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January 4, 2022

VIA HAND DELIVERY

Jennifer M. Dowty
Counsel
Connecticut Insurance Department
153 Market Street
Hartford, CT 06103

Re: Proposed acquisition of control of Prudential Retirement Insurance and Annuity Company by Great-West Life & Annuity Insurance Company et al.

Docket # EX 21-78

Dear Ms. Dowty:

I am writing on behalf of Great-West Life & Annuity Insurance Company ("GWL&A"), GWL&A Financial Inc. ("GWL&A Financial"), Great-West Lifeco U.S. LLC ("Lifeco U.S."), Great-West Financial (Nova Scotia) Co. ("GW Nova Scotia"), Great-West Lifeco Inc. ("Lifeco"), Power Financial Corporation ("Power Financial"), Power Corporation of Canada ("Power Corporation"), Pansolo Holding Inc. ("Pansolo"), and The Desmarais Family Residuary Trust (the "Trust") (collectively, the "Applicants") in connection with the Form A Statement (the "Form A" or the "Application") submitted to the Connecticut Insurance Department (the "Department") to obtain approval of the Applicants' proposed acquisition of control (the "Proposed Acquisition") of Prudential Retirement Insurance and Annuity Company (the "Domestic Insurer"). We are in receipt of the Department's letter of December 10, 2021 regarding the Form A. We appreciate the time and attention you have given the Form A. The Applicants' responses to the questions asked in the Department's letter are set forth below. For your convenience, we have reproduced your questions in italics, followed by the Applicants' responses. Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Form A.

ITEM 1. INSURER AND METHOD OF ACQUISITION

1. With regard to the entire Form A Application, please provide the Entire Agreement as outlined in Section 8 of the Guarantee Agreement. (Exhibit D). Additionally, the Department has noticed in the Master Transaction Agreement the following language throughout the document pertaining to certain terms: "Error! Reference source not found." Please provide clarification.

The Applicants will provide the requested documents to the Department for in camera review to determine the appropriate submission in the Amended and Restated Form A. Additionally, the references in the Master Transaction Agreement to *"Error! Reference source not found."* were an inadvertent error due to the PDF conversion process. Please find attached as Exhibit A an updated redacted copy of the Master Transaction Agreement.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

2. On Page 6 of the Form A it is stated that CDS Clearing and Depositary Services Inc. ("CDS & Co.") has more than 10% ownership of Great-West Lifeco Inc. Please provide details as to why an exemption from change in control has not been filed with the Department. Furthermore, provide details as to why CDS & Co. is not considered an applicant.

CDS & Co. does not beneficially own or control any shares of Lifeco. Lifeco is a Canadian publicly traded company with shares listed and traded on the Toronto Stock Exchange. As such, individual investors can purchase and hold Lifeco shares through licensed brokerage firms. CDS & Co. is the registration name for The Canadian Depository for Securities Limited, Canada's national securities depository, clearing and settlement company. CDS & Co. is owned and operated by the TMX Group, the same group that owns the Toronto Stock Exchange. CDS & Co. acts as the nominee for Canadian brokerage firms through which publicly traded shares of Canadian public companies, such as Lifeco, are registered and held in book entry form on behalf of individual investors who beneficially own such shares. CDS & Co. serves the same function in Canada as Cede & Co. does in the United States public securities marketplace.

The intent of the statement in the Form A was to indicate that, because publicly traded common shares of Lifeco held by individual investors are registered in the name of CDS & Co., as the nominee for such investors, Lifeco does not have knowledge of the number of shares held by any such individual beneficial owner. However, any individual beneficial owner that beneficially owned more than 10% of Lifeco's publicly traded common stock would be legally required under applicable Canadian securities laws to publicly disclose such ownership. No such individual investors have disclosed ownership in excess of 10% of Lifeco's common stock. As a result, to Lifeco's knowledge, there are no beneficial owners of more than 10% of Lifeco's capital stock other than Power Financial.

3. The Form A states on pages 7-8 that Pansolo beneficially holds approximately 99.73% of outstanding Participating Preferred Shares and approximately 7.78% of the outstanding Subordinate Voting Shares of Power Corporation of Canada. This equals approximately 50.89% of the voting interest and 15.24% of the total equity interests in Power Corporation of Canada. The Applicant further states that Pansolo has pledged 100% of the Participating Preferred Shares and approximately 36% of the Subordinate Voting Shares of Power Corporation to certain Canadian bank lenders as security for its obligations thereunder. Please provide the Agreements with the lenders so that the Department can evaluate these agreements and determine if they meet our control standards.

