

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-32293

HARTFORD LIFE INSURANCE COMPANY

(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction of
incorporation or organization)

06-0974148
(I.R.S. Employer
Identification No.)

One Hartford Plaza, Hartford, Connecticut 06155
(Address of principal executive offices)

(860) 547-5000
(Registrant's telephone number, including area code)

Indicate by check mark:

	<u>Yes</u>	<u>No</u>
• whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

• whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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• whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non Accelerated filer Smaller reporting company

• whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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As of July 29, 2016, there were outstanding 1,000 shares of Common Stock, \$5,690 par value per share, of the registrant.

The registrant meets the conditions set forth in General Instruction (H) (1) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

HARTFORD LIFE INSURANCE COMPANY
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

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Forward-Looking Statements

Certain of the statements contained herein are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “projects,” and similar references to future periods.

Forward-looking statements are based on our current expectations and assumptions regarding economic, competitive, legislative and other developments. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. They have been made based upon management’s expectations and beliefs concerning future developments and their potential effect upon Hartford Life Insurance Company and its subsidiaries (collectively, the “Company”). Future developments may not be in line with management’s expectations or may have unanticipated effects. Actual results could differ materially from expectations, depending on the evolution of various factors, including the risks and uncertainties identified below, as well as risk factors described in such forward-looking statements or in Part I, Item 1A, Risk Factors in the Company’s 2015 Form 10-K Annual Report and those identified from time to time in our other filings with the Securities and Exchange Commission.

- Risks Relating to Economic, Market and Political Conditions:
 - challenges related to the Company's current operating environment, including global political, economic and market conditions, and the effect of financial market disruptions, economic downturns or other potentially adverse macroeconomic developments on the attractiveness of our products, the returns in our investment portfolios and the hedging costs associated with our runoff annuity block;
 - the financial impacts on the Company relating to the announcement of the referendum vote on June 23, 2016, by the United Kingdom to leave the European Union;
 - financial risk related to the continued reinvestment of our investment portfolios and performance of our hedge program for our runoff annuity block;
 - market risks associated with our business, including changes in interest rates, credit spreads, equity prices, market volatility and foreign exchange rates, commodities prices, and implied volatility levels;
 - the impact on our investment portfolio if our investment portfolio is concentrated in any particular segment of the economy;
- Risks Relating to Estimates, Assumptions and Valuations:
 - risk associated with the use of analytical models in making decisions in key areas such as underwriting, capital management, hedging, and reserving;
 - the potential for differing interpretations of the methodologies, estimations and assumptions that underlie the valuation of the Company’s financial instruments that could result in changes to investment valuations;
 - the subjective determinations that underlie the Company’s evaluation of other-than-temporary impairments on available-for-sale securities;
 - the potential for further acceleration of deferred policy acquisition cost amortization;
 - the potential for valuation allowances against deferred tax assets;
- Financial Strength, Credit and Counterparty Risks:
 - the impact on our statutory capital of various factors, including many that are outside the Company’s control, which can in turn affect our credit and financial strength ratings, cost of capital, regulatory compliance and other aspects of our business and results;
 - risks to our business, financial position, prospects and results associated with negative rating actions or downgrades in the Company's financial strength and credit ratings or negative rating actions or downgrades relating to our investments;
 - losses due to nonperformance or defaults by others, including sourcing partners, derivative counterparties and other third parties;
 - the potential for losses due to our reinsurers’ unwillingness or inability to meet their obligations under reinsurance contracts and the availability, pricing and adequacy of reinsurance to protect the Company against losses;
- Insurance Industry and Product-Related Risks:
 - volatility in our statutory earnings and earnings calculated in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and potential material changes to our results resulting from our adjustment of our risk management program to emphasize protection of economic value;

- the possibility of a pandemic, or other natural or man-made disaster that may adversely affect our businesses;
- the possible occurrence of terrorist attacks and the Company's ability to contain its exposure, including limitations on coverage from the federal government under applicable reinsurance terrorism laws;
- Regulatory and Legal Risks:
 - the cost and other effects of increased regulation as a result of the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the potential effect of other domestic and foreign regulatory developments, including those that could adversely impact the Company's operating costs and required capital levels;
 - unfavorable judicial or legislative developments;
 - the impact of changes in federal or state tax laws;
 - the impact of potential changes in accounting principles and related financial reporting requirements;
- Other Strategic and Operational Risks:
 - risks associated with the runoff of our annuity book of business;
 - the risks, challenges and uncertainties associated with The Hartford's expense reduction initiatives and other actions, which may include acquisitions, divestitures or restructurings;
 - the Company's ability to maintain the availability of its systems and safeguard the security of its data in the event of a disaster, cyber or other information security incident or other unanticipated event;
 - the risk that our framework for managing operational risks may not be effective in mitigating material risk and loss to the Company;
 - the potential for difficulties arising from outsourcing and similar third-party relationships; and
 - the Company's ability to protect its intellectual property and defend against claims of infringement.

Any forward-looking statement made by the Company in this document speaks only as of the date of the filing of this Form 10-Q. Factors or events that could cause the Company's actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Hartford Life Insurance Company
Hartford, Connecticut

We have reviewed the accompanying condensed consolidated balance sheet of Hartford Life Insurance Company and subsidiaries (the "Company") as of June 30, 2016, and the related condensed consolidated statements of operations and comprehensive income for the three-month and six-month periods ended June 30, 2016 and 2015, and statements of changes in stockholder's equity and cash flows for the six-month periods ended June 30, 2016 and 2015. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2015, and the related consolidated statements of operations, comprehensive income, changes in stockholder's equity, and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2016, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2015 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP
Hartford, Connecticut
July 29, 2016

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Operations

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(Unaudited)			
Revenues				
Fee income and other	\$ 246	\$ 280	\$ 500	\$ 555
Earned premiums	28	23	56	46
Net investment income	345	386	667	765
Net realized capital gains (losses):				
Total other-than-temporary impairment (“OTTI”) losses	(1)	(3)	(12)	(9)
OTTI losses recognized in other comprehensive income (losses) (“OCI”)	—	1	1	1
Net OTTI losses recognized in earnings	(1)	(2)	(11)	(8)
Other net realized capital gains (losses)	4	15	(103)	12
Total net realized capital gains (losses)	3	13	(114)	4
Total revenues	622	702	1,109	1,370
Benefits, losses and expenses				
Benefits, loss and loss adjustment expenses	342	303	691	633
Amortization of deferred policy acquisition costs	8	20	19	39
Insurance operating costs and other expenses	124	146	241	280
Reinsurance gain on dispositions	—	(8)	—	(8)
Dividends to policyholders	—	—	1	—
Total benefits, losses and expenses	474	461	952	944
Income before income taxes	148	241	157	426
Income tax expense	30	11	11	51
Net income	\$ 118	\$ 230	\$ 146	\$ 375

See Notes to Condensed Consolidated Financial Statements

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
			(Unaudited)	
Net income	\$ 118	\$ 230	\$ 146	\$ 375
Other comprehensive income (loss):				
Changes in net unrealized gain on securities	228	(467)	454	(364)
Changes in net gain on cash flow hedging instruments	4	(18)	20	(8)
Changes in foreign currency translation adjustments	1	—	1	—
OCI, net of tax	233	(485)	475	(372)
Comprehensive income (loss)	\$ 351	\$ (255)	\$ 621	\$ 3

See Notes to Condensed Consolidated Financial Statements

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(In millions, except for share data)

	June 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of \$23,392 and \$23,559)	\$ 25,700	\$ 24,657
Fixed maturities, at fair value using the fair value option (includes variable interest entity assets, at fair value, of \$0 and \$49)	123	165
Equity securities, available-for-sale, at fair value (cost of \$123 and \$471) (includes equity securities, at fair value using the fair value option, of \$0 and \$281, and variable interest entity assets of \$0 and \$1)	136	459
Mortgage loans (net of allowance for loan losses of \$19 and \$19)	2,871	2,918
Policy loans, at outstanding balance	1,434	1,446
Limited partnerships and other alternative investments (includes variable interest entity assets of \$4 and \$2)	1,084	1,216
Other investments	381	293
Short-term investments (includes variable interest entity assets of \$3 and \$2)	874	572
Total investments	32,603	31,726
Cash	282	305
Premiums receivable and agents' balances	16	19
Reinsurance recoverables	20,545	20,499
Deferred policy acquisition costs	426	542
Deferred income taxes, net	1,356	1,581
Other assets	594	567
Separate account assets	117,851	120,111
Total assets	\$ 173,673	\$ 175,350
Liabilities		
Reserve for future policy benefits and unpaid losses and loss adjustment expenses	\$ 14,391	\$ 13,850
Other policyholder funds and benefits payable	30,901	31,157
Other liabilities (includes variable interest entity liabilities of \$0 and \$12)	2,252	2,070
Separate account liabilities	117,851	120,111
Total liabilities	165,395	167,188
Commitments and Contingencies (Note 6)		
Stockholder's Equity		
Common stock—1,000 shares authorized, issued and outstanding, par value \$5,690	6	6
Additional paid-in capital	5,182	5,687
Accumulated other comprehensive income, net of tax	1,068	593
Retained earnings	2,022	1,876
Total stockholder's equity	8,278	8,162
Total liabilities and stockholder's equity	\$ 173,673	\$ 175,350

See Notes to Condensed Consolidated Financial Statements

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholder's Equity

<i>(In millions)</i>	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholder's Equity
	(Unaudited)				
Six Months Ended June 30, 2016					
Balance, beginning of period	\$ 6	\$ 5,687	\$ 593	\$ 1,876	\$ 8,162
Capital contributions to parent	—	(505)	—	—	(505)
Net income	—	—	—	146	146
Total other comprehensive income	—	—	475	—	475
Balance, end of period	\$ 6	\$ 5,182	\$ 1,068	\$ 2,022	\$ 8,278
Six Months Ended June 30, 2015					
Balance, beginning of period	\$ 6	\$ 6,688	\$ 1,221	\$ 1,376	\$ 9,291
Capital contributions to parent	—	(505)	—	—	(505)
Net income	—	—	—	375	375
Total other comprehensive loss	—	—	(372)	—	(372)
Balance, end of period	\$ 6	\$ 6,183	\$ 849	\$ 1,751	\$ 8,789

See Notes to Condensed Consolidated Financial Statements

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows

(In millions)	Six Months Ended June 30,	
	2016	2015
Operating Activities	(Unaudited)	
Net income	\$ 146	\$ 375
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized capital (gains) losses	114	(4)
Amortization of deferred policy acquisition costs	19	39
Additions to deferred policy acquisition costs	(4)	(3)
Reinsurance gain on dispositions	—	(8)
Depreciation and amortization (accretion), net	(6)	6
Other operating activities, net	48	(4)
Change in assets and liabilities:		
Decrease (increase) in reinsurance recoverables	19	(9)
Decrease in deferred and accrued income taxes	15	86
Increase in reserve for future policy benefits and unpaid losses and loss adjustment expenses and unearned premiums	105	46
Net changes in other assets and other liabilities	(141)	(67)
Net cash provided by operating activities	315	457
Investing Activities		
Proceeds from the sale/maturity/prepayment of:		
Fixed maturities, available-for-sale	4,612	6,225
Fixed maturities, fair value option	17	13
Equity securities, available-for-sale	280	523
Mortgage loans	65	227
Partnerships	169	140
Payments for the purchase of:		
Fixed maturities, available-for-sale	(4,365)	(6,788)
Fixed maturities, fair value option	(20)	(33)
Equity securities, available-for-sale	(38)	(178)
Mortgage loans	(17)	(134)
Partnerships	(70)	(77)
Net proceeds from (payments for) derivatives	190	(124)
Net increase (decrease) in policy loans	10	(22)
Net (payments for) proceeds from short-term investments	(328)	751
Other investing activities, net	37	—
Net cash provided by investing activities	542	523
Financing Activities		
Deposits and other additions to investment and universal life-type contracts	2,188	2,311
Withdrawals and other deductions from investment and universal life-type contracts	(8,070)	(8,702)
Net transfers from separate accounts related to investment and universal life-type contracts	5,475	5,846
Net proceeds from securities loaned or sold under agreements to repurchase	37	111
Capital contributions to parent	(505)	(505)
Net repayments at maturity or settlement of consumer notes	(6)	(13)
Net cash used for financing activities	(881)	(952)
Foreign exchange rate effect on cash	1	—
Net (decrease) increase in cash	(23)	28
Cash — beginning of period	305	258
Cash — end of period	\$ 282	\$ 286
Supplemental Disclosure of Cash Flow Information:		
Income tax refunds received	\$ 5	\$ 49

See Notes to Condensed Consolidated Financial Statements

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in millions, unless otherwise stated)

(Unaudited)

1 . Basis of Presentation and Significant Accounting Policies

Hartford Life Insurance Company (together with its subsidiaries, "HLIC," "Company," "we" or "our") is a provider of insurance and investment products in the United States ("U.S.") and is a wholly-owned subsidiary of Hartford Life, Inc., a Delaware corporation ("HLI"). The Hartford Financial Services Group, Inc. ("The Hartford") is the ultimate parent of the Company.

During the first six months of 2016, the Company paid dividends of \$500 to its parent. As a result of this dividend, the Company has no ordinary dividend capacity for the remainder of 2016.

The Company has ceded reinsurance in connection with the sales of its Retirement Plans and Individual Life businesses in 2013 to Massachusetts Mutual Life Insurance Company ("MassMutual") and The Prudential Insurance Company of America ("Prudential"), respectively. The Company's obligations to its direct policyholders that have been reinsured to MassMutual and Prudential are secured by invested assets held in trust. Net of invested assets held in trust, as of June 30, 2016, the Company has no reinsurance-related concentrations of credit risk greater than 10% of the Company's consolidated stockholder's equity.

The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, which differ materially from the accounting practices prescribed by various insurance regulatory authorities. These Condensed Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2015 Form 10-K Annual Report. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year.

The accompanying Condensed Consolidated Financial Statements and Notes are unaudited. These financial statements reflect all adjustments (generally consisting only of normal accruals) which are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods. The Company's significant accounting policies are summarized in Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in the Company's 2015 Form 10-K Annual Report.

Consolidation

The Condensed Consolidated Financial Statements include the accounts of the Hartford Life Insurance Company and entities in which the Company directly or indirectly has a controlling financial interest. Entities in which the Company has significant influence over the operating and financing decisions but does not control are reported using the equity method. All intercompany transactions and balances between HLIC and its subsidiaries and affiliates have been eliminated.

Use of Estimates

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates include those used in determining estimated gross profits used in the valuation and amortization of assets and liabilities associated with variable annuity and other universal life-type contracts; evaluation of other-than-temporary impairments on available-for-sale securities and valuation allowances on investments; living benefits required to be fair valued; valuation of investments and derivative instruments; valuation allowance on deferred tax assets; and contingencies relating to corporate litigation and regulatory matters. Certain of these estimates are particularly sensitive to market conditions, and deterioration and/or volatility in the worldwide debt or equity markets could have a material impact on the Condensed Consolidated Financial Statements.

Reclassifications

Certain reclassifications have been made to prior period financial information to conform to the current period presentation.

Adoption of New Accounting Standards

On January 1, 2016 the Company adopted new consolidation guidance issued by the Financial Accounting Standards Board ("FASB"). The updates revise when to consolidate variable interest entities ("VIEs") and general partners' investments in limited partnerships, end the deferral granted for applying the VIE guidance to certain investment companies, and reduce the number of circumstances where a decision maker's or service provider's fee arrangement is deemed to be a variable interest in an entity. The updates also modify guidance for determining whether limited partnerships are VIEs or voting interest entities. The new guidance did not have a material effect on the Company's Condensed Consolidated Financial Statements.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Basis of Presentation and Significant Accounting Policies (continued)

Future Adoption of New Accounting Standards

Financial Instruments - Credit Losses

In June 2016, the FASB issued updated guidance for recognition and measurement of credit losses on financial instruments. The new guidance will replace the “incurred loss” approach with an “expected loss” model for recognizing credit losses for instruments carried at other than fair value, which will initially result in the recognition of greater allowances for losses. The allowance will be an estimate of credit losses expected over the life of debt instruments, such as mortgage loans, reinsurance recoverables and receivables. Credit losses on available-for-sale (“AFS”) debt securities carried at fair value will continue to be measured as other-than-temporary impairments (“OTTI”) when incurred; however, the losses will be recognized through an allowance and no longer as an adjustment to the cost basis. Recoveries of OTTI will be recognized as reversals of valuation allowances and no longer accreted as investment income through an adjustment to the investment yield. The allowance on AFS securities cannot cause the net carrying value to be below fair value and, therefore, it is possible that increases in fair value due to decreases in market interest rates could cause the reversal of a valuation allowance and increase net income. The new guidance will also require purchased financial assets with a more-than-insignificant amount of credit deterioration since original issuance to be recorded based on contractual amounts due and an initial allowance recorded at the date of purchase. The guidance is effective January 1, 2020 through a cumulative-effect adjustment to retained earnings for the change in the allowance for credit losses for debt instruments carried at other than fair value. No allowance will be recognized at adoption for AFS debt securities; rather, their cost basis will be evaluated for an allowance for OTTI prospectively. Early adoption is permitted as of January 1, 2019. The Company has not yet determined the timing for adoption or estimated the effect on the Company’s Condensed Consolidated Financial Statements.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements

Fair value is determined based on the "exit price" notion which is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Financial instruments carried at fair value in the Company's Condensed Consolidated Financial Statements include: fixed maturity and equity securities, available-for-sale ("AFS"); fixed maturities and equity securities at fair value using the fair value option ("FVO"); short-term investments; freestanding and embedded derivatives; certain limited partnerships and other alternative investments; separate account assets and certain other liabilities.

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The Company categorizes its assets and liabilities measured at estimated fair value based on whether the significant inputs into the valuation are observable. The fair value hierarchy categorizes the inputs in the valuation techniques used to measure fair value into three broad Levels (Level 1, 2 or 3).

- Level 1 Unadjusted quoted prices for identical assets, or liabilities, in active markets that the Company has the ability to access at the measurement date.
- Level 2 Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities.
- Level 3 Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Because Level 3 fair values, by their nature, contain one or more significant unobservable inputs, as there is little or no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent the Company's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

In many situations, inputs used to measure the fair value of an asset or liability position may fall into different levels of the fair value hierarchy. In these situations, the Company will determine the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value. In most cases, both observable (e.g., changes in interest rates) and unobservable (e.g., changes in risk assumptions) inputs are used in the determination of fair values that the Company has classified within Level 3. Consequently, these values and the related gains and losses are based upon both observable and unobservable inputs. The Company's fixed maturities included in Level 3 are classified as such because these securities are primarily within illiquid markets and/or priced by independent brokers.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

The following tables present assets and (liabilities) carried at fair value by hierarchy level. Upon implementation of the new disclosure guidance effective in 2016 certain NAV ("Net Asset Value")-based fair values are no longer included in the fair value level disclosures; however, these amounts are included in the total fair value disclosed. As a result, prior period values for separate account assets have been removed from Level 2 and Level 3.

	June 30, 2016			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturities, AFS				
ABS	\$ 1,019	\$ —	\$ 1,012	\$ 7
CDOs	1,269	—	1,003	266
CMBS	2,146	—	2,131	15
Corporate	15,594	—	14,877	717
Foreign government/government agencies	296	—	278	18
Municipal	1,282	—	1,209	73
RMBS	1,732	—	1,042	690
U.S. Treasuries	2,362	299	2,063	—
Total fixed maturities	25,700	299	23,615	1,786
Fixed maturities, FVO	123	—	123	—
Equity securities, trading [1]	11	11	—	—
Equity securities, AFS	136	52	42	42
Derivative assets				
Credit derivatives	12	—	12	—
Foreign exchange derivatives	1	—	1	—
Interest rate derivatives	123	—	123	—
Guaranteed minimum withdrawal benefit ("GMWB") hedging instruments	85	—	(2)	87
Macro hedge program	49	—	—	49
Total derivative assets [2]	270	—	134	136
Short-term investments	874	258	616	—
Limited partnerships and other alternative investments [5]	5	—	—	—
Reinsurance recoverable for GMWB	106	—	—	106
Modified coinsurance reinsurance contracts	32	—	32	—
Separate account assets [3]	114,607	73,805	39,605	171
Total assets accounted for at fair value on a recurring basis	\$ 141,864	\$ 74,425	\$ 64,167	\$ 2,241
Liabilities accounted for at fair value on a recurring basis				
Other policyholder funds and benefits payable				
GMWB	\$ (412)	\$ —	\$ —	\$ (412)
Equity linked notes	(28)	—	—	(28)
Total other policyholder funds and benefits payable	(440)	—	—	(440)
Derivative liabilities				
Credit derivatives	(21)	—	(21)	—
Equity derivatives	28	—	27	1
Foreign exchange derivatives	(281)	—	(281)	—
Interest rate derivatives	(447)	—	(413)	(34)
GMWB hedging instruments	118	—	40	78
Macro hedge program	98	—	6	92
Total derivative liabilities [4]	(505)	—	(642)	137
Total liabilities accounted for at fair value on a recurring basis	\$ (945)	\$ —	\$ (642)	\$ (303)



HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

	December 31, 2015			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets accounted for at fair value on a recurring basis				
Fixed maturities, AFS				
ABS	\$ 846	\$ —	\$ 841	\$ 5
CDOs	1,408	—	1,078	330
CMBS	1,964	—	1,902	62
Corporate	15,175	—	14,641	534
Foreign government/government agencies	331	—	314	17
Municipal	1,132	—	1,083	49
RMBS	1,503	—	875	628
U.S. Treasuries	2,298	123	2,175	—
Total fixed maturities	24,657	123	22,909	1,625
Fixed maturities, FVO	165	1	162	2
Equity securities, trading [1]	11	11	—	—
Equity securities, AFS	459	396	25	38
Derivative assets				
Credit derivatives	7	—	7	—
Foreign exchange derivatives	4	—	4	—
Interest rate derivatives	54	—	54	—
GMWB hedging instruments	111	—	27	84
Macro hedge program	74	—	—	74
Total derivative assets [2]	250	—	92	158
Short-term investments	572	131	441	—
Reinsurance recoverable for GMWB	83	—	—	83
Modified coinsurance reinsurance contracts	79	—	79	—
Separate account assets [3]	118,163	78,099	38,700	140
Total assets accounted for at fair value on a recurring basis	\$ 144,439	\$ 78,761	\$ 62,408	\$ 2,046
Liabilities accounted for at fair value on a recurring basis				
Other policyholder funds and benefits payable				
GMWB	\$ (262)	\$ —	\$ —	\$ (262)
Equity linked notes	(26)	—	—	(26)
Total other policyholder funds and benefits payable	(288)	—	—	(288)
Derivative liabilities				
Credit derivatives	(7)	—	(7)	—
Equity derivatives	41	—	41	—
Foreign exchange derivatives	(376)	—	(376)	—
Interest rate derivatives	(431)	—	(402)	(29)
GMWB hedging instruments	47	—	(4)	51
Macro hedge program	73	—	—	73
Total derivative liabilities [4]	(653)	—	(748)	95
Total liabilities accounted for at fair value on a recurring basis	\$ (941)	\$ —	\$ (748)	\$ (193)

[1] Included in other investments on the Condensed Consolidated Balance Sheets.

