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 September 30, 2015

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	**06-0974148**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

200 Hopmeadow Street, Simsbury, Connecticut 06089
(Address of principal executive offices)

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

Indicate by check mark:	**Yes**	**No**
• 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.	☒	☐
• 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).	☒	☐

• 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.)	☐	☒

As of October 29, 2015 , 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 SEPTEMBER 30, 2015

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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 those set forth in Part I, Item 1A, Risk Factors in the Company’s 2014 Form 10-K Annual Report. These important risks and uncertainties include:

- 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;
- 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, as well as continuing uncertainty in key sectors such as the global real estate market;
- the impact on our investment portfolio if our investment portfolio is concentrated in any particular segment of the economy;
- volatility in our statutory and United States ("U.S.") GAAP earnings and potential material changes to our results resulting from our adjustment of our risk management program to emphasize protection of economic value;
- 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;
- risk associated with the use of analytical models in making decisions in key areas such as underwriting, capital, 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;
- 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 reinsurers, sourcing partners, derivative counterparties and other third parties;
- 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;
- the possibility of a pandemic, or other natural or man-made disaster that may adversely affect our businesses;
- 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 us against losses;
- 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;
- 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;
- the Company’s ability to protect its intellectual property and defend against claims of infringement; and
- the risks, challenges and uncertainties associated with The Hartford's capital management plan, including as a result of changes in its financial position and earnings, share price, capital position, legal restrictions, other investment opportunities, and other factors;
- the risks, challenges and uncertainties associated with The Hartford's expense reduction initiatives and other actions, which may include acquisitions, divestitures or restructurings;
- other factors described in such forward-looking statements.

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 September 30, 2015 , and the related condensed consolidated statements of operations and comprehensive income for the three-month and nine-months ended September 30, 2015 and 2014 and statements of changes in stockholder's equity, and cash flows for the nine-month periods ended September 30, 2015 and 2014 . 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, 2014 , 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 27, 2015, 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, 2014 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

DELOITTE & TOUCHE LLP
Hartford, Connecticut
October 29, 2015

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HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2015**	**2014**	**2015**	**2014**
		(Unaudited)		
Revenues				
Fee income and other	$ 261	$ 292	$ 816	$ 923
Earned premiums	27	56	73	(15)
Net investment income	364	391	1,129	1,178
Net realized capital gains (losses):				
Total other-than-temporary impairment (“OTTI”) losses	(25)	(10)	(34)	(21)
OTTI losses recognized in other comprehensive income (losses) ("OCI")	1	—	2	1
Net OTTI losses recognized in earnings	(24)	(10)	(32)	(20)
Other net realized capital gains	2	60	14	614
Total net realized capital gains (losses)	(22)	50	(18)	594
Total revenues	**630**	**789**	**2,000**	**2,680**
Benefits, losses and expenses				
Benefits, loss and loss adjustment expenses	360	421	993	1,090
Amortization of deferred policy acquisition costs	34	134	73	188
Insurance operating costs and other expenses	126	144	406	696
Reinsurance gain on dispositions	(20)	—	(28)	—
Dividends to policyholders	—	—	—	2
Total benefits, losses and expenses	**500**	**699**	**1,444**	**1,976**
Income before income taxes	**130**	**90**	**556**	**704**
Income tax expense (benefit)	12	(1)	63	157
Net income	**118**	**91**	**493**	**547**
Net income attributable to noncontrolling interest	1	3	1	3
Net income attributable to Hartford Life Insurance Company	**$ 117**	**$ 88**	**$ 492**	**$ 544**

See Notes to Condensed Consolidated Financial Statements

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2015**	**2014**	**2015**	**2014**
		(Unaudited)		
Net income	$ 118	$ 91	$ 493	$ 547
Other comprehensive income (loss):				
Changes in net unrealized gain on securities	(87)	(16)	(451)	555
Changes in net gain on cash flow hedging instruments	13	(15)	5	(14)
Changes in foreign currency translation adjustments	—	(1)	—	(1)
OCI, net of tax	**(74)**	**(32)**	**(446)**	**540**
Comprehensive income	**44**	**59**	**47**	**1,087**
Less: comprehensive income attributable to noncontrolling interest	1	3	1	3
Comprehensive income attributable to Hartford Life Insurance Company	**$ 43**	**$ 56**	**$ 46**	**$ 1,084**

See Notes to Condensed Consolidated Financial Statements

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HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(In millions, except for share data)	**September 30, 2015**	**December 31, 2014**
	(Unaudited)	
Assets		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of $23,587 and $23,260)	$ 25,078	$ 25,436
Fixed maturities, at fair value using the fair value option (includes variable interest entity assets, at fair value, of $50 and $139)	192	280
Equity securities, available-for-sale, at fair value (cost of $167 and $525) (includes equity securities, at fair value using the fair value option, of $0 and $248, and variable interest entity assets of $1 and $0)	167	514
Mortgage loans (net of allowance for loan losses of $19 and $15)	2,914	3,109
Policy loans, at outstanding balance	1,427	1,430
Limited partnerships, and other alternative investments (includes variable interest entity assets of $2 and $3)	1,249	1,309
Other investments	352	442
Short-term investments (includes variable interest entity assets of $0 and $15)	1,083	2,162
Total investments	32,462	34,682
Cash	450	258
Premiums receivable and agents' balances	22	27
Reinsurance recoverables	20,303	20,053
Deferred policy acquisition costs	481	521
Deferred income taxes, net	1,476	1,237
Other assets	711	308
Separate account assets	121,623	134,689
Total assets	**$ 177,528**	**$ 191,775**
Liabilities		
Reserve for future policy benefits and unpaid losses and loss adjustment expenses	$ 13,810	$ 13,624
Other policyholder funds and benefits payable	31,407	31,994
Other liabilities (including variable interest entity liabilities of $11 and $22)	2,353	2,177
Separate account liabilities	121,623	134,689
Total liabilities	**169,193**	**182,484**
Commitments and Contingencies (Note 6)		
Stockholder's Equity		
Common stock—1,000 shares authorized, issued and outstanding, par value $5,690	6	6
Additional paid-in capital	5,686	6,688
Accumulated other comprehensive income, net of tax	775	1,221
Retained earnings	1,868	1,376
Total stockholder's equity	**8,335**	**9,291**
Total liabilities and stockholder's equity	**$ 177,528**	**$ 191,775**

See Notes to Condensed Consolidated Financial Statements

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

(In millions)	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Non-Controlling Interest	Total Stockholder's Equity
			(Unaudited)			
Nine Months Ended September 30, 2015						
Balance, beginning of period	**$ 6**	**$ 6,688**	**$ 1,221**	**$ 1,376**	**$ —**	**$ 9,291**
Capital contributions to parent	—	(1,002)	—	—	—	(1,002)
Net income	—	—	—	492	1	493
Change in noncontrolling interest ownership	—	—	—	—	(1)	(1)
Total other comprehensive loss	—	—	(446)	—	—	(446)
Balance, end of period	**$ 6**	**$ 5,686**	**$ 775**	**$ 1,868**	**$ —**	**$ 8,335**
Nine Months Ended September 30, 2014						
Balance, beginning of period	**$ 6**	**$ 6,959**	**$ 574**	**$ 700**	**$ —**	**$ 8,239**
Capital contributions to parent	—	(273)	—	—	—	(273)
Net income	—	—	—	544	3	547
Change in noncontrolling interest ownership	—	—	—	—	(3)	(3)
Total other comprehensive income	—	—	540	—	—	540
Balance, end of period	**$ 6**	**$ 6,686**	**$ 1,114**	**$ 1,244**	**$ —**	**$ 9,050**

See Notes to Condensed Consolidated Financial Statements

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HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(In millions)	Nine Months Ended September 30, 2015	2014
	(Unaudited)	
Operating Activities		
Net income	$ 493	$ 547
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred policy acquisition costs	73	188
Additions to deferred policy acquisition costs	(5)	(12)
Net realized capital (gains) losses	18	(594)
Reinsurance gain on dispositions	(28)	—
Depreciation and amortization	(7)	(5)
Other operating activities, net	23	152
Change in assets and liabilities:		
Increase in reserve for future policy benefits and unpaid losses and loss adjustment expenses and unearned premiums	147	512
(Increase) decrease in reinsurance recoverables	(24)	145
(Increase) decrease in receivables and other assets	(116)	15
Decrease in payables and accruals	(74)	(767)
Increase in accrued and deferred income taxes	35	123
Net cash provided by operating activities	**535**	**304**
Investing Activities		
Proceeds from the sale/maturity/prepayment of:		
Fixed maturities, available-for-sale	8,962	8,167
Fixed maturities, fair value option	57	339
Equity securities, available-for-sale	529	82
Mortgage loans	397	171
Partnerships	168	85
Payments for the purchase of:		
Fixed maturities, available-for-sale	(9,194)	(5,544)
Fixed maturities, fair value option	(40)	(217)
Equity securities, available-for-sale	(188)	(50)
Mortgage loans	(206)	(115)
Partnerships	(109)	(74)
Net proceeds from (payments for) derivatives	12	(62)
Net increase (decrease) in policy loans	(12)	8
Net proceeds from (payments for) short-term investments	1,090	(447)
Other investing activities, net	—	34
Net cash provided by investing activities	**1,466**	**2,377**
Financing Activities		
Deposits and other additions to investment and universal life-type contracts	3,673	3,660
Withdrawals and other deductions from investment and universal life-type contracts	(12,780)	(17,328)
Net transfers from separate accounts related to investment and universal life-type contracts	8,218	11,036
Net proceeds from securities loaned or sold under agreements to repurchase	113	—
Capital contributions to parent	(1,002)	(275)
Net repayments at maturity or settlement of consumer notes	(31)	(13)
Net cash used for financing activities	**(1,809)**	**(2,920)**
Foreign exchange rate effect on cash	—	7
Net increase (decrease) in cash	192	(232)
Cash — beginning of period	258	446
Cash — end of period	**$ 450**	**$ 214**
Supplemental Disclosure of Cash Flow Information:		
Net cash received (paid) during the period for income taxes	$ (15)	$ 61
Noncash return of capital	—	2

See Notes to Condensed Consolidated Financial Statements

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.

On June 30, 2014, HLI completed the sale of all of the issued and outstanding equity of Hartford Life Insurance KK, a Japanese company ("HLIKK") to ORIX Life Insurance Corporation ("Buyer"), a subsidiary of ORIX Corporation, a Japanese company. Upon closing, HLIKK recaptured certain risks reinsured to the Company and Hartford Life and Annuity Insurance Company ("HLAI"), a wholly owned subsidiary of the Company, by terminating intercompany agreements. The Buyer is responsible for all liabilities related to the recaptured business. However, HLAI has continued to provide reinsurance for yen denominated fixed payout annuities of approximately $783 as of September 30, 2015 . For further discussion of this transaction see Note 7 - Transactions with Affiliates of Notes to Condensed Consolidated Financial Statements.

Effective April 1, 2014, The Company terminated its modco and coinsurance with funds withheld reinsurance agreement with White River Life Reinsurance ("WRR"), following receipt of approval from the State of Connecticut Insurance Department ("CTDOI") and Vermont Department of Financial Regulation. On April 30, 2014 The Hartford dissolved WRR. For further discussion of this transaction, see Note 7 - Transactions with Affiliates of Notes to Condensed Consolidated Financial Statements.

Effective March 3, 2014, The Hartford made Hartford Life and Accident Insurance Company ("HLA") the single nationwide underwriting company for its Group Benefits business by capitalizing HLA to support the Group Benefits business and separating it from the legal entities that support The Hartford's Talcott Resolution operating segment. On January 30, 2014, The Hartford received approval from the CTDOI for HLAI and the Company to dividend approximately $800 of cash and invested assets to HLA and this dividend was paid on February 27, 2014. All of the issued and outstanding equity of the Company was then distributed from HLA to HLI and the Company became a direct subsidiary of HLI.

In 2015, the Company is only permitted to pay $316 in dividends to its parent without prior approval from the CTDOI. Through September 30, 2015, the Company paid dividends of approximately $1.0 billion to its parent, based on the approval of the CTDOI. The Company has no ordinary dividend capacity for the remainder of 2015.

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 September 30, 2015 , the Company has $1.5 billion of reinsurance recoverables from Prudential representing approximately 18% of the Company's consolidated stockholder's equity. Net of invested assets held in trust, as of September 30, 2015 , the Company has no other 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 2014 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 2014 Form 10-K Annual Report.

Consolidation

The Condensed Consolidated Financial Statements include the accounts of HLIC, companies in which the Company directly or indirectly has a controlling financial interest and those variable interest entities ("VIEs") which the Company is required to consolidate. Entities in which HLIC has significant influence over the operating and financing decisions but is not required to consolidate are reported using the equity method. For further discussions on VIEs, see Note 3 - Investments and Derivative Instruments of Notes to Condensed Consolidated Financial Statements. All intercompany transactions and balances between HLIC and its subsidiaries have been eliminated.

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

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.

Future Adoption of New Accounting Standards

Amendments to Consolidation Guidance

In February 2015, the Financial Accounting Standards Board issued updated consolidation guidance. The amendments revise existing guidance for when to consolidate 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 consolidation guidance for determining whether limited partnerships are VIEs or voting interest entities. This guidance is effective for years beginning after December 15, 2015, and may be applied fully retrospectively or through a cumulative effect adjustment to retained earnings as of the beginning of the year of adoption (modified retrospective approach). The Company will adopt the guidance effective as of January 1, 2016 and as a result will consolidate a hedge fund of funds that will be characterized as a VIE under the updated guidance and which the Company has determined it is the primary beneficiary. Previously, this fund of funds was a voting interest entity accounted for under the equity method. The Company will adopt using a modified retrospective approach and the adoption is expected to increase invested assets and other liabilities by an equal amount, with no impact to net income, equity or cash flows.

2. Fair Value Measurements

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 at fair value using the fair value option ("FVO"); equity securities, FVO; short-term investments; freestanding and embedded derivatives; certain limited partnerships and other alternative investment; separate account assets and certain other liabilities.