The requested agreements are highly confidential and reflect commercial and financial information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use. The Applicants will provide the documents to the Department for in camera review to determine the appropriate submission, if any, regarding these agreements.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

4. The Form A states that the Applicants are continuing to evaluate the specific composition of the directors and executive officers. Please provide an update along with charts in the following format for officers and directors for the Domestic Insurer on a post-acquisition basis.

Set forth below is a list of proposed directors and executive officers of the Domestic Insurer following the Closing of the Proposed Acquisition.

Directors

Name	Title
Andra Bolotin	Director
Harry Dalessio	Director
Jonathan Kreider	Director
Rich Linton	Director, Chairman
Mary Maiers	Director
Tina Wilson	Director

Officers

Name	Title
Christine Moritz	President and CEO
Kara Roe	Chief Financial Officer and Controller
Vanessa Barker	Treasurer and VP
Ryan Logsdon	Secretary

5. As the Department has not yet received Third Party Verification Reports a review of the biographical affidavits has not yet occurred. Upon review further questions may be submitted.

As noted in the Form A, the Applicants have submitted the NAIC Biographical Affidavits of the directors and executive officers of the Applicants to a third-party background check service provider, Owens Online. Owens Online will separately provide Third Party Verification Reports to the Department with respect to those individuals.

The NAIC Biographical Affidavits executed by each of the proposed directors and executive officers of the Domestic Insurer will be provided to the Department as soon as they are available and will also be provided to a third-party background check service provider at that time.

The Applicants acknowledge that the Department may have additional questions after receiving and reviewing the Third Party Verification Reports.

6. While we have not requested them, the Department reserves the right to receive credit histories for all individuals associated with the Applicants.

The Applicants acknowledge that the Department reserves the right to receive these credit histories.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

7. According to the Form A, the total purchase price is approximately $3.55 billion. Please provide an update on the issuance of approximately $1.2 billion of limited recourse capital notes and approximately $1 billion of short-term debt.

The Applicants would like to clarify that the $3.55 billion amount does not represent the total cash purchase price or Closing consideration for the Proposed Acquisition that is to be paid by GWL&A to Prudential or its affiliates in connection with the Closing. As discussed in the Form A, the $3.55 billion amount represents the estimated total value of the Proposed Acquisition to the Applicants and includes capital included in the companies that are being acquired (primarily, the Domestic Insurer) and incremental capital required in connection with the Proposed Acquisition.

The total consideration that will be payable to Prudential or its affiliates will be approximately $2.307 billion, subject to adjustment at the Closing based on the Adjusted Statutory Book Value, Other Acquired Companies Shareholders Equity and the Adjustment for PRIAC IMR Tax Gross-up (each as defined in the Master Transaction Agreement).

Lifeco raised $1.5 billion Canadian dollars, equivalent to approximately $1.193 billion USD at the time the transaction was executed, through the sale of limited recourse capital notes that were issued in a Canadian-market public bond offering that closed on August 16, 2021. The "Prospectus Supplement dated August 9, 2021" issued by Lifeco in connection with the offering of the limited recourse capital notes, which was submitted as Exhibit I of the Form A, includes a description of the terms and conditions of the limited recourse capital notes. $1.193 billion of the proceeds of the limited recourse capital note offering were transferred from Lifeco to GWL&A through a series of intercompany transactions in late August and are being held and invested by GWL&A pending the Closing.

$1 billion of the remaining Closing consideration will be raised by GWL&A's parent company, Lifeco U.S., through additional short-term financing that will be completed closer to the anticipated Closing date. This financing will consist of two loans taken from Canadian lenders:

1. Lifeco U.S. has in place an existing revolving credit facility with Royal Bank of Canada that currently has a maximum borrowing limit of $500 million. Lifeco U.S. intends to draw $500 million on this facility shortly prior to the Closing.

2. Lifeco U.S. has negotiated a commitment from The Bank of Nova Scotia ("Scotiabank") to provide a $500 million unsecured two year term loan. Scotiabank has committed to underwrite and arrange such a term loan subject to completion of a definitive loan agreement and ancillary documentation.

