



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

DIVISION OF
INVESTMENT MANAGEMENT

November 6, 2020

VIA ELECTRONIC MAIL

RESPONSE OF CHIEF ACCOUNTANT'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

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

Re: MEMBERS Life Insurance Company

By letter dated November 4, 2020, you request permission under Regulation S-X §3-13 (“Rule 3-13”) for MEMBERS Life Insurance Company (“Company”) to file audited financial statements of the Company prepared in accordance with statutory accounting principles¹ (“SAP”), in place of financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). You are requesting this permission in connection with certain registration statements on Form S-1 that are currently effective or may be filed in the future for index-linked annuity contracts (collectively, “Contracts”), in satisfaction of the financial information required by Form S-1, including the requirements of Items 11(e), 11(f) and 11(g) and Item 16(b) of Form S-1, as described in your letter.

Background

The Company

You state that the Company is a stock life insurance company, domiciled in the State of Iowa, that is subject to regulation by the Iowa Insurance Division. You also state that the Company is a direct wholly owned subsidiary of CUNA Mutual Investment Corporation (“CMIC”), a holding company that does not have any operations, whose direct parent is CMFG Life Insurance Company (“CFMG Life”), a stock life insurance company domiciled in Iowa. In addition, you state that CMFG Life is a direct wholly-owned subsidiary of TruStage

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

Financial Group, Inc. (“TruStage Financial Group”), a financial services holding company, which in turn is a direct wholly-owned subsidiary of CUNA Mutual Holding Company (“CMHC”), a mutual insurance holding company and the ultimate parent company of the Company.

You state that the Contracts are the only securities issued by the Company that are registered with the Commission, and for which the Company must prepare GAAP financial statements. You note that the Company’s current GAAP reporting process is structured for the sole purpose of producing GAAP financial statements for use in the registration statements on Form S-1 for the Contracts. You state that while the Company must prepare full entity level GAAP financial statements only in connection with issuing the Contracts, the Company provides limited GAAP financial information to certain of its parent companies for use in their consolidated financial statements.

You further state that if the Company no longer prepared full entity level GAAP financial statements, the GAAP financial information that the Company would be required to prepare for use by its parent companies would consist only of the Company’s unaudited balance sheet and income statement accounts included in the parent companies’ consolidated general ledger. You state that the Company believes that the GAAP financial information prepared by the Company for consolidation by its direct and indirect parent companies does not constitute a GAAP reporting package or partial GAAP financial statements.

You also state that the Company currently relies on the exemption from filing periodic reports required by the Securities Exchange Act of 1934 (the “Exchange Act”) provided by rule 12h-7 under the Exchange Act and will continue to rely on this exemption and comply with its conditions so long as the Company relies on the requested relief.² In this regard, you note that the Company (1) is subject to supervision by the Insurance Commissioner of the State of Iowa, and (2) files an annual statement of its financial condition with the Iowa state insurance regulator and the National Association of Insurance Commissioners, and (3) its financial statements are periodically examined by state regulators.³

² Rule 12h-7 exempts insurance companies from filing Exchange Act reports with respect to certain specified types of securities that are subject to state insurance regulation and are registered under the Securities Act of 1933 if certain other conditions are satisfied. 17 CFR 240.12h-7.

³ Rule 12h-7(a) and (c) specify that an issuer qualifying under that rule is a corporation subject to the supervision of the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of any State (as defined in the Exchange Act); and files an annual statement of its financial condition with, and is supervised and its financial condition examined periodically by, the insurance commissioner, bank commissioner, or any agency or officer performing like functions, of the issuer's domiciliary State.

The Contracts

You state that the Contracts are either standalone registered index-linked annuity contracts, or combination annuity contracts that offer variable investment options as well as registered index-linked investment options, that either currently have an effective registration statement on Form S-1 or that will be registered on Form S-1 in the future.⁴ You also state that (1) the Contracts do not represent an equity interest in the Company and are subject to regulation under Iowa insurance law,⁵ (2) the Contracts are not listed, traded or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any similar system and the Company takes steps reasonably designed to ensure that a trading market for the securities does not develop,⁶ and (3) prospectuses for the Contracts disclose, and will disclose, that the Company relies on the relief provided by rule 12h-7.⁷

Discussion

You note that Rule 3-13 provides that the Commission may, upon the informal written request of the registrant, and where consistent with the protection of investors, permit the omission of one or more of the financial statements required by Regulation S-X or the filing in substitution therefor of appropriate statements of comparable character. You assert that, for the Form S-1 registration statement of the Contracts, SAP financial statements audited by an independent auditor⁸ are appropriate statements of a comparable character to GAAP financial statements and are consistent with investor protection.