The following section applies to the fair value hierarchy and disclosure requirements for the Company's financial instruments that are carried at fair value. The fair value hierarchy prioritizes the inputs in the valuation techniques used to measure fair value into three broad Levels (Level 1, 2 or 3).

Level 1 Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date. Level 1 securities include highly liquid U.S. Treasuries, money market funds and exchange traded equity securities, open-ended mutual funds and exchange-traded derivative instruments.

Level 2 Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most fixed maturities and preferred stocks, including those reported in separate account assets, are model priced by vendors using observable inputs and are classified within Level 2. Also included are hedge funds where investment company accounting guidance has been applied to a wholly-owned fund of funds measured at fair value w here an investment can be redeemed, or substantially redeemed, at the net asset value per share or equivalent ("NAV") on the measurement date or in the near-term, not to exceed 90 days. Derivative instruments classified within Level 2 are priced using observable market inputs such as swap yield curves and credit default swap curves .

Level 3 Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 securities include less liquid securities, guaranteed product embedded and reinsurance derivatives and other complex derivative instruments, as well as hedge fund investments carried at fair value, consistent with investment company accounting guidance, that cannot be redeemed in the near-term at the NAV. 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. 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 $106 and $333 for the three and nine months ended September 30, 2015 , respectively, and $89 and $1.2 billion for the three and nine months ended September 30, 2014 , respectively, which represented previously on-the-run U.S. Treasury securities that are now off-the-run. For the three and nine months ended September 30, 2015 and 2014 there were no transfers from Level 2 to Level 1. 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 priced by independent brokers and/or within illiquid markets.

2. Fair Value Measurements (continued)

The following tables present assets and (liabilities) carried at fair value by hierarchy level. These disclosures provide information as to the extent to which the Company uses fair value to measure financial instruments and information about the inputs used to value those financial instruments to allow users to assess the relative reliability of the measurements.

	September 30, 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	$ 943	$ —	$ 938	$ 5
CDOs	1,386	—	1,053	333
CMBS	2,001	—	1,927	74
Corporate	15,428	—	14,888	540
Foreign government/government agencies	341	—	325	16
Municipal	1,147	—	1,097	50
RMBS	1,512	—	915	597
U.S. Treasuries	2,320	378	1,942	—
Total fixed maturities	25,078	378	23,085	1,615
Fixed maturities, FVO	192	—	145	47
Equity securities, trading [1]	11	11	—	—
Equity securities, AFS	167	97	25	45
Derivative assets				
Credit derivatives	4	—	4	—
Foreign exchange derivatives	5	—	5	—
Interest rate derivatives	79	—	79	—
Guaranteed minimum withdrawal benefit ("GMWB") hedging instruments	94	—	9	85
Macro hedge program	100	—	—	100
Total derivative assets [2]	282	—	97	185
Short-term investments	1,083	330	753	—
Reinsurance recoverable for GMWB	73	—	—	73
Modified coinsurance reinsurance contracts	62	—	62	—
Separate account assets [3]	117,713	77,356	39,847	510
Total assets accounted for at fair value on a recurring basis	**$ 144,661**	**$ 78,172**	**$ 64,014**	**$ 2,475**
Liabilities accounted for at fair value on a recurring basis				
Other policyholder funds and benefits payable				
GMWB	$ (270)	$ —	$ —	$ (270)
Equity linked notes	(21)	—	—	(21)
Total other policyholder funds and benefits payable	(291)	—	—	(291)
Derivative liabilities				
Credit derivatives	(13)	—	(13)	—
Commodity derivatives	4	—	—	4
Equity derivatives	20	—	20	—
Foreign exchange derivatives	(471)	—	(471)	—
Interest rate derivatives	(314)	—	(284)	(30)
GMWB hedging instruments	113	—	27	86
Macro hedge program	83	—	—	83
Total derivative liabilities [4]	(578)	—	(721)	143
Total liabilities accounted for at fair value on a recurring basis	**$ (869)**	**$ —**	**$ (721)**	**$ (148)**

2. Fair Value Measurements (continued)

	December 31, 2014			
	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	$ 1,171	$ —	$ 1,089	$ 82
CDOs	1,148	—	788	360
CMBS	1,887	—	1,768	119
Corporate	15,742	—	15,096	646
Foreign government/government agencies	602	—	572	30
Municipal	1,052	—	998	54
RMBS	1,857	—	1,123	734
U.S. Treasuries	1,977	72	1,905	—
Total fixed maturities	25,436	72	23,339	2,025
Fixed maturities, FVO	280	—	196	84
Equity securities, trading [1]	11	11	—	—
Equity securities, AFS	514	411	55	48
Derivative assets				
Credit derivatives	3	—	5	(2)
Equity derivatives	2	—	—	2
Foreign exchange derivatives	(1)	—	(1)	—
Interest rate derivatives	123	—	123	—
GMWB hedging instruments	119	—	5	114
Macro hedge program	93	—	—	93
Total derivative assets [2]	339	—	132	207
Short-term investments	2,162	199	1,963	—
Reinsurance recoverable for GMWB	56	—	—	56
Modified coinsurance reinsurance contracts	34	—	34	—
Separate account assets [3]	132,198	91,524	40,096	578
Total assets accounted for at fair value on a recurring basis	**$ 161,030**	**$ 92,217**	**$ 65,815**	**$ 2,998**
Liabilities accounted for at fair value on a recurring basis				
Other policyholder funds and benefits payable				
GMWB	$ (139)	$ —	$ —	$ (139)
Equity linked notes	(26)	—	—	(26)
Total other policyholder funds and benefits payable	(165)	—	—	(165)
Derivative liabilities				
Credit derivatives	—	—	1	(1)
Equity derivatives	28	—	25	3
Foreign exchange derivatives	(444)	—	(444)	—
Interest rate derivatives	(409)	—	(382)	(27)
GMWB hedging instruments	55	—	(1)	56
Macro hedge program	48	—	—	48
Total derivative liabilities [4]	(722)	—	(801)	79
Consumer notes [5]	(3)	—	—	(3)
Total liabilities accounted for at fair value on a recurring basis	**$ (890)**	**$ —**	**$ (801)**	**$ (89)**

[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. As of September 30, 2015 and December 31, 2014 , $119 and $399 , respectively, of cash collateral liability was netted against the derivative asset value in the Condensed Consolidated Balance Sheet and is excluded from the

preceding table. See the following footnote 4 for derivative liabilities.

[3] *Approximately $3.8 billion and $2.5 billion of investment sales receivable, as of September 30, 2015 and December 31, 2014 , 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.*

[4] *Includes OTC and OTC-cleared derivative instruments in a net negative fair market 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. In the following Level 3 roll-forward table in this Note 2, the derivative assets and liabilities are referred to as "freestanding derivatives" and are presented on a net basis.*

[5] *Represents embedded derivatives associated with non-funding agreement-backed consumer equity-linked notes.*

2. Fair Value Measurements (continued)

Determination of Fair Values

The valuation methodologies used to determine the fair values of assets and liabilities under the "exit price" notion, reflect market-participant objectives and are based on the application of the fair value hierarchy that prioritizes relevant observable market inputs over unobservable inputs. 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 Investment 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 described in more detail in the following paragraphs.

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 after considering the following primary sources of information: quoted prices for identical assets or liabilities, third-party pricing services, independent broker quotations, or pricing matrices. Security pricing is applied using a "waterfall" approach whereby publicly available prices are first sought from third-party pricing services, and the remaining unpriced securities are submitted to independent brokers for prices, or priced using a pricing matrix. Typical inputs used by these pricing methods include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, and/or estimated cash flows, prepayment speeds, and default rates. Based on the typical trading volumes and the lack of quoted market prices for fixed maturities, third-party pricing services will normally derive the security prices from recent reported trades for identical or similar securities making adjustments through the reporting date based upon the preceding outlined available market observable information. If there are no recently reported trades, the third-party pricing services and independent brokers may use matrix or model processes to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at an estimated market rate. Included in the pricing of ABS and RMBS are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such 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. Actual prepayment experience may vary from these estimates.

Prices from third-party pricing services are often 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.

Private placement securities are priced using a pricing matrix to determine the credit spreads that are used to discount the expected future cash flows for securities for which the Company is unable to obtain a price from a third-party pricing service. Credit spreads are developed 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 an independent public security index and trade information and adjusting for the non-public nature of the securities.

2. Fair Value Measurements (continued)

The Securities Working Group performs ongoing analysis 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 this analysis, 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 developed based on 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. The Company's internal pricing model utilizes the Company's best estimate of expected future cash flows discounted at a rate of return that a market participant would require. The significant inputs to the model include, but are not limited to, current market inputs, such as credit loss assumptions, estimated prepayment speeds and market risk premiums.

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 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 market observable. Due to a general 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 that utilize independent market data inputs for OTC derivatives, quoted market prices for exchange-traded and OTC-cleared derivatives, or independent broker quotations. Excluding embedded and reinsurance related derivatives, as of September 30, 2015 and December 31, 2014, 94% and 95%, respectively, of derivatives, based upon notional values, were priced by valuation models or quoted market prices. The remaining derivatives were priced by broker quotations.

The Derivatives Working Group performs ongoing analysis of the valuations, assumptions and methodologies used 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. The Company performs various controls on derivative valuations which include both quantitative and qualitative analysis. 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 is a monthly analysis 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. There is a monthly control to review changes in pricing sources to ensure that new models are not moved to production until formally approved.

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 Level 3 may not reflect the offsetting impact of the realized and unrealized gains and losses of the associated assets and liabilities.

2. Fair Value Measurements (continued)

Valuation Techniques and Inputs for Investments

Generally, the Company determines the estimated fair value of its fixed maturities, equity securities, and short-term investments using the market approach. The income approach is used for securities priced using a pricing matrix, as well as for derivative instruments. For Level 1 investments, which are comprised of on-the-run U.S. Treasuries, exchange-traded equity securities, short-term investments, and exchange traded futures and option contracts, valuations are based on observable inputs that reflect quoted prices for identical assets in active markets that the Company has the ability to access at the measurement date.

For most of the Company's debt securities, the following inputs are typically used in the Company's pricing methods: reported trades, benchmark yields, bids and/or estimated cash flows. For securities, except U.S. Treasuries, inputs also include issuer spreads which may consider credit default swaps. Derivative instruments are valued using mid-market inputs that are predominantly observable in the market.

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 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, credit default swap indices and, for ABS and RMBS, estimated prepayment rates.
- *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.
- *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 Level 2 measurements noted above, but are Level 3 due to their less liquid markets. Additionally, certain long-dated securities are priced based on third party pricing services, including municipal securities, foreign government/government agencies, and bank loans. Primary inputs for these long-dated securities are consistent with the typical inputs used in Level 1 and Level 2 measurements noted above, but include benchmark interest rate or credit spread assumptions that are not observable in the marketplace. Also included in Level 3 are below investment grade private placements, as well as certain derivative instruments that either have significant unobservable inputs or are valued based on broker quotations. Significant inputs for these 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, and commodity price curves.

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 securities such as ABS and CRE CDOs for which fair values are predominately based on broker quotations.

			As of September 30, 2015				
Securities				**Unobservable Inputs**			
Assets accounted for at fair value on a recurring basis	**Fair Value**	**Predominant Valuation Method**	**Significant Unobservable Input**	**Minimum**	**Maximum**	**Weighted Average [1]**	**Impact of Increase in Input on Fair Value [2]**
CMBS	$ 74	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	36bps	586bps	197bps	Decrease
Corporate [3]	225	Discounted cash flows	Spread	70bps	735bps	296bps	Decrease
Municipal [3]	32	Discounted cash flows	Spread	197bps	197bps	197bps	Decrease
RMBS	597	Discounted cash flows	Spread	53bps	1,176bps	162bps	Decrease
			Constant prepayment rate	—%	9%	3%	Decrease [4]
			Constant default rate	1%	14%	6%	Decrease
			Loss severity	—%	100%	79%	Decrease
			As of December 31, 2014				
CMBS	$ 119	Discounted cash flows	Spread (encompasses prepayment, default risk and loss severity)	46bps	2,475bps	284bps	Decrease
Corporate [3]	324	Discounted cash flows	Spread	123bps	765bps	267bps	Decrease
Municipal [3]	32	Discounted cash flows	Spread	212bps	212bps	212bps	Decrease
RMBS	734	Discounted cash flows	Spread	23bps	1,904bps	141bps	Decrease
			Constant prepayment rate	—%	7%	3%	Decrease [4]
			Constant default rate	1%	14%	7%	Decrease
			Loss severity	—%	100%	78%	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 preceding table.
[3] Level 3 corporate and municipal securities excludes those 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.

2. Fair Value Measurements (continued)

Significant Unobservable Inputs for Level 3 Assets Measured at Fair Values (continued)

	As of September 30, 2015					
Freestanding Derivatives			**Unobservable Inputs**			
	Fair Value	**Predominant Valuation Method**	**Significant Unobservable Input**	**Minimum**	**Maximum**	**Impact of Increase in Input on Fair Value [1]**
Interest rate derivative						
Interest rate swaps	(30)	Discounted cash flows	Swap curve beyond 30 years	3%	3%	Decrease
GMWB hedging instruments						
Customized swaps	171	Discounted cash flows	Equity volatility	10%	40%	Increase
Macro hedge program						
Equity options	183	Option model	Equity volatility	15%	28%	Increase
			As of December 31, 2014			
Interest rate derivative						
Interest rate swaps	$ (29)	Discounted cash flows	Swap curve beyond 30 years	3%	3%	Decrease
Interest rate swaptions	2	Option Model	Interest rate volatility	1%	1%	Increase
GMWB hedging instruments						
Equity options	46	Option model	Equity volatility	22%	34%	Increase
Customized swaps	124	Discounted cash flows	Equity volatility	10%	40%	Increase
Macro hedge program						
Equity options	141	Option model	Equity volatility	27%	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.

Securities and derivatives for which the Company bases fair value on broker quotations predominately include ABS, CDOs, corporate, fixed maturities, FVO. 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 counterparty 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 months ended, September 30, 2015 , no significant adjustments were made by the Company to broker prices received.