[2] Includes over-the-counter ("OTC") and OTC-cleared derivative instruments in a net positive fair value position after consideration of the accrued interest and impact of collateral posting requirements which may be imposed by agreements, clearing house rules and applicable law. See the following footnote 4 for derivative liabilities.

[3] Approximately \$3.2 billion and \$1.8 billion of investment sales receivable, as of June 30, 2016 and December 31, 2015, respectively, are excluded from this disclosure requirement because they are trade receivables in the ordinary course of business where the carrying amount approximates fair value. Included in the total fair value amount are \$1.0 billion and \$1.2 billion of investments, as of June 30, 2016 and December 31, 2015 for which the fair value is estimated using the net asset value per unit as a practical expedient which are excluded from the disclosure requirement to classify amounts in the fair value hierarchy in connection with the adoption of ASU 2015-

07, Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent), on January 1, 2016.

- [4] Includes OTC and OTC-cleared derivative instruments in a net negative fair value position (derivative liability) after consideration of the accrued interest and impact of collateral posting requirements, which may be imposed by agreements, clearing house rules and applicable law.
- [5] Represents hedge funds where investment company accounting has been applied to a wholly-owned fund of funds measured at fair value. The fair value is estimated using the net asset value per unit as a practical expedient and is excluded from the disclosure requirement to classify amounts in the fair value hierarchy in connection with the adoption of ASU 2015-07, Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent), on January 1, 2016.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

Valuation Techniques, Procedures and Controls

The Company determines the fair values of certain financial assets and liabilities based on quoted market prices where available and where prices represent a reasonable estimate of fair value. The Company also determines fair value based on future cash flows discounted at the appropriate current market rate. Fair values reflect adjustments for counterparty credit quality, the Company's default spreads, liquidity and, where appropriate, risk margins on unobservable parameters.

The fair value process is monitored by the Valuation Committee, which is a cross-functional group of senior management within the Company that meets at least quarterly. The Valuation Committee is co-chaired by the Heads of Investment Operations and Accounting, and has representation from various investment sector professionals, accounting, operations, legal, compliance and risk management. The purpose of the committee is to oversee the pricing policy and procedures by ensuring objective and reliable valuation practices and pricing of financial instruments as well as addressing valuation issues and approving changes to valuation methodologies and pricing sources. There are also two working groups under the Valuation Committee, a Securities Fair Value Working Group ("Securities Working Group") and a Derivatives Fair Value Working Group ("Derivatives Working Group"), which include various investment, operations, accounting and risk management professionals that meet monthly to review market data trends, pricing and trading statistics and results, and any proposed pricing methodology changes.

The Company also has an enterprise-wide Operational Risk Management function, led by the Chief Operational Risk Officer, which is responsible for establishing, maintaining and communicating the framework, principles and guidelines of the Company's operational risk management program. This includes model risk management which provides an independent review of the suitability, characteristics and reliability of model inputs as well as an analysis of significant changes to current models.

Fixed Maturities, Equity Securities, and Short-term Investments

The fair value of fixed maturities, equity securities, and short-term investments in an active and orderly market (e.g. not distressed or forced liquidation) are determined by management using a "waterfall" approach after considering the following pricing sources: quoted prices for identical assets or liabilities, prices from third-party pricing services, independent broker quotations, or internal matrix pricing processes. Typical inputs used by these pricing sources include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and/or estimated cash flows, prepayment speeds, and default rates. Most fixed maturities do not trade daily. Based on the typical trading volumes and the lack of quoted market prices for fixed maturities, third-party pricing services utilize matrix pricing to derive security prices. Matrix pricing relies on securities' relationships to other benchmark quoted securities, which trade more frequently. Pricing services utilize recently reported trades of identical or similar securities making adjustments through the reporting date based on the preceding outlined available market observable information. If there are no recently reported trades, the third-party pricing services may develop a security price using expected future cash flows based upon collateral performance and discounted at an estimated market rate. Both matrix pricing and discounted cash flow techniques develop prices by factoring in the time value for cash flows and risk, including liquidity and credit.

Prices from third-party pricing services may be unavailable for securities that are rarely traded or are traded only in privately negotiated transactions. As a result, certain securities are priced via independent broker quotations which utilize inputs that may be difficult to corroborate with observable market based data. Additionally, the majority of these independent broker quotations are non-binding.

The Company utilizes an internally developed matrix pricing process for private placement securities for which the Company is unable to obtain a price from a third-party pricing service. The Company's process is similar to the third-party pricing services. The Company develops credit spreads each month using market based data for public securities adjusted for credit spread differentials between public and private securities which are obtained from a survey of multiple private placement brokers. The credit spreads determined through this survey approach are based upon the issuer's financial strength and term to maturity, utilizing independent public security index and trade information and adjusting for the non-public nature of the securities. Credit spreads combined with risk-free rates are applied to contractual cash flows to develop a price.

The Securities Working Group performs ongoing analyses of the prices and credit spreads received from third parties to ensure that the prices represent a reasonable estimate of the fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals. As a part of these analyses, the Company considers trading volume, new issuance activity and other factors to determine whether the market activity is significantly different than normal activity in an active market, and if so, whether transactions may not be orderly considering the weight of available evidence. If the available evidence indicates that pricing is based upon transactions that are stale or not orderly, the Company places little, if any, weight on the transaction price and will estimate fair value utilizing an internal pricing model. In addition, the Company ensures that prices received from independent brokers represent a reasonable estimate of fair value through the use of internal and external cash flow models utilizing spreads, and when available, market indices. As a result of this analysis, if the Company determines that there is a more appropriate fair value based upon the available market data, the price received from the third party is adjusted accordingly and approved by the Valuation Committee.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

The Company conducts other specific monitoring controls around pricing. Daily analyses identify price changes over 3 % for fixed maturities and 5% for equity securities and trade prices for both debt and equity securities that differ over 3% to the current day's price. Weekly analyses identify prices that differ more than 5% from published bond prices of a corporate bond index. Monthly analyses identify price changes over 3% , prices that have not changed, and missing prices. Also on a monthly basis, a second source validation is performed on most sectors. Analyses are conducted by a dedicated pricing unit that follows up with trading and investment sector professionals and challenges prices with vendors when the estimated assumptions used differ from what the Company feels a market participant would use. Examples of other procedures performed include, but are not limited to, initial and on-going review of third-party pricing services' methodologies, review of pricing statistics and trends and back testing recent trades.

The Company has analyzed the third-party pricing services' valuation methodologies and related inputs, and has also evaluated the various types of securities in its investment portfolio to determine an appropriate fair value hierarchy level based upon trading activity and the observability of market inputs. Most prices provided by third-party pricing services are classified into Level 2 because the inputs used in pricing the securities are observable. Due to the lack of transparency in the process that brokers use to develop prices, most valuations that are based on brokers' prices are classified as Level 3. Some valuations may be classified as Level 2 if the price can be corroborated with observable market data.

Derivative Instruments, including Embedded Derivatives within Investments

Derivative instruments are fair valued using pricing valuation models for OTC derivatives that utilize independent market data inputs, quoted market prices for exchange-traded and OTC-cleared derivatives, or independent broker quotations. Excluding embedded and reinsurance related derivatives, as of June 30, 2016 and December 31, 2015, 93% and 94%, respectively, of derivatives, based upon notional values, were priced by valuation models, including discounted cash flow models and option-pricing models that utilize present value techniques, or quoted market prices. The remaining derivatives were priced by broker quotations.

The Derivatives Working Group performs ongoing analyses of the valuations, assumptions and methodologies used to ensure that the prices represent a reasonable estimate of the fair value. The Company performs various controls on derivative valuations which include both quantitative and qualitative analyses. Analyses are conducted by a dedicated derivative pricing team that works directly with investment sector professionals to analyze impacts of changes in the market environment and investigate variances. On a daily basis, market valuations are compared to counterparty valuations for OTC derivatives. There are monthly analyses to identify market value changes greater than pre-defined thresholds, stale prices, missing prices and zero prices. Also on a monthly basis, a second source validation, typically to broker quotations, is performed for certain of the more complex derivatives and all new deals during the month. A model validation review is performed on any new models, which typically includes detailed documentation and validation to a second source. The model validation documentation and results of validation are presented to the Valuation Committee for approval.

The Company utilizes derivative instruments to manage the risk associated with certain assets and liabilities. However, the derivative instrument may not be classified with the same fair value hierarchy level as the associated assets and liabilities. Therefore the realized and unrealized gains and losses on derivatives reported in the Level 3 rollforward may be offset by realized and unrealized gains and losses of the associated assets and liabilities in other line items of the financial statements.

Valuation Inputs for Investments

For Level 1 investments, which are comprised of on-the-run U.S. Treasuries, money market funds, exchange-traded equity securities, open-ended mutual funds, short-term investments, and exchange traded futures and option contracts, valuations are based on quoted prices for identical assets in active markets that the Company has the ability to access at the measurement date.

For the Company's Level 2 and 3 debt securities, typical inputs used by pricing techniques include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and/or estimated cash flows, prepayment speeds, and default rates. Derivative instruments are valued using mid-market inputs that are predominantly observable in the market.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

A description of additional inputs used in the Company's Level 2 and Level 3 measurements is included in the following discussion:

- Level 2 The fair values of most of the Company's Level 2 investments are determined by management after considering prices received from third party pricing services. These investments include most fixed maturities and preferred stocks, including those reported in separate account assets as well as certain derivative instruments .
- *ABS, CDOs, CMBS and RMBS* – Primary inputs also include monthly payment information, collateral performance, which varies by vintage year and includes delinquency rates, collateral valuation loss severity rates, collateral refinancing assumptions, and credit default swap indices. ABS and RMBS prices also include estimates of the rate of future principal prepayments over the remaining life of the securities. These estimates are derived based on the characteristics of the underlying structure and prepayment speeds previously experienced at the interest rate levels projected for the underlying collateral.
 - *Corporates, including investment grade private placements* – Primary inputs also include observations of credit default swap curves related to the issuer.
 - *Foreign government/government agencies* – Primary inputs also include observations of credit default swap curves related to the issuer and political events in emerging market economies.
 - *Municipals* – Primary inputs also include Municipal Securities Rulemaking Board reported trades and material event notices, and issuer financial statements.
 - *Short-term investments* – Primary inputs also include material event notices and new issue money market rates.
 - *Credit derivatives* – Primary inputs include the swap yield curve and credit default swap curves.
 - *Equity derivatives* – Primary inputs include equity index levels.
 - *Foreign exchange derivatives* – Primary inputs include the swap yield curve, currency spot and forward rates, and cross currency basis curves.
 - *Interest rate derivatives* – Primary input is the swap yield curve.
- Level 3 Most of the Company's securities classified as Level 3 include less liquid securities such as lower quality ABS, CMBS, commercial real estate ("CRE") CDOs and RMBS primarily backed by sub-prime loans. Also included in Level 3 are securities valued based on broker prices or broker spreads, without adjustments. Primary inputs for non-broker priced investments, including structured securities, are consistent with the typical inputs used in the preceding noted Level 2 measurements, but are Level 3 due to their less liquid markets. Additionally, certain long-dated securities are priced based on third party pricing services, including certain municipal securities, foreign government/government agency securities, and bank loans, which are included with corporate fixed maturities. Primary inputs for these long-dated securities are consistent with the typical inputs used in the preceding noted Level 1 and Level 2 measurements, but include benchmark interest rate or credit spread assumptions that are not observable in the marketplace. Significant inputs for Level 3 derivative contracts primarily include the typical inputs used in the preceding noted Level 1 and Level 2 measurements; but also include equity and interest rate volatility and swap yield curves beyond observable limits.

Transfers between Levels

Transfers of securities among the levels occur at the beginning of the reporting period. The amount of transfers from Level 1 to Level 2 was \$42 and \$166 , for the three and six months ended June 30, 2016 and \$155 and \$227 for the three and six months ended June 30, 2015 , respectively, which represented previously on-the-run U.S. Treasury securities that are now off-the-run. For the three and six months ended June 30, 2016 and 2015 , there were no transfers from Level 2 to Level 1. See the fair value roll-forward tables for the three and six months ended June 30, 2016 and 2015 , for the transfers into and out of Level 3.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)
Significant Unobservable Inputs for Level 3 Assets Measured at Fair Value

The following tables present information about significant unobservable inputs used in Level 3 assets measured at fair value. The tables exclude ABS, CRE CDOs, certain CMBS, corporate and municipal securities as well as index options for which fair values are based on broker quotations.

As of June 30, 2016

Securities		Unobservable Inputs					
Assets accounted for at fair value on a recurring basis	Fair Value	Predominant Valuation Technique	Significant Unobservable Input	Minimum	Maximum	Weighted Average [1]	Impact of Increase in Input on Fair Value [2]
CMBS [3]	\$ 14	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	10bps	1,275bps	234bps	Decrease
Corporate [3]	385	Discounted cash flows	Spread	158bps	1,531bps	360bps	Decrease
Municipal [3]	55	Discounted cash flows	Spread	223bps	283bps	240bps	Decrease
RMBS	690	Discounted cash flows	Spread	54bps	1,896bps	205bps	Decrease
			Constant prepayment rate	—%	20%	3%	Decrease [4]
			Constant default rate	1%	10%	6%	Decrease
			Loss severity	—%	100%	79%	Decrease

As of December 31, 2015

CMBS [3]	\$ 61	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	31bps	1,505bps	230bps	Decrease
Corporate [3]	213	Discounted cash flows	Spread	63bps	800bps	290bps	Decrease
Municipal [3]	31	Discounted cash flows	Spread	193bps	193bps	193bps	Decrease
RMBS	628	Discounted cash flows	Spread	30bps	1,696bps	172bps	Decrease
			Constant prepayment rate	—%	20%	3%	Decrease [4]
			Constant default rate	1%	10%	6%	Decrease
			Loss severity	—%	100%	79%	Decrease

[1] The weighted average is determined based on the fair value of the securities.

[2] Conversely, the impact of a decrease in input would have the opposite impact to the fair value as that presented in the table.

[3] Excludes securities for which the Company bases fair value on broker quotations as noted in the following discussion.

[4] Decrease for above market rate coupons and increase for below market rate coupons.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)
Significant Unobservable Inputs for Level 3 Assets Measured at Fair Values (continued)

As of June 30, 2016						
Freestanding Derivatives	Fair Value	Predominant Valuation Method	Significant Unobservable Input	Unobservable Inputs		Impact of Increase in Input on Fair Value [1]
				Minimum	Maximum	
Interest rate derivative						
Interest rate swaps	\$ (34)	Discounted cash flows	Swap curve beyond 30 years	2%	2%	Decrease
GMWB hedging instruments						
Equity variance swaps	(34)	Option model	Equity volatility	22%	24%	Increase
Equity options	33	Option model	Equity volatility	27%	30%	Increase
Customized swaps	166	Discounted cash flows	Equity volatility	12%	30%	Increase
Macro hedge program [2]						
Equity options	175	Option model	Equity volatility	12%	28%	Increase
As of December 31, 2015						
Interest rate derivative						
Interest rate swaps	\$ (30)	Discounted cash flows	Swap curve beyond 30 years	3%	3%	Decrease
GMWB hedging instruments						
Equity variance swaps	(31)	Option model	Equity volatility	19%	21%	Increase
Equity options	35	Option model	Equity volatility	27%	29%	Increase
Customized swaps	131	Discounted cash flows	Equity volatility	10%	40%	Increase
Macro hedge program						
Equity options	179	Option model	Equity volatility	14%	28%	Increase

[1] Conversely, the impact of a decrease in input would have the opposite impact to the fair value as that presented in the table. Changes are based on long positions, unless otherwise noted. Changes in fair value will be inversely impacted for short positions.

[2] Excludes derivatives for which the Company bases fair value on broker quotations as noted in the following discussion.

Securities and derivatives for which the Company bases fair value on broker quotations include ABS, CDOs, CMBS, corporate, and index options. Due to the lack of transparency in the process brokers use to develop prices for these investments, the Company does not have access to the significant unobservable inputs brokers use to price these securities and derivatives. The Company believes however, the types of inputs brokers may use would likely be similar to those used to price securities and derivatives for which inputs are available to the Company, and therefore may include, but not be limited to, loss severity rates, constant prepayment rates, constant default rates and credit spreads. Therefore, similar to non broker priced securities and derivatives, generally, increases in these inputs would cause fair values to decrease. For the three and six months ended June 30, 2016, no significant adjustments were made by the Company to broker prices received.

Product Derivatives

The Company formerly offered certain variable annuity products with GMWB riders. The GMWB provides the policyholder with a guaranteed remaining balance ("GRB") which is generally equal to premiums less withdrawals. If the policyholder's account value is reduced to a specified level through a combination of market declines and withdrawals, but the GRB still has value, the Company is obligated to continue to make annuity payments to the policyholder until the GRB is exhausted. Certain contract provisions can increase the GRB at contract holder election or after the passage of time. GMWB payments that are not life-contingent represent an embedded derivative in the variable annuity contract. When it is determined that (1) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and (2) a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host for measurement purposes. The embedded derivative, which is reported with the host instrument in the Consolidated Balance Sheets, is carried at fair value with changes in fair value reported in net realized capital gains and losses. The Company's GMWB liability, excluding life-contingent payments, is carried at fair value and reported in other policyholder funds in the Condensed Consolidated Balance Sheets. The notional value of the embedded derivative is the GRB.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

In valuing the embedded derivative, the Company attributes to the derivative a portion of the fees collected from the contract holder equal to the present value of future GMWB claims (the “Attributed Fees”) as determined at contract issuance. All changes in the fair value of the embedded derivative are recorded in net realized capital gains and losses. The excess of fees collected from the contract holder over the Attributed Fees are associated with the host variable annuity contract reported in fee income.

GMWB Reinsurance Derivative

The Company has reinsurance arrangements in place to transfer a portion of its risk of loss due to GMWB. These arrangements are recognized as derivatives and carried at fair value in reinsurance recoverables. Changes in the fair value of the reinsurance agreements are reported in net realized capital gains and losses.

The fair value of the GMWB reinsurance derivative is calculated as an aggregation of the components described in Living Benefits Required to be Fair Valued discussion below and is modeled using significant unobservable policyholder behavior inputs, identical to those used in calculating the underlying liability, such as lapses, fund selection, resets and withdrawal utilization and risk margins.

Living Benefits Required to be Fair Valued (in Other Policyholder Funds and Benefits Payable)

Fair values for GMWBs classified as embedded derivatives are calculated using the income approach based upon internally developed models because active, observable markets do not exist for those items. The fair value of these GMWBs and the related reinsurance and customized freestanding derivatives are calculated as an aggregation of the following components: Best Estimate Claim Payments; Credit Standing Adjustment; and Margins. The resulting aggregation is reconciled or calibrated, if necessary, to market information that is, or may be, available to the Company, but may not be observable by other market participants, including reinsurance discussions and transactions. The Company believes the aggregation of these components, as necessary and as reconciled or calibrated to the market information available to the Company, results in an amount that the Company would be required to transfer or receive, for an asset, to or from market participants in an active liquid market, if one existed, for those market participants to assume the risks associated with the guaranteed minimum benefits and the related reinsurance and customized derivatives. The fair value is likely to materially diverge from the ultimate settlement of the liability as the Company believes settlement will be based on our best estimate assumptions rather than those best estimate assumptions plus risk margins. In the absence of any transfer of the guaranteed benefit liability to a third party, the release of risk margins is likely to be reflected as realized gains in future periods’ net income. Each component described in the following discussion is unobservable in the marketplace and requires subjectivity by the Company in determining its value. Oversight of the Company’s valuation policies and processes for product and GMWB reinsurance derivatives is performed by a multidisciplinary group comprised of finance, actuarial and risk management professionals. This multidisciplinary group reviews and approves changes and enhancements to the Company’s valuation model as well as associated controls.

Best Estimate Claim Payments

The Best Estimate Claims Payments are calculated based on actuarial and capital market assumptions related to projected cash flows, including the present value of benefits and related contract charges, over the lives of the contracts, incorporating expectations concerning policyholder behavior such as lapses, fund selection, resets and withdrawal utilization. For the customized derivatives, policyholder behavior is prescribed in the derivative contract. Because of the dynamic and complex nature of these cash flows, best estimate assumptions and a Monte Carlo stochastic process are used in valuation. The Monte Carlo stochastic process involves the generation of thousands of scenarios that assume risk neutral returns consistent with swap rates and a blend of observable implied index volatility levels. Estimating these cash flows involves numerous estimates and subjective judgments regarding a number of variables. These variables include expected markets rates of return, market volatility, correlations of market index returns to funds, fund performance, discount rates, and assumptions about policyholder behavior which emerge over time.