To avoid unnecessary commitment fees and interest charges, Lifeco U.S. does not intend to draw funds under either the RBC Credit Facility or Scotiabank term loan facility until shortly before the anticipated Closing of the Proposed Acquisition.

8. It is stated in the Form A that the Applicants anticipate that interest and principal payments on the Acquisition Financing may be funded in part using income generated by the acquired business and the Domestic Insurer. Be reminded that ALL dividends contemplated by the Applicant must be pre-approved by the Commissioner prior to payment for the next two years post-closing. Subsequent to the two-year period extraordinary dividends require pre-approval.

The Applicants acknowledge that, for two years post-Closing, all dividends by the Domestic Insurer must be pre-approved by the Commissioner prior to payment, and that, following the two-year period, extraordinary dividends continue to require pre-approval, in each case, in accordance with Conn. Gen. Stat. § 38a-136.

ITEM 5. FUTURE PLANS OF INSURER

9. With regard to Exhibit E, Plan of Operations and Financial Projections, please elaborate on the following:

> *a. Please provide a high-level overview of any non FSS Business remaining in the Domestic Insurer. Also provide an estimate, by type of business, currently being contemplated for movement into Empower Retirement, LLC.*

Non-FSS Business Remaining in the Domestic Insurer

As part of the Proposed Acquisition, the parties have agreed that certain "Excluded Contracts" that are not part of the FSS Business, including certain pension risk transfer products, longevity reinsurance transactions and a portion of legacy business the Domestic Insurer acquired from Connecticut General Life Insurance Company, would be transferred (the "Novation") from the Domestic Insurer to PICA by means of assignment and assumption agreements and/or transfer and continuation deeds or similar instruments, in either case including a full release of the Domestic Insurer. The Domestic Insurer has advised the Applicants that the Novation has been completed with respect to certain Excluded Contracts, including with respect to the pension schemes and annuity arrangements (LRT) approved as part of the Department's December 14, 2021 Form D approval letter, and the parties remain hopeful that Novation of the remaining out-of-scope blocks will be achieved prior to Closing. To the extent the Novation is not fully achieved at or prior to Closing with respect to all such Excluded Contracts, they will be reinsured by PICA, subject to receipt of any required regulatory approvals. In either event, the Master Transaction Agreement includes an indemnity from Prudential for any losses from such Excluded Contracts (or any other Excluded Business as defined in the Master Transaction Agreement).

Movement of Certain Business to Empower Retirement, LLC

As described in Exhibit E (Plan of Operations and Financial Projections) of the Form A, GWL&A manages and delivers its existing retirement plan businesses through a group of wholly owned operating subsidiaries, including Empower Retirement, LLC ("ER LLC"). ER LLC serves as the retirement plan recordkeeper and administrator for GWL&A's existing retirement plan clients. Retirement plan recordkeeping and administrative services are typically provided pursuant to non-insurance administrative services agreements between ER LLC and clients. GWL&A and its New York domiciled subsidiary, Great-West Life & Annuity Insurance Company of New York, provide all insurance products offered to these retirement plan clients.

The Domestic Insurer's business is similar in nature, consisting of both retirement plan insurance products and services and non-insurance retirement plan recordkeeping and administrative services. The non-insurance services are provided pursuant to administrative services agreements that will be held by the Domestic Insurer at and through the Closing. At some point following the Closing, and subject to obtaining any necessary regulatory approvals or non-disapprovals, GWL&A may desire to assign the non-insurance administrative services agreements held by the Domestic Insurer to ER LLC to align the acquired retirement plan recordkeeping and administrative services business with GWL&A's operating model for its existing business, under which ER LLC directly provides retirement plan recordkeeping and administrative services to clients.

GWL&A is in the process of analyzing the potential impacts on the Domestic Insurer's existing customers and the operation of the business of transferring these non-insurance administrative service agreements to ER LLC. In order to minimize impacts on customers and operations, GWL&A currently anticipates that these contracts would not be transferred out of the Domestic Insurer prior to the completion of the integration of the business acquired through the Proposed Acquisition, which is anticipated to be completed no earlier than late 2023 and is more likely to be completed in early or mid-2024.