Product Derivatives

The Company formerly offered and subsequently reinsured certain variable annuity products with U.S. GMWB riders. Also the Company formerly assumed GMWB, guaranteed minimum income benefit ("GMIB") and guaranteed minimum accumulation benefit ("GMAB") from HLIKK. Upon its sale, HLIKK recaptured certain risks reinsured to the Company and HLAI by terminating intercompany agreements. The Buyer is responsible for all liabilities related to the recaptured business. For further discussion of the sale, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements.

2. Fair Value Measurements (continued)

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. The GMWB represents 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.

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”). 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.

Effective April 1, 2014, HLAI, terminated its reinsurance agreement with an affiliated captive reinsurer and recaptured all reinsurance risks. For further information regarding this reinsurance agreement, see Note 7 - Transactions with Affiliates of Notes to Condensed Consolidated Financial Statements.

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.

2. Fair Value Measurements (continued)

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 is 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.

On a daily basis, 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. 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.

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. For the three and nine months ended September 30, 2015 , 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 $0 and $(1) , respectively. For the three and nine months ended September 30, 2014 , 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 gains of $2 and $41 , respectively. As of September 30, 2015 and December 31, 2014 , the credit standing adjustment was $0 and $1 , 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 nine months ended September 30, 2015 . Assumption updates, including policyholder behavior assumptions, affected best estimates and margins for pre-tax realized gains of $31 for the three and nine months ended September 30, 2014 . As of September 30, 2015 and December 31, 2014 , the behavior risk margin was $78 and $74 , respectively.

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 losses of $(21) and $(10) for the three and nine months ended September 30, 2015 , respectively, and pre-tax realized gains (losses) of $(9) and $2 for the three and nine months ended September 30, 2014 , respectively.

2. Fair Value Measurements (continued)

Significant unobservable inputs used in the fair value measurement of the GMWB embedded derivative and the GMWB reinsurance derivative are withdrawal utilization and withdrawal rates, lapse rates, reset elections and equity volatility. 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. Significant increases in any of the significant unobservable inputs, in isolation, will generally have an increase or decrease correlation with the fair value measurement, as shown in the following table.

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. Separate account assets classified as Level 3 primarily include limited partnerships in which fair value represents the separate account's share of the fair value of the equity in the investment ("net asset value") and are classified in level 3 based on the Company's ability to redeem its investment.

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 months ended September 30, 2015 , for financial instruments classified as Level 3.

	Fixed Maturities, AFS								
Assets	ABS	CDOs	CMBS	Corporate	Foreign Govt./Govt. Agencies	Municipal	RMBS	Total Fixed Maturities, AFS	Fixed Maturities, FVO
Fair value as of June 30, 2015	$ 14	$ 348	$ 87	$ 547	$ 15	$ 49	$ 662	$ 1,722	$ 72
Total realized/unrealized gains (losses)									
Included in net income [1] [2]	—	—	—	(10)	—	—	—	(10)	—
Included in OCI [3]	—	(8)	(1)	—	(1)	1	(3)	(12)	1
Purchases	—	—	5	19	—	—	22	46	—
Settlements	—	(7)	(12)	4	—	—	(33)	(48)	(25)
Sales	—	—	—	(15)	(1)	—	(51)	(67)	—
Transfers into Level 3 [4]	—	—	—	24	3	—	—	27	—
Transfers out of Level 3 [4]	(9)	—	(5)	(29)	—	—	—	(43)	(1)
Fair value as of September 30, 2015	**$ 5**	**$ 333**	**$ 74**	**$ 540**	**$ 16**	**$ 50**	**$ 597**	**$ 1,615**	**$ 47**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ —	$ —	$ —	$ (12)	$ —	$ —	$ —	$ (12)	$ 1

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2. Fair Value Measurements (continued)

		Freestanding Derivatives [5]					
Assets (Liabilities)	**Equity Securities, AFS**	**Commodity**	**Equity**	**Interest Rate**	**GMWB Hedging**	**Macro Hedge Program**	**Total Free-Standing Derivatives [5]**
Fair value as of June 30, 2015	$ 44	$ 2	$ 3	$ (28)	$ 125	$ 165	$ 267
Total realized/unrealized gains (losses)							
Included in net income [1] [2]	(4)	2	(3)	(2)	46	18	61
Included in OCI [3]	3	—	—	—	—	—	—
Purchases	2	—	—	—	—	—	—
Settlements	—	—	—	—	—	—	—
Sales	—	—	—	—	—	—	—
Transfers into Level 3 [4]	—	—	—	—	—	—	—
Transfers out of Level 3 [4]	—	—	—	—	—	—	—
Fair value as of September 30, 2015	**$ 45**	**$ 4**	**$ —**	**$ (30)**	**$ 171**	**$ 183**	**$ 328**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ (4)	$ 2	$ —	$ (2)	$ 48	$ 12	$ 60

Assets	**Reinsurance Recoverable for GMWB**	**Separate Accounts**
Fair value as of June 30, 2015	$ 50	$ 735
Total realized/unrealized gains (losses)		
Included in net income [1] [2]	46	(10)
Included in OCI	—	(2)
Purchases	—	69
Settlements	(23)	(6)
Sales	—	(201)
Transfers into Level 3 [4]	—	1
Transfers out of Level 3 [4]	—	(76)
Fair value as of September 30, 2015	**$ 73**	**$ 510**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ 46	$ (7)

	Other Policyholder Funds and Benefits Payable			
Liabilities	**Guaranteed Withdrawal Benefits [7]**	**Equity Linked Notes**	**Total Other Policyholder Funds and Benefits Payable**	**Consumer Notes**
Fair value as of June 30, 2015	$ (112)	$ (26)	$ (138)	$ (3)
Total realized/unrealized gains (losses)				
Included in net income [1] [2]	(177)	5	(172)	3
Settlements	19	—	19	—
Fair value as of September 30, 2015	**$ (270)**	**$ (21)**	**$ (291)**	**$ —**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ (177)	$ 5	$ (172)	$ 3

2. Fair Value Measurements (continued)

The following tables provide fair value roll-forwards for the nine months ended September 30, 2015 , for financial instruments classified as Level 3.

	Fixed Maturities, AFS								
Assets	**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]	—	(1)	—	(12)	—	—	(1)	(14)	(4)
Included in OCI [3]	(2)	5	(2)	(26)	(3)	(4)	(2)	(34)	1
Purchases	22	—	17	22	3	—	68	132	5
Settlements	—	(25)	(31)	(20)	(2)	—	(91)	(169)	(23)
Sales	(6)	—	(3)	(30)	(15)	—	(108)	(162)	(5)
Transfers into Level 3 [4]	1	—	4	82	3	—	16	106	—
Transfers out of Level 3 [4]	(92)	(6)	(30)	(122)	—	—	(19)	(269)	(11)
Fair value as of September 30, 2015	**$ 5**	**$ 333**	**$ 74**	**$ 540**	**$ 16**	**$ 50**	**$ 597**	**$ 1,615**	**$ 47**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ —	$ (1)	$ (1)	$ (11)	$ —	$ —	$ —	$ (13)	$ 2

		Freestanding Derivatives [5]						
Assets (Liabilities)	**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]	2	1	(2)	5	(2)	21	(5)	18
Included in OCI [3]	1	—	—	—	—	—	—	—
Purchases	5	(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 September 30, 2015	**$ 45**	**$ —**	**$ 4**	**$ —**	**$ (30)**	**$ 171**	**$ 183**	**$ 328**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ (4)	$ 3	$ (2)	$ 1	$ (4)	$ 32	$ (3)	$ 27

2. Fair Value Measurements (continued)

Assets	Reinsurance Recoverable for GMWB	Separate Accounts
Fair value as of January 1, 2015	$ 56	$ 578
Total realized/unrealized gains (losses)		
Included in net income [1] [2]	31	(3)
Included in OCI	—	(3)
Purchases	—	331
Settlements	(14)	(16)
Sales	—	(251)
Transfers into Level 3 [4]	—	7
Transfers out of Level 3 [4]	—	(133)
Fair value as of September 30, 2015	**$ 73**	**$ 510**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ 31	$ —

	Other Policyholder Funds and Benefits Payable			
Liabilities	Guaranteed Living Benefits [7]	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]	(118)	5	(113)	3
Settlements	(13)	—	(13)	—
Fair value as of September 30, 2015	**$ (270)**	**$ (21)**	**$ (291)**	**$ —**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2015 [2] [6]	$ (118)	$ 5	$ (113)	$ 3

The following tables provide fair value roll-forwards for the three months ended September 30, 2014 , for financial instruments classified as Level 3.

	Fixed Maturities, AFS								
Assets	ABS	CDOs	CMBS	Corporate	Foreign Govt./Govt. Agencies	Municipal	RMBS	Total Fixed Maturities, AFS	Fixed Maturities, FVO
Fair value as of June 30, 2014	$ 51	$ 385	$ 246	$ 733	$ 29	$ 52	$ 775	$ 2,271	$ 138
Total realized/unrealized gains (losses)									
Included in net income [1] [2]	—	11	(1)	(2)	—	—	2	10	—
Included in OCI [3]	(1)	(4)	—	(4)	—	—	3	(6)	—
Purchases	8	—	15	9	—	—	87	119	4
Settlements	—	(14)	(117)	(15)	(1)	—	(31)	(178)	—
Sales	—	(12)	—	(3)	(2)	—	(67)	(84)	(46)
Transfers into Level 3 [4]	71	—	7	21	—	—	—	99	—
Transfers out of Level 3 [4]	(39)	—	—	(37)	—	—	—	(76)	—
Fair value as of September 30, 2014	**$ 90**	**$ 366**	**$ 150**	**$ 702**	**$ 26**	**$ 52**	**$ 769**	**$ 2,155**	**$ 96**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ —	$ —	$ —	$ (2)	$ —	$ —	$ —	$ (2)	$ —

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2. Fair Value Measurements (continued)

Assets (Liabilities)	Equity Securities, AFS	Freestanding Derivatives [5] Credit	Equity	Interest Rate	GMWB Hedging	Macro Hedge Program	Total Free-Standing Derivatives [5]
Fair value as of June 30, 2014	$ 52	$ —	$ 2	$ —	$ 97	$ 120	$ 219
Total realized/unrealized gains (losses)							
Included in net income [1] [2]	—	(2)	—	(1)	40	11	48
Purchases	—	(1)	—	—	—	3	2
Settlements	—	—	—	—	—	—	—
Sales	—	—	—	—	—	—	—
Transfers into Level 3 [4]	—	—	—	(26)	—	—	(26)
Transfers out of Level 3 [4]	—	1	—	—	—	—	1
Fair value as of September 30, 2014	**$ 52**	**$ (2)**	**$ 2**	**$ (27)**	**$ 137**	**$ 134**	**$ 244**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ —	$ (1)	$ —	$ —	$ 41	$ 11	$ 51

Assets	Reinsurance Recoverable for GMWB and Japan GMWB, GMIB, and GMAB	Separate Accounts
Fair value as of June 30, 2014	$ 31	$ 813
Total realized/unrealized gains (losses)		
Included in net income [1] [2]	2	4
Purchases	—	33
Settlements	3	(1)
Sales	—	(56)
Transfers into Level 3 [4]	—	1
Transfers out of Level 3 [4]	—	(3)
Fair value as of September 30, 2014	**$ 36**	**$ 791**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ 2	$ —

Liabilities	Other Policyholder Funds and Benefits Payable [1] Guaranteed Withdrawal Benefits [7]	Equity Linked Notes	Total Other Policyholder Funds and Benefits Payable	Consumer Notes
Fair value as of June 30, 2014	$ 2	$ (22)	$ (20)	$ (2)
Total realized/unrealized gains (losses)				
Included in net income [1] [2]	(37)	(1)	(38)	—
Settlements	(21)	—	(21)	—
Fair value as of September 30, 2014	**$ (56)**	**$ (23)**	**$ (79)**	**$ (2)**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ (37)	$ (1)	$ (38)	$ —

2. Fair Value Measurements (continued)

The following tables provide fair value roll-forwards for the nine months ended September 30, 2014 , for financial instruments classified as Level 3.

	Fixed Maturities, AFS								
Assets	**ABS**	**CDOs**	**CMBS**	**Corporate**	**Foreign Govt./Govt. Agencies**	**Municipal**	**RMBS**	**Total Fixed Maturities, AFS**	**Fixed Maturities, FVO**
Fair value as of January 1, 2014	$ 108	$ 428	$ 360	$ 790	$ 38	$ 49	$ 798	$ 2,571	$ 178
Total realized/unrealized gains (losses)									
Included in net income [1] [2]	—	11	8	(8)	(1)	—	11	21	14
Included in OCI [3]	2	2	(5)	21	4	4	4	32	—
Purchases	32	—	18	54	1	—	229	334	14
Settlements	(1)	(41)	(165)	(33)	(3)	—	(92)	(335)	(3)
Sales	(11)	(21)	(23)	(61)	(13)	(1)	(149)	(279)	(107)
Transfers into Level 3 [4]	71	48	7	128	—	—	—	254	—
Transfers out of Level 3 [4]	(111)	(61)	(50)	(189)	—	—	(32)	(443)	—
Fair value as of September 30, 2014	**$ 90**	**$ 366**	**$ 150**	**$ 702**	**$ 26**	**$ 52**	**$ 769**	**$ 2,155**	**$ 96**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ —	$ —	$ (1)	$ (9)	$ (1)	$ —	$ (1)	$ (12)	$ 19

		Freestanding Derivatives [5]						
Assets (Liabilities)	**Equity Securities, AFS**	**Credit**	**Equity**	**Interest Rate**	**GMWB Hedging**	**Macro Hedge Program**	**Intl. Program Hedging**	**Total Free-Standing Derivatives [5]**
Fair value as of January 1, 2014	$ 51	$ 2	$ 2	$ (24)	$ 146	$ 139	$ (61)	$ 204
Total realized/unrealized gains (losses)								
Included in net income [1] [2]	(1)	(4)	—	(3)	(20)	(14)	24	(17)
Included in OCI [3]	2	—	—	—	—	—	—	—
Purchases	—	(1)	—	—	4	9	9	21
Settlements	—	—	—	—	7	—	(5)	2
Transfers out of Level 3 [4]	—	1	—	—	—	—	33	34
Fair value as of September 30, 2014	**$ 52**	**$ (2)**	**$ 2**	**$ (27)**	**$ 137**	**$ 134**	**$ —**	**$ 244**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ (1)	$ (3)	$ —	$ (1)	$ (35)	$ (14)	$ 17	$ (36)

2. Fair Value Measurements (continued)

Assets	Reinsurance Recoverable for GMWB and Japan GMWB, GMIB, and GMAB	Separate Accounts
Fair value as of January 1, 2014	$ (467)	$ 737
Total realized/unrealized gains (losses)		
Included in net income [1] [2]	428	8
Purchases	—	298
Settlements	75	(2)
Sales	—	(219)
Transfers into Level 3 [4]	—	5
Transfers out of Level 3 [4]	—	(36)
Fair value as of September 30, 2014	**$ 36**	**$ 791**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ 428	$ 6

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, 2014	$ (576)	$ (18)	$ (594)	$ (2)
Total realized/unrealized gains (losses)				
Included in net income [1] [2]	633	(5)	628	—
Settlements	(113)	—	(113)	—
Fair value as of September 30, 2014	**$ (56)**	**$ (23)**	**$ (79)**	**$ (2)**
Changes in unrealized gains (losses) included in net income related to financial instruments still held at September 30, 2014 [2] [6]	$ 633	$ (5)	$ 628	$ —

[1] The Company classifies 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).

