

Similar to investors in variable annuity contracts, investors in the Contracts will be most interested in information relevant to assessing the issuing Company's ability to fulfill its contractual obligations. Statutory accounting principles are designed specifically to provide this type of information to state regulators. SAP financial statements contain detailed information about an insurance company's assets and liabilities as well as its regulatory capital and surplus, which serve as financial cushions for paying contract owner claims. Furthermore, SAP financial statements enable state regulators to determine the insurance company's ability to meet contract owner obligations, based on the availability of readily marketable assets when obligations are due. In contrast, GAAP financial statements assist investors in understanding a company's going concern value. Due to the absence of any secondary market in the Contracts, investors in the Contracts do not need information regarding either Company's going concern value. Consequently, SAP financial statements would provide investors in the Contracts with sufficient information to assess the issuing Company's solvency and its ability to satisfy its contractual obligations. GAAP financial statements would not provide additional informative value to investors that justifies 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.

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 an insurance company that would not have to prepare GAAP financial statements except for use in a registration statement for an insurance product. 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 on this group of registrants and their sponsoring insurance company."³ Preparing GAAP financial statements solely for the purpose of filing in the Form S-1 registration statements for the Contracts would impose substantial costs and administrative burdens on the Companies. The Companies, therefore, respectfully submit that such relief is also appropriate for the Contracts.

Conclusion

Investors in the Contracts will be most interested in financial information that will enable them to assess the issuing Company's solvency and ability to fulfill its obligations under the Contracts. SAP financial statements provide precisely this sort of information to state regulators. Because the Contracts are insurance products subject to state regulation, SAP financial statements are appropriate financial statements of a comparable character to GAAP financial statements and will provide investors in the Contracts with sufficient information to assess each Company's ability to meet its obligations under the Contracts, and filing SAP financial statements in place of GAAP financial statements would be consistent with investor protection. Requiring the Companies to file GAAP compliant financial statements will not provide investors in the Contracts with additional information that justifies the additional costs and administrative burdens of preparing the financial statements.

² See Registration Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts (Proposing Release) Rel. Nos. 33-6502 and IC-13689 (December 22, 1983).

³ See Registrations Forms for Insurance Company Separate Accounts that Offer Variable Annuity Contracts (Adopting Release) Rel. Nos. 33-6588 and IC-14575 (June 14, 1985), at footnote 9.

For the reasons stated above, we respectfully request, on behalf of TLIC and TFLIC, that the Staff grant relief pursuant to Rule 3-13 of Regulation S-X to permit the Companies to file SAP financial statements audited by an independent auditor in registration statements on Form S-1 for the Contracts. Should you provide this relief, each Company 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 response to this letter.

Thank you for your attention to this matter. Please contact me at 202-383-0158 or Lorna MacLeod at 202-383-0817 if you need additional information or have any questions concerning this request.

Sincerely,

A handwritten signature in black ink that reads "Stephen E. Roth". The signature is written in a cursive style with a large, stylized initial 'S'.

Stephen E. Roth
Eversheds Sutherland (US) LLP

Cc: Alexis Cunningham
Alberto Zapata