As was also discussed in Exhibit E (Plan of Operations and Financial Projections) of the Form A, ER LLC serves as the shared services provider to GWL&A and its subsidiaries and as the employer for substantially all of the enterprise's employees, including the employees who will be joining the enterprise from Prudential in connection with the Proposed Acquisition. As such, during the period prior to the transfer of the non-insurance administrative services agreement from the Domestic Insurer to ER LLC, ER LLC will provide employees, services and facilities to the Domestic Insurer pursuant to an intercompany Shared Service and Cost Sharing Agreement (the "Shared Services Agreement") to allow the Domestic Insurer to operate and provide retirement plan recordkeeping and administrative services to its clients. ER LLC will charge the Domestic Insurer cost-based expenses for such employees, services and facilities determined in accordance with the enterprise's cost allocation methodology. (See the response to Question 9.d below for additional details about the cost allocation methodology.) Upon the transfer of the Domestic Insurer's administrative services agreements to ER LLC, the Domestic Insurer will no longer be charged expenses associated with operating this non-insurance component of its business or retain any other liabilities or obligations associated with non-insurance services, allowing the Domestic Insurer to focus on delivering its suite of insurance products and services.

The fee income earned from the provision of retirement plan recordkeeping and administrative services is included in the Miscellaneous Income set forth in the Domestic Insurer's Pro Forma Statutory Financial Statements filed with the Form A (the "Pro Forma Financials"). In 2024, the Domestic Insurer is projected to earn approximately $489 million of Miscellaneous Income. Based on GWL&A's due diligence review of the Domestic Insurer's business, GWL&A estimates that roughly $300 million of that projected Miscellaneous Income consists of retirement plan administration fee income. Based on GWL&A's experience from its own business and prior transactions, GWL&A estimates that expenses associated with the provision of retirement plan recordkeeping and administrative services equal approximately 75% of the fee income earned from providing such services, or approximately $225 million of the Domestic Insurer's total Other Expenses of $391 million projected for 2024 in the Pro Forma Financials. The reduction in the Domestic Insurer's Net Income resulting from the removal of retirement plan fee income from Miscellaneous Income and of associated expenses from Other Expenses would be offset through reduced dividends from the Domestic Insurer to GWL&A to ensure that the Domestic Insurer's capital growth rate and surplus are not negatively impacted by the transfer of the non-insurance business to ER LLC. In addition, no investment assets or capital would be transferred to ER LLC in connection with the transfer of the non-insurance business to ER LLC, and as a result, there would be no immediate or long-term impact on the Domestic Insurer's net assets, surplus or capital position as a result of the transfer.

b. It is stated that there are no immediate plans to change the location of the Domestic Insurer's statutory home office. In addition, you state that there are approximately 379 employees, residing in Connecticut. As part of our approval process we will require a commitment letter stating that the level of Connecticut employees of the Domestic Company will remain the same or above the current level four years post-closing.

The Applicants understand and acknowledge that the Department will require an employment commitment letter as part of the approval process. The Applicants look forward to working with the Department to determine the appropriate commitment.

c. In the event that this transaction is approved, the Department will request quarterly meetings with the Domestic Insurer Management along with board representation as we continue to assess the transition process.

The Applicants acknowledge that the Department will request quarterly meetings with Domestic Insurer management and representatives from the board as the Department continues to assess the transition process.

d. The Applicant lists several Affiliated Agreements that would have to be preapproved by the Department. Please elaborate on your shared Service and Cost Allocation Sharing Agreement. Specifically, please confirm that it is a cost allocation methodology being contemplated and no profit margin embedded.

As described at Exhibit E (Plan of Operations and Financial Projections) of the Form A, GWL&A, Empower Retirement LLC, and other GWL&A subsidiaries provide services to one another pursuant to the Shared Service Agreement. At Closing, and subject to the Department's non-disapproval pursuant to Section 38a-136 of the Connecticut General Statutes, the Domestic Insurer will join the existing Shared Services Agreement or will enter into a similar agreement with GWL&A, ER LLC and certain other GWL&A subsidiaries pursuant to which ER LLC and the other parties thereto would provide services to the Domestic Insurer including accounting, banking, investments, human resources, benefit plan administration, tax, legal, compliance, information technology systems and security, marketing, insurance business services, retirement plan administration and recordkeeping services, and other services as necessary, as well as employees and facilities required by the Domestic Insurer to manage and operate its business.

The Shared Services Agreement requires that all charges for services provided thereunder be based on cost with no profit factor built into the cost and that expenses for shared services be allocated to the recipient of the services in accordance with a method of cost allocation that conforms with SSAP No. 70.

e. Please describe any changes anticipated in investment strategy. Specifically, you state that GWL&A anticipates making allocations to below investment grade assets and equity/alternatives/LP's in line with applicable investment policies. It appears the Applicant has a more aggressive investment policy than the Domestic Insurer.