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 certain consolidated investment funds within the Fixed Maturities, FVO line on the Condensed Consolidated Balance Sheets. The Company reports consolidated investment companies at fair value with changes in the fair value of these securities recognized in net realized capital gains and losses, which is consistent with accounting requirements for investment companies. The investment funds hold fixed income securities in multiple sectors and the Company has management and control of the funds as well as a significant ownership interest.

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 September 30, 2015, 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.

2. Fair Value Measurements (continued)

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Assets				
Fixed maturities, FVO				
Corporate	$ —	$ (5)	$ 1	$ (2)
CDOs	—	1	1	17
Foreign government	—	—	—	16
RMBS	(1)	(1)	(4)	—
Total fixed maturities, FVO	**$ (1)**	**$ (5)**	**$ (2)**	**$ 31**
Equity, FVO	**$ —**	**$ —**	**$ 2**	**$ —**
Total realized capital gains (losses)	**$ (1)**	**$ (5)**	**$ —**	**$ 31**

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	
	September 30, 2015	December 31, 2014
Assets		
Fixed maturities, FVO		
ABS	$ 4	$ 13
Corporate	31	96
CDOs	46	67
CMBS	7	15
Foreign government	1	3
Municipals	1	2
RMBS	100	82
U.S. Government	2	2
Total fixed maturities, FVO	**$ 192**	**$ 280**
Equity, FVO [1]	**$ —**	**$ 248**

[1] Included in equity securities, AFS on the Condensed Consolidated Balance Sheets. The Company did not hold any equity securities, FVO as of September 30, 2015 .

2. Fair Value Measurements (continued)

Financial Instruments Not Carried at Fair Value

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

		September 30, 2015		December 31, 2014	
	Fair Value Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets					
Policy loans	Level 3	$ 1,427	$ 1,427	$ 1,430	$ 1,430
Mortgage loans	Level 3	2,914	3,036	3,109	3,280
Liabilities					
Other policyholder funds and benefits payable [1]	Level 3	$ 6,623	$ 6,855	$ 7,134	$ 7,353
Consumer notes [2] [3]	Level 3	40	40	68	68
Assumed investment contracts [3]	Level 3	783	851	763	851

[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.

3. Investments and Derivative Instruments

Net Realized Capital Gains (Losses)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Before-tax)	2015	2014	2015	2014
Gross gains on sales	$ 33	$ 56	$ 217	$ 218
Gross losses on sales	(33)	(8)	(181)	(203)
Net OTTI losses recognized in earnings	(24)	(10)	(32)	(20)
Valuation allowances on mortgage loans	—	—	(4)	(4)
Japanese fixed annuity contract hedges, net [1]	—	—	—	(14)
Periodic net coupon settlements on credit derivatives	2	1	5	10
Results of variable annuity hedge program				
GMWB derivatives, net	(32)	6	(35)	15
Macro hedge program	51	12	24	(13)
Total U.S. program	19	18	(11)	2
International Program [2]	—	—	—	(126)
Total results of variable annuity hedge program	**19**	**18**	**(11)**	**(124)**
GMIB/GMAB/GMWB reinsurance	—	—	—	579
Modified coinsurance reinsurance contracts	3	8	29	402
Other, net [3]	(22)	(15)	(41)	(250)
Net realized capital gains (losses), before-tax	**$ (22)**	**$ 50**	**$ (18)**	**$ 594**

[1] Includes gains (losses) of $(51) for the nine months ended September 30, 2014 on transactional foreign currency re-valuation related to the Japan fixed annuity product. Also includes gains (losses) of $37 for the nine months ended September 30, 2014 , due to change in value related to the derivative hedging instruments and the Japan government FVO securities.

[2] Includes transactional foreign currency re-valuation gains (losses) of $2 for the nine months ended September 30, 2014 .

[3] Other, net gains and losses include changes in value of non-qualifying derivatives, transactional foreign currency revaluation gains (losses) on yen denominated fixed payout annuity liabilities and gains (losses) on non-qualifying derivatives used to hedge the foreign currency exposure of the liabilities. Gains (losses) from transactional foreign currency revaluation of the reinsured liabilities were $(17) and $83 , respectively, for the three months ended September 30, 2015 and 2014 , and $(1) and $38 , respectively, for the nine months ended September 30, 2015 and 2014 . Gains (losses) on instruments used to hedge the foreign currency exposure on the reinsured fixed payout annuities were $8 and $(86) , respectively, for the three months ended September 30, 2015 and 2014 , and $(23) and $(58) , respectively for the nine months ended September 30, 2015 and 2014 .

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 $(24) and $10 , respectively, for the three and nine months ended September 30, 2015 , and $37 and $(4) , respectively, for the three and nine months ended September 30, 2014 . Proceeds from sales of AFS securities totaled $2.3 billion and $7.9 billion , respectively, for the three and nine months ended September 30, 2015 , and $2.6 billion and $8.2 billion , respectively, for the three and nine months ended September 30, 2014 .

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 represents 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.

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, 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 investment and accounting professionals will only authorize the sale of these securities based on predefined criteria that relate to events that could not have been reasonably foreseen. Examples of the criteria include, but are not limited to, the deterioration in the issuer's financial condition, security price declines, a change in regulatory requirements or a major business combination or major disposition.

The primary factors considered in evaluating whether an impairment exists for an equity security 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.

Impairments for the three and nine months ended September 30, 2015 were $24 and $32 , respectively, and $10 and $20 for the three and nine months ended September 30, 2014 , respectively. Impairments for the three and nine months ended September 30, 2015 and 2014 primarily consisted of credit impairments caused by issuer specific deterioration, as well as securities in an unrealized loss position which the Company had made the decision to sell.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Before-tax)	**2015**	**2014**	**2015**	**2014**
Balance, beginning of period	$ (270)	$ (351)	$ (296)	$ (410)
Additions for credit impairments recognized on [1]:				
Securities not previously impaired	—	—	(2)	(3)
Securities previously impaired	(12)	(2)	(12)	(8)
Reductions for credit impairments previously recognized on:				
Securities that matured or were sold during the period	49	48	54	107
Securities the Company made the decision to sell or more likely than not will be required to sell	—	—	1	—
Securities due to an increase in expected cash flows	10	4	32	13
Balance, end of period	**$ (223)**	**$ (301)**	**$ (223)**	**$ (301)**

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

3. Investments and Derivative Instruments (continued)

Available-for-Sale Securities

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

	September 30, 2015					December 31, 2014				
	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	$ 953	$ 22	$ (32)	$ 943	$ —	$ 1,181	$ 20	$ (30)	$ 1,171	$ —
CDOs [2]	1,318	77	(8)	1,386	—	1,083	84	(20)	1,148	—
CMBS	1,935	78	(12)	2,001	(3)	1,797	97	(7)	1,887	(3)
Corporate	14,404	1,174	(150)	15,428	(1)	14,166	1,685	(109)	15,742	(3)
Foreign govt./govt. agencies	335	17	(11)	341	—	576	35	(9)	602	—
Municipal	1,067	89	(9)	1,147	—	935	118	(1)	1,052	—
RMBS	1,471	51	(10)	1,512	—	1,805	64	(12)	1,857	—
U.S. Treasuries	2,104	217	(1)	2,320	—	1,717	261	(1)	1,977	—
Total fixed maturities, AFS	**23,587**	**1,725**	**(233)**	**25,078**	**(4)**	**23,260**	**2,364**	**(189)**	**25,436**	**(6)**
Equity securities, AFS [3]	167	12	(12)	167	—	275	10	(19)	266	—
Total AFS securities	**$ 23,754**	**$ 1,737**	**$ (245)**	**$ 25,245**	**$ (4)**	**$ 23,535**	**$ 2,374**	**$ (208)**	**$ 25,702**	**$ (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 September 30, 2015 and December 31, 2014 .
[2] Gross unrealized gains (losses) exclude the fair value of bifurcated embedded derivatives within certain securities. Subsequent changes in fair value will be recorded in net realized capital gains (losses).
[3] Excludes equity securities, FVO, with a cost and fair value of $250 and $248 , respectively, as of December 31, 2014 . The Company did not hold any equity securities, FVO as of September 30, 2015 .

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

	September 30, 2015		December 31, 2014	
Contractual Maturity	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 921	$ 928	$ 1,031	$ 1,043
Over one year through five years	4,943	5,132	4,902	5,168
Over five years through ten years	3,713	3,808	3,345	3,501
Over ten years	8,333	9,368	8,116	9,661
Subtotal	17,910	19,236	17,394	19,373
Mortgage-backed and asset-backed securities	5,677	5,842	5,866	6,063
Total fixed maturities, AFS	**$ 23,587**	**$ 25,078**	**$ 23,260**	**$ 25,436**

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 stockholder's equity , other than the U.S. government and certain U.S. government securities as of September 30, 2015 and December 31, 2014 . For further discussion of concentration of credit risk, see the Concentration of Credit Risk section in Note 4 - Investments and Derivative Instruments of Notes to Consolidated Financial Statements in the Company's 2014 Form 10-K Annual Report.

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.

	September 30, 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	$ 268	$ 267	$ (1)	$ 253	$ 222	$ (31)	$ 521	$ 489	$ (32)
CDOs [1]	521	519	(2)	524	517	(6)	1,045	1,036	(8)
CMBS	388	380	(8)	94	90	(4)	482	470	(12)
Corporate	3,488	3,368	(120)	366	336	(30)	3,854	3,704	(150)
Foreign govt./govt. agencies	116	108	(8)	30	27	(3)	146	135	(11)
Municipal	278	270	(8)	4	3	(1)	282	273	(9)
RMBS	158	157	(1)	250	241	(9)	408	398	(10)
U.S. Treasuries	278	277	(1)	8	8	—	286	285	(1)
Total fixed maturities, AFS	**5,495**	**5,346**	**(149)**	**1,529**	**1,444**	**(84)**	**7,024**	**6,790**	**(233)**
Equity securities, AFS [2]	31	28	(3)	58	49	(9)	89	77	(12)
Total securities in an unrealized loss position	**$ 5,526**	**$ 5,374**	**$ (152)**	**$ 1,587**	**$ 1,493**	**$ (93)**	**$ 7,113**	**$ 6,867**	**$ (245)**

	December 31, 2014								
	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	$ 368	$ 367	$ (1)	$ 340	$ 311	$ (29)	$ 708	$ 678	$ (30)
CDOs [1]	123	122	(1)	771	753	(19)	894	875	(20)
CMBS	109	108	(1)	194	188	(6)	303	296	(7)
Corporate	1,542	1,491	(51)	661	603	(58)	2,203	2,094	(109)
Foreign govt./govt. agencies	145	140	(5)	68	64	(4)	213	204	(9)
Municipal	14	14	—	13	12	(1)	27	26	(1)
RMBS	148	147	(1)	229	218	(11)	377	365	(12)
U.S. Treasuries	184	184	—	18	17	(1)	202	201	(1)
Total fixed maturities, AFS	**2,633**	**2,573**	**(60)**	**2,294**	**2,166**	**(129)**	**4,927**	**4,739**	**(189)**
Equity securities, AFS [2]	81	75	(6)	92	79	(13)	173	154	(19)
Total securities in an unrealized loss position	**$ 2,714**	**$ 2,648**	**$ (66)**	**$ 2,386**	**$ 2,245**	**$ (142)**	**$ 5,100**	**$ 4,893**	**$ (208)**

[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] Excludes equity securities, FVO, as of December 31, 2014 . The Company did not hold any equity securities, FVO as of September 30, 2015 .

As of September 30, 2015 , AFS securities in an unrealized loss position, consisted of 2,487 securities, primarily in the corporate sector, as well as commercial and residential real estate and student loan ABS, which are depressed primarily due to an increase in interest rates and/or wider credit spreads since the securities were purchased. As of September 30, 2015 , 89% of these securities were depressed less than 20% of cost or amortized cost. The increase in unrealized losses as compared to December 31, 2014 , was primarily attributable to wider credit spreads, partially offset by a decline in interest rates.

3. Investments and Derivative Instruments (continued)

Most of the securities depressed for twelve months or more relate to student loan ABS and certain floating rate corporate securities with greater than 10 years to maturity concentrated in the financial services sector, as well as structured securities with exposure to commercial and residential real estate. Corporate securities and student loan ABS, are primarily depressed because the securities have floating-rate coupons and have long-dated maturities, or are perpetual, and current credit spreads are wider than when these securities were purchased. For certain commercial and residential real estate securities, current market spreads continue to be 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 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.