In support of this claim, you assert that investors in the Contracts will be most interested in information relevant to assessing the Company's ability to fulfill its contractual obligations.⁹

⁴ You note that in the future, the Company expects to offer updated versions of the existing Contracts listed in your letter or new Contracts that will be registered in a similar fashion to the existing Contracts.

⁵ Rule 12h-7(b) specifies that the securities that would otherwise trigger Exchange Act reporting obligations must not constitute an equity interest in the issuer, and must either be securities subject to regulation under the insurance laws of the domiciliary State of the issuer or guarantees of securities that are subject to regulation under the insurance laws of that jurisdiction.

⁶ Rule 12h-7(d) requires that those securities must not be listed, traded, or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any other similar system, network, or publication for trading or quoting. Rule 12h-7(e) requires that an issuer take steps reasonably designed to ensure that a trading market for the securities does not develop.

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

⁸ You state that the independent auditor engaged to audit the SAP financial statements will be registered with and subject to inspection by the Public Company Accounting Oversight Board, and will satisfy the independence standards of Article 2 of Regulation S-X.

⁹ You note the Commission recognized, in proposing variable annuity registration forms, that contract owners, participants, and annuitants may not want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the insurer's solvency. *Registration Form for Insurance Company Separate*

You assert that SAP financial statements would provide investors in the Contracts with sufficient information to assess the Company's solvency and its ability to fulfill its contractual obligations.¹⁰

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

Based on the facts and representations set forth in your letter as summarized above, as well as the conditions outlined above, and without necessarily agreeing with all of your analysis, your request for permission under Rule 3-13 for the Company to file SAP financial statements, audited by an independent auditor, in lieu of GAAP financial statements in registration statements filed for the Contracts on Form S-1, as it relates to the accounting basis of those financial statements only and as described above, is granted.^{11,12,13}

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

¹⁰ You also note that, while GAAP financial statements assist investors in understanding the Company's going concern value, investors in the Contracts do not need information regarding the Company's going concern value since there is no secondary market in the Contracts.

¹¹ The staff notes that it would be receptive to considering applications under Rule 3-13 from other registrants seeking to file SAP financial statements in lieu of GAAP financial statements in registration statements filed for products similar to the Contracts described here, under circumstances similar to those described above.

¹² Our analysis underlying this assurance has been developed in consultation with the staff of the Commission's Office of the Chief Accountant.

¹³ This relief is provided for the Contracts described in your letter based on the facts disclosed therein, including that the Contracts seeking to rely on the relief are non-variable annuity contracts classified as market-value adjusted annuities, contingent deferred annuities, and/or indexed annuities. As to any Contract registered or materially amended in the future, this permission is subject to the Commission staff's assessment of the Contract's registration statement for consistency with the facts described in your letter and the intended product types. In this regard, you have stated that the Company will notify the staff, in a letter accompanying the filing of any registration statement for a new Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract, of its intent to rely on the permission granted in this letter.

If you have any questions regarding this letter, please call the Chief Accountant's Office of the Division of Investment Management at (202) 551-6918.

Sincerely,

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

Alison Staloch
Chief Accountant
Division of Investment Management

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

November 4, 2020

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

Re: MEMBERS Life Insurance Company

Dear Ms. Staloch:

On behalf of MEMBERS Life Insurance Company ("MEMBERS Life" or the "Company") we respectfully request that, pursuant to Rule 3-13 of Regulation S-X, the staff of the Division of Investment Management (the "Staff") permit the Company to file audited financial statements prepared in accordance with statutory accounting principles ("SAP") prescribed or permitted by its domiciliary state regulator in place of financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") in registration statements on Form S-1 that are currently effective or in registration statements on Form S-1 filed in the future for index-linked annuity contracts as described in this letter (the "Contracts") in satisfaction of the financial information required by Form S-1, including the requirements of items 11(e), 11(f), 11(g) and 16(b) of the Form.

Because the Contracts are insurance products subject to state regulation, the Company believes that SAP financial statements are of a comparable character to GAAP financial statements and will provide investors in the Contracts with sufficient information to assess the Company's ability to meet its obligations under the relevant Contract, and that filing SAP financial statements in place of GAAP financial statements in registration statements on Form S-1 for the Contracts would be consistent with investor protection. Forms N-3, N-4 and N-6 already permit insurers to use SAP financial statements in registration statements for variable insurance products registered on those forms. That relief is intended to reduce the burden on insurance companies that otherwise would prepare GAAP financial statements solely to register variable insurance products. Because of the significant costs and administrative burdens associated with preparing GAAP financial statements, relief permitting use of SAP financial statements in Form N-3, N-4 and N-6 serves as a precedent for allowing the use of SAP financial statements in registration statements on Form S-1 for the Contracts.