At each valuation date, the Company assumes expected returns based on:

- risk-free rates as represented by the Eurodollar futures, LIBOR deposits and swap rates to derive forward curve rates;
- market implied volatility assumptions for each underlying index based primarily on a blend of observed market “implied volatility” data;
- correlations of historical returns across underlying well known market indices based on actual observed returns over the ten years preceding the valuation date; and
- three years of history for fund indexes compared to separate account fund regression.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

The Company updates capital market assumptions used in the GMWB liability model such as interest rates, equity indices and the blend of implied equity index volatilities on a daily basis. The Company monitors various aspects of policyholder behavior and may modify certain of its assumptions, including living benefit lapses and withdrawal rates, if credible emerging data indicates that changes are warranted. In addition, the Company will continue to evaluate policyholder behavior assumptions as we implement initiatives to reduce the size of the variable annuity business. At a minimum, all policyholder behavior assumptions are reviewed and updated, as appropriate, in conjunction with the completion of the Company's annual comprehensive study to refine its estimate of future gross profits with the study performed in the fourth quarter of each year.

Credit Standing Adjustment

This assumption makes an adjustment that market participants would make, in determining fair value, to reflect the risk that guaranteed benefit obligations or the GMWB reinsurance recoverables will not be fulfilled. The Company incorporates a blend of observable Company and reinsurer credit default spreads from capital markets, adjusted for market recoverability. The credit standing adjustment assumption, net of reinsurance and exclusive of the impact of the credit standing adjustment on other market sensitivities, resulted in pre-tax realized losses of \$(3) and \$(2) respectively for the three months ended June 30, 2016 and 2015, respectively and \$(1) and \$(2) for the six months ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and December 31, 2015, the credit standing adjustment was \$(1) and \$0, respectively.

Margins

The behavior risk margin adds a margin that market participants would require for the risk that the Company's assumptions about policyholder behavior could differ from actual experience. The behavior risk margin is calculated by taking the difference between adverse policyholder behavior assumptions and best estimate assumptions.

There were no policyholder behavior assumption updates related to the behavior risk margin for the three and six months ended June 30, 2016 and 2015. As of June 30, 2016 and December 31, 2015, the behavior risk margin was \$43 and \$45.

In addition to the non-market-based updates described in the preceding discussion, the Company recognized non-market-based updates driven by the relative outperformance (underperformance) of the underlying actively managed funds as compared to their respective indices resulting in pre-tax realized gains of \$17 and \$1 for the three months ended June 30, 2016 and 2015, respectively, and \$13 and \$11 for the six months ended June 30, 2016 and 2015, respectively.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

The following table provides quantitative information about the significant unobservable inputs and is applicable to all of the GMWB embedded derivative and the GMWB reinsurance derivative.

As of June 30, 2016			
Significant Unobservable Input	Minimum	Maximum	Impact of Increase in Input on Fair Value Measurement [1]
Withdrawal Utilization [2]	20%	100%	Increase
Withdrawal Rates [3]	—%	8%	Increase
Lapse Rates [4]	—%	75%	Decrease
Reset Elections [5]	20%	75%	Increase
Equity Volatility [6]	12%	30%	Increase
As of December 31, 2015			
Significant Unobservable Input	Minimum	Maximum	Impact of Increase in Input on Fair Value Measurement [1]
Withdrawal Utilization [2]	20%	100%	Increase
Withdrawal Rates [3]	—%	8%	Increase
Lapse Rates [4]	—%	75%	Decrease
Reset Elections [5]	20%	75%	Increase
Equity Volatility [6]	10%	40%	Increase

[1] Conversely, the impact of a decrease in input would have the opposite impact to the fair value as that presented in the table.

[2] Range represents assumed cumulative percentages of policyholders taking withdrawals.

[3] Range represents assumed cumulative annual amount withdrawn by policyholders.

[4] Range represents assumed annual percentages of full surrender of the underlying variable annuity contracts across all policy durations for in force business.

[5] Range represents assumed cumulative percentages of policyholders that would elect to reset their guaranteed benefit base.

[6] Range represents implied market volatilities for equity indices based on multiple pricing sources.

Generally a change in withdrawal utilization assumptions would be accompanied by a directionally opposite change in lapse rate assumptions, as the behavior of policyholders that utilize GMWB riders is typically different from policyholders that do not utilize these riders.

Separate Account Assets

Separate account assets are primarily invested in mutual funds. Other separate account assets include fixed maturities, limited partnerships, equity securities, short-term investments and derivatives that are valued in the same manner, and using the same pricing sources and inputs, as those investments held by the Company. For limited partnerships in which fair value represents the separate account's share of the NAV, 35% and 28% were subject to significant liquidation restrictions due to lock-up or gating provisions as of June 30, 2016 and December 31, 2015, respectively. Limited partnerships where redemptions are not allowed consisted of 9% and 4% as of June 30, 2016 and December 31, 2015, respectively. Separate account assets classified as Level 3 primarily include long-dated bank loans, subprime RMBS, and commercial mortgage loans.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)
Assets and Liabilities Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following tables provide fair value roll-forwards for the three and six months ended June 30, 2016 for financial instruments classified as Level 3.

For the three months ended June 30, 2016

Assets	Fixed Maturities, AFS									Fixed Maturities, FVO
	ABS	CDOs	CMBS	Corporate	Foreign Govt./Govt. Agencies	Municipal	RMBS	Total Fixed Maturities, AFS		
Fair value as of March 31, 2016	\$ 2	\$ 328	\$ 51	\$ 538	\$ 20	\$ 50	\$ 701	\$ 1,690	\$ 1	
Total realized/unrealized gains (losses)										
Included in net income [1] [2] [6]	—	(1)	—	(1)	—	—	—	(2)	—	
Included in OCI [3]	—	(1)	1	16	1	3	3	23	—	
Purchases	—	—	3	19	—	12	40	74	—	
Settlements	—	(60)	(4)	(48)	(1)	—	(44)	(157)	—	
Sales	—	—	(2)	(32)	(2)	—	—	(36)	(1)	
Transfers into Level 3 [4]	5	—	—	263	—	8	—	276	—	
Transfers out of Level 3 [4]	—	—	(34)	(38)	—	—	(10)	(82)	—	
Fair value as of June 30, 2016	\$ 7	\$ 266	\$ 15	\$ 717	\$ 18	\$ 73	\$ 690	\$ 1,786	\$ —	
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$ —	\$ —	\$ —	(1)	\$ —	\$ —	\$ —	(1)	\$ —	

Assets (Liabilities)	Freestanding Derivatives [5]						Total Free-Standing Derivatives [5]
	Equity Securities, AFS	Equity	Interest Rate	GMWB Hedging	Macro Hedge Program		
Fair value as of March 31, 2016	\$ 36	\$ 3	\$ (32)	\$ 144	\$ 145	\$ 260	
Total realized/unrealized gains (losses)							
Included in net income [1] [2] [6]	—	(2)	(2)	15	(4)	7	
Included in OCI [3]	4	—	—	—	—	—	
Purchases	2	—	—	—	—	—	
Settlements	—	—	—	—	—	—	
Sales	—	—	—	—	—	—	
Transfers into Level 3 [4]	—	—	—	—	—	—	
Transfers out of Level 3 [4]	—	—	—	6	—	6	
Fair value as of June 30, 2016	\$ 42	\$ 1	\$ (34)	\$ 165	\$ 141	\$ 273	
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$ —	\$ (2)	\$ (2)	\$ 15	\$ (4)	\$ 7	

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

Assets	Reinsurance Recoverable for GMWB		Separate Accounts
Fair value as of March 31, 2016	\$	99	\$ 154
Total realized/unrealized gains (losses)			
Included in net income [1] [2] [6]		3	—
Included in OCI [3]		—	3
Purchases		—	22
Settlements		4	(3)
Sales		—	(6)
Transfers into Level 3 [4]		—	3
Transfers out of Level 3 [4]		—	(2)
Fair value as of June 30, 2016	\$	106	\$ 171
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$	3	\$ —

Liabilities	Other Policyholder Funds and Benefits Payable		
	Guaranteed Withdrawal Benefits	Equity Linked Notes	Total Other Policyholder Funds and Benefits Payable
Fair value as of March 31, 2016	\$ (361)	\$ (25)	\$ (386)
Total realized/unrealized gains (losses)			
Included in net income [1] [2] [6]	(35)	(3)	(38)
Settlements	(16)	—	(16)
Fair value as of June 30, 2016	\$ (412)	\$ (28)	\$ (440)
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$ (35)	\$ (3)	\$ (38)

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)
For the six months ended June 30, 2016

Assets	Fixed Maturities, AFS									
	ABS	CDOs	CMBS	Corporate	Foreign Govt./Govt. Agencies	Municipal	RMBS	Total Fixed Maturities, AFS	Fixed Maturities, FVO	
Fair value as of January 1, 2016	\$ 5	\$ 330	\$ 62	\$ 534	\$ 17	\$ 49	\$ 628	\$ 1,625	\$	2
Total realized/unrealized gains (losses)										
Included in net income [1] [2] [6]	—	(1)	—	(7)	—	—	—	(8)	—	—
Included in OCI [3]	—	(4)	(1)	4	2	4	(2)	3	—	—
Purchases	—	—	19	34	3	12	148	216	—	1
Settlements	—	(59)	(8)	(45)	(2)	—	(76)	(190)	—	—
Sales	—	—	(2)	(35)	(2)	—	—	(39)	—	(1)
Transfers into Level 3 [4]	5	—	—	307	—	8	2	322	—	—
Transfers out of Level 3 [4]	(3)	—	(55)	(75)	—	—	(10)	(143)	—	(2)
Fair value as of June 30, 2016	\$ 7	\$ 266	\$ 15	\$ 717	\$ 18	\$ 73	\$ 690	\$ 1,786	\$	—
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$ —	\$ —	\$ —	(1)	\$ —	\$ —	\$ —	\$ —	\$ —	—

Assets (Liabilities)	Freestanding Derivatives [5]						Total Free-Standing Derivatives [5]
	Equity Securities, AFS	Equity	Interest Rate	GMWB Hedging	Macro Hedge Program		
Fair value as of January 1, 2016	\$ 38	\$ —	\$ (29)	\$ 135	\$ 147	\$	253
Total realized/unrealized gains (losses)							
Included in net income [1] [2] [6]	—	(7)	(5)	24	(4)	—	8
Included in OCI [3]	4	—	—	—	—	—	—
Purchases	2	8	—	—	—	—	8
Settlements	—	—	—	—	(2)	—	(2)
Sales	(2)	—	—	—	—	—	—
Transfers into Level 3 [4]	—	—	—	—	—	—	—
Transfers out of Level 3 [4]	—	—	—	6	—	—	6
Fair value as of June 30, 2016	\$ 42	\$ 1	\$ (34)	\$ 165	\$ 141	\$	273
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$ —	\$ (7)	\$ (5)	24	(4)	\$	8

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

Assets	Reinsurance Recoverable for GMWB		Separate Accounts
Fair value as of January 1, 2016	\$	83	\$ 139
Total realized/unrealized gains (losses)			
Included in net income [1] [2] [6]		16	—
Included in OCI [3]		—	7
Purchases		—	61
Settlements		7	(9)
Sales		—	(16)
Transfers into Level 3 [4]		—	6
Transfers out of Level 3 [4]		—	(17)
Fair value as of June 30, 2016	\$	106	\$ 171
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$	16	\$ —

Liabilities	Other Policyholder Funds and Benefits Payable		
	Guaranteed Living Benefits [7]	Equity Linked Notes	Total Other Policyholder Funds and Benefits Payable
Fair value as of January 1, 2016	\$ (262)	\$ (26)	\$ (288)
Total realized/unrealized gains (losses)			
Included in net income [1] [2] [6]	(117)	(2)	(119)
Included in OCI [3]	—	—	—
Settlements	(33)	—	(33)
Fair value as of June 30, 2016	\$ (412)	\$ (28)	\$ (440)
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2016 [2] [7]	\$ (117)	\$ (2)	\$ (119)

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

The following tables provide fair value roll-forwards for the three and six months ended June 30, 2015 for financial instruments classified as Level 3.

For the three months ended June 30, 2015

Assets	Fixed Maturities, AFS								
	ABS	CDOs	CMBS	Corporate	Foreign Govt./Govt. Agencies	Municipal	RMBS	Total Fixed Maturities, AFS	Fixed Maturities, FVO
Fair value as of March 31, 2015	\$ 96	\$ 362	\$ 119	\$ 670	\$ 17	\$ 52	\$ 674	\$ 1,990	\$ 72
Total realized/unrealized gains (losses)									
Included in net income [1] [2] [6]	—	—	—	—	—	—	—	—	—
Included in OCI [3]	(2)	(2)	1	(10)	(2)	(3)	1	(17)	—
Purchases	9	—	—	2	2	—	35	48	1
Settlements	—	(12)	(13)	(26)	(1)	—	(29)	(81)	1
Sales	(6)	—	(3)	(12)	(1)	—	(35)	(57)	(1)
Transfers into Level 3 [4]	—	—	—	—	—	—	16	16	—
Transfers out of Level 3 [4]	(83)	—	(17)	(77)	—	—	—	(177)	(1)
Fair value as of June 30, 2015	\$ 14	\$ 348	\$ 87	\$ 547	\$ 15	\$ 49	\$ 662	\$ 1,722	\$ 72
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Assets (Liabilities)	Freestanding Derivatives [5]							
	Equity Securities, AFS	Credit	Commodity	Equity	Interest Rate	GMWB Hedging	Macro Hedge Program	Total Free-Standing Derivatives [5]
Fair value as of March 31, 2015	\$ 48	\$ (6)	\$ —	\$ 5	\$ (30)	\$ 159	\$ 187	\$ 315
Total realized/unrealized gains (losses)								
Included in net income [1] [2] [6]	6	(2)	(4)	(2)	3	(34)	(22)	(61)
Included in OCI [3]	—	—	—	—	—	—	—	—
Purchases	1	(2)	—	—	—	—	—	(2)
Settlements	—	—	—	—	(1)	—	—	(1)
Sales	(8)	—	—	—	—	—	—	—
Transfers into Level 3 [4]	—	—	6	—	—	—	—	6
Transfers out of Level 3 [4]	(3)	10	—	—	—	—	—	10
Fair value as of June 30, 2015	\$ 44	\$ —	\$ 2	\$ 3	\$ (28)	\$ 125	\$ 165	\$ 267
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$ —	\$ —	\$ (4)	\$ —	\$ 3	\$ (32)	\$ (18)	\$ (51)

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

Assets	Reinsurance Recoverable for GMWB and Japan GMWB, GMIB, and GMAB		Separate Accounts
Fair value as of March 31, 2015	\$	65	\$ 137
Total realized/unrealized gains (losses)			
Included in net income [1] [2] [6]		(16)	—
Included in OCI [3]		—	(1)
Purchases		—	222
Settlements		1	(5)
Sales		—	(19)
Transfers into Level 3 [4]		—	5
Transfers out of Level 3 [4]		—	(53)
Fair value as of June 30, 2015	\$	50	\$ 286
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$	(16)	\$ —

Liabilities	Other Policyholder Funds and Benefits Payable			
	Guaranteed Withdrawal Benefits	Equity Linked Notes	Total Other Policyholder Funds and Benefits Payable	Consumer Notes
Fair value as of March 31, 2015	\$ (176)	\$ (26)	\$ (202)	\$ (3)
Total realized/unrealized gains (losses)				
Included in net income [1] [2] [6]	78	—	78	—
Settlements	(14)	—	(14)	—
Fair value as of June 30, 2015	\$ (112)	\$ (26)	\$ (138)	\$ (3)
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$ 78	\$ —	\$ 78	\$ —

For the six months ended June 30, 2015

Assets	Fixed Maturities, AFS									
	ABS	CDOs	CMBS	Corporate	Foreign Govt./Govt. Agencies	Municipal	RMBS	Total Fixed Maturities, AFS	Fixed Maturities, FVO	
Fair value as of January 1, 2015	\$ 82	\$ 360	\$ 119	\$ 646	\$ 30	\$ 54	\$ 734	\$ 2,025	\$ 84	
Total realized/unrealized gains (losses)										
Included in net income [1] [2] [6]	—	(1)	—	(2)	—	—	(1)	(4)	(4)	
Included in OCI [3]	(2)	13	(1)	(26)	(2)	(5)	1	(22)	—	
Purchases	22	—	12	3	3	—	46	86	5	
Settlements	—	(18)	(19)	(24)	(2)	—	(58)	(121)	2	
Sales	(6)	—	(3)	(15)	(14)	—	(57)	(95)	(5)	
Transfers into Level 3 [4]	1	—	4	58	—	—	16	79	—	
Transfers out of Level 3 [4]	(83)	(6)	(25)	(93)	—	—	(19)	(226)	(10)	
Fair value as of June 30, 2015	\$ 14	\$ 348	\$ 87	\$ 547	\$ 15	\$ 49	\$ 662	\$ 1,722	\$ 72	
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$ —	\$ (1)	\$ (1)	\$ (1)	\$ —	\$ —	\$ —	\$ (3)	\$ (2)	

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

Assets (Liabilities)	Freestanding Derivatives [5]								
	Equity Securities, AFS	Credit	Commodity	Equity	Interest Rate	GMWB Hedging	Macro Hedge Program	Total Free-Standing Derivatives [5]	
Fair value as of January 1, 2015	\$ 48	\$ (3)	\$ —	\$ 5	\$ (27)	\$ 170	\$ 141	\$ 286	
Total realized/unrealized gains (losses)									
Included in net income [1] [2] [6]	6	1	(4)	8	—	(25)	(23)	(43)	
Included in OCI [3]	(2)	—	—	—	—	—	—	—	
Purchases	3	(8)	—	—	—	—	47	39	
Settlements	—	—	—	(10)	(1)	(20)	—	(31)	
Sales	(8)	—	—	—	—	—	—	—	
Transfers into Level 3 [4]	—	—	6	—	—	—	—	6	
Transfers out of Level 3 [4]	(3)	10	—	—	—	—	—	10	
Fair value as of June 30, 2015	\$ 44	\$ —	\$ 2	\$ 3	\$ (28)	\$ 125	\$ 165	\$ 267	
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$ —	\$ 3	\$ (4)	\$ 1	\$ (2)	\$ (16)	\$ (15)	\$ (33)	

Assets	Reinsurance Recoverable for GMWB and Japan GMWB, GMIB, and GMAB		Separate Accounts
Fair value as of January 1, 2015	\$	56	\$ 112
Total realized/unrealized gains (losses)			
Included in net income [1] [2] [6]		(9)	1
Included in OCI [3]		—	(1)
Purchases		—	260
Settlements		3	(10)
Sales		—	(25)
Transfers into Level 3 [4]		—	6
Transfers out of Level 3 [4]		—	(57)
Fair value as of June 30, 2015	\$	50	\$ 286
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$	(15)	\$ 1

Liabilities	Other Policyholder Funds and Benefits Payable [1]			
	Guaranteed Living Benefits [7][8]	Equity Linked Notes	Total Other Policyholder Funds and Benefits Payable	Consumer Notes
Fair value as of January 1, 2015	\$ (139)	\$ (26)	\$ (165)	\$ (3)
Total realized/unrealized gains (losses)				
Included in net income [1] [2] [6]	59	—	59	—
Included in OCI [3]	—	—	—	—
Settlements	(32)	—	(32)	—
Fair value as of June 30, 2015	\$ (112)	\$ (26)	\$ (138)	\$ (3)
Changes in unrealized gains (losses) included in net income related to financial instruments still held at June 30, 2015 [2] [7]	\$ 59	\$ —	\$ 59	\$ —

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

- [1] The Company classifies realized and unrealized gains and losses on GMWB reinsurance derivatives and GMWB embedded derivatives as unrealized gains (losses) for purposes of disclosure in this table because it is impracticable to track on a contract-by-contract basis the realized gains (losses) for these derivatives and embedded derivatives.
- [2] All amounts in these rows are reported in net realized capital gains (losses). The realized/unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which results in a net zero impact on net income for the Company. All amounts are before income taxes and amortization of DAC.
- [3] All amounts are before income taxes and amortization of DAC.
- [4] Transfers in and/or (out) of Level 3 are primarily attributable to the availability of market observable information and the re-evaluation of the observability of pricing inputs.
- [5] Derivative instruments are reported in this table on a net basis for asset/(liability) positions and reported in the Condensed Consolidated Balance Sheet in other investments and other liabilities.
- [6] Includes both market and non-market impacts in deriving realized and unrealized gains (losses).
- [7] Amounts presented are for Level 3 only and therefore may not agree to other disclosures included herein.

Fair Value Option

FVO investments include certain securities that contain embedded credit derivatives with underlying credit risk primarily related to residential and commercial real estate, for which the Company has elected the fair value option. The Company also classifies the underlying fixed maturities held in a consolidated investment fund within the Fixed Maturities, FVO line on the Condensed Consolidated Balance Sheets. The Company reports this consolidated investment company at fair value with changes in the fair value of the underlying securities recognized in net realized capital gains and losses, which is consistent with accounting requirements for investment companies. As of December 31, 2015, the fund held fixed income securities in multiple sectors and the Company had management and control of the funds as well as a significant ownership interest. The Company did not hold any of these funds as of June 30, 2016.

The Company also elected the fair value option for certain equity securities in order to align the accounting with total return swap contracts that hedge the risk associated with the investments. The swaps do not qualify for hedge accounting and the change in value of both the equity securities and the total return swaps are recorded in net realized capital gains and losses. These equity securities are classified within equity securities, AFS on the Condensed Consolidated Balance Sheets. As of June 30, 2016, the Company no longer has any of these investments. Income earned from FVO securities is recorded in net investment income and changes in fair value are recorded in net realized capital gains and losses.

The following table presents the changes in fair value of those assets and liabilities accounted for using the fair value option reported in net realized capital gains and losses in the Company's Condensed Consolidated Statements of Operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Assets				
Fixed maturities, FVO				
Corporate	\$	—	\$	(2)
CDOs		—		—
Foreign government		—		—
RMBS		2		(4)
Total fixed maturities, FVO	\$	2	\$	(6)
Equity, FVO		—		2
Total realized capital gains (losses)	\$	2	\$	(4)
				(32)
				1

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Fair Value Measurements (continued)

The following table presents the fair value of assets and liabilities accounted for using the fair value option included in the Company's Condensed Consolidated Balance Sheets.