	September 30, 2015			December 31, 2014		
	Amortized Cost [1]	Valuation Allowance	Carrying Value	Amortized Cost [1]	Valuation Allowance	Carrying Value
Total commercial mortgage loans	$ 2,933	$ (19)	$ 2,914	$ 3,124	$ (15)	$ 3,109

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

As of September 30, 2015 , and December 31, 2014 , the carrying value of mortgage loans associated with the valuation allowance was $41 and $49 , respectively. There were no mortgage loans held-for-sale as of September 30, 2015 or December 31, 2014 . As of September 30, 2015 , 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.

	Nine Months Ended September 30,	
	2015	2014
Balance, beginning of period	$ (15)	$ (12)
(Additions)/Reversals	(4)	(4)
Deductions	—	—
Balance, end of period	$ (19)	$ (16)

3. Investments and Derivative Instruments (continued)

The weighted-average LTV ratio of the Company's commercial mortgage loan portfolio was 55% as of September 30, 2015 , 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 2.45x as of September 30, 2015 . The Company held no delinquent commercial mortgage loans as of September 30, 2015 .

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

Commercial Mortgage Loans Credit Quality

	September 30, 2015		December 31, 2014	
Loan-to-value	**Carrying Value**	**Avg. Debt-Service Coverage Ratio**	**Carrying Value**	**Avg. Debt-Service Coverage Ratio**
Greater than 80%	$ 15	1.21x	$ 21	1.14x
65% - 80%	354	1.71x	452	1.71x
Less than 65%	2,545	2.57x	2,636	2.49x
Total commercial mortgage loans	**$ 2,914**	**2.45x**	**$ 3,109**	**2.36x**

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

Mortgage Loans by Region

	September 30, 2015		December 31, 2014	
	Carrying Value	**Percent of Total**	**Carrying Value**	**Percent of Total**
East North Central	$ 64	2.2%	$ 64	2.1%
East South Central	14	0.5%	—	—%
Middle Atlantic	245	8.4%	272	8.7%
Mountain	19	0.7%	35	1.1%
New England	146	5.0%	146	4.7%
Pacific	892	30.6%	905	29.1%
South Atlantic	582	20.0%	532	17.1%
West North Central	1	—%	15	0.5%
West South Central	125	4.3%	125	4.0%
Other [1]	826	28.3%	1,015	32.7%
Total mortgage loans	**$ 2,914**	**100.0%**	**$ 3,109**	**100.0%**

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

Mortgage Loans by Property Type

	September 30, 2015		December 31, 2014	
	Carrying Value	**Percent of Total**	**Carrying Value**	**Percent of Total**
Commercial				
Agricultural	$ 18	0.6%	$ 22	0.7%
Industrial	875	30.1%	989	31.8%
Lodging	26	0.9%	26	0.8%
Multifamily	558	19.1%	522	16.8%
Office	713	24.5%	723	23.3%
Retail	613	21.0%	713	22.9%
Other	111	3.8%	114	3.7%
Total mortgage loans	**$ 2,914**	**100.0%**	**$ 3,109**	**100.0%**

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 an 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 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 investment management services and original investment.

	September 30, 2015			December 31, 2014		
	Total Assets	Total Liabilities [1]	Maximum Exposure to Loss [2]	Total Assets	Total Liabilities [1]	Maximum Exposure to Loss [2]
Investment funds [3]	$ 51	$ 11	$ 42	$ 154	$ 20	$ 138
Limited partnerships and other alternative investments	2	—	2	3	2	1
Total	**$ 53**	**$ 11**	**$ 44**	**$ 157**	**$ 22**	**$ 139**

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

Investment funds represent fixed income funds for which the Company has management and control of investments which is the activity that most significantly impacts its economic performance. The decline in investments funds is due to redemptions paid by one of the funds. Limited partnerships represent one hedge fund of funds for which the Company holds a majority interest in the fund as an investment.

Non-Consolidated VIEs

The Company, through normal investment activities, makes passive investments in structured securities issued by VIEs for which the Company is not the manager which are included in ABS, CDOs, CMBS and RMBS in the fixed maturities, AFS or fixed maturities, FVO, on 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.

Repurchase Agreements, Dollar Roll Transactions and Other Collateral Transactions

From time to time, the Company enters into repurchase agreements and dollar roll 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. These transactions generally have a contractual maturity of ninety days or less and the carrying amounts of these instruments approximates fair value.

3. Investments and Derivative Instruments (continued)

As part of repurchase agreements and dollar roll transactions, the Company transfers collateral of U.S. government and government agency securities and receives cash. For the 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 and dollar roll transactions as collateralized borrowings. The securities transferred under repurchase agreements and dollar roll transactions 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.

As of September 30, 2015 , the Company reported in fixed maturities, AFS and cash on the Condensed Consolidated Balance Sheets financial collateral pledged relating to repurchase agreements of $115 . The Company reported a corresponding obligation to repurchase the pledged securities of $115 in other liabilities on the Condensed Consolidated Balance Sheets. The Company had no outstanding dollar roll transactions as of September 30, 2015 . The Company had no outstanding repurchase agreements or dollar roll transactions as of December 31, 2014 .

The Company is required by law to deposit securities with government agencies in certain states in which it conducts business. As of September 30, 2015 , and December 31, 2014 , the fair value of securities on deposit was approximately $14 and $14 , respectively.

The Company is 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 businesses and enhance liquidity management. The amount of advances that can be taken are dependent on the asset types pledged to secure the advances. In September 2015, the Company entered into a three-month advance in the amount of $50 and posted $71 of collateral. The outstanding advance is reported in other policyholder funds and benefits payable and the collateral is recorded in fixed maturities, AFS in the Condensed Consolidated Balance Sheets as of September 30, 2015.

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 would be 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 2014 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 securities being hedged closely match the terms of the swap. The 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.

3. Investments and Derivative Instruments (continued)

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 commodity risk of certain fixed maturities 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 September 30, 2015 , and December 31, 2014 , the notional amount of interest rate swaps in offsetting relationships was $4.5 billion .

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.

Fixed Payout Annuity Hedge

The Company formerly offered certain variable annuity products with a GMIB and continues to reinsure 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 on 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

During 2014, the Company entered into total return swaps to hedge equity risk of specific common stock investments which are accounted for using fair value option in order to align the accounting treatment within net realized capital gains (losses). The Company also enters into equity index options with the purpose of hedging the impact of an adverse equity market environment on the investment portfolio. In addition, the Company formerly offered certain equity indexed products, 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 $6 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. These options expire in early 2016.

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.

3. Investments and Derivative Instruments (continued)

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	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Customized swaps	$ 5,851	$ 7,041	$ 155	$ 124
Equity swaps, options, and futures	1,663	3,761	25	39
Interest rate swaps and futures	3,625	3,640	27	11
Total	**$ 11,139**	**$ 14,442**	**$ 207**	**$ 174**

Macro Hedge Program

The Company utilizes equity options, swaps and foreign currency options to partially hedge against a decline in the equity markets and the resulting statutory surplus and capital impact primarily arising from the guaranteed minimum death benefit ("GMDB") and GMWB obligations. The following table presents notional and fair value for the macro hedge program.

	Notional Amount		Fair Value	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Equity swaps, options, and futures	$ 4,272	$ 5,983	$ 183	$ 141
Foreign currency options	—	400	—	—
Total	**$ 4,272**	**$ 6,383**	**$ 183**	**$ 141**

Modified Coinsurance Reinsurance Contracts

As of September 30, 2015 , and December 31, 2014 , the Company had approximately $918 and $ 1.0 billion , 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 fair value amounts as well as the gross asset and liability fair value amounts. For reporting purposes, the Company has elected to offset 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 or under a master netting agreement, which provides the Company with the legal right of offset. The Company has also elected to offset the fair value amounts, income accruals and related cash collateral receivables and payables of OTC-cleared derivative instruments based on clearing house agreements. The fair value amounts presented below 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. 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 tables below 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.

3. Investments and Derivative Instruments (continued)

	Net Derivatives				Asset Derivatives		Liability Derivatives	
	Notional Amount		Fair Value		Fair Value		Fair Value	
Hedge Designation/ Derivative Type	**Sep 30, 2015**	**Dec 31, 2014**	**Sep 30, 2015**	**Dec 31, 2014**	**Sep 30, 2015**	**Dec 31, 2014**	**Sep 30, 2015**	**Dec 31, 2014**
Cash flow hedges								
Interest rate swaps	$ 2,186	$ 2,242	$ 61	$ 37	$ 61	$ 37	$ —	$ —
Foreign currency swaps	143	143	(20)	(19)	6	3	(26)	(22)
Total cash flow hedges	**2,329**	**2,385**	**41**	**18**	**67**	**40**	**(26)**	**(22)**
Fair value hedges								
Interest rate swaps	43	32	—	—	—	—	—	—
Total fair value hedges	**43**	**32**	**—**	**—**	**—**	**—**	**—**	**—**
Non-qualifying strategies								
Interest rate contracts								
Interest rate swaps, swaptions, caps, floors, and futures	4,611	4,857	(296)	(323)	444	385	(740)	(708)
Foreign exchange contracts								
Foreign currency swaps and forwards	187	60	4	—	4	—	—	—
Fixed payout annuity hedge	1,319	1,319	(450)	(427)	—	—	(450)	(427)
Credit contracts								
Credit derivatives that purchase credit protection	104	276	6	(1)	7	4	(1)	(5)
Credit derivatives that assume credit risk [1]	1,427	946	(15)	7	3	11	(18)	(4)
Credit derivatives in offsetting positions	1,481	2,175	(1)	(1)	16	21	(17)	(22)
Equity contracts								
Equity index swaps and options	109	422	(1)	1	20	30	(21)	(29)
Commodity contracts								
Commodity options	288	—	4	—	4	—	—	—
Variable annuity hedge program								
GMWB product derivatives [2]	15,730	17,908	(270)	(139)	—	—	(270)	(139)
GMWB reinsurance contracts	3,233	3,659	73	56	73	56	—	—
GMWB hedging instruments	11,139	14,442	207	174	331	289	(124)	(115)
Macro hedge program	4,272	6,383	183	141	224	180	(41)	(39)
Other								
Modified coinsurance reinsurance contracts	918	974	62	34	62	34	—	—
Total non-qualifying strategies	**44,818**	**53,421**	**(494)**	**(478)**	**1,188**	**1,010**	**(1,682)**	**(1,488)**
Total cash flow hedges, fair value hedges, and non-qualifying strategies	**$ 47,190**	**$ 55,838**	**$ (453)**	**$ (460)**	**$ 1,255**	**$ 1,050**	**$ (1,708)**	**$ (1,510)**
Balance Sheet Location								
Fixed maturities, available-for-sale	$ 184	$ 186	$ (1)	$ 1	$ —	$ 1	$ (1)	$ —
Other investments	7,670	13,588	282	339	319	478	(37)	(139)
Other liabilities	19,406	19,473	(578)	(725)	801	481	(1,379)	(1,206)
Reinsurance recoverable	4,150	4,633	135	90	135	90	—	—
Other policyholder funds and benefits payable	15,780	17,958	(291)	(165)	—	—	(291)	(165)
Total derivatives	**$ 47,190**	**$ 55,838**	**$ (453)**	**$ (460)**	**$ 1,255**	**$ 1,050**	**$ (1,708)**	**$ (1,510)**

[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.

3. Investments and Derivative Instruments (continued)

Change in Notional Amount

The net decrease in notional amount of derivatives since December 31, 2014 , was primarily due to the following:

- The decline in notional amount related to the GMWB hedging instruments and the macro hedge program was primarily driven by portfolio re-positioning, a decline in equity markets, and the expiration of certain options. The decline in the GMWB product related notional amount was primarily driven by policyholder lapses and partial withdrawals.
- This decline was partially offset by an increase in notional amount related to credit derivatives that assume credit risk as a means to earn credit spread while re-balancing within certain fixed maturity sectors.

Change in Fair Value

The net improvement in the total fair value of derivative instruments since December 31, 2014 , was primarily related to the following:

- The increase in fair value of qualifying interest rate derivatives was primarily due to a decline in interest rates.
- The increase in the fair value related to the macro hedge program was primarily driven by a decline in the equity markets, increased equity volatility, and a decline in interest rates, partially offset by time decay on options.
- The increase 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 widening credit spreads, partially offset by a decline in long-term interest rates.
- 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 underperformance of the underlying actively managed funds compared to their respective indices and unfavorable policyholder behavior.
- The decrease in fair value associated with the fixed payout annuity hedges was primarily driven 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.

3. Investments and Derivative Instruments (continued)

As of September 30, 2015

	(i)	(ii)	(iii) = (i) - (ii)		(iv)	(v) = (iii) - (iv)
			Net Amounts Presented in the Statement of Financial Position		Collateral Disallowed for Offset in the Statement of Financial Position	
	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	$ 1,120	$ 925	$ 282	$ (87)	$ 123	$ 72
	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	$ (1,416)	$ (623)	$ (578)	$ (215)	$ (793)	$ —

As of December 31, 2014

	(i)	(ii)	(iii) = (i) - (ii)		(iv)	(v) = (iii) - (iv)
			Net Amounts Presented in the Statement of Financial Position		Gross Amounts Not Offset in the Statement of Financial Position	
	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	$ 959	$ 801	$ 339	$ (181)	$ 83	$ 75
	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	$ (1,345)	$ (574)	$ (722)	$ (49)	$ (900)	$ 129

[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 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 is limited to the net derivative payable associated with each counterparty.
[4] Excludes collateral associated with exchange-traded derivative instruments.