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

The Company

MEMBERS Life is a stock life insurance company, domiciled in the State of Iowa, that is subject to regulation by the Iowa Insurance Division. The ultimate parent company of MEMBERS Life is

CUNA Mutual Holding Company (“CMHC”), a mutual insurance holding company. The Contracts are the only securities issued by MEMBERS Life that are registered with the Securities and Exchange Commission (“SEC”) and for which the Company must prepare GAAP financial statements.

MEMBERS Life is a direct wholly-owned subsidiary of CUNA Mutual Investment Corporation (“CMIC”), a holding company that does not have any operations. CMIC does not issue any registered securities. It prepares GAAP financial statements solely for the purpose of establishing the carrying value of CMIC for its direct parent, CMFG Life Insurance Company (“CFMG Life”), which is a life insurance company. CMFG Life reports its investment in CMIC as an admitted asset in its SAP financial statements. The carrying value must be supported by providing audited CMIC GAAP basis financial statements to state regulators.

CMFG Life, also a stock life insurance company domiciled in Iowa, issues variable life insurance policies that are registered with the SEC. Pursuant to relief provided by the Form N-6 on which the variable life policies are registered, which permits insurance companies that would not otherwise have to prepare GAAP financial statements to file SAP financial statements, the consolidated financial statements of CMFG Life filed with those registration statements are prepared on a statutory basis. Other than certain variable annuity contracts that were registered on Form N-4 but are no longer issued, no other securities issued by CMFG Life are registered with the SEC.

CMFG Life is a direct wholly-owned subsidiary of TruStage Financial Group, Inc. (“TruStage Financial Group”), which is a financial services holding company. TruStage Financial Group has not issued any SEC registered securities, but it prepares consolidated GAAP financial statements for distribution to a group of outside lenders pursuant to the terms of a letter of credit. TruStage Financial Group also provides its financial statements to rating agencies that provide an issuer credit rating.

TruStage Financial Group is a direct wholly-owned subsidiary of CMHC, the ultimate parent of MEMBERS Life. CMHC has not issued any SEC registered securities. It prepares consolidated GAAP financial statements to provide to state insurance regulators pursuant to reporting requirements for insurance holding companies.

While MEMBERS Life must prepare full entity level GAAP financial statements only in connection with issuing the Contracts, it provides limited GAAP financial information to certain parent companies for use in their consolidated financial statements. If MEMBERS Life no longer prepared full entity level GAAP financial statements, the unaudited GAAP financial information that MEMBERS Life would be required to prepare for use by its parent companies would consist only of the Company’s unaudited balance sheet and income statement accounts included in the parent companies’ consolidated general ledger. Preparing the additional financial information required for these stand-alone financial statements imposes significant costs and administrative burdens on the Company.

MEMBERS Life currently relies on the exemption from filing periodic reports required by the Securities Exchange Act of 1934 (the “1934 Act”) provided by Rule 12h-7 under the 1934 Act and will continue to rely on this exemption and comply with its conditions so long as it relies on the relief requested by this letter. MEMBERS Life is subject to supervision by the Insurance Commissioner of the State of Iowa. The Contracts, which are the only SEC registered securities issued by MEMBERS Life, do not represent an equity interest in MEMBERS Life and are subject to

regulation under Iowa insurance law. MEMBERS Life files an annual statement of its financial condition with the Iowa Insurance Commissioner. Furthermore, the Contracts are not listed, traded or quoted on an exchange, alternative trading system, inter-dealer quotation system, electronic communications network, or any similar system. MEMBERS Life takes steps reasonably designed to ensure that a trading market for the securities does not develop. In particular, the Contracts do not permit assignments, except where required by state law, and the Company monitors all ownership changes to ensure a trading market does not develop. Prospectuses for the Contracts now disclose, and will disclose, that MEMBERS Life relies on the relief provided by Rule 12h-7.

As an insurance company domiciled in Iowa, the Company must prepare SAP financial statements that are audited by an independent auditor and are filed with the Iowa state insurance regulator and the National Association of Insurance Commissioners. These financial statements are periodically examined by state regulators as part of a comprehensive regulatory program that focuses on the Company's solvency, with the goal of ensuring that the Company can fulfill its contractual obligations to policyholders. The ultimate objective of state solvency regulation is to ensure that an insurance company can pay policyholder liabilities when they come due and that the insurance company maintains capital and surplus at all times in such forms as required by state law to provide a margin of safety. With the objective of solvency regulation and policyholder protection, statutory accounting principles focus on an insurance company's balance sheet and solvency and emphasize the insurance company's liquidity.