	As of	
	June 30, 2016	December 31, 2015
Assets		
Fixed maturities, FVO		
ABS	\$ —	\$ 4
Corporate	—	31
CDOs	—	1
CMBS	—	6
Foreign government	—	1
RMBS	123	119
U.S. Government	—	3
Total fixed maturities, FVO	\$ 123	\$ 165
Equity, FVO	\$ —	\$ 281

Financial Instruments Not Carried at Fair Value

The following table presents carrying amounts and fair values of the Company's financial instruments not carried at fair value.

	Fair Value Hierarchy Level	June 30, 2016		December 31, 2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets					
Policy loans	Level 3	\$ 1,434	\$ 1,434	\$ 1,446	\$ 1,446
Mortgage loans	Level 3	2,871	3,053	2,918	2,995
Liabilities					
Other policyholder funds and benefits payable [1]	Level 3	\$ 6,390	\$ 6,682	\$ 6,611	\$ 6,802
Consumer notes [2] [3]	Level 3	32	32	38	38
Assumed investment contracts [3]	Level 3	738	795	619	682

[1] Excludes group accident and health and universal life insurance contracts, including corporate owned life insurance.

[2] Excludes amounts carried at fair value and included in preceding disclosures.

[3] Included in other liabilities in the Condensed Consolidated Balance Sheets.

Fair values for policy loans were determined using current loan coupon rates, which reflect the current rates available under the contracts. As a result, the fair value approximates the carrying value of the policy loans.

Fair values for mortgage loans were estimated using discounted cash flow calculations based on current lending rates for similar type loans. Current lending rates reflect changes in credit spreads and the remaining terms of the loans.

Fair values for other policyholder funds and benefits payable and assumed investment contracts, not carried at fair value, are estimated based on the cash surrender values of the underlying policies or by estimating future cash flows discounted at current interest rates adjusted for credit risk.

Fair values for consumer notes were estimated using discounted cash flow calculations using current interest rates adjusted for estimated loan durations.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments

Net Realized Capital Gains (Losses)

<i>(Before-tax)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Gross gains on sales	\$ 61	\$ 65	\$ 91	\$ 184
Gross losses on sales	(13)	(53)	(60)	(148)
Net OTTI losses recognized in earnings	(1)	(2)	(11)	(8)
Valuation allowances on mortgage loans	—	—	—	(4)
Periodic net coupon settlements on credit derivatives	(1)	2	—	3
Results of variable annuity hedge program				
GMWB derivatives, net	3	(4)	(14)	(3)
Macro hedge program	(20)	(23)	(34)	(27)
Total results of variable annuity hedge program	(17)	(27)	(48)	(30)
Modified coinsurance reinsurance contracts	(25)	37	(47)	26
Other, net [1]	(1)	(9)	(39)	(19)
Net realized capital losses	\$ 3	\$ 13	\$ (114)	\$ 4

[1] Primarily consists of changes in value of non-qualifying derivatives and transactional foreign currency revaluation gains (losses). For the three months ended June 30, 2016 and 2015, transactional foreign currency revaluation gains (losses) were \$(64) and \$16, respectively, and related to yen denominated fixed payout annuity liabilities, which were largely offset by gains (losses) of \$60 and \$(17), respectively, on derivative instruments used to hedge the foreign currency exposure. For the six months ended June 30, 2016 and 2015, the transactional foreign currency revaluation gains (losses) were \$(108) and \$16, respectively, which were largely offset by gains (losses) of \$96 and \$(31), respectively, on the related hedging instruments.

Net realized capital gains and losses from investment sales, are reported as a component of revenues and are determined on a specific identification basis. Before tax, net gains and losses on sales and impairments previously reported as unrealized gains in AOCI were \$47 and \$21, respectively, for the three and six months ended June 30, 2016, and \$16 and \$34 for the three and six months ended June 30, 2015, respectively. Proceeds from sales of AFS securities totaled \$1.7 billion and \$3.9 billion, respectively, for the three and six months ended June 30, 2016, and \$2.5 billion and \$5.6 billion for the three and six months ended June 30, 2015, respectively.

Recognition and Presentation of Other-Than-Temporary Impairments

The Company deems bonds and certain equity securities with debt-like characteristics (collectively “debt securities”) to be other-than-temporarily impaired (“impaired”) if a security meets the following conditions: a) the Company intends to sell or it is more likely than not that the Company will be required to sell the security before a recovery in value, or b) the Company does not expect to recover the entire amortized cost basis of the security. If the Company intends to sell or it is more likely than not that the Company will be required to sell the security before a recovery in value, a charge is recorded in net realized capital losses equal to the difference between the fair value and amortized cost basis of the security. For those impaired debt securities which do not meet the first condition and for which the Company does not expect to recover the entire amortized cost basis, the difference between the security’s amortized cost basis and the fair value is separated into the portion representing a credit OTTI, which is recorded in net realized capital losses, and the remaining non-credit impairment, which is recorded in OCI. Generally, the Company determines a security’s credit impairment as the difference between its amortized cost basis and its best estimate of expected future cash flows discounted at the security’s effective yield prior to impairment. The remaining non-credit impairment is the difference between the security’s fair value and the Company’s best estimate of expected future cash flows discounted at the security’s effective yield prior to the impairment, which typically includes current market liquidity and risk premiums. The previous amortized cost basis less the impairment recognized in net realized capital losses becomes the security’s new cost basis. The Company accretes the new cost basis to the estimated future cash flows over the expected remaining life of the security by prospectively adjusting the security’s yield, if necessary.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

The Company's evaluation of whether a credit impairment exists for debt securities includes but is not limited to, the following factors: (a) changes in the financial condition of the security's underlying collateral, (b) whether the issuer is current on contractually obligated interest and principal payments, (c) changes in the financial condition, credit rating and near-term prospects of the issuer, (d) the extent to which the fair value has been less than the amortized cost of the security and (e) the payment structure of the security. The Company's best estimate of expected future cash flows used to determine the credit loss amount is a quantitative and qualitative process that incorporates information received from third-party sources along with certain internal assumptions and judgments regarding the future performance of the security. The Company's best estimate of future cash flows involves assumptions including, but not limited to, earnings multiples, underlying asset valuations and various performance indicators, such as historical and projected default and recovery rates, credit ratings, current and projected delinquency rates, and loan-to-value ("LTV") ratios. In addition, for structured securities, the Company considers factors including, but not limited to, average cumulative collateral loss rates that vary by vintage year, commercial and residential property value declines that vary by property type and location and commercial real estate delinquency levels. These assumptions require the use of significant management judgment and include the probability of issuer default and estimates regarding timing and amount of expected recoveries which may include estimating the underlying collateral value. In addition, projections of expected future debt security cash flows may change based upon new information regarding the performance of the issuer and/or underlying collateral such as changes in the projections of the underlying property value estimates.

For equity securities where the decline in the fair value is deemed to be other-than-temporary, a charge is recorded in net realized capital losses equal to the difference between the fair value and cost basis of the security. The previous cost basis less the impairment becomes the security's new cost basis. The Company asserts its intent and ability to retain those equity securities deemed to be temporarily impaired until the price recovers. Once identified, these securities are systematically restricted from trading unless approved by investment and accounting professionals.

The primary factors considered in evaluating whether an impairment exists for an equity security may include, but are not limited to: (a) the length of time and extent to which the fair value has been less than the cost of the security, (b) changes in the financial condition, credit rating and near-term prospects of the issuer, (c) whether the issuer is current on preferred stock dividends and (d) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery.

The following table presents the Company's impairments by impairment type.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Credit impairments	\$ 1	\$ —	\$ 9	\$ 2
Intent-to-sell impairments	—	2	1	6
Impairments on equity securities	—	—	1	—
Total impairments	\$ 1	\$ 2	\$ 11	\$ 8

The following table presents a roll-forward of the Company's cumulative credit impairments on fixed maturities held.

<i>(Before-tax)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Balance as of beginning of period	\$ (215)	\$ (288)	\$ (211)	\$ (296)
Additions for credit impairments recognized on [1]:				
Securities not previously impaired	—	—	(8)	(2)
Securities previously impaired	(1)	—	(1)	—
Reductions for credit impairments previously recognized on:				
Securities that matured or were sold during the period	26	3	26	5
Securities due to an increase in expected cash flows	9	15	13	22
Securities the Company made the decision to sell or more likely than not will be required to sell	—	—	—	1
Balance as of end of period	\$ (181)	\$ (270)	\$ (181)	\$ (270)

[1] These additions are included in the net OTTI losses recognized in earnings in the Condensed Consolidated Statements of Operations.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Available-for-Sale Securities

The following table presents the Company's AFS securities by type.

	June 30, 2016					December 31, 2015				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit OTTI [1]	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Non-Credit OTTI [1]
ABS	\$ 1,035	\$ 18	\$ (34)	\$ 1,019	\$ —	\$ 864	\$ 16	\$ (34)	\$ 846	\$ —
CDOs [2]	1,223	56	(11)	1,269	—	1,354	67	(11)	1,408	—
CMBS	2,066	91	(11)	2,146	(2)	1,936	52	(24)	1,964	(3)
Corporate	14,051	1,619	(76)	15,594	(9)	14,425	975	(225)	15,175	(3)
Foreign govt./govt. agencies	272	27	(3)	296	—	328	14	(11)	331	—
Municipal	1,090	192	—	1,282	—	1,057	80	(5)	1,132	—
RMBS	1,686	54	(8)	1,732	—	1,468	43	(8)	1,503	—
U.S. Treasuries	1,969	393	—	2,362	—	2,127	184	(13)	2,298	—
Total fixed maturities, AFS	23,392	2,450	(143)	25,700	(11)	23,559	1,431	(331)	24,657	(6)
Equity securities, AFS [3]	123	19	(6)	136	—	178	11	(11)	178	—
Total AFS securities	\$ 23,515	\$ 2,469	\$ (149)	\$ 25,836	\$ (11)	\$ 23,737	\$ 1,442	\$ (342)	\$ 24,835	\$ (6)

[1] Represents the amount of cumulative non-credit OTTI losses recognized in OCI on securities that also had credit impairments. These losses are included in gross unrealized losses as of June 30, 2016 and December 31, 2015.

[2] Gross unrealized gains (losses) exclude the fair value of bifurcated embedded derivatives within certain securities. Subsequent changes in value are recorded in net realized capital gains (losses).

[3] Excluded equity securities, FVO, with a cost and fair value of \$293 and \$281 as of December 31, 2015. The Company did not hold any equity securities, FVO as of June 30, 2016.

The following table presents the Company's fixed maturities, AFS, by contractual maturity year.

Contractual Maturity	June 30, 2016		December 31, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	\$ 846	\$ 853	\$ 953	\$ 974
Over one year through five years	4,621	4,816	4,973	5,075
Over five years through ten years	3,870	4,096	3,650	3,714
Over ten years	8,045	9,769	8,361	9,173
Subtotal	17,382	19,534	17,937	18,936
Mortgage-backed and asset-backed securities	6,010	6,166	5,622	5,721
Total fixed maturities, AFS	\$ 23,392	\$ 25,700	\$ 23,559	\$ 24,657

Estimated maturities may differ from contractual maturities due to security call or prepayment provisions. Due to the potential for variability in payment speeds (i.e. prepayments or extensions), mortgage-backed and asset-backed securities are not categorized by contractual maturity.

Concentration of Credit Risk

The Company aims to maintain a diversified investment portfolio including issuer, sector and geographic stratification, where applicable, and has established certain exposure limits, diversification standards and review procedures to mitigate credit risk. The Company had no investment exposure to any credit concentration risk of a single issuer greater than 10% of the Company's stockholders' equity, other than the U.S. government and certain U.S. government agencies as of June 30, 2016 and December 31, 2015. For further discussion of concentration of credit risk, see the Concentration of Credit Risk section in Note 3 - Investments and Derivative Instruments of Notes to Consolidated Financial Statements in the Company's 2015 Form 10-K Annual Report.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)
Unrealized Losses on AFS Securities

The following tables present the Company's unrealized loss aging for AFS securities by type and length of time the security was in a continuous unrealized loss position.

	June 30, 2016								
	Less Than 12 Months			12 Months or More			Total		
	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses
ABS	\$ 172	\$ 171	\$ (1)	\$ 309	\$ 276	\$ (33)	\$ 481	\$ 447	\$ (34)
CDOs [1]	431	429	(3)	569	561	(8)	1,000	990	(11)
CMBS	183	179	(4)	189	182	(7)	372	361	(11)
Corporate	862	831	(31)	577	532	(45)	1,439	1,363	(76)
Foreign govt./govt. agencies	33	31	(2)	35	34	(1)	68	65	(3)
Municipal	2	2	—	6	6	—	8	8	—
RMBS	187	186	(1)	235	228	(7)	422	414	(8)
U.S. Treasuries	—	—	—	—	—	—	—	—	—
Total fixed maturities, AFS	1,870	1,829	(42)	1,920	1,819	(101)	3,790	3,648	(143)
Equity securities, AFS [2]	30	28	(2)	38	34	(4)	68	62	(6)
Total securities in an unrealized loss position	\$ 1,900	\$ 1,857	\$ (44)	\$ 1,958	\$ 1,853	\$ (105)	\$ 3,858	\$ 3,710	\$ (149)

	December 31, 2015								
	Less Than 12 Months			12 Months or More			Total		
	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Losses
ABS	\$ 387	\$ 385	\$ (2)	\$ 271	\$ 239	\$ (32)	\$ 658	\$ 624	\$ (34)
CDOs [1]	608	602	(6)	500	493	(5)	1,108	1,095	(11)
CMBS	655	636	(19)	99	94	(5)	754	730	(24)
Corporate	4,880	4,696	(184)	363	322	(41)	5,243	5,018	(225)
Foreign govt./govt. agencies	144	136	(8)	30	27	(3)	174	163	(11)
Municipal	179	174	(5)	—	—	—	179	174	(5)
RMBS	280	279	(1)	230	223	(7)	510	502	(8)
U.S. Treasuries	963	950	(13)	8	8	—	971	958	(13)
Total fixed maturities, AFS	8,096	7,858	(238)	1,501	1,406	(93)	9,597	9,264	(331)
Equity securities, AFS [2]	83	79	(4)	44	37	(7)	127	116	(11)
Total securities in an unrealized loss position	\$ 8,179	\$ 7,937	\$ (242)	\$ 1,545	\$ 1,443	\$ (100)	\$ 9,724	\$ 9,380	\$ (342)

[1] Unrealized losses exclude the change in fair value of bifurcated embedded derivatives within certain securities, for which changes in fair value are recorded in net realized capital gains (losses).

[2] As of June 30, 2016 and December 31, 2015, excludes equity securities, FVO, which are included in equity securities, AFS on the Condensed Consolidated Balance Sheets.

As of June 30, 2016, AFS securities in an unrealized loss position, consisted of 1,625 securities, primarily in the corporate sector, as well as student loan ABS, which were depressed primarily due to widening of credit spreads since the securities were purchased. As of June 30, 2016, 90% of these securities were depressed less than 20% of cost or amortized cost. The decrease in unrealized losses during the first half of 2016 was primarily attributable to a decline in interest rates, as well as tighter credit spreads.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Most of the securities depressed for twelve months or more primarily relate to corporate securities concentrated in the financial services and energy sectors, structured securities with exposure to commercial and residential real estate, and student loan ABS. Corporate financial services securities and student loan ABS were primarily depressed because the securities have floating-rate coupons and have long-dated maturities, and current credit spreads are wider than when these securities were purchased. Corporate securities within the energy sector were primarily depressed due to a decline in oil and gas prices. For certain commercial and residential real estate securities, current market spreads are wider than spreads at the securities' respective purchase dates. The Company neither has an intention to sell nor does it expect to be required to sell the securities outlined in the preceding discussion.

Mortgage Loans

Mortgage Loan Valuation Allowances

The Company's security monitoring process reviews mortgage loans on a quarterly basis to identify potential credit losses. Commercial mortgage loans are considered to be impaired when management estimates that, based upon current information and events, it is probable that the Company will be unable to collect amounts due according to the contractual terms of the loan agreement. Criteria used to determine if an impairment exists include, but are not limited to: current and projected macroeconomic factors, such as unemployment rates, and property-specific factors such as rental rates, occupancy levels, LTV ratios and debt service coverage ratios ("DSCR"). In addition, the Company considers historic, current and projected delinquency rates and property values. These assumptions require the use of significant management judgment and include the probability and timing of borrower default and loss severity estimates. In addition, projections of expected future cash flows may change based upon new information regarding the performance of the borrower and/or underlying collateral such as changes in the projections of the underlying property value estimates.

For mortgage loans that are deemed impaired, a valuation allowance is established for the difference between the carrying amount and the Company's share of either (a) the present value of the expected future cash flows discounted at the loan's effective interest rate, (b) the loan's observable market price or, most frequently, (c) the fair value of the collateral. A valuation allowance has been established for either individual loans or as a projected loss contingency for loans with an LTV ratio of 90% or greater and after consideration of other credit quality factors, including DSCR. Changes in valuation allowances are recorded in net realized capital gains and losses. Interest income on impaired loans is accrued to the extent it is deemed collectible and the loans continue to perform under the original or restructured terms. Interest income ceases to accrue for loans when it is probable that the Company will not receive interest and principal payments according to the contractual terms of the loan agreement. Loans may resume accrual status when it is determined that sufficient collateral exists to satisfy the full amount of the loan and interest payments as well as when it is probable cash will be received in the foreseeable future. Interest income on defaulted loans is recognized when received.

	June 30, 2016			December 31, 2015		
	Amortized Cost [1]	Valuation Allowance	Carrying Value	Amortized Cost [1]	Valuation Allowance	Carrying Value
Total commercial mortgage loans	\$ 2,890	\$ (19)	\$ 2,871	\$ 2,937	\$ (19)	\$ 2,918

[1] Amortized cost represents carrying value prior to valuation allowances, if any.

As of June 30, 2016, and December 31, 2015, the carrying value of mortgage loans associated with the valuation allowance was \$31 and \$39, respectively. There were no mortgage loans held-for-sale as of June 30, 2016 or December 31, 2015. As of June 30, 2016, loans within the Company's mortgage loan portfolio that have had extensions or restructurings other than what is allowable under the original terms of the contract are immaterial.

The following table presents the activity within the Company's valuation allowance for mortgage loans. These loans have been evaluated both individually and collectively for impairment. Loans evaluated collectively for impairment are immaterial.

	Six Months Ended June 30,	
	2016	2015
Balance, beginning of period	\$ (19)	\$ (15)
(Additions)/Reversals	—	(4)
Deductions	—	—
Balance, end of period	\$ (19)	\$ (19)

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

The weighted-average LTV ratio of the Company's commercial mortgage loan portfolio was 55% as of June 30, 2016, while the weighted-average LTV ratio at origination of these loans was 63%. LTV ratios compare the loan amount to the value of the underlying property collateralizing the loan. The loan values are updated no less than annually through property level reviews of the portfolio. Factors considered in the property valuation include, but are not limited to, actual and expected property cash flows, geographic market data and capitalization rates. DSCR compares a property's net operating income to the borrower's principal and interest payments. The weighted average DSCR of the Company's commercial mortgage loan portfolio was 2.43x as of June 30, 2016. As of June 30, 2016 and December 31, 2015, the Company held one delinquent commercial mortgage loan past due by 90 days or more. The loan had a total carrying value and valuation allowance of \$15 and \$16, respectively, and was not accruing income.

The following table presents the carrying value of the Company's commercial mortgage loans by LTV and DSCR.

Loan-to-value	June 30, 2016		December 31, 2015	
	Carrying Value	Avg. Debt-Service Coverage Ratio	Carrying Value	Avg. Debt-Service Coverage Ratio
Greater than 80%	\$ 96	0.96x	\$ 15	0.91x
65% - 80%	236	2.09x	280	1.78x
Less than 65%	2,539	2.53x	2,623	2.54x
Total commercial mortgage loans	\$ 2,871	2.43x	\$ 2,918	2.45x

The following tables present the carrying value of the Company's mortgage loans by region and property type.

Mortgage Loans by Region	June 30, 2016		December 31, 2015	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
East North Central	\$ 66	2.3%	\$ 66	2.3%
East South Central	14	0.5%	14	0.5%
Middle Atlantic	209	7.3%	210	7.2%
Mountain	4	0.1%	4	0.1%
New England	163	5.7%	163	5.6%
Pacific	898	31.3%	933	32.0%
South Atlantic	571	19.9%	579	19.8%
West North Central	1	—%	1	—%
West South Central	128	4.5%	125	4.3%
Other [1]	817	28.4%	823	28.2%
Total mortgage loans	\$ 2,871	100.0%	\$ 2,918	100.0%

[1] Primarily represents loans collateralized by multiple properties in various regions.

Mortgage Loans by Property Type	June 30, 2016		December 31, 2015	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Commercial				
Agricultural	\$ 16	0.5%	\$ 16	0.5%
Industrial	827	28.8%	829	28.4%
Lodging	25	0.9%	26	0.9%
Multifamily	559	19.5%	557	19.1%
Office	706	24.6%	729	25.0%
Retail	629	21.9%	650	22.3%
Other	109	3.8%	111	3.8%
Total mortgage loans	\$ 2,871	100.0%	\$ 2,918	100.0%

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Variable Interest Entities

The Company is involved with various special purpose entities and other entities that are deemed to be VIEs primarily as a collateral or investment manager and as an investor through normal investment activities as well as a means of accessing capital through a contingent capital facility.

A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIEs to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's Condensed Consolidated Financial Statements.

Consolidated VIEs

The following table presents the carrying value of assets and liabilities, and the maximum exposure to loss relating to the VIEs for which the Company is the primary beneficiary. Creditors have no recourse against the Company in the event of default by these VIEs nor does the Company have any implied or unfunded commitments to these VIEs. The Company's financial or other support provided to these VIEs is limited to its collateral or investment management services and original investment.

	June 30, 2016			December 31, 2015		
	Total Assets	Total Liabilities [1]	Maximum Exposure to Loss [2]	Total Assets	Total Liabilities [1]	Maximum Exposure to Loss [2]
Investment funds [3]	\$ —	\$ —	\$ —	\$ 52	\$ 11	\$ 42
Limited partnerships and other alternative investments [4]	7	—	7	2	1	1
Total	\$ 7	\$ —	\$ 7	\$ 54	\$ 12	\$ 43

[1] Included in other liabilities on the Company's Condensed Consolidated Balance Sheets.

