

Internal Revenue Service

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:FIP:B04
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Date:
January 20, 2016

In Re

Legend

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Taxpayer =

Company A =

Company B =

State 1 =

State 2 =

Geographical Area 1 =

Geographical Area 2 =

Separate Accounts A & B =

Life Insurance Contract =

Annuity Contracts =

Dear :

This letter responds to your request for a ruling concerning the federal income tax consequences of a proposed transaction.

Company A is a stock life insurance company organized and operated under the laws of State 1. Company A represents that it qualifies as a life insurance company under section 816(a) of the Internal Revenue Code and that it is licensed to operate in Geographical Area 1. Company A's primary business is the issuance and reinsurance of life insurance and annuity contracts. Company A joins in the filing of a consolidated federal income tax return with Taxpayer, who is the common parent of the affiliated group that includes Company A.

Company B was organized and operated under the laws of State 2 and re-domesticated to State 1 on Date 1. Company B is a stock life insurance company and represents that it qualifies as a life insurance company under section 816(a). Company B is licensed to operate in Geographical Area 2. Company B's primary business is the issuance and reinsurance of life insurance and annuity contracts, including Life Insurance Contract and Annuity Contracts (collectively, the "Policies"). On Date 2, Company B became a wholly-owned subsidiary of Company A. Company B joins in the filing of a consolidated federal income tax return with Taxpayer, who is the common parent of the affiliated group that includes Company B. Company B currently sponsors two separate accounts, Separate Accounts A & B. The variable life insurance policies and variable annuities, included in the Policies, funded through the Separate Accounts are registered as securities under the Securities Act of 1933. Since Date 3, Company B has not issued any additional Life Insurance Contracts and since Date 4, Company B

has not issued any additional Annuity Contracts.

In order to operate more efficiently and to reduce administrative and other costs, the operations of Company A and Company B will be combined through a proposed merger ("proposed merger"). Under the proposed merger, Company A and Company B will enter into an agreement under which Company B will merge with and into Company A on or about Date 5.

After the proposed merger, Company A will remain as the surviving company; Company B will no longer exist. Company A will possess all the rights, duties and obligations of Company B and will administer the Policies.

Taxpayer represents that, other than the change in the identity of the insurer, there will be no changes to the terms of the Policies; Company A will not issue new life insurance or annuity contracts to the owners of the Policies in exchange for their existing Policies.

Taxpayer also represents that 1) the Policies qualify as "life insurance contracts" or "annuity contracts", as applicable, for federal income tax purposes and 2) the proposed merger will qualify as a complete liquidation within the meaning of section 332.

Based solely upon the information submitted and the representations set forth above, we rule as follows concerning the transaction described above:

1. The proposed merger will have no effect on the date that the Policies were issued, entered into or purchased for purposes of sections 72(e)(4), 72(e)(5), 72(e)(10), 72(e)(12), 72(q), 72(s), 72(u), 72(v), 101(f), 264(a)(2), 264(a)(3), 264(a)(4), 264(c), 264(f), 7702, and 7702A; and

2. The proposed merger also will not require retesting or the start of a new test period under sections 264(d)(1), 7702(f)(7)(B)-(E), and 7702A(c).

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of

the Code provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to the taxpayer representative.

Sincerely,

John Glover
Senior Counsel, Branch 4
Office of Associate Chief Counsel
(Financial Institutions & Products)