3. Investments and Derivative Instruments (continued)

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 table presents 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 September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014	2015	2014	2015	2014
Interest rate swaps	$ 28	$ (17)	$ 26	$ 13	$ —	$ 3	$ —	$ 2
Foreign currency swaps	—	(2)	(1)	(5)	—	—	—	—
Total	**$ 28**	**$ (19)**	**$ 25**	**$ 8**	**$ —**	**$ 3**	**$ —**	**$ 2**

		Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)			
		Three Months Ended September 30,		Nine Months Ended September 30,	
	Location	2015	2014	2015	2014
Interest rate swaps	Net realized capital gains (losses)	$ —	$ (2)	$ (1)	$ (1)
Interest rate swaps	Net investment income	8	12	25	38
Foreign currency swaps	Net realized capital gains (losses)	—	(9)	(7)	(9)
Total		**$ 8**	**$ 1**	**$ 17**	**$ 28**

As of September 30, 2015 , 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 $23 . 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 nine months ended September 30, 2015 , and September 30, 2014 , 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.

3. Investments and Derivative Instruments (continued)

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 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.

The Company recognized in income gains (losses) representing the ineffective portion of fair value hedges as follows:

Derivatives in Fair Value Hedging Relationships

	Gain or (Loss) Recognized in Income [1]							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015		2014		2015		2014	
	Derivative	Hedge Item	Derivative	Hedge Item	Derivative	Hedge Item	Derivative	Hedge Item
Interest rate swaps								
Net realized capital gains (losses)	$ —	$ —	$ 1	$ (1)	$ —	$ —	$ (1)	$ 2
Total	**$ —**	**$ —**	**$ 1**	**$ (1)**	**$ —**	**$ —**	**$ (1)**	**$ 2**

[1] The amounts presented do not include the periodic net coupon settlements of the derivative or the coupon income (expense) related to the hedged item. The net of the amounts presented represents the ineffective portion of the hedge.

3. Investments and Derivative Instruments (continued)

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Interest rate contracts				
Interest rate swaps, caps, floors, and forwards	$ (4)	$ (2)	$ (7)	$ (3)
Foreign exchange contracts				
Foreign currency swaps and forwards	2	—	4	2
Fixed payout annuity hedge [1]	8	(86)	(23)	(58)
Japanese fixed annuity hedging instruments [2]	—	—	—	22
Credit contracts				
Credit derivatives that purchase credit protection	4	1	3	(5)
Credit derivatives that assume credit risk	(13)	(5)	(11)	6
Equity contracts				
Equity index swaps and options	2	3	4	3
Commodity contracts				
Commodity options	2	—	(5)	—
Variable annuity hedge program				
GMWB product derivatives	(150)	(37)	(91)	54
GMWB reinsurance contracts	24	2	15	(9)
GMWB hedging instruments	94	41	41	(30)
Macro hedge program	51	12	24	(13)
International program hedging instruments	—	—	—	(126)
Other				
GMIB, GMAB, and GMWB reinsurance contracts	—	—	—	579
Modified coinsurance reinsurance contracts	2	8	28	402
Derivatives formerly associated with Japan [3]	—	(2)	—	(2)
Total [4]	**$ 22**	**$ (65)**	**$ (18)**	**$ 822**

[1] Not included in this amount is the associated liability adjustment for changes in foreign exchange spot rates through realized capital gains of $(17) and $83 for the three months ended September 30, 2015 and 2014 , respectively, and $(1) and $38 for the nine months ended September 30, 2015 and 2014 , respectively.
[2] The associated liability is adjusted for changes in foreign exchange spot rates through realized capital gains and was $(51) for the nine months ended September 30, 2014 .
[3] These amounts relate to the termination of the hedging program associated with the Japan variable annuity product due to the sale of HLIKK.
[4] 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.

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

- For the nine months ended September 30, 2015 , the net loss related to the fixed payout annuity hedge was primarily driven by a decline in U.S. interest rates.

3. Investments and Derivative Instruments (continued)

- The net losses related to credit derivatives were primarily driven by widening credit spreads.
- The net losses related to the combined GMWB hedging program which includes the GMWB product, reinsurance, and hedging derivatives, were primarily driven by underperformance of the underlying actively managed funds compared to their respective indices and unfavorable policyholder behavior.
- For the three months ended September 30, 2015 , the gain on the macro hedge program was primarily driven by a decline in the equity markets. For the nine months ended September 30, 2015 , the gain on the macro hedge program was primarily driven by a decline in the equity markets, increased equity volatility, and a decline in interest rates, partially offset by a loss driven by time decay on options.
- 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 widening credit spreads, partially offset by a decline in long-term interest rates. The assets remain on the Company's books and the Company recorded offsetting losses in OCI as a result of the decrease in market value of the bonds.

For the three and nine months ended September 30, 2014 , the net realized capital gain (loss) related to derivatives used in non-qualifying strategies was primarily comprised of the following:

- The net gain on the GMIB, GMAB, and GMWB reinsurance contracts was driven by the sale of HLIKK and concurrent recapture of the associated risks by HLIKK. For further discussion related to the sale, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements.
- For the nine months ended September 30, 2014 , the net gain on the coinsurance and modified coinsurance reinsurance contracts was primarily due to the termination of a certain reinsurance contract, which was with an affiliated captive reinsurer and was accounted for as an embedded derivative. For a discussion related to the reinsurance agreement and the termination refer to Note 7 - Transactions with Affiliates of Notes to Condensed Consolidated Financial Statements.
- For the nine months ended September 30, 2014 , the net loss associated with the international program hedging instruments was primarily driven by an improvement in global equity markets and declines in volatility levels and interest rates.
- The net losses related to the fixed payout annuity hedge were driven by a depreciation of the Japanese yen in relation to the U.S. dollar.

In addition, the Company recognized no gains for the three months ended September 30, 2015 , and 2014 , and gains of $1 and $11 , respectively, for the nine months ended September 30, 2015 , and 2014 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 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 investments 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.

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 September 30, 2015 , and December 31, 2014 .

As of September 30, 2015

				Underlying Referenced Credit Obligation(s) [1]			
Credit Derivative type by derivative risk exposure	**Notional Amount [2]**	**Fair Value**	**Weighted Average Years to Maturity**	**Type**	**Average Credit Rating**	**Offsetting Notional Amount [3]**	**Offsetting Fair Value [3]**
Single name credit default swaps							
Investment grade risk exposure	$ 157	$ (1)	2 years	Corporate Credit/ Foreign Gov.	BBB+	$ 157	$ —
Basket credit default swaps [4]							
Investment grade risk exposure	1,216	5	4 years	Corporate Credit	BBB+	346	(3)
Investment grade risk exposure	571	(17)	6 years	CMBS Credit	AA+	164	1
Below investment grade risk exposure	74	(12)	2 years	CMBS Credit	CCC	74	12
Embedded credit derivatives							
Investment grade risk exposure	150	148	2 years	Corporate Credit	A+	—	—
Total [5]	**$ 2,168**	**$ 123**				**$ 741**	**$ 10**

As of December 31, 2014

				Underlying Referenced Credit Obligation(s) [1]			
Credit Derivative type by derivative risk exposure	**Notional Amount [2]**	**Fair Value**	**Weighted Average Years to Maturity**	**Type**	**Average Credit Rating**	**Offsetting Notional Amount [3]**	**Offsetting Fair Value [3]**
Single name credit default swaps							
Investment grade risk exposure	$ 212	$ 3	3 years	Corporate Credit/ Foreign Gov.	A-	$ 163	$ (3)
Below investment grade risk exposure	4	—	1 year	Corporate Credit	CCC	4	—
Basket credit default swaps [4]							
Investment grade risk exposure	1,240	14	4 years	Corporate Credit	BBB+	667	(6)
Below investment grade risk exposure	9	(1)	5 years	Corporate Credit	BBB-	—	—
Investment grade risk exposure	344	(4)	5 years	CMBS Credit	AA	179	2
Below investment grade risk exposure	75	(11)	2 years	CMBS Credit	CCC+	75	11
Embedded credit derivatives							
Investment grade risk exposure	150	147	2 years	Corporate Credit	A	—	—
Total [5]	**$ 2,034**	**$ 148**				**$ 1,088**	**$ 4**

[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 and 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 going forward.
[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 $1.9 billion and $1.7 billion as of September 30, 2015 , and December 31, 2014 , 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 .

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 September 30, 2015 , and December 31, 2014 , the Company pledged cash collateral associated with derivative instruments with a fair value of $42 and $16 , 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 $935 and $900 , respectively, as of September 30, 2015 and December 31, 2014 , which have been included in fixed maturities on the Condensed Consolidated Balance Sheets. The counterparties have the right to sell or re-pledge these securities.

As of September 30, 2015 , and December 31, 2014 the Company accepted cash collateral associated with derivative instruments of $70 and $33 , 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 September 30, 2015 , and December 31, 2014 of $60 and $83 , respectively, of which the Company has the ability to sell or repledge $128 and $83 , respectively. As of September 30, 2015 , and December 31, 2014 , the Company had no repledged securities and the Company did not sell any securities. In addition, as of September 30, 2015 , and December 31, 2014 , non-cash collateral accepted was held in separate custodial accounts and was not included in the Company’s Condensed Consolidated Balance Sheets.

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]	Universal Life Secondary Guarantees
Liability balance as of January 1, 2015	**$ 812**	**$ 2,041**
Incurred	119	213
Paid	(83)	—
Unlock	(43)	(10)
Liability balance as of September 30, 2015	**$ 805**	**$ 2,244**
Reinsurance recoverable asset, as of January 1, 2015	**$ 480**	**$ 2,041**
Incurred	73	203
Paid	(66)	—
Unlock	17	—
Reinsurance recoverable asset, as of September 30, 2015	**$ 504**	**$ 2,244**

	GMDB/GMWB [1]	Universal Life Secondary Guarantees
Liability balance as of January 1, 2014	**$ 849**	**$ 1,802**
Incurred	135	174
Paid	(85)	—
Unlock	(90)	5
Liability balance as of September 30, 2014	**$ 809**	**$ 1,981**
Reinsurance recoverable asset, as of January 1, 2014	**$ 533**	**$ 1,802**
Incurred	78	179
Paid	(66)	—
Unlock	(62)	—
Reinsurance recoverable asset, as of September 30, 2014	**$ 483**	**$ 1,981**

[1] 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.

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

The following table presents details concerning GMDB/GMWB exposure as of September 30, 2015 :

Account Value by GMDB/GMWB Type

Maximum anniversary value ("MAV") [1]	Account Value ("AV") [8]	Net Amount at Risk ("NAR") [9]	Retained Net Amount at Risk ("RNAR") [9]	Weighted Average Attained Age of Annuitant
MAV only	$ 14,474	$ 3,162	$ 613	70
With 5% rollup [2]	1,256	260	92	70
With Earnings Protection Benefit Rider ("EPB") [3]	3,714	502	78	69
With 5% rollup & EPB	485	108	24	72
Total MAV	19,929	4,032	807	
Asset Protection Benefit (APB) [4]	11,879	838	556	69
Lifetime Income Benefit (LIB) – Death Benefit [5]	520	13	13	68
Reset [6] (5-7 years)	2,568	65	65	70
Return of Premium [7] /Other	9,568	79	72	68
Subtotal Variable Annuity with GMDB/GMWB [10]	**44,464**	**5,027**	**1,513**	**69**
Less: General Account Value with GMDB/GMWB	3,870			
Subtotal Separate Account Liabilities with GMDB	**40,594**			
Separate Account Liabilities without GMDB	81,029			
Total Separate Account Liabilities	**$ 121,623**			

[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 $7.1 billion of total account value and weighted average attained age of 71 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	September 30, 2015	December 31, 2014
Equity securities (including mutual funds)	$ 36,934	$ 44,786
Cash and cash equivalents	3,660	4,066
Total	**$ 40,594**	**$ 48,852**

As of September 30, 2015 and December 31, 2014 , approximately 18% and 17% of the equity securities (including mutual funds) in the preceding table were funds invested in fixed income securities and approximately 82% and 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.

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Tax provision at the U.S. federal statutory rate	$ 45	$ 31	$ 194	$ 246
Dividends-received deduction ("DRD")	(35)	(31)	(129)	(83)
Foreign related investments	2	(2)	(2)	(7)
Other	—	1	—	1
Provision (benefit) for income taxes	**$ 12**	**$ (1)**	**$ 63**	**$ 157**

The Company's effective tax rate for the nine months ended September 30, 2015 reflects a $36 net reduction in the provision for income taxes from intercompany tax settlements consisting of a $48 reduction in the provision in second quarter 2015 upon conclusion of the Internal Revenue Service audit of The Hartford's 2007-2011 federal consolidated income tax returns, offset by a $12 increase in the provision for the three months ended September 30, 2015 due to the filing of the Company's 2014 federal consolidated income tax return.

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.

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 believes it is more likely than not the deferred tax assets will be fully realized. Consequently no valuation allowance has been provided. 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

As of September 30, 2015 and December 31, 2014, the net deferred tax asset included the expected tax benefit attributable to net operating losses of $3,281 and $3,189 , respectively. If unutilized, $3,281 of the losses will expire 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.

5. Income Taxes (continued)

Alternative Minimum Tax Credit and Foreign Tax Credit Carryover

As of September 30, 2015 and December 31, 2014, the net deferred tax asset included the expected tax benefit attributable to alternative minimum tax credit carryover of $232 and $246 and foreign tax credit carryover of $127 and $58 , respectively. The alternative minimum tax credits have no expiration date and the foreign tax credit carryovers expire from 2018 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 begun to purchase 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.

6. Commitments and Contingencies

Litigation

The Company is involved in claims litigation arising in the ordinary course of business, both as a liability insurer defending or providing indemnity for third-party claims brought against insureds and as an insurer defending coverage claims brought against it. The Company accounts for such activity through the establishment of 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. These actions include, among others, individual actions in which punitive damages are sought, such as claims alleging bad faith in the handling of insurance claims or other allegedly unfair or improper business practices. 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, the 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 of the individual legal entity that entered into the derivative agreement as set by nationally recognized statistical rating agencies. 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 September 30, 2015 , is $824 . Of this $824 the legal entities have posted collateral of $1.1 billion in the normal course of business. In addition, the Company has posted collateral of $34 associated with a customized GMWB derivative. Based on derivative market values as of September 30, 2015 , 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.