GWL&A has reviewed the current investments of the Domestic Insurer and discussed the Domestic Insurer's investment strategy relative to its liabilities. GWL&A believes that, overall, the Domestic Insurer's investment strategy is closely aligned with GWL&A's Investment Policy and current strategy. GWL&A noted close alignment in current allocations to its core investment categories including public bonds, commercial mortgages and private placements as well as certain types of alternative investments and credit linked obligations. GWL&A noted during its review of the Domestic Insurer's practices that it may increase allocations to certain asset classes but does not believe these differences make GWL&A's strategy materially more "aggressive" or risky than the Domestic Insurer's current strategy. Given the proprietary and confidential nature of both GWL&A's and the Domestic Insurer's Investments Policies, GWL&A can provide additional details, including GWL&A's current Investment Policy, to the Department for in camera review if requested.

f. Please provide more detail on due diligence performed when assessing the cultural fit between the Domestic Insurer and the Applicants.

GWL&A conducted extensive due diligence regarding the FSS Business, of which the Domestic Insurer is an integral component, both prior to and after signing the Master Transaction Agreement. A primary focus of the due diligence process was assessing Prudential's cultural values and treatment of its clients and employees. The due diligence process began with a review of information provided by Prudential and a number of meetings between GWL&A's and Prudential's senior management and continued through interviews with leaders across the FSS Business and review of additional documentation provided in response to inquiries and requests. GWL&A's management conducted an extensive review of Prudential's employment practices, including stated company values, employee policies, and benefits and compensation practices, and gathered information regarding employee engagement and leadership strength in the FSS Business. GWL&A's management also analyzed the business practices, processes and policies of the FSS Business to determine its alignment with GWLA's existing business.

Throughout the due diligence process and ongoing work towards execution of the transaction, GWL&A's and Prudential's management have worked closely and effectively together, evidencing strong cultural alignment. GWL&A's management has been struck by the similarities to GWL&A's own values and mission statement. In particular, GWL&A is impressed by Prudential's commitment to the following values, all of which are closely aligned with GWL&A's core commitments to its existing customers, employees and business partners: (1) service excellence – a focus on a level of service delivery that produces the highest possible customer satisfaction and retention scores; (2) financial wellness – developing customer experiences that focus on helping individual participants address the challenges they face across their financial lives; (3) continuous improvement – constantly evaluating the operating environment and service model with a focus on "being easy to do business with"; and (4) "people first" decision making – a commitment to putting the needs of clients and employees first when making critical decisions regarding the conduct of the business before and after the Closing.

Based on the due diligence process and subsequent close engagement with leaders and employees throughout the Prudential organization and FSS Business, GWL&A's management is confident there is strong alignment of cultural values, client commitments and business processes and practices between the two organizations. In addition, GWL&A has determined that the FSS Business is functionally and operationally very similar to GWL&A's existing business. As a result, GWL&A anticipates that the Proposed Acquisition and integration of the FSS Business will be conducted as seamlessly as is possible in the context of a large-scale business acquisition and will result in positive outcomes for the clients and employees of the FSS Business, as well as for GWL&A's employees, clients and stakeholders.

g. The Domestic Insurer's Pro Forma Statutory Income Statement projects a material increase in Net Premiums in the year 2024. Please describe the rationale of the increase by line of business. Additionally, material changes in Surrender Benefits and Other Fund Withdrawals were noted along with Net Transfer (to) or from Separate Accounts Net of Reinsurance. Please provide details.

The material increase in Net Premiums and the related material changes in Surrender Benefits and Other Fund Withdrawals and Net Transfer (to) from Separate Accounts Net of Reinsurance between 2023 and 2024 projected in the Pro Forma Financials are driven primarily by the transition from the "shock loss" period of anticipated business contraction following the Closing in 2022 and 2023 to normalized organic growth in the Domestic Insurer's business and assets under management ("AUM") in 2024 and thereafter. As was discussed in the assumptions provided with the Pro Forma Financials, GWL&A expects that during the first two years following the Closing, the Domestic Insurer's business will experience shock loss as clients who are dissatisfied with the Proposed Acquisition choose to withdraw assets at a rate in excess of new contributions from existing clients, resulting in net decreases in the AUM of the Domestic Insurer's separate accounts during 2022 and 2023. Beginning in 2024, GWL&A anticipates shock loss will have subsided and the business will return to organic growth in separate account AUM comparable to the Domestic Insurer's organic growth rate prior to the Proposed Acquisition.