The Contracts

The Contracts for which MEMBERS Life is seeking relief in this letter are either standalone registered index-linked annuity contracts¹, or combination annuity contracts that offer variable investment options as well as registered index-linked investment options², that either currently have an effective registration statement on Form S-1 or that will be registered on Form S-1 in the future. Like variable investment options, index-linked investment options offer the potential for higher returns than traditional fixed annuity contracts by allowing contract holders to assume increased market risk. The index-linked investment options also provide contract holders with some protection against negative market performance by crediting interest based upon the performance of a market index subject to a cap and a floor or buffer.

During the accumulation phase, Contract owners may select among a set of index-linked investment options each of which is linked to the performance of a specified market index. These interest crediting options offer a "floor" that establish the maximum negative market performance to which the contract owner will be exposed in a specified period or a "buffer" that establishes the maximum amount of negative market performance that will be absorbed by the Company, and a "cap" that establishes the maximum positive market performance that may be credited to the Contract at the end of the specified period. Investment options with a "floor" or "buffer" that expose the Contract owner to greater risk will have a higher corresponding "cap" and the potential for higher credited interest. Proceeds payable to a Contract owner who

¹ See Registration Statement on Form S-1 for MEMBERS Zone Annuity (File No. 333-222172) and Registration Statement on Form S-1 for CUNA Mutual Group Zone Income Annuity (File No. 333-228894)

² See Registration Statement on Form S-1 for MEMBERS Horizon Flexible Premium Deferred Variable and Index-Linked Annuity (File No. 333-228962) and Registration Statement on Form S-1 for MEMBERS Horizon II Flexible Premium Deferred Variable and Index Linked Annuity (File No. 333-229015).

withdraws Contract value or surrenders the Contract before the end of the stated term will reflect an adjustment made according to a prescribed formula.

The MEMBERS Zone Annuity, the MEMBERS Horizon Variable Annuity, the MEMBERS Horizon II Flexible Premium Variable Annuity and Index Linked Annuity and the CUNA Mutual Group Zone Income Annuity, described above, have been registered with the SEC on Form S-1. The MEMBERS Horizon and the MEMBERS Horizon II contracts also include traditional variable accounts that have been registered on Form N-4. In the future, MEMBERS Life expects to offer updated versions of these Contracts or new Contracts that will be registered in a similar fashion.

The Burden of Preparing GAAP Financial Statements

Constructing GAAP-compliant financial statements at the MEMBERS Life level for use in the S-1 registration statements for the Contracts is time consuming and expensive. It requires MEMBERS Life to capture and prepare a significant amount of entity level financial information that is not provided to the parent companies for use in preparing their consolidated GAAP financial statements. This includes the preparation of extensive financial information required to be disclosed in footnotes as well as Statements of Cash Flow and Shareholder Equity.

MEMBERS Life believes that the GAAP financial information it prepares for consolidation by its direct and indirect parent companies does not constitute a GAAP reporting package or partial GAAP financial statements. MEMBERS Life's current GAAP reporting process is structured for the sole purpose of producing GAAP financial statements for use in the registration statements on Form S-1 for the Contracts.

Request for Relief

Rule 3-13 of Regulation S-X provides that the SEC "may, upon the informal written request of the registrant, and where consistent with the protection of investors, permit the omission of one or more of the financial statements herein required or the filing in substitution thereof of appropriate statements of a comparable character." Because preparing and obtaining an independent audit of GAAP-compliant financial statements for MEMBERS Life solely for inclusion in Form S-1 registration statements for the Contracts involves substantial costs and administrative burdens and does not provide investors in those Contracts with material information beyond that available in SAP financial statements, MEMBERS Life requests relief pursuant to Rule 3-13 of Regulation S-X to file SAP financial statements instead of GAAP financial statements in Form S-1 registration statements for the Contracts. For the reasons stated more fully below, the Company believes SAP financial statements that have been audited by an independent auditor³ are appropriate financial statements of a comparable character to GAAP financial statements and are consistent with investor protection.

SAP financial statements will provide investors in Contracts with sufficient information to assess the respective Company's ability to meet its respective contractual obligations.