[2] The maximum exposure to loss represents the maximum loss amount that the Company could recognize as a reduction in net investment income or as a realized capital loss and is the cost basis of the Company's investment.

[3] Total assets included in fixed maturities, FVO, short-term investments, and equity, AFS on the Company's Condensed Consolidated Balance Sheets.

[4] Total assets included in limited partnerships and other alternative investments, short-term investments, and other assets on the Company's Condensed Consolidated Balance Sheets.

Effective January 1, 2016, the Company adopted new consolidation guidance which resulted in a hedge fund of funds that is part of limited partnerships and other alternative investments and which was previously a voting interest entity to be consolidated as a VIE. This hedge fund of funds limited partnership is considered a VIE under the updated guidance and the Company has determined it is the primary beneficiary and will consolidate the VIE. As of June 30, 2016, this limited partnership has outstanding commitments totaling \$20, which may be called by the underlying partnerships during the commitment period to fund the purchase of new investments. For further information on the adoption, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements.

Also as a result of the adoption, the Company determined that one investment fund, which was previously identified as a consolidated VIE and for which the Company has management and control of the investments, is a voting interest entity under the new consolidation guidance. The Company still owns a majority interest in the investment fund and the fund that is still consolidated on the Company's Condensed Consolidated Financial Statements; however, as a result of the new consolidation guidance, this investment fund is not included as a VIE in the table above.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Non-Consolidated VIEs

The Company, through normal investment activities, makes passive investments in limited partnerships and other alternative investments. Upon the adoption of the new consolidation guidance discussed above, these investments are now considered VIEs. For these non-consolidated VIEs, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments. The Company's maximum exposure to loss as of June 30, 2016 and December 31, 2015 is limited to the total carrying value of \$1 billion and \$729, respectively, which are included in limited partnerships and other alternative investments in the Company's Condensed Consolidated Balance Sheets. As of June 30, 2016 and December 31, 2015, the Company has outstanding commitments totaling \$392 and \$299, respectively, which is committed to fund these investments and may be called by the partnership during the commitment period to fund the purchase of new investments and partnership expenses. These investments are generally of a passive nature in that the Company does not take an active role in management. For further discussion of these investments, see Equity Method Investments within Note 3 - Investments and Derivatives of Notes to Consolidated Financial Statements included in the Company's 2015 Form 10-K Annual Report.

In addition, the Company also makes passive investments in structured securities issued by VIEs for which the Company is not the manager and, therefore, does not consolidate. These investments are included in ABS, CDOs, CMBS and RMBS in the Available-for-Sale Securities table and fixed maturities, FVO, in the Company's Condensed Consolidated Balance Sheets. The Company has not provided financial or other support with respect to these investments other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company's investment in comparison to the principal amount of the structured securities issued by the VIEs, the level of credit subordination which reduces the Company's obligation to absorb losses or right to receive benefits and the Company's inability to direct the activities that most significantly impact the economic performance of the VIEs. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

Securities Lending, Repurchase Agreements and Other Collateral Transactions

The Company participates in securities lending programs to generate additional income. Through these programs, certain fixed maturities within the corporate, foreign government/government agencies, and municipal sectors as well as equity securities are loaned from the Company's portfolio to qualifying third-party borrowers in return for collateral in the form of cash or securities. Borrowers of these securities provide collateral of 102% and 105% of the fair value of the securities lent at the time of the loan for domestic and non-domestic securities, respectively. The borrower will return the securities to the Company for cash or securities collateral at maturity dates generally of 90 days or less. Security collateral on deposit from counterparties in connection with securities lending transactions may not be sold or re-pledged, except in the event of default, and is not reflected on the Company's consolidated balance sheets. The fair value of the loaned securities is monitored and additional collateral is obtained if the fair value of the collateral falls below 100% of the fair value of the loaned securities. The agreements provide the counterparty the right to sell or re-pledge the securities transferred. If cash, rather than securities, is received as collateral, the cash is typically invested in short-term investments or fixed maturities and is reported as an asset on the consolidated balance sheets. Income associated with securities lending transactions is reported as a component of net investment income on the Company's consolidated statements of operations. As of June 30, 2016, the fair value of securities on loan and the associated liability for cash collateral received was \$69 and \$70, respectively. As of December 31, 2015, the fair value of securities on loan and the associated liability for cash collateral received was \$15 and \$15, respectively.

From time to time, the Company enters into repurchase agreements and similar transactions to manage liquidity or to earn incremental spread income. A repurchase agreement is a transaction in which one party (transferor) agrees to sell securities to another party (transferee) in return for cash (or securities), with a simultaneous agreement to repurchase the same securities at a specified price at a later date. A dollar roll is a type of repurchase agreement where a mortgage backed security is sold with an agreement to repurchase substantially the same security at a specified time in the future. Repurchase transactions generally have a contractual maturity of ninety days or less.

As part of repurchase agreements, the Company transfers collateral of U.S. government and government agency securities and receives cash. For repurchase agreements, the Company obtains cash in an amount equal to at least 95% of the fair value of the securities transferred. The agreements contain contractual provisions that require additional collateral to be transferred when necessary and provide the counterparty the right to sell or re-pledge the securities transferred. The cash received from the repurchase program is typically invested in short-term investments or fixed maturities. Repurchase agreements include master netting provisions that provide the counterparties the right to offset claims and apply securities held by them with respect to their obligations in the event of a default. Although the Company has the contractual right to offset claims, fixed maturities do not meet the specific conditions for net presentation under U.S. GAAP. The Company accounts for the repurchase agreements as collateralized borrowings. The securities transferred under repurchase agreements are included in fixed maturities, AFS with the obligation to repurchase those securities recorded in other liabilities on the Company's Condensed Consolidated Balance Sheets.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

As of June 30, 2016, the Company reported in fixed maturities, AFS and cash on the Condensed Consolidated Balance Sheets financial collateral pledged relating to repurchase agreements of \$233. The Company reported a corresponding obligation to repurchase the pledged securities of \$231 in other liabilities on the Condensed Consolidated Balance Sheets. As of December 31, 2015, the Company reported in fixed maturities, AFS and cash on the Condensed Consolidated Balance Sheets financial collateral pledged relating to repurchase agreements of \$249. The Company reported a corresponding obligation to repurchase the pledged securities of \$249 in other liabilities on the Condensed Consolidated Balance Sheets. The Company had no outstanding dollar roll transactions as of June 30, 2016 or December 31, 2015.

The Company is required by law to deposit securities with government agencies in certain states in which it conducts business. As of June 30, 2016, and December 31, 2015, the fair value of securities on deposit was approximately \$23 and \$14, respectively.

Refer to Derivative Collateral Arrangements section of this note for disclosure of collateral in support of derivative transactions.

Derivative Instruments

The Company utilizes a variety of OTC, OTC-cleared and exchange traded derivative instruments as a part of its overall risk management strategy as well as to enter into replication transactions. Derivative instruments are used to manage risk associated with interest rate, equity market, commodity market, credit spread, issuer default, price, and currency exchange rate risk or volatility. Replication transactions are used as an economical means to synthetically replicate the characteristics and performance of assets that are permissible investments under the Company's investment policies. The Company also may enter into and has previously issued financial instruments and products that either are accounted for as free-standing derivatives, such as certain reinsurance contracts, or may contain features that are deemed to be embedded derivative instruments, such as the GMWB rider included with certain variable annuity products.

Strategies That Qualify for Hedge Accounting

Certain derivatives that the Company enters into satisfy the hedge accounting requirements as outlined in Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements, included in the Company's 2015 Form 10-K Annual Report. Typically, these hedge relationships include interest rate swaps and, to a lesser extent, foreign currency swaps where the terms or expected cash flows of the hedged item closely match the terms of the swap. The interest rate swaps are typically used to manage interest rate duration of certain fixed maturity securities or liability contracts. The hedge strategies by hedge accounting designation include:

Cash Flow Hedges

Interest rate swaps are predominantly used to manage portfolio duration and better match cash receipts from assets with cash disbursements required to fund liabilities. These derivatives primarily convert interest receipts on floating-rate fixed maturity securities to fixed rates.

Foreign currency swaps are used to convert foreign currency-denominated cash flows related to certain investment receipts and liability payments to U.S. dollars in order to reduce cash flow fluctuations due to changes in currency rates.

Fair Value Hedges

Interest rate swaps are used to hedge the changes in fair value of fixed maturity securities due to fluctuations in interest rates. These swaps are typically used to manage interest rate duration.

Non-Qualifying Strategies

Derivative relationships that do not qualify for hedge accounting ("non-qualifying strategies") primarily include the hedge program for the Company's variable annuity products as well as the hedging and replication strategies that utilize credit default swaps. In addition, hedges of interest rate, foreign currency and equity risk of certain fixed maturities, equities and liabilities do not qualify for hedge accounting.

The non-qualifying strategies include:

Interest Rate Swaps, Swaptions, and Futures

The Company uses interest rate swaps, swaptions, and futures to manage duration between assets and liabilities in certain investment portfolios. In addition, the Company enters into interest rate swaps to terminate existing swaps, thereby offsetting the changes in value of the original swap. As of June 30, 2016, and December 31, 2015, the notional amount of interest rate swaps in offsetting relationships was \$4.2 billion and \$4.6 billion, respectively.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Foreign Currency Swaps and Forwards

The Company enters into foreign currency swaps and forwards to convert the foreign currency exposures of certain foreign currency-denominated fixed maturity investments to U.S. dollars. During 2015, the Company also entered into foreign currency forwards to hedge non-U.S. dollar denominated cash and equity securities, which matured in January 2016.

Fixed Payout Annuity Hedge

The Company reinsures certain yen denominated fixed payout annuities. The Company invests in U.S. dollar denominated assets to support the reinsurance liability. The Company entered into pay U.S. dollar, receive yen swap contracts to hedge the currency and yen interest rate exposure between the U.S. dollar denominated assets and the yen denominated fixed liability reinsurance payments.

Credit Contracts

Credit default swaps are used to purchase credit protection on an individual entity or referenced index to economically hedge against default risk and credit-related changes in value of fixed maturity securities. Credit default swaps are also used to assume credit risk related to an individual entity or referenced index as a part of replication transactions. These contracts require the Company to pay or receive a periodic fee in exchange for compensation from the counterparty should the referenced security issuers experience a credit event, as defined in the contract. The Company is also exposed to credit risk related to certain structured fixed maturity securities that have embedded credit derivatives, which reference a standard index of corporate securities. In addition, the Company enters into credit default swaps to terminate existing credit default swaps, thereby offsetting the changes in value of the original swap going forward.

Equity Index Swaps and Options

The Company enters into equity index options to hedge the impact of a decline in the equity markets on the investment portfolio. During 2015, the Company entered into a total return swap to hedge equity risk of specific common stock investments which were accounted for using the fair value option in order to align the accounting treatment within net realized capital gains (losses). The swap matured in January 2016 and the specific common stock investments were sold at that time. In addition, the Company formerly offered certain equity indexed products that remain in force, a portion of which contain embedded derivatives that require bifurcation. The Company uses equity index swaps to economically hedge the equity volatility risk associated with the equity indexed products.

Commodity Contracts

During 2015, the Company purchased for \$11 put option contracts on West Texas Intermediate oil futures with a strike of \$35 dollars per barrel in order to partially offset potential losses related to certain fixed maturity securities that could arise if oil prices decline substantially. The Company has since reduced its exposure to the targeted fixed maturity securities and, therefore, these options were terminated at the end of 2015.

GMWB Derivatives, Net

The Company formerly offered certain variable annuity products with GMWB riders. The GMWB product is a bifurcated embedded derivative (“GMWB product derivatives”) that has a notional value equal to the GRB. The Company uses reinsurance contracts to transfer a portion of its risk of loss due to GMWB. The reinsurance contracts covering GMWB (“GMWB reinsurance contracts”) are accounted for as free-standing derivatives with a notional amount equal to the GRB amount.

The Company utilizes derivatives (“GMWB hedging instruments”) as part of an actively managed program designed to hedge a portion of the capital market risk exposures of the non-reinsured GMWB riders due to changes in interest rates, equity market levels, and equity volatility. These derivatives include customized swaps, interest rate swaps and futures, and equity swaps, options and futures, on certain indices including the S&P 500 index, EAFE index and NASDAQ index. The following table presents notional and fair value for GMWB hedging instruments.

	Notional Amount		Fair Value	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Customized swaps	\$ 5,421	\$ 5,877	\$ 166	\$ 131
Equity swaps, options, and futures	1,395	1,362	—	2
Interest rate swaps and futures	3,716	3,740	37	25
Total	\$ 10,532	\$ 10,979	\$ 203	\$ 158

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Macro Hedge Program

The Company utilizes equity swaps, options, futures, and forwards to provide partial protection against the statutory tail scenario risk arising from GMWB and guaranteed minimum death benefit ("GMDB") liabilities on the Company's statutory surplus. These derivatives cover some of the residual risks not otherwise covered by the dynamic hedging program. The following table presents notional and fair value for the macro hedge program.

	Notional Amount		Fair Value	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Equity swaps, options, futures, and forwards	\$ 4,699	\$ 4,548	\$ 147	\$ 147
Total	\$ 4,699	\$ 4,548	\$ 147	\$ 147

Modified Coinsurance Reinsurance Contracts

As of June 30, 2016, and December 31, 2015, the Company had approximately \$928 and \$895, respectively, of invested assets supporting other policyholder funds and benefits payable reinsured under a modified coinsurance arrangement in connection with the sale of the Individual Life business, which was structured as a reinsurance transaction. The assets are primarily held in a trust established by the Company. The Company pays or receives cash quarterly to settle the results of the reinsured business, including the investment results. As a result of this modified coinsurance arrangement, the Company has an embedded derivative that transfers to the reinsurer certain unrealized changes in fair value due to interest rate and credit risks of these assets. The notional amount of the embedded derivative reinsurance contracts are the invested assets that are carried at fair value supporting the reinsured reserves.

Derivative Balance Sheet Classification

The following table summarizes the balance sheet classification of the Company's derivative related net fair value amounts as well as the gross asset and liability fair value amounts. For reporting purposes, the Company has elected to offset within total assets or total liabilities based upon the net of the fair value amounts, income accruals, and related cash collateral receivables and payables of OTC derivative instruments executed in a legal entity and with the same counterparty under a master netting agreement, which provides the Company with the legal right of offset. The Company has also elected to offset within total assets or total liabilities based upon the net of the fair value amounts, income accruals and related cash collateral receivables and payables of OTC-cleared derivative instruments based on clearing house agreements. The following fair value amounts do not include income accruals or related cash collateral receivables and payables, which are netted with derivative fair value amounts to determine balance sheet presentation. Derivatives in the Company's separate accounts, where the associated gains and losses accrue directly to policyholders, are not included in the table below. The Company's derivative instruments are held for risk management purposes, unless otherwise noted in the following table. The notional amount of derivative contracts represents the basis upon which pay or receive amounts are calculated and is presented in the table to quantify the volume of the Company's derivative activity. Notional amounts are not necessarily reflective of credit risk. The following tables exclude investments that contain an embedded credit derivative for which the Company has elected the fair value option. For further discussion, see the Fair Value Option section in Note 2 - Fair Value Measurements of Notes to Condensed Consolidated Financial Statements.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Hedge Designation/ Derivative Type	Net Derivatives				Asset Derivatives		Liability Derivatives	
	Notional Amount		Fair Value		Fair Value		Fair Value	
	Jun 30, 2016	Dec 31, 2015	Jun 30, 2016	Dec 31, 2015	Jun 30, 2016	Dec 31, 2015	Jun 30, 2016	Dec 31, 2015
Cash flow hedges								
Interest rate swaps	\$ 1,766	\$ 1,766	\$ 83	\$ 38	\$ 83	\$ 38	\$ —	\$ —
Foreign currency swaps	143	143	(19)	(19)	9	7	(28)	(26)
Total cash flow hedges	1,909	1,909	64	19	92	45	(28)	(26)
Fair value hedges								
Interest rate swaps	23	23	—	—	—	—	—	—
Total fair value hedges	23	23	—	—	—	—	—	—
Non-qualifying strategies								
<i>Interest rate contracts</i>								
Interest rate swaps, swaptions, and futures	4,267	4,710	(407)	(415)	566	285	(973)	(700)
<i>Foreign exchange contracts</i>								
Foreign currency swaps and forwards	2	386	—	4	—	4	—	—
Fixed payout annuity hedge	1,063	1,063	(261)	(357)	—	—	(261)	(357)
<i>Credit contracts</i>								
Credit derivatives that purchase credit protection	110	249	(4)	10	—	12	(4)	(2)
Credit derivatives that assume credit risk [1]	714	1,435	(3)	(10)	5	5	(8)	(15)
Credit derivatives in offsetting positions	1,345	1,435	(1)	(1)	20	17	(21)	(18)
<i>Equity contracts</i>								
Equity index swaps and options	748	404	—	15	28	41	(28)	(26)
<i>Variable annuity hedge program</i>								
GMWB product derivatives [2]	14,072	15,099	(412)	(262)	—	—	(412)	(262)
GMWB reinsurance contracts	2,905	3,106	106	83	106	83	—	—
GMWB hedging instruments	10,532	10,979	203	158	360	264	(157)	(106)
Macro hedge program	4,699	4,548	147	147	185	179	(38)	(32)
<i>Other</i>								
Modified coinsurance reinsurance contracts	928	895	32	79	32	79	—	—
Total non-qualifying strategies	41,385	44,309	(600)	(549)	1,302	969	(1,902)	(1,518)
Total cash flow hedges, fair value hedges, and non-qualifying strategies	\$ 43,317	\$ 46,241	\$ (536)	\$ (530)	\$ 1,394	\$ 1,014	\$ (1,930)	\$ (1,544)
Balance Sheet Location								
Fixed maturities, available-for-sale	\$ 150	\$ 184	\$ 1	\$ (1)	\$ 1	\$ —	\$ —	\$ (1)
Other investments	5,241	11,837	270	250	281	360	(11)	(110)
Other liabilities	19,972	15,071	(505)	(653)	974	492	(1,479)	(1,145)
Reinsurance recoverable	3,832	4,000	138	162	138	162	—	—
Other policyholder funds and benefits payable	14,122	15,149	(440)	(288)	—	—	(440)	(288)
Total derivatives	\$ 43,317	\$ 46,241	\$ (536)	\$ (530)	\$ 1,394	\$ 1,014	\$ (1,930)	\$ (1,544)

[1] The derivative instruments related to this strategy are held for other investment purposes.

[2] These derivatives are embedded within liabilities and are not held for risk management purposes.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Change in Notional Amount

The net decrease in notional amount of derivatives since December 31, 2015, was primarily due to the following:

- The decline in the combined notional amount associated with the GMWB hedging program, which includes the GMWB product, reinsurance, and hedging derivatives, was primarily driven by policyholder lapses and partial withdrawals.
- The decline in notional amount related to the termination of credit derivatives that assume credit risk as a result of re-balancing within certain fixed maturity sectors. The terminated positions related to replication transactions that pair credit derivatives with high quality liquid securities to earn a higher credit spread.
- The decline in notional amount related to non-qualifying interest rate derivatives was primarily driven by the termination of interest rate swaps that were used for the purpose of managing duration.
- The increase in notional amount related to equity derivatives primarily resulted from purchases of equity index options which are hedging against the potential for a decline in the equity market on the investment portfolio.

Change in Fair Value

The net decline in the total fair value of derivative instruments since December 31, 2015, was primarily related to the following:

- The decrease in fair value related to the combined GMWB hedging program, which includes the GMWB product, reinsurance, and hedging derivatives, was primarily driven by an increase in the equity markets.
- The decrease in the fair value associated with modified coinsurance reinsurance contracts, which are accounted for as embedded derivatives and transfer to the reinsurer the investment experience related to the assets supporting the reinsured policies, was primarily driven by a decline in interest rates and credit spread tightening.
- The increase in fair value associated with the fixed payout annuity hedges was primarily driven by an appreciation of the Japanese yen in comparison to the U.S. dollar, slightly offset by a decline in U.S. interest rates.

Offsetting of Derivative Assets/Liabilities

The following tables present the gross fair value amounts, the amounts offset, and net position of derivative instruments eligible for offset in the Company's Condensed Consolidated Balance Sheets. Amounts offset include fair value amounts, income accruals and related cash collateral receivables and payables associated with derivative instruments that are traded under a common master netting agreement, as described in the preceding discussion. Also included in the tables are financial collateral receivables and payables, which are contractually permitted to be offset upon an event of default, although are disallowed for offsetting under U.S. GAAP.

		As of June 30, 2016					
		(i)	(ii)	(iii) = (i) - (ii)		(iv)	(v) = (iii) - (iv)
				<u>Net Amounts Presented in the Statement of Financial Position</u>		<u>Collateral Disallowed for Offset in the Statement of Financial Position</u>	
		Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Derivative Assets [1]	Accrued Interest and Cash Collateral Received [2]	Financial Collateral Received [4]	Net Amount
Description							
Other investments	\$	1,255	\$ 1,015	\$ 270	\$ (30)	\$ 189	\$ 51
		Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Derivative Liabilities [3]	Accrued Interest and Cash Collateral Pledged [3]	Financial Collateral Pledged [4]	Net Amount
Description							
Other liabilities	\$	(1,490)	\$ (696)	\$ (505)	\$ (289)	\$ (777)	\$ (17)

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

As of December 31, 2015

Description	(i)	(ii)	(iii) = (i) - (ii)		(iv)	(v) = (iii) - (iv)
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position		Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
			Derivative Assets [1]	Accrued Interest and Cash Collateral Received [2]	Financial Collateral Received [4]	
Other investments	\$ 852	\$ 692	\$ 250	\$ (90)	\$ 99	\$ 61

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	(iii) = (i) - (ii)		(iv)	(v) = (iii) - (iv)
			Derivative Liabilities [3]	Accrued Interest and Cash Collateral Pledged [3]	Financial Collateral Pledged [4]	Net Amount
Other liabilities	\$ (1,255)	\$ (499)	\$ (653)	\$ (103)	\$ (753)	\$ (3)

[1] Included in other invested assets in the Company's Condensed Consolidated Balance Sheets.