The anticipated shock loss contraction in separate account AUM drives the projected Net Transfers (to) from Separate Accounts Net of Reinsurance of $(2,955) million in 2022 and $(5,217) million in 2023. However, beginning in 2024, after shock loss has subsided, GWL&A anticipates that the Domestic Insurer's business and separate account AUM will begin growing organically at a rate of approximately 1.9% per year. This anticipated growth will be driven by normal course contributions from existing separate account clients in excess of normal course withdrawals, resulting in Net Transfers (to) from Separate Accounts Net of Reinsurance of $989 million in 2024.

For purposes of the Pro Forma Financials, GWL&A made a simplifying assumption to present the changes driven by separate account AUM contraction in 2022 and 2023 and AUM growth in 2024 on a net basis in the income statement in lieu of estimating the gross amount of premiums and surrenders during each period. As such the projected decreases in separate account AUM of $2,955 million and $5,217 million in 2022 and 2023, respectively, were included in Surrender Benefits and Other Funds Withdrawals in the income statement, and the projected increase in separate account AUM of $989 million in 2024 was included in Net Premium in income statement.

10. Please provide an update of how AM Best is receiving this Proposed Acquisition. Provide implications of any downgrades and triggers which may affect any contracts post-closing.

The Applicants place a high priority on maintaining class-leading financial strength and credit ratings and engage in regular communication with ratings agencies, including AM Best. The Applicants consulted with all of the applicable ratings agencies regarding the proposed transaction prior to signing the Master Transaction Agreement. In a press release dated July 21, 2021, AM Best stated that its ratings of GWL&A and Lifeco will not be negatively impacted by the Proposed Acquisition or the related financing transactions.[1] In a press release dated July 22, 2021, AM Best stated that the Proposed Acquisition will not have a negative impact on its rating of the Domestic Insurer and is anticipated to have positive implications for the Domestic Insurer's rating.[2] As a result, the Applicants do not anticipate that any contracts containing ratings-based covenants or triggers will be impacted by the execution of the Proposed Acquisition.

11. In the unlikely event our Domestic Insurer has a solvency issue (either liquidity or capital) provide the likely originating entity capital needs can be drawn from.

In the unlikely event the Domestic Insurer was to experience a solvency issue of any kind, GWL&A, working in consultation with the other Applicants, would evaluate the causes of the issue and take appropriate corrective actions to ensure the Domestic Insurer's continued solvency. Subject to obtaining any necessary regulatory approvals, possible corrective actions could include:

- Contribution of additional capital to the Domestic Insurer sourced from GWL&A or other Applicants. GWL&A and certain other Applicants have access to a wide range of options for sourcing additional capital if necessary, including existing credit facilities held by GWL&A, Lifeco U.S., Lifeco and other affiliates, relationships with banks and other lenders from whom additional short-term financing could be obtained, and the ability to access capital markets to obtain additional long-term debt financing.
- Execution of new surplus notes or additional K-Notes by the Domestic Insurer.
- Entry into affiliate or third-party reinsurance transactions.
- Changes to the Domestic Insurer's products, hedging program or investment strategy, to the extent any of them were a contributing factor to the solvency issue.

[1] See AM Best Press Release dated July 21, 2021 available at: https://news.ambest.com/presscontent.aspx?altsrc=108&refnum=30967
[2] See AM Best Press Release dated July 22, 2021 available at: https://news.ambest.com/presscontent.aspx?altsrc=108&refnum=30972

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

12. It is noted that the Applicants have requested the following entities file unaudited financial statements: GWL&A Financial Inc., Great-West Lifeco U.S. LLC, Great -West Financial (Nova Scotia) Co., Pansolo Holding Inc. and the Desmarais Family Residuary Trust. As the Department contemplates our decision please verify the following:

a. The financial results of all of the above-mentioned entities (excluding the Trust) are taken into consideration by the Applicants' outside audit firm when consolidating.

