

The terms of the preferred stock of BVEC provide that, except with the consent of a majority of the preferred stock then outstanding, the amount of unsecured indebtedness of the company having maturities of less than ten years which the company may issue or assume shall not exceed 10% of the sum of the principal amount of all bonds and other securities representing secured indebtedness and the capital and surplus of the company. The amount of all unsecured indebtedness of the company issued or assumed shall not exceed 20% of such sum.

At a special meeting of the holders of BVEC preferred stock held on October 8, 1985, BVEC was authorized, for a five year period ending October 1, 1990, to issue or assume unsecured indebtedness, having maturities of less than ten years, in excess of the 10% limitation. Subsequently, at a special meeting of the holders of BVEC preferred stock held on September 27, 1990, it was voted to extend such authorization for an additional five year period ending October 1, 1995.

BVEC now seeks Commission authorization to issue or assume unsecured indebtedness having maturities of less than ten years in excess of the 10% limitation at various times during an additional five year period. In addition under applicable provisions of the Preferred Stock Provisions, adoption of the proposal with respect to the unsecured debt limitation requires the affirmative vote of a majority of the total number of outstanding shares of BVEC's preferred stock (which consists of two series par value of \$100 per share) voting as a single class.

BVEC proposes and requests authorization to submit the proposal to extend the authorization permitting the issuance or assumption by BVEC of unsecured indebtedness having maturities of less than ten years in excess of the 10% limitation to the holders of its preferred stock for approval at the special meeting of preferred stockholders to be held on July 6, 1995. In connection therewith, BVEC proposes to solicit proxies from its preferred stockholders.

It is appearing that the declaration, as amended, regarding the proposed solicitation of proxies should be permitted to become effective forthwith pursuant to Rule 62:

It is ordered, pursuant to Rule 62, that the declaration regarding the proposed solicitation of proxies be, and it hereby is, permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule 24 under the Act.

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

Margaret H. McFarland,

Deputy Secretary.

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[Rel. No. IC-21097; 812-9464]

Security Equity Life Insurance Company, et al.

May 25, 1995.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the "Act").

APPLICANTS: Security Equity Life Insurance Company ("Security Equity"), Security Equity Separate Accounts 26 and 27 (the "Separate Accounts"), and G.T. Global Financial Services, Inc. ("G.T. Global").

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act that would exempt applicants from sections 26(a)(2)(C) and 27(c)(2) of the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit Security Equity to deduct a mortality and expense risk charge from the assets of the Separate Accounts in connection with the offering of certain flexible premium variable deferred annuity contracts (the "Contracts").

FILING DATE: The application was filed on February 2, 1995. Applicants have agreed to file an amendment, the substance of which is incorporated herein, during the notice period.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 19, 1995, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street NW., Washington, D.C. 20549. Applicants, c/o Juanita M. Thomas, Esq., Assistant Counsel, Security Equity Life Insurance Company, 700 Market Street, St. Louis, Missouri 63101; c/o

Peter R. Guarine, Esq., G.T. Global Financial Services, Inc., 50 California Street, San Francisco, California 94111.

FOR FURTHER INFORMATION CONTACT: James M. Curtis, Senior Counsel, at (202) 942-0563, or Robert A. Robertson, Branch Chief, (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. Security Equity is a stock life insurance company incorporated under the laws of New York and is licensed to do business in thirty-eight states and the District of Columbia.

2. The Separate Accounts were established by Security Equity as separate accounts under the laws of the State of New York, and each has been registered with the SEC under the Act as a unit investment trust. A registration statements has been filed under the Securities Act of 1933 in connection with the Contracts. Each of the Separate Accounts is divided into divisions ("Divisions"), each of which will invest solely in the shares of one of the series of G.T. Global Variable Investment Series or G.T. Global Variable Investment Trust (a "Fund"), or in other similar funds available under the Contracts. Each Fund is a registered open-end management investment company.

3. G.T. Global will serve as the distributor and principal underwriter of the Contracts. G.T. Global is registered under the Securities Exchange Act of 1934 as a broker-dealer and is a member of the National Association of Securities Dealers, Inc.

4. The Contract is a variable flexible premium annuity contract designed for use as a non-qualified retirement vehicle and as an Individual Retirement Annuity. The Contract may be purchased with a minimum initial purchase payment of \$2,000. Subsequent purchase payments must be at least \$100. The Contract owner may allocated purchase payments among one or more Divisions of the Separate Accounts.