[2] Included in other assets in the Company's Condensed Consolidated Balance Sheets and amount presented is limited to the net derivative receivable associated with each counterparty.

[3] Included in other liabilities in the Company's Condensed Consolidated Balance Sheets and amount presented is limited to the net derivative payable associated with each counterparty.

[4] Excludes collateral associated with exchange-traded derivative instruments.

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge ineffectiveness are recognized in current period earnings. All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

The following tables present the components of the gain or loss on derivatives that qualify as cash flow hedges:

Derivatives in Cash Flow Hedging Relationships

	Gain (Loss) Recognized in OCI on Derivative (Effective Portion)				Net Realized Capital Gains (Losses) Recognized in Income on Derivative (Ineffective Portion)			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
	Interest rate swaps	\$ 11	\$ (22)	\$ 45	\$ (2)	\$ —	\$ —	\$ —
Foreign currency swaps	—	6	1	(1)	—	—	—	—
Total	\$ 11	\$ (16)	\$ 46	\$ (3)	\$ —	\$ —	\$ —	\$ —

	Location	Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2016	2015	2016	2015
Interest rate swaps	Net realized capital gains (losses)	\$ —	\$ —	\$ —	\$ (1)
Interest rate swaps	Net investment income	7	9	12	17
Foreign currency swaps	Net realized capital gains (losses)	(2)	3	2	(7)
Total		\$ 5	\$ 12	\$ 14	\$ 9

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

As of June 30, 2016, the before-tax deferred net gains on derivative instruments recorded in AOCI that are expected to be reclassified to earnings during the next twelve months are \$21. This expectation is based on the anticipated interest payments on hedged investments in fixed maturity securities that will occur over the next twelve months, at which time the Company will recognize the deferred net gains (losses) as an adjustment to net investment income over the term of the investment cash flows.

During the three and six months ended June 30, 2016, and June 30, 2015, the Company had no net reclassifications from AOCI to earnings resulting from the discontinuance of cash-flow hedges due to forecasted transactions that were no longer probable of occurring.

Fair Value Hedges

For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current period earnings. The Company includes the gain or loss on the derivative in the same line item as the offsetting loss or gain on the hedged item. All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

For the six months ended June 30, 2016 and 2015, the Company recognized in income losses of less than \$1, respectively, representing the ineffective portion of fair value hedges for the derivative instrument and the hedged item.

Non-Qualifying Strategies

For non-qualifying strategies, including embedded derivatives that are required to be bifurcated from their host contracts and accounted for as derivatives, the gain or loss on the derivative is recognized currently in earnings within net realized capital gains (losses). The following table presents the gain or loss recognized in income on non-qualifying strategies.

Derivatives Used in Non-Qualifying Strategies
Gain or (Loss) Recognized within Net Realized Capital Gains and Losses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<i>Interest rate contracts</i>				
Interest rate swaps, swaptions, and futures	\$ 2	\$ (2)	\$ (8)	\$ (3)
<i>Foreign exchange contracts</i>				
Foreign currency swaps and forwards	2	—	—	2
Fixed payout annuity hedge [1]	60	(17)	96	(31)
<i>Credit contracts</i>				
Credit derivatives that purchase credit protection	(1)	—	(3)	(1)
Credit derivatives that assume credit risk	3	(4)	1	2
<i>Equity contracts</i>				
Equity index swaps and options	(2)	4	28	2
<i>Commodity contracts</i>				
Commodity options	—	(4)	—	(7)
<i>Variable annuity hedge program</i>				
GMWB product derivatives	(30)	78	(109)	59
GMWB reinsurance contracts	1	(16)	13	(9)
GMWB hedging instruments	32	(66)	82	(53)
Macro hedge program	(20)	(23)	(34)	(27)
<i>Other</i>				
Modified coinsurance reinsurance contracts	(25)	37	(47)	26
Total [2]	\$ 22	\$ (13)	\$ 19	\$ (40)

[1] Not included in this amount is the associated liability adjustment for changes in foreign exchange spot rates through realized capital gains (losses) of \$(64) and \$16 for the three months ended June 30, 2016 and 2015, respectively, and \$(108) and \$16 for the six months ended June 30, 2016 and 2015, respectively.

[2] Excludes investments that contain an embedded credit derivative for which the Company has elected the fair value option. For further discussion, see the Fair Value Option section in Note 2 - Fair Value Measurements.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

For the three and six months ended June 30, 2016, the net realized capital gain (loss) related to derivatives used in non-qualifying strategies was primarily comprised of the following:

- The net gains on the fixed payout annuity hedge primarily resulted from an appreciation of the Japanese yen in comparison to the U.S. dollar, slightly offset by a decline in U.S. interest rates.
- For the six months ended, the net loss related to the combined GMWB hedging program which includes the GMWB product, reinsurance, and hedging derivatives, was primarily driven by an increase in the U.S. equity markets.
- The net losses on the macro hedge program were primarily driven by an increase in equity markets and time decay of options, partially offset by gains due to a decline in interest rates and an increase in equity volatility.
- The losses associated with modified coinsurance reinsurance contracts, which are accounted for as embedded derivatives and transfer to the reinsurer the investment experience related to the assets supporting the reinsured policies, were primarily driven by a decline in interest rates and credit spread tightening. The assets remain on the Company's books and the Company recorded an offsetting gain in OCI as a result of the increase in market value of the bonds.

In addition, for the three and six months ended June 30, 2016 and 2015, the Company recognized gains of \$1 and \$1, respectively, due to cash recovered on derivative receivables that were previously written off related to the bankruptcy of Lehman Brothers Inc. The derivative receivables were the result of the contractual collateral threshold amounts and open collateral calls prior to the bankruptcy filing as well as interest rate and credit spread movements from the date of the last collateral call to the date of the bankruptcy filing.

For the three and six months ended June 30, 2015, the net realized capital gain (loss) related to derivatives used in non-qualifying strategies was primarily comprised of the following:

- The losses on the macro hedge program were primarily driven by time decay on options and an increase in interest rates.
- The net losses related to the fixed payout annuity hedge were primarily driven by the depreciation of the Japanese yen in comparison to the U.S. dollar, partially offset by an increase in U.S. interest rates. In addition, for the six months ended June 30, 2015, losses were driven by a decline in short-term U.S. interest rates.
- The gains on the GMWB product derivatives was largely driven by an increase in interest rates, offset by losses on the GMWB reinsurance contracts and GMWB hedging instruments.
- The gains associated with modified coinsurance reinsurance contracts, which are accounted for as embedded derivatives and transfer to the reinsurer the investment experience related to the assets supporting the reinsured policies, were primarily driven by an increase in long-term interest rates during the period.

For additional disclosures regarding contingent credit related features in derivative agreements, see Note 6 - Commitments and Contingencies of Notes to Condensed Consolidated Financial Statements.

Credit Risk Assumed through Credit Derivatives

The Company enters into credit default swaps that assume credit risk of a single entity or referenced index in order to synthetically replicate investment transactions that would be permissible under the Company's investment policies. The Company will receive periodic payments based on an agreed upon rate and notional amount and will only make a payment if there is a credit event. A credit event payment will typically be equal to the notional value of the swap contract less the value of the referenced security issuer's debt obligation after the occurrence of the credit event. A credit event is generally defined as a default on contractually obligated interest or principal payments or bankruptcy of the referenced entity. The credit default swaps in which the Company assumes credit risk primarily reference investment grade single corporate issuers and baskets, which include standard diversified portfolios of corporate and CMBS issuers. The diversified portfolios of corporate issuers are established within sector concentration limits and may be divided into tranches that possess different credit ratings.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

The following tables present the notional amount, fair value, weighted average years to maturity, underlying referenced credit obligation type and average credit ratings, and offsetting notional amounts and fair value for credit derivatives in which the Company is assuming credit risk as of June 30, 2016, and December 31, 2015.

As of June 30, 2016

Credit Derivative type by derivative risk exposure	Notional Amount [2]	Fair Value	Weighted Average Years to Maturity	Underlying Referenced Credit Obligation(s) [1]		Average Credit Rating	Offsetting Notional Amount [3]	Offsetting Fair Value [3]
				Type				
Single name credit default swaps								
Investment grade risk exposure	\$ 101	\$ —	3 years	Corporate Credit/ Foreign Gov.		A-	\$ 62	\$ —
Below investment grade risk exposure	43	(1)	2 years	Corporate Credit		CCC+	43	—
Basket credit default swaps [4]								
Investment grade risk exposure	673	5	3 years	Corporate Credit		BBB+	345	(2)
Below investment grade risk exposure	22	1	5 years	Corporate Credit		BB-	22	(1)
Investment grade risk exposure	331	(8)	5 years	CMBS Credit		AA+	134	1
Below investment grade risk exposure	67	(16)	1 year	CMBS Credit		CCC	67	16
Embedded credit derivatives								
Investment grade risk exposure	150	150	1 year	Corporate Credit		A+	—	—
Total [5]	\$ 1,387	\$ 131					\$ 673	\$ 14

As of December 31, 2015

Credit Derivative type by derivative risk exposure	Notional Amount [2]	Fair Value	Weighted Average Years to Maturity	Underlying Referenced Credit Obligation(s) [1]		Average Credit Rating	Offsetting Notional Amount [3]	Offsetting Fair Value [3]
				Type				
Single name credit default swaps								
Investment grade risk exposure	\$ 118	\$ —	1 year	Corporate Credit/ Foreign Gov.		BBB+	\$ 115	(1)
Below investment grade risk exposure	43	(2)	2 years	Corporate Credit		CCC+	43	1
Basket credit default swaps [4]								
Investment grade risk exposure	1,265	7	4 years	Corporate Credit		BBB+	345	(2)
Investment grade risk exposure	503	(14)	6 years	CMBS Credit		AAA-	141	1
Below investment grade risk exposure	74	(13)	1 year	CMBS Credit		CCC	74	13
Embedded credit derivatives								
Investment grade risk exposure	150	148	1 year	Corporate Credit		A+	—	—
Total [5]	\$ 2,153	\$ 126					\$ 718	\$ 12

[1] The average credit ratings are based on availability and the midpoint of the applicable ratings among Moody's, S&P, Fitch, and Morningstar. If no rating is available from a rating agency, then an internally developed rating is used.

[2] Notional amount is equal to the maximum potential future loss amount. These derivatives are governed by agreements, clearing house rules, and applicable law, which include collateral posting requirements. There is no additional specific collateral related to these contracts or recourse provisions included in the contracts to offset losses.

[3] The Company has entered into offsetting credit default swaps to terminate certain existing credit default swaps, thereby offsetting the future changes in value of, or losses paid related to, the original swap.

[4] Includes \$1.1 billion and \$1.8 billion as of June 30, 2016, and December 31, 2015, respectively, of standard market indices of diversified portfolios of corporate and CMBS issuers referenced through credit default swaps. These swaps are subsequently valued based upon the observable standard market index.

[5] Excludes investments that contain an embedded credit derivative for which the Company has elected the fair value option. For further discussion, see the Fair Value Option section in Note 2 - Fair Value Measurements.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Investments and Derivative Instruments (continued)

Derivative Collateral Arrangements

The Company enters into various collateral arrangements in connection with its derivative instruments, which require both the pledging and accepting of collateral. As of June 30, 2016 , and December 31, 2015 , the Company pledged cash collateral associated with derivative instruments with a fair value of \$39 and \$173 , respectively, for which the collateral receivable has been primarily included within other assets on the Company's Condensed Consolidated Balance Sheets. The Company also pledged securities collateral associated with derivative instruments with a fair value of \$917 and \$873 , respectively, as of June 30, 2016 and December 31, 2015 , which have been included in fixed maturities on the Condensed Consolidated Balance Sheets. The counterparties have the right to sell or repledge these securities.

As of June 30, 2016 , and December 31, 2015 the Company accepted cash collateral associated with derivative instruments of \$372 and \$341 , respectively, which was invested and recorded in the Company's Condensed Consolidated Balance Sheets in fixed maturities and short-term investments with corresponding amounts recorded in other liabilities. The Company also accepted securities collateral as of June 30, 2016 , and December 31, 2015 , with a fair value of \$203 and \$100 , respectively, of which the Company has the ability to sell or repledge \$203 and \$100 , respectively. As of June 30, 2016 , and December 31, 2015 , the Company had no repledged securities and did not sell any securities. In addition, as of June 30, 2016 , and December 31, 2015 , non-cash collateral accepted was held in separate custodial accounts and was not included in the Company's Condensed Consolidated Balance Sheets.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Separate Accounts, Death Benefits and Other Insurance Benefit Features

Changes in the gross GMDB/GMWB and universal life secondary guarantee benefits are as follows:

	GMDB/GMWB [1,2]	Universal Life Secondary Guarantees [1]
Liability balance as of January 1, 2016	\$ 863	\$ 2,313
Incurred [3]	41	158
Paid	(66)	—
Liability balance as of June 30, 2016	\$ 838	\$ 2,471
Reinsurance recoverable asset, as of January 1, 2016	\$ 523	\$ 2,313
Incurred [3]	32	158
Paid	(51)	—
Reinsurance recoverable asset, as of June 30, 2016	\$ 504	\$ 2,471

	GMDB/GMWB [1,2]	Universal Life Secondary Guarantees [1]
Liability balance as of January 1, 2015	\$ 812	\$ 2,041
Incurred [3]	20	135
Paid	(56)	—
Liability balance as of June 30, 2015	\$ 776	\$ 2,176
Reinsurance recoverable asset, as of January 1, 2015	\$ 480	\$ 2,041
Incurred [3]	52	135
Paid	(45)	—
Reinsurance recoverable asset, as of June 30, 2015	\$ 487	\$ 2,176

[1] Included in Reserve for future policy benefits and unpaid losses and loss adjustment expenses on the Condensed Consolidated Balance Sheets.

[2] These liability balances include all GMDB benefits, plus the life-contingent portion of GMWB benefits in excess of the return of the GRB. GMWB benefits up to the return of the GRB are embedded derivatives held at fair value and are excluded from these balances.

[3] Includes the portion of assessments established as additions to reserves as well as changes in estimates affecting the reserves.

The following table provides details concerning GMDB/GMWB exposure as of June 30, 2016 :

Account Value by GMDB/GMWB Type					
	Account Value ("AV") [8]	Net Amount at Risk ("NAR") [9]	Retained Net Amount at Risk ("RNAR") [9]	Weighted Average Attained Age of Annuitant	
Maximum anniversary value ("MAV") [1]					
MAV only	\$ 13,801	\$ 2,599	\$ 429		71
With 5% rollup [2]	1,192	215	71		71
With Earnings Protection Benefit Rider ("EPB") [3]	3,507	463	74		70
With 5% rollup & EPB	470	103	23		72
Total MAV	18,970	3,380	597		
Asset Protection Benefit (APB) [4]	10,850	392	261		69
Lifetime Income Benefit (LIB) – Death Benefit [5]	483	8	8		69
Reset [6] (5-7 years)	2,453	31	30		70
Return of Premium [7] /Other	8,982	74	69		68
Subtotal Variable Annuity with GMDB/GMWB [10]	41,738	\$ 3,885	\$ 965		70
Less: General Account Value with GMDB/GMWB	3,804				
Subtotal Separate Account Liabilities with GMDB	37,934				
Separate Account Liabilities without GMDB	79,917				
Total Separate Account Liabilities	\$ 117,851				

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Separate Accounts, Death Benefits and Other Insurance Benefit Features (continued)

- [1] *MAV GMDB is the greatest of current AV, net premiums paid and the highest AV on any anniversary before age 80 years (adjusted for withdrawals).*
- [2] *Rollup GMDB is the greatest of the MAV, current AV, net premium paid and premiums (adjusted for withdrawals) accumulated at generally 5% simple interest up to the earlier of age 80 years or 100% of adjusted premiums.*
- [3] *EPB GMDB is the greatest of the MAV, current AV, or contract value plus a percentage of the contract's growth. The contract's growth is AV less premiums net of withdrawals, subject to a cap of 200% of premiums net of withdrawals.*
- [4] *APB GMDB is the greater of current AV or MAV, not to exceed current AV plus 25% times the greater of net premiums and MAV (each adjusted for premiums in the past 12 months).*
- [5] *LIB GMDB is the greatest of current AV; net premiums paid; or, for certain contracts, a benefit amount generally based on market performance that ratchets over time.*
- [6] *Reset GMDB is the greatest of current AV, net premiums paid and the most recent five to seven year anniversary AV before age 80 years (adjusted for withdrawals).*
- [7] *ROP GMDB is the greater of current AV or net premiums paid.*
- [8] *AV includes the contract holder's investment in the separate account and the general account.*
- [9] *NAR is defined as the guaranteed benefit in excess of the current AV. RNAR represents NAR reduced for reinsurance. NAR and RNAR are highly sensitive to equity markets movements and increase when equity markets decline.*
- [10] *Some variable annuity contracts with GMDB also have a life-contingent GMWB that may provide for benefits in excess of the return of the GRB. Such contracts included in this amount have \$6.6 billion of total account value and weighted average attained age of 72 years. There is no NAR or retained NAR related to these contracts.*

Account balances of contracts with death benefit guarantees were invested in variable separate accounts as follows:

Asset type	June 30, 2016		December 31, 2015	
Equity securities (including mutual funds)	\$	34,783	\$	36,970
Cash and cash equivalents		3,151		3,453
Total	\$	37,934	\$	40,423

As of June 30, 2016 and December 31, 2015, approximately 17% of the equity securities (including mutual funds) in the preceding table were funds invested in fixed income securities and approximately 83% were funds invested in equity securities.

For further information on guaranteed living benefits that are accounted for at fair value, such as GMWB, see Note 2 - Fair Value Measurements of Notes to Condensed Consolidated Financial Statements.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Income Taxes

A reconciliation of the tax provision at the U.S. Federal statutory rate to the provision (benefit) for income taxes is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Tax provision at the U.S. federal statutory rate	\$ 52	\$ 84	\$ 55	\$ 149
Dividends-received deduction ("DRD")	(21)	(71)	(41)	(94)
Foreign related investments	(1)	(2)	(3)	(4)
Provision for income taxes	\$ 30	\$ 11	\$ 11	\$ 51

The separate account DRD is estimated for the current year using information from the most recent return, adjusted for current year equity market performance and other appropriate factors, including estimated levels of corporate dividend payments and level of policy owner equity account balances. The actual current year DRD can vary from estimates based on, but not limited to, changes in eligible dividends received in the mutual funds, amounts of distribution from these mutual funds, amounts of short-term capital gains at the mutual fund level and the Company's taxable income before the DRD. The Company evaluates its DRD computations on a quarterly basis.

The Company's effective tax rate for the three and six months ended June 30, 2015 was impacted by the recognition of tax benefits from an intercompany tax settlement of approximately \$48 due to the conclusion of the Internal Revenue Service audit of the 2007-2011 federal consolidated income tax return in the second quarter.

The federal audit of the years 2012 and 2013 began in March 2015 and is expected to be completed in 2016. Management believes that adequate provision has been made in the financial statements for any potential assessments that may result from tax examinations and other tax-related matters for all open tax years.

Other than the net operating losses discussed below, the Company believes it is more likely than not that all other deferred tax assets will be fully realized. In assessing the need for a valuation allowance, management considered future taxable temporary difference reversals, future taxable income exclusive of reversing temporary differences and carryovers, taxable income in open carry back years and other tax planning strategies. From time to time, tax planning strategies could include holding a portion of debt securities with market value losses until recovery, altering the level of tax exempt securities held, making investments which have specific tax characteristics, and business considerations such as asset-liability matching.

Net deferred income taxes include the future tax benefits associated with the net operating loss carryover, alternative minimum tax credit carryover and foreign tax credit carryover as follows:

Net Operating Loss Carryover

Due to limitations on the use of losses for one subsidiary, a valuation allowance of \$1 has been established as of June 30, 2016 and December 31, 2015 in order to recognize only the portion of net operating losses that will more likely than not be realized.

As of June 30, 2016 and December 31, 2015, the net deferred tax asset included the expected tax benefit attributable to net operating losses of \$3,334 and \$3,333, respectively. If unutilized, \$3 of the losses will expire in 2016 and the remainder from 2023 - 2033. Utilization of these loss carryovers is dependent upon the generation of sufficient future taxable income.

Most of the net operating loss carryover originated from the Company's U.S. annuity business, including from the hedging program. Given the continued runoff of the U.S. fixed and variable annuity business, the exposure to taxable losses is significantly lessened. Accordingly, given the expected future consolidated group earnings, the Company believes sufficient taxable income will be generated in the future to utilize its net operating loss carryover. Although the Company believes there will be sufficient future taxable income to fully recover the remainder of the loss carryover, the Company's estimate of the likely realization may change over time.

Alternative Minimum Tax Credit and Foreign Tax Credit Carryover

As of June 30, 2016 and December 31, 2015, the net deferred tax asset included the expected tax benefit attributable to alternative minimum tax credit carryover of \$232 and \$232 and foreign tax credit carryover of \$109 and \$122, respectively. The alternative minimum tax credits have no expiration date and the foreign tax credit carryovers expire from 2020 to 2024. These credits are available to offset regular federal income taxes from future taxable income and although the Company believes there will be sufficient future regular federal taxable income, there can be no certainty that future events will not affect the ability to utilize the credits. Additionally, the use of the foreign tax credits generally depends on the generation of sufficient taxable income to first utilize all of the U.S. net operating loss carryover. However, the Company has identified and purchased certain investments which allow for utilization of the foreign tax credits without first using the net operating loss carryover. Consequently, the Company believes it is more likely than not the foreign tax credit carryover will be fully realized. Accordingly, no valuation allowance has been provided on either the alternative minimum tax carryover or foreign tax credit carryover.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Commitments and Contingencies

Litigation

The Company is involved in claims litigation arising in the ordinary course of business with respect to life, disability and accidental death and dismemberment insurance policies and with respect to annuity contracts. The Company accounts for such activity through the establishment of reserves for future policy benefits and unpaid loss adjustment expense reserves. Management expects that the ultimate liability, if any, with respect to such ordinary-course claims litigation, after consideration of provisions made for potential losses and costs of defense, will not be material to the consolidated financial condition, results of operations or cash flows of the Company.

