



8525 East Orchard Road  
Greenwood Village, CO 80111  
(303) 737-3000  
Mailing Address:  
PO Box 1080, Denver CO 80201  
[www.gwla.com](http://www.gwla.com)

September 10, 2008

**VIA ELECTRONIC FILING**

U.S. Securities and Exchange Commission  
Florence E. Harmon, Acting Secretary  
100 F Street, N.E.  
Washington, D.C. 20549-1090

RE: File Number S7-14-08 Comments on Proposed Rule 12h-7

Dear Ms. Harmon:

This letter is submitted on behalf of Great-West Life & Annuity Insurance Company, a stock life insurance company incorporated under the laws of the State of Colorado, ("Great-West") and First Great-West Life & Annuity Insurance Company, a stock life insurance company incorporated under the laws of the State of New York ("First Great-West"). Great-West is authorized to do business in 49 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, and Guam. First Great-West is authorized to do business only in New York. The department of insurance in each of its respective domiciliary jurisdiction regulates Great-West and First Great-West. We appreciate the opportunity to submit comments regarding the recent proposal by the U.S. Securities and Exchange Commission ("SEC" or "Commission") to adopt Rule 12h-7.

**1. Background**

First Great-West was a reporting company from 1997 until 2003, solely because it offered a market value adjustment ("MVA") to contract owners in one of its registered separate account products. The MVA option was terminated in large part because the reporting obligations imposed upon First Great-West under the current regulatory scheme made the MVA cost prohibitive for First Great-West. Great-West recently ceased offering an MVA due, in part, to the expenses associated with the reporting obligations under the Securities Exchange Act of 1934.

**2. Proposed Rule**

We support the proposed Rule 12h-7 substantially as written. It strikes an appropriate balance between providing investors with sufficient information and protection without needlessly imposing additional costs upon issuers, and by implication investors. Specifically, the Commission has requested comments on whether Rule 12h-7 should be limited to specific named securities. We do not believe that it should be. The proposed approach addresses this in a more practical manner. It is only recently that issuers have begun offering what are commonly know as synthetic annuities, which the Commission in the proposing release has identified as insurance

contracts with a guarantee of assets held in a brokerage account or mutual fund. Adopting a limiting list will only require that the Commission revisit this rule every few years or it will leave the marketplace in the same position as today, i.e. providing significant barriers to the introduction of new investment products.

### **3. Burden**

Under the current regulatory system, issuers such as Great-West and First Great-West may not be able to offer certain new products due to the costly regulatory requirements. This limits the ability of issuers to offer innovative new retirement products at a time when the Baby Boom generation is beginning retirement. Those issuers who choose to offer these products are forced to pass along the increased costs to investors. Since the costs to comply with these obligations could reasonably be expected to cost between \$1,500,000-2,000,000 each year, those costs will have to be passed along to investors reducing the investment return.

### **4. Additional Filings**

Finally, the Commission has requested comment on whether the SEC should require any additional disclosure of the issuer's financial condition. We believe that such a requirement is wholly unnecessary. In the case of Great-West, financial statements are already publicly available on the website for the Colorado Division of Insurance. An additional requirement to file or post these financial statements will only drive up the costs to the issuer without providing any additional information or protection to investors.

On behalf of Great-West and First Great-West, I want to thank the Commission again for the opportunity to comment on this important matter. Should you have any questions, please contact me at 303-737-3000.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Beverly A. Byrne". The signature is written in black ink and is positioned below the typed name.

Beverly A. Byrne  
Chief Legal Officer, Financial Services  
and Securities Compliance