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 September 30, 2015 and December 31, 2014 , the Company had $54 of reserves for claim annuities purchased by affiliated entities. For the nine months ended September 30, 2015 and 2014 , the Company recorded earned premiums of $2 and $2 , respectively, for these intercompany claim annuities.

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 September 30, 2015 and December 31, 2014 , no recoverables have been recorded for this guarantee, as the Company was able to meet these policyholder obligations.

Reinsurance Assumed from Affiliates

Concurrent with the sale of HLIKK in 2014, certain fixed annuity products and variable annuity product GMDB, GMIB, GMWB and GMAB riders that had been previously reinsured to the Company and HLAI were recaptured by terminating or modifying intercompany agreements. Upon closing, the Company and HLAI transferred approximately $1.6 billion of assets supporting the recaptured reserves resulting in a loss of $213 on the recapture transaction and the Buyer became responsible for all liabilities of the recaptured business.

HLAI continues to provide reinsurance for yen denominated fixed payout annuities approximating $783 as of September 30, 2015 .

Reinsurance Ceded to Affiliates

The Company maintains a reinsurance agreement with HLA, whereby the Company cedes both group life and group accident and health risk. Under this treaty, the Company ceded group life premium of $14 and $50 for the three and nine months ended September 30, 2015 , respectively, and $20 and $62 for the three and nine months ended September 30, 2014 , respectively. The Company ceded accident and health premiums to HLA of $26 and $105 for the three and nine months ended September 30, 2015 , respectively, and $49 and $328 for the three and nine months ended September 30, 2014 , respectively.

Until April 1, 2014 , HLAI had a modified coinsurance (“modco”) and coinsurance with funds withheld reinsurance agreement with WRR. HLAI ceded to WRR variable annuity contracts, associated riders, and payout annuities written by HLAI; annuity contracts and associated riders assumed by HLAI under unaffiliated reinsurance agreements; GMAB, GMIB riders and GMDB risks assumed by HLAI from HLIKK.

Under modco, the assets and the liabilities, and under coinsurance with funds withheld, the assets, associated with the reinsured business remained on the consolidated balance sheet of HLIC in segregated portfolios, and WRR received the economic risks and rewards related to the reinsured business through modco and funds withheld adjustments. These adjustments were recorded as an adjustment to operating expenses.

Effective April 1, 2014 , HLAI terminated its modco and coinsurance with funds withheld reinsurance agreement with WRR, following receipt of approval from the CTDOI and Vermont Department of Financial Regulation. As a result, the Company reclassified $310 in aggregate reserves for annuity contracts from funds withheld within Other liabilities to Other policyholder funds and benefits payable. The Company recognized a gain of $213 in the year ended December 31, 2014 resulting from the termination of derivatives associated with the reinsurance transaction. On April 30, 2014 , The Hartford dissolved WRR which resulted in WRR paying off a $655 surplus note and returning $367 in capital to The Hartford, all of which was contributed as capital to HLAI to support the recaptured risks.

7. Transactions with Affiliates (continued)

The impact of the modco and coinsurance with funds withheld reinsurance agreement with WRR on the Company's Condensed Consolidated Statements of Operations prior to termination was as follows:

	Nine Months Ended September 30, 2014
Earned premiums	$ (5)
Net realized losses [1]	(103)
Total revenues	**(108)**
Benefits, losses and loss adjustment expenses	(1)
Insurance operating costs and other expenses	(4)
Total expenses	**(5)**
Loss before income taxes	**(103)**
Income tax benefit	(36)
Net loss	**$ (67)**

[1] Amounts represent the change in valuation of the derivative associated with this transaction.

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 September 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	**$ 790**	**$ 62**	**$ (3)**	**$ 849**
OCI before reclassifications	(103)	18	—	(85)
Amounts reclassified from AOCI	16	(5)	—	11
OCI, net of tax	(87)	13	—	(74)
Ending balance	**$ 703**	**$ 75**	**$ (3)**	**$ 775**

Nine months ended September 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	(445)	16	—	(429)
Amounts reclassified from AOCI	(6)	(11)	—	(17)
OCI, net of tax	(451)	5	—	(446)
Ending balance	**$ 703**	**$ 75**	**$ (3)**	**$ 775**

Reclassifications from AOCI consist of the following:

	Amount Reclassified from AOCI		
AOCI	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	Affected Line Item in the Condensed Consolidated Statement of Operations
Net Unrealized Gain on Securities			
Available-for-sale securities	$ (24)	$ 10	Net realized capital gains (losses)
	(24)	**10**	**Total before tax**
	(8)	4	Income tax expense (benefit)
	$ (16)	**$ 6**	**Net income**
Net Gains on Cash Flow Hedging Instruments			
Interest rate swaps	$ —	$ (1)	Net realized capital gains (losses)
Interest rate swaps	8	25	Net investment income
Foreign currency swaps	—	(7)	Net realized capital gains (losses)
	8	**17**	**Total before tax**
	3	6	Income tax expense (benefit)
	$ 5	**$ 11**	**Net income**
Total amounts reclassified from AOCI	**$ (11)**	**$ 17**	**Net income**

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

Three months ended September 30, 2014

	Changes in			
	Net Unrealized Gain on Securities	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	AOCI, net of tax and DAC
Beginning balance	**$ 1,066**	**$ 80**	**$ —**	**$ 1,146**
OCI before reclassifications	8	(14)	(1)	(7)
Amounts reclassified from AOCI	(24)	(1)	—	(25)
OCI, net of tax	(16)	(15)	(1)	(32)
Ending balance	**$ 1,050**	**$ 65**	**$ (1)**	**$ 1,114**

Nine months ended September 30, 2014

	Changes in			
	Net Unrealized Gain on Securities	Net Gain on Cash Flow Hedging Instruments	Foreign Currency Translation Adjustments	AOCI, net of tax and DAC
Beginning balance	**$ 495**	**$ 79**	**$ —**	**$ 574**
OCI before reclassifications	552	4	(1)	555
Amounts reclassified from AOCI	3	(18)	—	(15)
OCI, net of tax	555	(14)	(1)	540
Ending balance	**$ 1,050**	**$ 65**	**$ (1)**	**$ 1,114**

Reclassifications from AOCI consist of the following:

	Amount Reclassified from AOCI		
AOCI	Three months ended September 30, 2014	Nine months ended September 30, 2014	Affected Line Item in the Condensed Consolidated Statement of Operations
Net Unrealized Gain on Securities			
Available-for-sale securities	$ 37	$ (4)	Net realized capital gains (losses)
	37	**(4)**	**Total before tax**
	13	(1)	Income tax expense
	$ 24	**$ (3)**	**Net income**
Net Gains on Cash Flow Hedging Instruments			
Interest rate swaps	$ (2)	$ (1)	Net realized capital gains (losses)
Interest rate swaps	12	38	Net investment income
Foreign currency swaps	(9)	(9)	Net realized capital gains (losses)
	1	**28**	**Total before tax**
	—	10	Income tax expense
	$ 1	**$ 18**	**Net income**
Total amounts reclassified from AOCI	**$ 25**	**$ 15**	**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 September 30, 2015 compared with the comparable 2014 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 2014 Form 10-K Annual Report.

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CONSOLIDATED RESULTS OF OPERATIONS

Operating Summary	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Change	2015	2014	Change
Fee income and other	$ 261	$ 292	(11%)	$ 816	$ 923	(12%)
Earned premiums	27	56	(52%)	73	(15)	NM
Net investment income	364	391	(7%)	1,129	1,178	(4%)
Net realized capital gains (losses)	(22)	50	(144%)	(18)	594	(103%)
Total revenues	**630**	**789**	**(20%)**	**2,000**	**2,680**	**(25%)**
Benefits, losses and loss adjustment expenses	360	421	(14%)	993	1,090	(9%)
Amortization of deferred policy acquisition costs	34	134	(75%)	73	188	(61%)
Insurance operating costs and other expenses	126	144	(13%)	406	696	(42%)
Reinsurance gain on dispositions	(20)	—	NM	(28)	—	NM
Dividends to policyholders	—	—	—%	—	2	(100%)
Total benefits, losses and expenses	**500**	**699**	**(28%)**	**1,444**	**1,976**	**(27%)**
Income before income taxes	**130**	**90**	**44%**	**556**	**704**	**(21%)**
Income tax expense (benefit)	12	(1)	NM	63	157	(60%)
Net income	**118**	**91**	**30%**	**493**	**547**	**(10%)**
Net income attributable to noncontrolling interest	1	3	(67%)	1	3	(67%)
Net income attributable to Hartford Life Insurance Company	**$ 117**	**$ 88**	**33%**	**$ 492**	**$ 544**	**(10%)**

Three and nine months ended September 30, 2015 compared to the three and nine months ended September 30, 2014

Net income increased for the three months ended September 30, 2015 as compared to the prior year period, primarily due to a decrease in amortization of deferred policy acquisition costs driven by a lower unfavorable unlock, lower net investment income, lower insurance operating costs and other expenses, and lower benefits, losses and loss adjustment expenses, partially offset by lower fee income due to the continued runoff of the business and a change to net realized capital losses from net realized capital gains. Net income decreased for the nine months ended September 30, 2015 as compared to the prior year period primarily due to a change to net realized capital losses from net realized capital gains and lower fee income, partially offset by a decrease in amortization of deferred policy acquisition costs driven by an unlock benefit due to an off-cycle assumption change and lower insurance operating costs and other expenses due to the continued runoff of the business.

Net investment income decreased for the three and nine months ended September 30, 2015 , as compared to the prior period, 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 $22 for the three months ended September 30, 2015 decreased from net realized capital gains of $50 , as compared to the prior year period. For further discussion of the results, see MD&A - Investment Results, Net Realized Capital Gains (Losses). Net realized capital gains decreased by for the nine months ended September 30, 2015 , as compared to the prior year period. Net realized capital gains for the nine months ended September 30, 2014 included net gains on derivatives associated with GMIB, GMAB, and GMWB reinsurance contracts that were driven by the sale of HLIKK and concurrent recapture of the reinsurance contracts, offset by the realized capital loss on the recapture of the reinsurance contracts.

The Company's effective tax rate differs from the U.S. Federal statutory rate of 35% in 2015 and 2014 primarily due to the separate account dividends received deduction. Income tax expense increased by $13 for the three months ended September 30, 2015, as compared to the prior year period, due to an increase in income before income taxes and the effect of permanent items. Income tax expense decreased by $94 for the nine months ended September 30, 2015 , as compared to the prior year period, due to a decrease in income before income taxes and a $36 net reduction in the provision for income taxes from 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 September 30,				Nine Months Ended September 30,			
	2015		2014		2015		2014	
(Before-tax)	**Amount**	**Yield [1]**	**Amount**	**Yield [1]**	**Amount**	**Yield [1]**	**Amount**	**Yield [1]**
Fixed maturities [2]	$ 286	4.9%	$ 272	4.5%	$ 825	4.6%	$ 843	4.3%
Equity securities, AFS	2	3.2%	4	5.6%	5	1.9%	9	3.7%
Mortgage loans	38	5.1%	38	4.7%	120	5.2%	117	4.7%
Policy loans	21	5.7%	20	5.5%	60	5.6%	59	5.5%
Limited partnerships and other alternative investments	10	3.1%	46	14.8%	97	10.6%	117	12.2%
Other [3]	21		28		63		83	
Investment expense	(14)		(17)		(41)		(50)	
Total net investment income	**364**	**4.7%**	**391**	**4.8%**	**1,129**	**4.8%**	**1,178**	**4.6%**
Total securities, AFS and other excluding limited partnerships and other alternative investments	**$ 354**	**4.8%**	**$ 345**	**4.4%**	**$ 1,032**	**4.6%**	**$ 1,061**	**4.3%**

[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 collateral, if any, and derivatives book value. Yield calculations for each period exclude assets associated with the disposition of Japan variable and fixed annuity business.

[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 nine months ended September 30, 2015 , compared to the three and nine months ended September 30, 2014

Total net investment income for the three and nine months ended September 30, 2015 , decreased in comparison to the three and nine months ended September 30, 2014 , primarily due to a decrease in income from limited partnerships and other alternative investments. Excluding limited partnerships and other alternative investments, net investment income declined as a result of a decrease in assets related to the termination of certain reinsurance agreements related to the former Japan variable and fixed annuity business, as well as the continued runoff of the Company's businesses, partially offset by higher income received from previously impaired securities, make-whole payments on fixed maturities, and prepayment penalties on mortgage loans.

The annualized net investment income yield, excluding limited partnerships and other alternative investments, increased to 4.6% for the nine months ended September 30, 2015 versus 4.3% for the comparable period in 2014 . The increase was primarily attributable to a decline in lower yielding assets disposed of as a result of the recapture of certain liabilities concurrent with the sale of HLIKK as well as higher income received from make-whole payments on fixed maturities and prepayment penalties on mortgage loans. The average reinvestment rate, excluding certain U.S. Treasury securities and cash equivalent securities, for the nine months ended September 30, 2015 , was approximately 3.4% which was below the average yield of sales and maturities of 3.9% for the same period due to the current interest rate environment. For the third quarter of 2015 , the new money yield increased to 4.0% compared to 3.2% in the prior year period driven by wider credit spreads.

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 and trading activities and changes in market conditions.

Net Realized Capital Gains (Losses)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Before-tax)	2015	2014	2015	2014
Gross gains on sales	$ 33	$ 56	$ 217	$ 218
Gross losses on sales	(33)	(8)	(181)	(203)
Net OTTI losses recognized in earnings	(24)	(10)	(32)	(20)
Valuation allowances on mortgage loans	—	—	(4)	(4)
Japanese fixed annuity contract hedges, net [1]	—	—	—	(14)
Periodic net coupon settlements on credit derivatives	2	1	5	10
Results of variable annuity hedge program				
GMWB derivatives, net	(32)	6	(35)	15
Macro hedge program	51	12	24	(13)
Total U.S. program	19	18	(11)	2
International Program	—	—	—	(126)
Total results of variable annuity hedge program	19	18	(11)	(124)
GMIB/GMAB/GMWB reinsurance	—	—	—	579
Modified coinsurance reinsurance contracts	3	8	29	402
Other, net [2]	(22)	(15)	(41)	(250)
Net realized capital gains, before-tax	**$ (22)**	**$ 50**	**$ (18)**	**$ 594**

[1] Relates to the Japanese fixed annuity product (adjustment of product liability for changes in spot currency exchange rates, related derivative hedging instruments, excluding net periodic coupon settlements, and Japan FVO securities).