The Applicants confirm that GWL&A Financial, Lifeco U.S. and GW Nova Scotia are wholly owned subsidiaries of Lifeco and are fully consolidated into the audited annual financial statements and unaudited quarterly financial statements of Lifeco. As such, these entities are taken into consideration by Lifeco's independent outside audit firm, Deloitte & Touche, as part of its annual audit of Lifeco's financial statements.

As described in the Form A, Pansolo is an owner of Power Corporation and, as such, is not subject to consolidation into the audited financial statement of any of the other Applicants. The audited financial statements of Pansolo contain confidential and proprietary information reflecting Pansolo's investment valuations, strategy and decisions and which derive independent economic value from not being generally known to other persons who can obtain economic value from its disclosure or use and which is treated as confidential by Pansolo, as well as confidential information regarding the private affairs and interests of the Desmarais family. The Applicants therefore request to submit unaudited condensed financial statements which accurately reflect the information contained in the audited statements but do not disclose this confidential information. The Applicants will provide the audited financial statements to the Department for in camera review.

b. Regarding GWL&A Financial Inc., please provide details as to the change in reporting requirements effective 2018.

GWL&A Financial is a holding company with no operations outside of its participation in certain intercompany and third-party financing transactions in support of GWL&A and its subsidiaries. Until mid-2018, GWL&A Financial was party to a Letter of Credit Facility Agreement (the "LOC Agreement") with Citibank, which was entered into with respect to and in support of the operations of one of GWL&A's subsidiaries and was unrelated to GWL&A's business.

Pursuant to the LOC Agreement, GWL&A Financial was required to produce and deliver annual audited financial statements to Citibank. This was the sole purpose for which GWL&A Financial was producing audited financial statements. During 2018, the LOC

Agreement was terminated, which removed the need for GWL&A Financial to produce audited financial statements. As a result, GWL&A Financial ceased producing audited financial statements, effective as of the year end 2018 financial reporting cycle, in order to reduce costs and labor expended on the production of audited financial statements.

c. It appears that Great-West Lifeco U.S. LLC acts as an active insurance carrier. Please provide justification as to why an audited statement is not required.

Lifeco U.S. is not, and never has been, an insurance carrier. The unaudited financial statements of Lifeco U.S. provided in the Form A are consolidated financial statements that include the operations and financial results of GWL&A and its subsidiaries. As a result, Lifeco U.S.'s financial statements include certain line items normally associated with an insurance carrier.

13. If the Department deems that all of the unaudited statements as acceptable, be reminded that in order to complete the filing, attestations from the appropriate officer will be required.

The Applicants understand and acknowledge that officer attestations are required for unaudited statements. Officer attestations have been provided for unaudited statements that were submitted at Exhibits F-2, F-3, F-4, F-5, F-6, F-7, F-8, and F-9 of the Form A, and officer attestations will also be provided for any unaudited statements that are submitted to supplement the Application and keep it current.

ITEM 14. OTHER INFORMATION

14. Please provide copies of all other regulatory filings made by the Applicants in connection with the Proposed Acquisition. With regard to other state and international insurance regulators' the equivalent of our Form A, without exhibits, is appropriate and will comply with this requirement.

The Applicants will provide copies of all other regulatory filings made by the Applicants in connection with the Proposed Acquisition for in camera review to determine the appropriate submission in the Amended and Restated Form A.

15. Please provide a copy of the Applicants' Hart-Scott Rodino filing, without exhibits. Please provide an update as to the filing status.

The Applicants will provide a copy of the Hart-Scott-Rodino filing subject to redaction of certain information as agreed with the Department following in camera review.

The waiting period for such Hart-Scott-Rodino filing expired on September 15, 2021.

16. Please identify, if applicable, any potential material litigation of which the Applicants are aware, which are not currently reflected in the Form A, which could affect the Domestic Insurer.

The Applicants are not aware of any material litigation to which any of the Applicants is a party that would reasonably be expected to affect the Domestic Insurer.

17. Please continue to keep the Application current by supplementing the filing with current applicable financials and any other material changes in the Application.

The Applicants will continue to keep the Application current by supplementing the filing with current applicable financials and any other material changes in the Application. The current applicable financial statements will be provided with an Amended and Restated Form A.

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Thank you for your continued review of the Application. Please let me know if you have any additional questions.

Best regards,

Elizabeth P. Retersdorf

Elizabeth P. Retersdorf, Esq.

Attachments

cc: Richard Schultz
Great-West Life & Annuity Insurance Company

Bert Adams
Eversheds Sutherland (US) LLP