Forms N-3, N-4 and N-6 used to register variable insurance products under the 1933 Act already permit the use of SAP financial statements in place of GAAP financial statements if the insurance

³ The independent auditor engaged to audit the SAP financial statements will be registered with and subject to inspection by the PCAOB, and will satisfy the independence standards of Article 2 of Regulation S-X.

company issuing the variable insurance product would not have to prepare GAAP financial statements except for use in registration statements on such forms. This exception from the general requirement to file GAAP financial statements first appeared in Form N-4 for variable annuities when the form was adopted in 1985, and later was incorporated into Form N-6 for variable life insurance policies, when that form was adopted in 2002. In proposing Forms N-3 and N-4 for variable annuity contracts with Instructions permitting the use of SAP financial statements, the SEC recognized that: (a) guarantees associated with annuity payments and other benefits provided by the contracts-which are backed by the insurance company's general account-depend on the solvency of the insurance company; and (b) consequently, contract owners, participants, and annuitants may not want or need disclosure about the financial performance of the insurance company, but instead may be interested only in the insurer's solvency.

Similar to investors in variable insurance products, investors in the Contracts would be most interested in information relevant to the Company's ability to fulfill its contractual obligations. Statutory accounting principles are designed specifically to provide this type of information, emphasizing a company's ability to pay policyholder claims. SAP financial statements contain detailed information about an insurance company's balance sheet, including its regulatory capital and surplus that serve as financial cushions for paying contract owner claims. Furthermore, SAP financial statements enable state regulators to determine an insurance company's ability to meet its obligations to contract owners based on the availability of readily marketable assets when obligations are due. GAAP financial statements assist investors in understanding the Company's going concern value. Due to the absence of any secondary market in the Contracts, Contract owners do not need information regarding the Company's going concern value.

For these reasons, MEMBERS Life respectfully submits that SAP financial statements provide owners of their respective Contracts with sufficient information to assess the Company's solvency and its ability to fulfill its contractual obligations. GAAP financial statements, on the other hand, do not provide any additional informative value to investors that would justify the significant cost and administrative burdens of preparing and auditing the additional set of financial statements.

MEMBERS Life is currently required to prepare full GAAP financial statements only for the purpose of including them in Form S-1 registration statements for the Contracts.

MEMBERS Life does not issue or have outstanding any publicly-traded equity or debt securities. The Company currently prepares entity level GAAP financial statements solely for use in the registration statements on Form S-1 for the Contracts. MEMBERS Life does not file reports with the SEC under the 1934 Act. Moreover, the businesses of MEMBERS Life direct and indirect parents do not require MEMBERS Life to prepare a GAAP reporting package or partial GAAP financial statements. Form N-4 on which MEMBERS Life registers variable investment options that are available in some versions of the Contracts would permit the company to file audited SAP financial statements if it did not otherwise have to prepare GAAP financial statements for the Form S-1 registration statement.

Because the Company must prepare SAP financial statements for state regulators, production of entity-level audited GAAP financial statements results in duplicative reporting and auditing of financial statements. Moreover, the additional procedures that must be performed to carve out and produce legal entity GAAP financial statements for the Company results in higher costs and places additional demands on the Company's systems and administrative personnel.

When the SEC provided relief from filing GAAP financial statements in Forms N-3, N-4, and N-6, it explicitly recognized alleviating disclosure burden as a legitimate reason to permit the use of SAP financial statements by insurance companies that would not have to prepare GAAP financial statements except for use in a registration statement for an insurance product. MEMBERS Life respectfully submits that such relief is also appropriate with respect to the registration statements for the Contracts.

Conclusion

Because the Contracts are insurance contracts subject to state regulation, SAP financial statements are appropriate financial statements of a comparable character to GAAP financial statements and will provide prospective or current policyholders with sufficient information to assess the Company's ability to meet its contractual obligations and filing SAP financial statements audited by an independent auditor in place of GAAP financial statements required by Regulation S-X would be consistent with investor protection. Requiring the Company to file a GAAP compliant financial statements will not provide investors in the Contracts with additional information that justifies the significant costs and administrative burdens of preparing the financial statements.

For the reasons stated above, we respectfully request, on behalf of MEMBERS Life, that the Staff grant relief pursuant to Rule 3-13 of Regulation S-X to permit MEMBERS Life to file SAP financial statements audited by an independent auditor in registration statements on Form S-1 for the Contracts. Should you provide this relief, the Company will notify the Staff in a letter, accompanying the filing of any registration statement for a new Contract or any post-effective amendment to an existing registration statement that reflects a material change to a Contract, of its intent to rely on the permission granted in this letter.

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

Sincerely,



Stephen E. Roth

cc: Alexis Cunningham
Michael Pawluk
Alberto Zapata
Ross D. Hansen