The Company is also involved in other kinds of legal actions, some of which assert claims for substantial amounts. Such actions have alleged, for example, bad faith in the handling of insurance claims and improper sales practices in connection with the sale of insurance and investment products. Some of these actions also seek punitive damages. Management expects that the ultimate liability, if any, with respect to such lawsuits, after consideration of provisions made for estimated losses, will not be material to the consolidated financial condition of the Company. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows in particular quarterly or annual periods.

Derivative Commitments

Certain of the Company's derivative agreements contain provisions that are tied to the financial strength ratings, as set by nationally recognized statistical agencies, of the individual legal entity that entered into the derivative agreement. If the legal entity's financial strength were to fall below certain ratings, the counterparties to the derivative agreements could demand immediate and ongoing full collateralization and in certain instances demand immediate settlement of all outstanding derivative positions traded under each impacted bilateral agreement. The settlement amount is determined by netting the derivative positions transacted under each agreement. If the termination rights were to be exercised by the counterparties, it could impact the legal entity's ability to conduct hedging activities by increasing the associated costs and decreasing the willingness of counterparties to transact with the legal entity. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position as of June 30, 2016, is \$800. Of this \$800 the legal entities have posted collateral of \$926 in the normal course of business. In addition, the Company has posted collateral of \$31 associated with a customized GMWB derivative. Based on derivative market values as of June 30, 2016, a downgrade of one or two levels below the current financial strength ratings by either Moody's or S&P would not require additional assets to be posted as collateral. These collateral amounts could change as derivative market values change, as a result of changes in our hedging activities or to the extent changes in contractual terms are negotiated. The nature of the collateral that we would post, if required, would be primarily in the form of U.S. Treasury bills, U.S. Treasury notes and government agency securities.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Transactions with Affiliates

Parent Company Transactions

Transactions of the Company with Hartford Fire Insurance Company ("Hartford Fire"), Hartford Holdings Inc ("HHI") and its affiliates relate principally to tax settlements, reinsurance, insurance coverage, rental and service fees, payment of dividends and capital contributions. In addition, an affiliated entity purchased annuity contracts from the Company to fund structured settlement periodic payment obligations assumed by the affiliated entity as part of claims settlements with property casualty insurance companies and self-insured entities. As of June 30, 2016 and December 31, 2015, the Company had \$53 of reserves for claim annuities purchased by affiliated entities. Reserves for annuities issued by the Company to The Hartford's property and casualty subsidiaries to fund structured settlement payments where the claimant has not released The Hartford's property and casualty subsidiaries of their primary obligation totaled \$733 and \$746 as of June 30, 2016 and December 31, 2015, respectively.

Substantially all general insurance expenses related to the Company, including rent and employee benefit plan expenses are initially paid by The Hartford. Expenses are allocated to the Company using specific identification if available, or other applicable methods, that would include a blend of revenue, expense and capital.

The Company has issued a guarantee to retirees and vested terminated employees ("Retirees") of The Hartford Retirement Plan for U.S. Employees ("the Plan") who retired or terminated prior to January 1, 2004. The Plan is sponsored by The Hartford. The guarantee is an irrevocable commitment to pay all accrued benefits which the Retiree or the Retiree's designated beneficiary is entitled to receive under the Plan in the event the Plan assets are insufficient to fund those benefits and The Hartford is unable to provide sufficient assets to fund those benefits. The Company believes that the likelihood that payments will be required under this guarantee is remote.

In 1990, Hartford Fire guaranteed the obligations of the Company with respect to life, accident and health insurance and annuity contracts issued after January 1, 1990. The guarantee was issued to provide an increased level of security to potential purchasers of the Company's products. Although the guarantee was terminated in 1997, it still covers policies that were issued from 1990 to 1997. As of June 30, 2016 and December 31, 2015, no recoverables have been recorded for this guarantee, as the Company was able to meet these policyholder obligations.

Reinsurance Ceded to Affiliates

The Company also maintains a reinsurance agreement with Hartford Life and Accident Insurance Company ("HLA"), a wholly-owned subsidiary of Hartford Life, Inc., whereby the Company cedes both group life and group accident and health risk. Under this agreement, the Company ceded group life premium of \$11 and \$22 for the three and six months ended June 30, 2016, respectively and \$17 and \$36 for the three and six months ended June 30, 2015, respectively. The Company ceded accident and health premiums to HLA of \$26 and \$52 for the three and six months ended June 30, 2016, respectively, and \$38 and \$79 for the three and six months ended June 30, 2015, respectively.

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Changes in and Reclassifications From Accumulated Other Comprehensive Income

Changes in AOCI, net of tax, by component consist of the following:

Three months ended June 30, 2016

	Changes in			
	Net Unrealized Gain on Securities	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	AOCI, net of tax
Beginning balance	\$ 765	\$ 73	\$ (3)	\$ 835
OCI before reclassifications	259	7	1	267
Amounts reclassified from AOCI	(31)	(3)	—	(34)
OCI, net of tax	228	4	1	233
Ending balance	\$ 993	\$ 77	\$ (2)	\$ 1,068

Six months ended June 30, 2016

	Changes in			
	Net Unrealized Gain on Securities	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	AOCI, net of tax
Beginning balance	\$ 539	\$ 57	\$ (3)	\$ 593
OCI before reclassifications	468	29	1	498
Amounts reclassified from AOCI	(14)	(9)	—	(23)
OCI, net of tax	454	20	1	475
Ending balance	\$ 993	\$ 77	\$ (2)	\$ 1,068

Reclassifications from AOCI consist of the following:

AOCI	Amount Reclassified from AOCI		Affected Line Item in the Condensed Consolidated Statement of Operations
	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016	
Net Unrealized Gain on Securities			
Available-for-sale securities	\$ 47	\$ 21	Net realized capital gains (losses)
	47	21	Total before tax
	16	7	Income tax expense
	31	14	Net income
Net Gains on Cash Flow Hedging Instruments			
Interest rate swaps	—	—	Net realized capital gains (losses)
Interest rate swaps	7	12	Net investment income
Foreign currency swaps	(2)	2	Net realized capital gains (losses)
	5	14	Total before tax
	2	5	Income tax expense
	3	9	Net income
Total amounts reclassified from AOCI	\$ 34	\$ 23	Net income

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Changes in and Reclassifications From Accumulated Other Comprehensive Income (continued)

Three months ended June 30, 2015

	Changes in			
	Net Unrealized Gain on Securities	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	AOCI, net of tax
Beginning balance	\$ 1,257	\$ 80	\$ (3)	\$ 1,334
OCI before reclassifications	(457)	(10)	—	(467)
Amounts reclassified from AOCI	(10)	(8)	—	(18)
OCI, net of tax	(467)	(18)	—	(485)
Ending balance	\$ 790	\$ 62	\$ (3)	\$ 849

Six months ended June 30, 2015

	Changes in			
	Net Unrealized Gain on Securities	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	AOCI, net of tax
Beginning balance	\$ 1,154	\$ 70	\$ (3)	\$ 1,221
OCI before reclassifications	(342)	(2)	—	(344)
Amounts reclassified from AOCI	(22)	(6)	—	(28)
OCI, net of tax	(364)	(8)	—	(372)
Ending balance	\$ 790	\$ 62	\$ (3)	\$ 849

Reclassifications from AOCI consist of the following:

AOCI	Amount Reclassified from AOCI		Affected Line Item in the Condensed Consolidated Statement of Operations
	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015	
Net Unrealized Gain on Securities			
Available-for-sale securities	\$ 16	\$ 34	Net realized capital gains (losses)
	16	34	Total before tax
	6	12	Income tax expense
	10	22	Net income
Net Gains on Cash Flow Hedging Instruments			
Interest rate swaps	—	(1)	Net realized capital gains (losses)
Interest rate swaps	9	17	Net investment income
Foreign currency swaps	3	(7)	Net realized capital gains (losses)
	12	9	Total before tax
	4	3	Income tax expense
	8	6	Net income
Total amounts reclassified from AOCI	\$ 18	\$ 28	Net income

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollar amounts in millions, unless otherwise stated)

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) addresses the financial condition of Hartford Life Insurance Company and its subsidiaries (“Hartford Life Insurance Company” or the “Company”) as of and for the period ended June 30, 2016 compared with the comparable 2015 periods.

The Company meets the conditions specified in General Instruction H(1) of Form 10-Q and is filing this Form with the reduced disclosure format permitted for wholly-owned subsidiaries of reporting entities. The Company has omitted, from this Form 10-Q, certain information in Part I Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company has included, under Item 2, Consolidated Results of Operations to explain any material changes in revenue and expense items for the periods presented. Certain reclassifications have been made to prior period financial information to conform to the current period classifications. This discussion should be read in conjunction with MD&A in Hartford Life Insurance Company’s 2015 Form 10-K Annual Report.

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CONSOLIDATED RESULTS OF OPERATIONS

Operating Summary

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Fee income and other	\$ 246	\$ 280	(12%)	\$ 500	\$ 555	(10%)
Earned premiums	28	23	22%	56	46	22%
Net investment income	345	386	(11%)	667	765	(13%)
Net realized capital gains (losses)	3	13	(77%)	(114)	4	NM
Total revenues	622	702	(11%)	1,109	1,370	(19%)
Benefits, losses and loss adjustment expenses	342	303	13%	691	633	9%
Amortization of deferred policy acquisition costs	8	20	(60%)	19	39	(51%)
Insurance operating costs and other expenses	124	146	(15%)	241	280	(14%)
Reinsurance gain on dispositions	—	(8)	100%	—	(8)	100%
Dividends to policyholders	—	—	—%	1	—	NM
Total benefits, losses and expenses	474	461	3%	952	944	1%
Income before income taxes	148	241	(39%)	157	426	(63%)
Income tax expense	30	11	173%	11	51	(78%)
Net income	\$ 118	\$ 230	(49%)	\$ 146	\$ 375	(61%)

Three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015

Net income decreased for the three and six months ended June 30, 2016 as compared to the prior year periods, primarily due to lower net investment income, a lower unlock benefit and lower fee income due to the continued runoff of the businesses and a \$48 tax benefit in the prior year period, partially offset by a decline in insurance operating costs and other expenses. Also contributing to the decrease for the six month period was a change to net realized capital losses.

Fee income decreased for the three and six months ended June 30, 2016, as compared to the prior year periods, primarily due to the continued runoff of the variable annuity block of business.

Net investment income decreased for the three and six months ended June 30, 2016, as compared to the prior periods, primarily due to a decrease in income from limited partnerships and other alternative investments. For further discussion, see MD&A - Investments Results, Net Investment Income (Loss).

Net realized capital losses of \$114, before tax, for the six months ended June 30, 2016, as compared to net realized capital gains of \$4, before tax, in the prior year period were primarily due to losses on the variable annuity hedge program, driven, in part by a decline in the value of equity derivatives and net losses associated with modified coinsurance reinsurance contracts resulting from a decline in interest rates and credit spread tightening. For further discussion of the results, see MD&A - Investment Results, Net Realized Capital Gains (Losses).

Differences between the Company's effective income tax rate and the U.S. statutory rate of 35% are due primarily to the separate account dividends received deduction. Income tax expense for the three and six months ended June 30, 2015 included an income tax benefit of \$48 related to intercompany tax settlements. For a reconciliation of the income tax provision at the U.S. Federal statutory rate to the provision for income taxes, see Note 5 - Income Taxes of Notes to Condensed Consolidated Financial Statements.

INVESTMENT RESULTS

Net Investment Income (Loss)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
<i>(Before-tax)</i>	Amount	Yield [1]	Amount	Yield [1]	Amount	Yield [1]	Amount	Yield [1]
Fixed maturities [2]	\$ 274	4.7%	\$ 274	4.6%	\$ 535	4.6%	\$ 539	4.5%
Equity securities, AFS	2	2.9%	1	1.6%	4	3.5%	3	1.7%
Mortgage loans	32	4.4%	41	5.3%	64	4.4%	82	5.3%
Policy loans	20	5.7%	19	5.4%	42	5.9%	39	5.5%
Limited partnerships and other alternative investments	13	4.6%	47	15.6%	12	2.1%	87	14.1%
Other [3]	18		18		36		42	
Investment expense	(14)		(14)		(26)		(27)	
Total net investment income	345	4.6%	386	4.9%	667	4.5%	765	4.8%
Total net investment income excluding limited partnerships and other alternative investments	\$ 332	4.6%	\$ 339	4.5%	\$ 655	4.6%	\$ 678	4.5%

[1] Yields calculated using annualized net investment income divided by the monthly average invested assets at cost, amortized cost, or adjusted carrying value, as applicable, excluding repurchase agreement and securities lending collateral, if any, and derivatives book value.

[2] Includes net investment income on short-term investments.

[3] Primarily includes income from derivatives that qualify for hedge accounting and hedge fixed maturities.

Three and six months ended June 30, 2016 , compared to the three and six months ended June 30, 2015

Total net investment income for the three and six months ended June 30, 2016 , decreased as compared to the three and six months ended June 30, 2015 , primarily due to a decrease in income from limited partnerships and other alternative investments. The decline in partnership income was primarily due to higher income received in the prior year periods from both sales of underlying companies within private equity funds and valuation improvements on real estate funds. Excluding limited partnerships and other alternative investments, net investment income for the three and six months ended June 30, 2016 declined as compared to the three and six months ended June 30, 2015 , as a result of lower income received from prepayment premiums on mortgage loans and make-whole payments on fixed maturities as well as the effect of reinvesting at lower interest rates and a decrease in invested asset levels due to the runoff of the variable annuity block.

The annualized net investment income yield, excluding limited partnerships and other alternative investments, increased to 4.6% for the six months ended June 30, 2016 versus 4.5% for the comparable period in 2015 . The increase was primarily attributable to reinvesting available liquidity into slightly longer duration assets, partially offset by the impact of reinvesting at lower rates. The average reinvestment rate, excluding certain U.S. Treasury securities and cash equivalent securities, for the six months ended June 30, 2016 , was approximately 3.6% which was below the average yield of sales and maturities of 4.3% for the same period due to lower interest rates.

Going forward, if interest rates continue to stay at current levels, we expect the annualized net investment income yield, excluding limited partnerships and other alternative investments to decline from the current net investment income yield due lower reinvestment rates. The estimated impact on net investment income is subject to change as the composition of the portfolio changes through normal portfolio management, trading activities and changes in market conditions.

Net Realized Capital Gains (Losses)

<i>(Before-tax)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Gross gains on sales	\$ 61	\$ 65	\$ 91	\$ 184
Gross losses on sales	(13)	(53)	(60)	(148)
Net OTTI losses recognized in earnings	(1)	(2)	(11)	(8)
Valuation allowances on mortgage loans	—	—	—	(4)
Periodic net coupon settlements on credit derivatives	(1)	2	—	3
Results of variable annuity hedge program				
GMWB derivatives, net	3	(4)	(14)	(3)
Macro hedge program	(20)	(23)	(34)	(27)
Total results of variable annuity hedge program	(17)	(27)	(48)	(30)
Modified coinsurance reinsurance contracts	(25)	37	(47)	26
Other, net [1]	(1)	(9)	(39)	(19)
Net realized capital gains (losses)	\$ 3	\$ 13	\$ (114)	\$ 4

[1] Primarily consists of changes in value of non-qualifying derivatives, including credit derivatives, interest rate derivatives used to manage duration, and the fixed payout annuity hedge.

Details on the Company's net realized capital gains and losses are as follows:

Gross Gains and Losses on Sales

- Gross gains on sales for three and six months ended June 30, 2016 were primarily due to gains on the sale of corporate securities due to attractive tender offers and sales of U.S. Treasuries. Gross losses on the sales for the three and six months ended June 30, 2016 were primarily due to losses on the sale of corporate securities. The sales were primarily a result of duration, liquidity and credit management as well as tactical changes to the portfolio as a result of changing market conditions, including sales to reduce exposure to energy, emerging markets and other below investment grade corporate securities.
- Gross gains and losses on sales for the three and six months ended June 30, 2015 were primarily due to gains and losses on the sale of U.S Treasuries and industrial corporate securities. The sales were primarily a result of duration and liquidity management, as well as tactical changes to the portfolio as a result of changing market conditions.

Variable Annuity Hedge Program

- For the six months ended June 30, 2016 , the net loss related to the combined GMWB hedging program which includes the GMWB product, reinsurance, and hedging derivatives, was primarily due to losses of \$15 driven by an increase in the equity markets.
- For the three and six months ended June 30, 2016 , the losses on the macro hedge program were primarily due to losses of \$22 and \$33 , respectively, driven by a decline in the value of equity derivatives and losses of \$11 and \$21 , respectively, driven by time decay on options, partially offset by gains of \$5 and \$20 , respectively, driven by a decline in interest rates and gains of \$9 and \$4 , respectively, driven by a decline in volatility.
- For the three and six months ended June 30, 2015 , the losses on the macro hedge program were primarily due to losses of \$11 and \$23 , respectively, driven by time decay on options, and losses of \$9 and \$2 , respectively, driven by an increase in interest rates.

Modified Coinsurance Reinsurance

- For the three and six months ended June 30, 2016 , the net losses associated with modified coinsurance reinsurance contracts were primarily driven by a decline in interest rates and credit spread tightening. Modified coinsurance reinsurance contracts are accounted for as embedded derivatives and transfer to the reinsurer the investment experience related to the assets supporting the reinsured policies.
- For the three and six months ended June 30, 2015 , the net gains associated with modified coinsurance reinsurance contracts were primarily driven by an increase in long-term interest rates.

Other, Net

- Other, net loss for the six months ended June 30, 2016 , was primarily due to losses of \$13 on equity derivatives which were hedging against a decline in the equity market on the investment portfolio, losses of \$8 on interest derivatives driven by a decline in interest rates, and losses of \$12 related to the fixed payout annuity hedge driven by a decline in U.S. interest rates.
- Other, net loss for the six months ended June 30, 2015 , was primarily due to losses of \$15 related to the fixed payout annuity hedge driven by a decline in short-term U.S. interest rates and the depreciation of the Japanese yen in relation to the U.S. dollar.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ, and in the past have differed, from those estimates. The Company's critical accounting estimates are discussed in Part II, Item 7 MD&A in the Company's 2015 Form 10-K Annual Report. The following discussion updates certain of the Company's critical accounting estimates as of June 30, 2016.

Estimated Gross Profits Used in the Valuation and Amortization of Assets and Liabilities Associated with Variable Annuity and Other Universal Life-Type Contracts

Estimated gross profits ("EGPs") are used in the amortization of the deferred policy acquisition cost ("DAC") asset. Portions of EGPs are also used in the valuation of reserves for death and other insurance benefit features on variable annuity and other universal life-type contracts.

	As of June 30, 2016		As of December 31, 2015	
DAC	\$	426	\$	542
Death and Other Insurance Benefit Reserves, net of reinsurance [1]	\$	334	\$	340

[1] For additional information on death and other insurance benefit reserves, see Note 4 - Separate Accounts, Death Benefits and Other Insurance Benefit Features of Notes to Condensed Consolidated Financial Statements.

Unlocks

The benefit to net income, net of tax as a result of the Unlock is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
DAC	\$ 4	\$ 1	\$ 1	\$ 5
Death and Other Insurance Benefit Reserves	7	44	18	62
Total (pre-tax)	11	45	19	67
Income tax effect	4	15	7	23
Total (after-tax)	\$ 7	\$ 30	\$ 12	\$ 44

The Unlock benefit, after-tax for the three and six months ended June 30, 2016 was primarily due to separate account returns being above our aggregated estimated returns during the period largely due to an increase in equity markets. The Unlock benefit, after-tax, for the three and six months ended June 30, 2015 was primarily due to an off-cycle assumption change related to benefit utilization and, to a lesser extent, separate account returns being above our aggregated estimated returns during the period.

An Unlock revises EGPs, on a quarterly basis, to reflect the Company's current best estimate assumptions and market updates of policyholder account value. Modifications to the Company's hedging programs may impact EGPs, and correspondingly impact DAC recoverability. After each quarterly Unlock, the Company also tests the aggregate recoverability of DAC by comparing the DAC balance to the present value of future EGPs. The margin between the DAC balance and the present value of future EGPs for variable annuities was 33% as of June 30, 2016. If the margin between the DAC asset and the present value of future EGPs is exhausted, then further reductions in EGPs would cause portions of DAC to be unrecoverable and the DAC asset would be written down to equal future EGPs.

CAPITAL RESOURCES AND LIQUIDITY

Capital resources and liquidity represent the overall strength of Hartford Life Insurance Company and its ability to generate strong cash flows, borrow funds at competitive rates and raise new capital to meet operating needs over the next twelve months.

Liquidity Requirements and Sources of Capital

The Hartford has an intercompany liquidity agreement that allows for short-term advances of funds among The Hartford Financial Services Group, Inc. ("HFSG Holding Company") and certain affiliates of up to \$2.0 billion for liquidity and other general corporate purposes. The Connecticut Insurance Department ("CTDOI") granted approval for certain affiliated insurance companies that are parties to the agreement to treat receivables from a parent, including the HFSG Holding Company, as admitted assets for statutory accounting purposes. As of June 30, 2016, there were no amounts outstanding from the HFSG Holding Company.

Derivative Commitments

Certain of the Company's derivative agreements contain provisions that are tied to the financial strength ratings, as set by nationally recognized statistical rating agencies, of the individual legal entity that entered into the derivative agreement. If the legal entity's financial strength were to fall below certain ratings, the counterparties to the derivative agreements could demand immediate and ongoing full collateralization and in certain instances demand immediate settlement of all outstanding derivative positions traded under each impacted bilateral agreement. The settlement amount is determined by netting the derivative positions transacted under each agreement. If the termination rights were to be exercised by the counterparties, it could impact the legal entity's ability to conduct hedging activities by increasing the associated costs and decreasing the willingness of counterparties to transact with the legal entity. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position as of June 30, 2016, is \$ 800. Of this \$ 800, the legal entities have posted collateral of \$ 926 in the normal course of business. In addition, the Company has posted collateral of \$31 associated with a customized GMWB derivative. Based on derivative market values as of June 30, 2016, a downgrade of one or two levels below the current financial strength ratings by either Moody's or S&P would not require additional assets to be posted as collateral. These collateral amounts could change as derivative market values change, as a result of changes in our hedging activities or to the extent changes in contractual terms are negotiated. The nature of the collateral that we would post, if required, would be primarily in the form of U.S. Treasury bills, U.S. Treasury notes and government agency securities.