[2] 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 and losses on sales for the three and nine months ended September 30, 2015 were primarily due to gains and losses on the sale of U.S treasuries and 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.
- Gross gains on sales for the three and nine months ended September 30, 2014 were primarily due to gains on the sale of corporate securities, CMBS, and RMBS. Gross losses on sales for the three and nine months ended September 30, 2014 were the result of losses on sales of emerging market securities, primarily within the foreign government and corporate sectors. 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 three months ended September 30, 2015 , the gain on the macro hedge program was primarily due to gains of $42 driven by a decline in equity markets. For the nine months ended September 30, 2015 , the gain on the macro hedge program was primarily due to gains of $39 driven by a decline in equity markets, $12 driven by increased equity volatility, and $8 driven by a decline in interest rates. The gains for the nine months ended September 30, 2015 , were partially offset by losses of $33 driven by time decay on options.
- For the three and nine months ended September 30, 2015 , the net losses related to the combined GMWB hedging program which includes the GMWB product, reinsurance, and hedging derivatives, were primarily due to losses of $21 and $10 , respectively, resulting from the underperformance of the underlying actively managed funds compared to their respective indices and losses of $9 and $12 , respectively, driven by unfavorable policyholder behavior.
- For the three months ended September 30, 2014 , the gain on the macro hedge program was primarily due to gains of $19 driven by increased equity volatility. For the nine months ended September 30, 2014 , the loss on the macro hedge program was primarily due to losses of $14 driven by an improvement in the domestic equity markets.
- For the three and nine months ended September 30, 2014 , the gains related to the combined GWMB derivatives, net, which include the GMWB product, reinsurance, and hedging derivatives, were primarily driven by gains of $31 on liability model assumption updates and gains of $10 and $8 , respectively, due to increased volatility. For the three and nine months ended September 30, 2014 , these gains were partially offset by losses of $20 and $24 , respectively, resulting from unfavorable policyholder behavior related to the early surrender value program.

- For the nine months ended September 30, 2014 , the net loss on the international program hedging instruments was primarily driven by an improvement in global equity markets and declines in volatility and interest rates.

GMIB/GMAB/GMWB Reinsurance

- For the nine months ended September 30, 2014 , the net gain on derivatives associated with GMIB, GMAB, and GMWB reinsurance contracts was driven by the sale of HLIKK and concurrent recapture of the reinsurance contracts. For further discussion on the sale, see Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements.

Modified Coinsurance Reinsurance

- For the three and nine months ended September 30, 2015 , the net gains associated with modified coinsurance reinsurance contracts were primarily driven by widening credit spreads, partially offset by a decline in long-term interest rates. 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 nine months ended September 30, 2014 , the net gain on the coinsurance and modified coinsurance reinsurance agreement was primarily due to the termination of a certain reinsurance contract, which was with an affiliated captive reinsurer and was accounted for as an embedded derivative. For a discussion related to the reinsurance agreement and the termination, refer to Note 7 - Transactions with Affiliates of Notes to Condensed Consolidated Financial Statements.

Other, Net

- Other, net losses for the three and nine months ended September 30, 2015 , were primarily due to losses of $12 and $13 , respectively, on credit derivatives driven by widening credit spreads and losses of $9 and $24 , respectively, related to the fixed payout annuity hedge driven by a decline in U.S. interest rates.
- Other, net loss for the nine months ended September 30, 2014 , was primarily due to losses of $213 related to the recapture of GMIB, GMAB, and GMWB reinsurance contracts, which was offset by gains of $410 on the termination of the reinsurance derivative reflected in GMIB, GMAB, and GMWB reinsurance line.

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 2014 Form 10-K Annual Report. The following discussion updates certain of the Company’s critical accounting estimates for September 30, 2015 results.

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, and sales inducement assets (“SIA”). 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.

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 (charge) to net income, net of tax by asset and liability as a result of the Unlock is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
DAC	$ (16)	$ (104)	$ (11)	$ (102)
SIA	—	(33)	—	(31)
Death and Other Insurance Benefit Reserves	(2)	18	60	27
Total (pre-tax)	**(18)**	**(119)**	**49**	**(106)**
Income tax effect	(6)	(42)	17	(37)
Total (after-tax)	**$ (12)**	**$ (77)**	**$ 32**	**$ (69)**

The Unlock charge, after-tax, for the three months ended September 30, 2015 was primarily due to separate account returns being below our aggregated estimated returns during the period largely due to the decline in equity markets. The Unlock benefit, after-tax for the nine months ended September 30, 2015 was primarily due to an off-cycle assumption change related to benefit utilization partially offset by separate account returns being below our aggregated estimated returns during the period. The Unlock charge, after-tax, for the three months and nine months ended September 30, 2014, was primarily due to a lower estimated gross profits on the fixed annuity block driven by the continued low interest rate environment, as well as, higher expected variable annuity unit costs, partially offset by actual separate accounts returns being above aggregated estimated returns during the period.

An Unlock revises EGPs, on a quarterly basis, to reflect market updates of policyholder account value and the Company's current best estimate assumptions. 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. As of September 30, 2015 , the margin between the DAC balance and the present value of future EGPs for individual variable annuities was 29% . 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.

In the third quarter of 2014, the Company completed a comprehensive non-market related policyholder behavior assumption study and incorporated the results of those studies into its projection of future gross profits. The annual comprehensive non-market related policyholder behavior assumption study for 2015 will be completed in the fourth quarter.

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 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 September 30, 2015 , there were no amounts outstanding with the HFSG Holding Company.

Derivative Commitments

Certain of the Company’s derivative agreements contain provisions that are tied to the financial strength ratings of the individual legal entity that entered into the derivative agreement as set by nationally recognized statistical rating agencies. 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 September 30, 2015 , is $ 824 . Of this $ 824 the legal entities have posted collateral of $ 1.1 billion in the normal course of business. In addition, the Company has posted collateral of $34 associated with a customized GMWB derivative. Based on derivative market values as of September 30, 2015 , 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

As of September 30, 2015 , the Company’s cash and short-term investments of $1.5 billion , included $70 of collateral received from, and held on behalf of derivative counterparties and no short-term investments pledged as collateral to derivative counterparties. The Company also held $2.3 billion of treasury securities, of which $786 had been pledged to derivative counterparties and $1.2 billion of government agency securities of which $149 had been pledged to derivative counterparties.

Total general account contractholder obligations are supported by $33 billion of cash and total general account invested assets, which includes a significant short-term investment position, as noted in the following discussion, to meet liquidity needs.

The following table summarizes the Company’s fixed maturities, short-term investments, and cash, as of September 30, 2015 :

Fixed maturities	$ 25,270
Short-term investments	1,083
Cash	450
Less: Derivative collateral	1,005
Total	**$ 25,798**

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 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. The CTDOI will permit the Company to pledge up to $1.39 billion in qualifying assets to secure FHLBB advances for 2015 .The amount of advances that can be taken are dependent on the asset types pledged to secure the advances. 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 if there were a desire to exceed these limits. In September 2015, the Company entered into a three-month advance in the amount of $50 . The outstanding advance is reported in other policyholder funds and benefits payable in the Condensed Consolidated Balance Sheets as of September 30, 2015.

Contractholder Obligations		As of September 30, 2015
Total Contractholder obligations	$	166,880
Less: Separate account assets [1]		121,623
General account contractholder obligations	**$**	**45,257**
Composition of General Account Contractholder Obligations		
Contracts without a surrender provision and/or fixed payout dates [2]	$	17,370
Fixed MVA annuities [3]		5,762
Other [4]		22,125
General account contractholder obligations	**$**	**45,257**

[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 charge, increasing the Company's liquidity position. In addition, a surrender of variable annuity separate account or general account assets 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, other than guaranteed investment products with an MVA feature (as noted in the following discussion) 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), although these annuities are held in a statutory separate account, as the contractholders are subject to the Company's credit risk. 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 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 significant 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 businesses in 2013 to MassMutual and Prudential, respectively. These 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 2014 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, if such company is a life insurance company) 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 $475 in dividends without prior approval from the applicable insurance commissioner.

In 2015, the Company's dividend limitation under the holding company laws of Connecticut is $556; however, based on the Company's earned surplus as of December 31, 2014, the Company is only permitted to pay $316 in dividends to its parent without prior approval from the CTDOI.

Through September 2015, the Company paid dividends of approximately $1.0 billion to its parent, based on the approval of the CTDOI. The Company has no ordinary dividend capacity for the remainder of 2015.

Cash Flows

	Nine Months Ended September 30,	
	2015	2014
Net cash provided by operating activities	$ 535	$ 304
Net cash provided by investing activities	$ 1,466	$ 2,377
Net cash used for financing activities	$ (1,809)	$ (2,920)
Cash – end of period	$ 450	$ 214

Net cash provided by operating activities increased in 2015 as compared to 2014 primarily due to a decrease in claims and benefits paid and a decrease in operating expenses paid, partially offset by an increase in payments made on reinsurance recoverables.

Net cash provided by investing activities in 2015 primarily relates to net proceeds from short-term investments of $1.1 billion and net proceeds from mortgage loans of $191. Net cash provided by investing activities in 2014 primarily relates to net proceeds of available-for-sale securities of $2.7 billion, partially offset by a change in short-term investments of $447.

Net cash used for financing activities in 2015 relates to a return of capital to the parent of approximately $1 billion and net payments for deposits, transfers and withdrawals for investments and universal life-type contracts of $889. Net cash used for financing activities in 2014 relates to net outflows on investment and universal life-type contracts of $2.6 billion, partially offset by a net capital contribution to parent of $275.

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 October 21, 2015 :

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 surplus necessary to support the business written. Statutory surplus represents the capital of the insurance company reported in accordance with accounting practices prescribed by the applicable state insurance department.

Statutory Surplus

The Company's aggregate statutory capital and surplus, as prepared in accordance with the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual ("US STAT"), was $5.0 billion as of September 30, 2015 and $5.6 billion as of December 31, 2014 , respectively. The statutory surplus amount as of December 31, 2014 is based on actual statutory filings with the applicable regulatory authorities. The statutory surplus amount as of September 30, 2015 , is an estimate, as the third quarter 2015 statutory filings have not yet been made.

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 2014 Form 10-K Annual Report and Note 1 - Basis of Presentation and Significant Accounting Policies of Notes to Condensed Consolidated Financial Statements.

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 of the Company’s 2014 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 September 30, 2015 .

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, both as a liability insurer defending or providing indemnity for third-party claims brought against insureds and as an insurer defending coverage claims brought against it. The Company accounts for such activity through the establishment of 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. These actions include, among others, individual actions in which punitive damages are sought, such as claims alleging bad faith in the handling of insurance claims or other allegedly unfair or improper business practices. 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, the 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. In deciding whether to invest in the securities of the Company, you should carefully consider the risk factors disclosed in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2014 , any of which could have a significant or material adverse effect on the business, financial condition, operating results or liquidity of of the Company. 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.

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)

October 29, 2015

HARTFORD LIFE INSURANCE COMPANY AND SUBSIDIARIES
FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2015
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.

Exhibit 12.01

HARTFORD LIFE INSURANCE COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(In millions)

	Nine Months Ended September 30,	Years Ended December 31,			
	2015	**2014**	**2013**	**2012**	**2011**
EARNINGS:					
Income (loss) from continuing operations before income taxes	$ 556	$ 861	$ 561	$ 531	$ (137)
Add: Total fixed charges, before interest credited to contractholders	—	—	—	—	—
Total earnings (loss), before interest credited to contractholders	**556**	**861**	**561**	**531**	**(137)**
Interest credited to contractholders [1]	512	725	952	1,526	1,554
Total earnings	**$ 1,068**	**$ 1,586**	**$ 1,513**	**$ 2,057**	**$ 1,417**
FIXED CHARGES:					
Interest expense	$ —	$ —	$ —	$ —	$ —
Interest factor attributable to rentals and other	—	—	—	—	—
Total fixed charges, before interest credited to contractholders	**—**	**—**	**—**	**—**	**—**
Interest credited to contractholders [1]	512	725	952	1,526	1,554
Total fixed charges	**$ 512**	**$ 725**	**$ 952**	**$ 1,526**	**$ 1,554**
RATIOS:					
Total earnings to total fixed charges [2]	2.1	2.2	1.6	1.3	NM
Deficiency of total earnings to total fixed charges [3]	$ —	$ —	$ —	$ —	$ 137
Ratio before interest credited to contractholders					
Total earnings to total fixed charges [2] [4]	NM	NM	NM	NM	NM

[1] Interest credited to contractholders includes interest credited on general account assets and interest credited on consumer notes.
[2] Ratios of less than one-to-one are presented as "NM" or not meaningful.
[3] Represents additional earnings that would be necessary to result in a one-to-one ratio.
[4] This secondary ratio is disclosed for the convenience of policyholders invested in the Company's general account and Consumer Note holders.

Exhibit 15.01

October 29, 2015

Hartford Life Insurance Company
200 Hopmeadow Street
Simsbury, 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 September 30, 2015 , and 2014 , as indicated in our report dated October 29, 2015 ; 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 September 30, 2015 , 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.

DELOITTE & TOUCHE LLP
Hartford, Connecticut

Exhibit 31.01

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: October 29, 2015

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

Exhibit 31.02

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:	October 29, 2015
By:	/s/ Peter F. Sannizzaro
	Peter F. Sannizzaro
	Senior Vice President and Principal Accounting Officer

Exhibit 32.01

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 September 30, 2015 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: October 29, 2015

Exhibit 32.02

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 September 30, 2015 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: October 29, 2015