Insurance Operations

Total general account contractholder obligations are supported by \$33 billion of cash and total general account invested assets to meet liquidity needs. The following table summarizes the Company's fixed maturities, short-term investments, and cash, as of June 30, 2016 :

Fixed maturities	\$	25,823
Short-term investments		874
Cash		282
Less: Derivative collateral		1,289
Total	\$	25,690

Capital resources available to fund liquidity, upon contract holder surrender, are a function of the legal entity in which the liquidity requirement resides. Obligations related to life and annuity insurance products will be generally funded by both Hartford Life Insurance Company ("HLIC") and Hartford Life and Annuity Insurance Company ("HLAI"); obligations related to retirement and institutional investment products will be generally funded by HLIC.

The Company is a member of the Federal Home Loan Bank of Boston ("FHLBB"). Membership allows the Company access to collateralized advances, which may be used to support various spread-based business and enhance liquidity management. FHLBB membership requires the company to own member stock and advances require the purchase of activity stock. The amount of advances that can be taken are dependent on the asset types pledged to secure the advances. The CTDOI will permit the Company to pledge up to \$1.2 billion in qualifying assets to secure FHLBB advances for 2016. The pledge limit is recalculated annually based on statutory admitted assets and capital and surplus. The Company would need to seek the prior approval of the CTDOI in order to exceed these limits. As of June 30, 2016, HLIC had no advances outstanding under the FHLBB facility.

Contractholder Obligations	As of June 30, 2016	
Total Contractholder obligations	\$	163,175
Less: Separate account assets [1]		117,851
General account contractholder obligations	\$	45,324
Composition of General Account Contractholder Obligations		
Contracts without a surrender provision and/or fixed payout dates [2]	\$	19,339
Fixed MVA annuities [3]		5,371
Other [4]		20,614
General account contractholder obligations	\$	45,324

[1] In the event customers elect to surrender separate account assets, the Company will use the proceeds from the sale of the assets to fund the surrender, and the Company's liquidity position will not be impacted. In many instances the Company will receive a percentage of the surrender amount as compensation for early surrender (surrender charge), increasing the Company's liquidity position. In addition, a surrender of variable annuity separate account or general account assets (see the following) will decrease the Company's obligation for payments on guaranteed living and death benefits.

[2] Relates to contracts such as payout annuities or institutional notes or surrenders of term life, group benefit contracts or death and living benefit reserves for which surrenders will have no current effect on the Company's liquidity requirements.

[3] Relates to annuities that are recorded in the general account under U.S. GAAP as the contractholders are subject to the Company's credit risk, although these annuities are held in a statutory separate account. In the statutory separate account, the Company is required to maintain invested assets with a fair value greater than or equal to the MVA surrender value of the Fixed MVA contract. In the event assets decline in value at a greater rate than the MVA surrender value of the Fixed MVA contract, the Company is required to contribute additional capital to the statutory separate account. The Company will fund these required contributions with operating cash flows or short-term investments. In the event that operating cash flows or short-term investments are not sufficient to fund required contributions, the Company may have to sell other invested assets at a loss, potentially resulting in a decrease in statutory surplus. As the fair value of invested assets in the statutory separate account are currently at least equal to the MVA surrender value of the Fixed MVA contract, surrender of Fixed MVA annuities will have an insignificant impact on the liquidity requirements of the Company.

[4] Surrenders of, or policy loans taken from, as applicable, these general account liabilities, which include the general account option for Individual Annuities' individual variable annuities and the variable life contracts of the former Individual Life business, the general account option for annuities of the former Retirement Plans business and universal life contracts sold by the former Individual Life business may be funded through operating cash flows of the Company, available short-term investments, or the Company may be required to sell fixed maturity investments to fund the surrender payment. Sales of fixed maturity investments could result in the recognition of realized losses and insufficient proceeds to fully fund the surrender amount. In this circumstance, the Company may need to take other actions, including enforcing certain contract provisions which could restrict surrenders and/or slow or defer payouts. The Company has ceded reinsurance in connection with the sales of its Retirement Plans and Individual Life in 2013 to MassMutual and Prudential, respectively. The reinsurance transactions do not extinguish the Company's primary liability on the insurance policies issued under these businesses.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

There have been no material changes to the Company's off-balance sheet arrangements and aggregate contractual obligations since the filing of the Company's 2015 Form 10-K Annual Report.

Dividends

Dividends to the Company from its insurance subsidiaries are restricted, as is the ability of the Company to pay dividends to its parent company. Future dividend decisions will be based on, and affected by, a number of factors, including the operating results and financial requirements of the Company on a stand-alone basis and the impact of regulatory restrictions.

The payment of dividends by Connecticut-domiciled insurers is limited under the insurance holding company laws of Connecticut. These laws require notice to and approval by the state insurance commissioner for the declaration or payment of any dividend, which, together with other dividends or distributions made within the preceding twelve months, exceeds the greater of (i) 10% of the insurer's policyholder surplus as of December 31 of the preceding year or (ii) net income (or net gain from operations) for the twelve-month period ending on the thirty-first day of December last preceding, in each case determined under statutory insurance accounting principles. In addition, if any dividend of a Connecticut-domiciled insurer exceeds the insurer's earned surplus, it requires the prior approval of the CTDOI. The insurance holding company laws of the other jurisdictions in which the Company's insurance subsidiaries are incorporated (or deemed commercially domiciled) generally contain similar (although in certain instances somewhat more restrictive) limitations on the payment of dividends.

The Company's subsidiaries are permitted to pay up to a maximum of approximately \$415 in dividends without prior approval from the applicable insurance commissioner. During the first six months of 2016, HLAI paid an extraordinary dividend of \$500 to the Company which was subsequently paid as an extraordinary dividend to the Company's parent, based on approval received from the insurance commissioner. As a result of this dividend, the Company has no ordinary dividend capacity remaining for the year.

In July 2016, HLAI paid an extraordinary dividend of \$250 which was subsequently paid as an extraordinary dividend to the Company's parent, based on approval received from the insurance commissioner.

Cash Flows

	Six Months Ended June 30,	
	2016	2015
Net cash provided by operating activities	\$ 315	\$ 457
Net cash provided by investing activities	\$ 542	\$ 523
Net cash used for financing activities	\$ (881)	\$ (952)
Cash – end of period	\$ 282	\$ 286

Net cash provided by operating activities decreased in 2016 as compared to 2015 primarily due to a decrease in net income of \$229 .

Net cash provided by investing activities in 2016 primarily relates to net proceeds from available-for-sale securities of \$489 and net proceeds from derivatives of \$190 , partially offset by net payments for short-term investments of \$328 . Net cash provided by investing activities in 2015 primarily relates to a change to net sales of short-term investments of \$751 , partially offset by net payments for available-for-sale securities of \$218 .

Net cash used for financing activities in 2016 relates to capital contributions to the parent of approximately \$505 and net payments for deposits, transfers and withdrawals for investments and universal life-type contracts of \$407 . Net cash used for financing activities in 2015 relates to net outflows on investment and universal life-type contract of \$545 and net capital contributions of \$505 .

Operating cash flows in both periods have been adequate to meet liquidity requirements.

Ratings

Ratings can have an impact the Company's reinsurance and derivative contracts. There can be no assurance that the Company's ratings will continue for any given period of time or that they will not be changed. In the event the Company's ratings are downgraded, reinsurance contracts may be adversely impacted and the Company may be required to post additional collateral on certain derivative contracts.

The following table summarizes Hartford Life Insurance Company's significant member companies' financial ratings from the major independent rating organizations as of July 26, 2016 :

Insurance Financial Strength Ratings:	A.M. Best	Standard & Poor's	Moody's
Hartford Life Insurance Company	A-	BBB+	Baa2
Hartford Life and Annuity Insurance Company	A-	BBB+	Baa2

These ratings are not a recommendation to buy or hold any of the Company's securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

The agencies consider many factors in determining the final rating of an insurance company. One consideration is the relative level of statutory capital and surplus (referred to collectively as "statutory capital") necessary to support the business written and is reported in accordance with accounting practices prescribed by the applicable state insurance department.

Statutory Capital

The Company's aggregate statutory capital, as prepared in accordance with the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual ("US STAT"), was \$4.7 billion as of June 30, 2016 and \$4.9 billion as of December 31, 2015 , respectively. The statutory capital amount as of December 31, 2015 is based on actual statutory filings with the applicable regulatory authorities. The statutory capital amount as of June 30, 2016 , is an estimate, as the second quarter 2016 statutory filings have not yet been made.

Legislative Initiatives

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”)

Since it was enacted in 2010, the Dodd-Frank Act has resulted in significant changes to the regulation of the financial services industry, including changes to the rules governing derivatives, restrictions on proprietary trading by certain entities, the creation of a Federal Insurance Office within the U.S. Treasury, and enhancements to corporate governance rules, among other things. The Dodd-Frank Act requires significant rulemaking across numerous agencies within the federal government. Rulemaking and implementation of newly-adopted rules is ongoing and may affect our operations and governance in ways that could adversely affect our financial condition and results of operations.

Budget of the United States Government

On February 9, 2016, the Obama Administration released its “Fiscal Year 2017, Budget of the U.S. Government” (the “Budget”). Although the Administration has not released proposed statutory language, the Budget includes proposals that if enacted, would affect the taxation of life insurance companies and certain life insurance products. In particular, the proposals would change the method used to determine the amount of dividend income received by a life insurance company on assets held in separate accounts used to support products, including variable life insurance and variable annuity contracts, which are eligible for the dividend received deduction (“DRD”). The DRD reduces the amount of dividend income subject to tax and is a significant component of the difference between the Company's actual tax expense and expected amount determined using the federal statutory tax rate of 35%. If this proposal were enacted, the Company's actual tax expense could increase, reducing earnings.

United States Department of Labor Fiduciary Rule

On April 6, 2016, the U.S. Department of Labor (“DOL”) issued a final regulation that expands the range of activities considered to be fiduciary investment advice under the Employee Retirement Income Security Act of 1974 (“ERISA”) and the Internal Revenue Code. Implementation will be phased in, with the regulation in full effect by January 1, 2018. The regulation could have an adverse impact on contracts in our run-off lines of business, and may impact the way we provide investment-related information and support to financial advisors, plan sponsors, plan participants, plan beneficiaries and Individual Retirement Account owners. On June 1, 2016, a group of nine plaintiffs, including the U.S. Chamber of Commerce and the Securities Industry and Financial Markets Association (SIFMA), filed a lawsuit against the DOL challenging the fiduciary rule. In addition, other industry groups and insurers have filed separate lawsuits against DOL. Among the claims, the lawsuits allege the unconstitutionality of the fiduciary rule and that DOL exceeded its rulemaking authority. We are currently analyzing the potential effect of the regulation and subsequent litigation on our businesses.

IMPACT OF NEW ACCOUNTING STANDARDS

For a discussion of accounting standards, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Consolidated Financial Statements included in the Company's 2015 Form 10-K Annual Report and Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements in this Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained in the Financial Risk Management section of Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company's 2015 Form 10-K Annual Report is incorporated herein by reference.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's principal executive officer and its principal financial officer, based on their evaluation of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) have concluded that the Company's disclosure controls and procedures are effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e) as of June 30, 2016 .

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's current fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The Company is involved in claims litigation arising in the ordinary course of business with respect to life, disability and accidental death and dismemberment insurance policies and with respect to annuity contracts. The Company accounts for such activity through the establishment of reserves for future policy benefits and unpaid loss and loss adjustment expense reserves. Management expects that the ultimate liability, if any, with respect to such ordinary-course claims litigation, after consideration of provisions made for potential losses and costs of defense, will not be material to the consolidated financial condition, results of operations or cash flows of the Company.

The Company is also involved in other kinds of legal actions, some of which assert claims for substantial amounts. Such actions have alleged, for example, bad faith in the handling of insurance claims and improper sales practices in connection with the sale of insurance and investment products. Some of these actions also seek punitive damages. Management expects that the ultimate liability, if any, with respect to such lawsuits, after consideration of provisions made for estimated losses, will not be material to the consolidated financial condition of the Company. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows in particular quarterly or annual periods.

Item 1A. RISK FACTORS

Investing in the Company involves risk. The following should be read in conjunction with, and supplements and amends, the factors that may affect the Company's business or operations described under "Risk Factors" in Part I, Item 1A, of the Company's Annual Report on Form 10-K ("2015 Annual Report). Other than as described in this Item 1A, there have been no other material changes to our risk factors from the risk factors previously disclosed in the 2015 Annual Report. This information should be considered carefully together with the other information contained in this report and the other reports and materials filed by the Company with the SEC.

The amendments to the risk factor noted below are due to potential impacts of the referendum vote on June 23, 2016, by the United Kingdom ("UK") to leave the European Union ("EU") (commonly referred to as "Brexit").

Risks Relating to Economic, Market and Political Conditions

Unfavorable conditions in our operating environment, including general economic and global capital market conditions, such as changes in interest rates, credit spreads, equity prices, market volatility, foreign exchange rates, commodities prices and real estate market deterioration, may have a material adverse effect on our business, financial condition, results of operations, and liquidity.

The Company's investment portfolio and insurance liabilities are sensitive to changes in global capital market conditions. Stressed conditions or disruptions in global capital markets can directly impact our business, financial condition, results of operations, and liquidity as well as impact the economic environment. Weak economic conditions, such as high unemployment, low labor force participation, lower family income, higher tax rates, lower business investment and lower consumer spending may have adversely affected or may in the future adversely affect the demand for financial and insurance products, as well as their profitability in some cases. Global economic conditions may result in the persistence of a low interest rate environment as well as volatility in other global capital market conditions, which will continue to pressure our investment results.

Brexit has caused significant volatility in global stock markets and current exchange rates, and has deepened the political, economic and global market uncertainty. The geopolitical impacts of Brexit are unknown and may adversely affect long-term European and global economic growth and forecasts. The United States Federal Reserve and other major central banks may continue with the current accommodative monetary policy for a longer period of time due to increasingly higher levels of political and market turmoil that could persist until some clarity emerges around the UK's exit process from the EU and the impact of the leave on the economies of the other European countries.

A sustained low interest rate environment would pressure our net investment income and could result in lower margins and lower estimated gross profits on certain products. In addition, due to the long-term nature of some of the Company's liabilities, such as structured settlements and guaranteed benefits on variable annuities, sustained declines in long-term interest rates subjects us to reinvestment risks, increased hedging costs, spread compression and capital volatility. A rise in interest rates, in the absence of other countervailing changes, will reduce the market value of our investment portfolio and, if long-term interest rates were to rise dramatically, certain products might be exposed to disintermediation risk. Disintermediation risk refers to the risk that our policyholders may surrender their contracts in a rising interest rate environment, requiring us to liquidate assets in an unrealized loss position. An increase in interest rates can also impact our tax planning strategies and in particular our ability to utilize tax benefits to offset certain previously recognized realized capital losses.

One important exposure to equity risk relates to the potential for lower earnings associated with our operations. Fee income on products such as variable annuities is earned based upon the fair value of the assets under management. Should equity markets decline from current levels, assets under management and related fee income will be reduced. Certain of our products have guaranteed benefits that increase our potential obligation and statutory capital exposure when equity markets decline. Sustained declines in equity markets may result in the need to utilize significant additional capital to support these products.

Our exposure to credit spreads primarily relates to changes in market price of fixed income instruments associated with changes in credit spreads. If issuer credit spreads widen significantly and remain at wide levels over an extended period of time, other-than-temporary impairments and decreases in the market value of our investment portfolio will likely result. In addition, losses may also occur due to volatility in credit spreads. When credit spreads widen, we incur losses associated with credit derivatives where the Company assumes exposure. When credit spreads tighten, we incur losses associated with derivatives where the Company has purchased credit protection. If credit spreads tighten significantly, the Company's net investment income associated with new purchases of fixed maturities may be reduced.

Our statutory surplus is also affected by widening credit spreads as a result of the accounting for the assets and liabilities on our fixed market value adjusted ("MVA") annuities. Statutory separate account assets supporting the fixed MVA annuities are recorded at fair value. In determining the statutory reserve for the fixed MVA annuities we are required to use current crediting rates. In many capital market scenarios, current crediting rates are highly correlated with market rates implicit in the fair value of statutory separate account assets. As a result, the change in the statutory reserve from period to period will likely substantially offset the change in the fair value of the statutory separate account assets. However, in periods of volatile credit markets, actual credit spreads on investment assets may increase sharply for certain sub-sectors of the overall credit market, resulting in statutory separate account asset market value losses. As actual credit spreads are not fully reflected in current crediting rates, the calculation of statutory reserves may not substantially offset the change in fair value of the statutory separate account assets resulting in reductions in statutory surplus. This may result in the need to devote significant additional capital to support the fixed MVA product.

In addition, a reduction in market liquidity can make it difficult to value certain of our securities when trading becomes less frequent. As such, valuations may include assumptions or estimates that may be more susceptible to significant period-to-period changes, which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our exposure to commodity prices primarily relates to our investment portfolio. Our investment portfolio includes fixed maturities and equity securities issued by companies and sovereigns that derive a portion of their revenues from commodities, including oil, coal, natural gas, and precious and non-precious metals. In periods in which the prices of these and other commodities fall, absent other countervailing changes, decreases in the market value of our investment portfolio will likely result. If these declines in commodities prices are severe and persist over an extended period of time, other-than-temporary impairments may result.

Significant declines in equity prices, changes in interest rates, changes in credit spreads, inflation, or real estate market deterioration, individually or in combination, could have a material adverse effect on our business, financial condition, results of operations or liquidity. Our hedging assets seek to reduce the net economic sensitivity of our potential obligations from guaranteed benefits to equity market, and interest rate fluctuations. Because of the accounting asymmetries between our hedging targets and statutory and U.S. GAAP accounting principles for our guaranteed benefits, rising equity markets and/or rising interest rates may result in statutory or U.S. GAAP losses.

Item 6. EXHIBITS

See Exhibits Index on page 72

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HARTFORD LIFE INSURANCE COMPANY

/s/ Peter F. Sannizzaro

Peter F. Sannizzaro

Senior Vice President and Principal Accounting Officer (Principal Financial Officer and duly authorized signatory)

July 29, 2016

**HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
FORM 10-Q**

**FOR THE QUARTER ENDED JUNE 30, 2016
EXHIBITS INDEX**

Exhibit No.

12.01	Computation of Ratio of Earnings to Fixed Charges **
15.01	Deloitte & Touche LLP Letter of Awareness **
31.01	Certification of Brion S. Johnson pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **
31.02	Certification of Peter F. Sannizzaro pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **
32.01	Certification of Brion S. Johnson pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
32.02	Certification of Peter F. Sannizzaro pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Extension Schema **
101.CAL	XBRL Taxonomy Extension Calculation Linkbase **
101.DEF	XBRL Taxonomy Extension Definition Linkbase **
101.LAB	XBRL Taxonomy Extension Label Linkbase **
101.PRE	XBRL Taxonomy Extension Presentation Linkbase **

**Filed with the Securities and Exchange Commission as an Exhibit to this report.

HARTFORD LIFE INSURANCE COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(In millions)

	Six Months Ended June, 30	Years Ended December 31,			
	2016	2015	2014	2013	2012
EARNINGS:					
Income before income taxes [1]	\$ 157	\$ 530	\$ 861	\$ 561	\$ 531
Add: Total fixed charges, before interest credited to contractholders	—	—	—	—	—
Total earnings, before interest credited to contractholders	157	530	861	561	531
Interest credited to contractholders [2]	309	682	725	952	1,526
Total earnings	\$ 466	\$ 1,212	\$ 1,586	\$ 1,513	\$ 2,057
FIXED CHARGES:					
Interest expense	\$ —	\$ —	\$ —	\$ —	\$ —
Interest factor attributable to rentals and other	—	—	—	—	—
Total fixed charges, before interest credited to contractholders	—	—	—	—	—
Interest credited to contractholders [2]	309	682	725	952	1,526
Total fixed charges	\$ 309	\$ 682	\$ 725	\$ 952	\$ 1,526
RATIOS:					
Total earnings to total fixed charges [3]	1.5	1.8	2.2	1.6	1.3
Deficiency of total earnings to total fixed charges [4]	\$ —	\$ —	\$ —	\$ —	\$ —
Ratio before interest credited to contractholders					
Total earnings to total fixed charges [3] [5]	NM	NM	NM	NM	NM

[1] Excludes undistributed earnings from equity method investments.

[2] Interest credited to contractholders includes interest credited on general account assets and interest credited on consumer notes.

[3] Ratios of less than one-to-one are presented as "NM" or not meaningful.

[4] Represents additional earnings that would be necessary to result in a one-to-one ratio.

[5] This secondary ratio is disclosed for the convenience of policyholders invested in the Company's general account and Consumer Note holders.

July 29, 2016

Hartford Life Insurance Company
One Hartford Plaza
Hartford, Connecticut

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Hartford Life Insurance Company and subsidiaries (the “Company”) for the periods ended June 30, 2016 , and 2015 , as indicated in our report dated July 29, 2016 ; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 , is incorporated by reference in Registration Statement Nos. 333-202372, 333-192083, 333-192080, 333-202371, 333-192081 and 333-192082 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP
Hartford, Connecticut

HARTFORD LIFE INSURANCE COMPANY
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brion S. Johnson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hartford Life Insurance Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2016

By: /s/ Brion S. Johnson
Brion S. Johnson
President

HARTFORD LIFE INSURANCE COMPANY
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter F. Sannizzaro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hartford Life Insurance Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2016

By: /s/ Peter F. Sannizzaro
Peter F. Sannizzaro
Senior Vice President and Principal Accounting Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2016 of Hartford Life Insurance Company (the "Company"), filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350 as enacted by section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brion S. Johnson

Brion S. Johnson
President

Date: July 29, 2016

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended June 30, 2016 of Hartford Life Insurance Company (the "Company"), filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. section 1350 as enacted by section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter F. Sannizzaro

Peter F. Sannizzaro

Senior Vice President and Principal Accounting Officer

Date: July 29, 2016