5. In the event that an annuitant who is not a Contract owner dies prior to the annuity date and before a Contract owner, a death benefit is payable upon receipt of due proof that the annuitant died prior to the annuity date and before a Contract owner. The death benefit during the first six contract years is equal to the greater of the accumulated

value on the date of receipt of due proof of death and a written request for payment or the sum of all net purchase payments made, less partial withdrawals (including applicable charges). The death benefit during any subsequent six contract year period is the greater of accumulated value on the date of receipt of due proof of death and a written request for payment or the death benefit on the last day of the previous six contract year period plus any net purchase payments made less any partial withdrawals (including applicable charges). Notwithstanding the foregoing, if the issue date is on or after the annuitant's 75th birthday, the death benefit is the accumulated value on the date due proof of death and a written request for payment are received. In each case, except for Contracts with accumulated values of \$20,000 or more, the death benefit is reduced by an account fee and applicable special handling fees.

6. In the event that a Contract owner dies prior to the annuity date and his or her surviving spouse is not the beneficiary or annuitant, the beneficiary (or the beneficiary's estate) is entitled to receive a death benefit equal to the amount described in the preceding paragraph. In the event that the Contract owner dies prior to the annuity date and his or her surviving spouse is the annuitant or beneficiary, the spouse may elect to become the new owner.

7. Security Equity will deduct an annual account administration fee (the "Account Fee") on accumulated values of less than \$20,000. Revenues from the Account Fee will partially compensate Security Equity for the cost of providing administrative services relating to the issue and maintenance of the Contract and the Contract owner's records. The Account Fee will be deducted from the accumulated value of a Contract on each contract anniversary prior to the annuity date and upon full surrender of the Contract or upon the annuity date if other than a contract anniversary. In contract years ending prior to December 31, 1999, the Account Fee is the lesser of \$30 or 2% of the Accumulated Value. Thereafter, the Account Fee may be changed annually but will not exceed an amount that reflects the change in the Consumer Price Index since December 31, 1992 or \$50.00. This fee will be deducted from the money market Division or from the Division having the largest portion of accumulated value under the Contract if no money market Division investment exists on the contract anniversary. After the annuity date, the Account Fee will be deducted in equal amounts from each variable annuity payment throughout the year.

No Account Fee is deducted in connection with fixed annuity payments.

8. Security Equity also will deduct a daily administration fee, equal to an annual rate of .15% of the average daily net assets of each Division. This charge is designed to reimburse Security Equity for those administrative expenses attributable to the Contracts, contract owner accounts and records, and the Separate Accounts which exceed the revenues received from the account fee. The administration fee is guaranteed not to increase for the life of the Contracts.

9. Transfers of accumulated values under the Contracts may be made among the Divisions. Security Equity reserves the right to charge \$25 for each transfer in excess of twelve transfers in any contract year.

10. Applicants represent that this charge will be deducted in reliance on rule 26a-1 under the Act and that the fee applicable during contract years ending prior to December 31, 1999 represents reimbursement only for administrative costs expected to be incurred over these contract years and the fee applicable in any contract year thereafter represents reimbursement only for administrative costs expected to be incurred over that year. Security Equity does not anticipate making any profit from this charge.

11. Security Equity may assess a contingent deferred sales charge surrender charge ("Surrender Charge") if any part of a Contract owner's accumulated value is withdrawn or if the Contract is surrendered. This Surrender Charge, calculated as a percentage of any net purchase payment, will apply to net purchase payments for seven years from the date the net purchase payment is received. Net purchase payments received more than seven years prior to the date of withdrawal and accumulated value in excess of accumulated net purchase payments (less withdrawals of net purchase payments) may be withdrawn without incurring a Surrender Charge. The Surrender Charge ranges from 7% to 1% of a net purchase payment. Notwithstanding the Surrender Charge, an amount equal to 10% of a Contract's accumulated value may be withdrawn each year (calculated as of the date of the first such withdrawal in that year) without incurring the Surrender Charge. The Surrender Charge will apply for seven complete years measured from the date a net purchase payment is received, according to the following schedule:

Years since receipt of net purchase payment	Surrender charge percentage
0	7
1	6
2	5
3	4
4	3
5	2
6	1
7+	0

For purposes of computing the Surrender Charge, after the 10% amount described above has been withdrawn for any year, net purchase payments are considered to be withdrawn on a first-in-first-out basis, and net purchase payments are considered to be withdrawn before earnings thereon. If, after the 10% of accumulated value has been withdrawn, the Contract's accumulated value is less than the sum of net purchase payments (less prior withdrawals of net purchase payments) the Surrender Charge will be assessed on accumulated value. A Surrender Charge is not imposed in the event of annuitization with Security Equity after three Contract years, or on the death of the annuitant.

12. Security Equity does not anticipate that Surrender Charge revenues from the Contracts will generate sufficient funds to pay the cost of distributing the Contracts. If Surrender Charge revenues are insufficient to cover distribution expenses, the deficiency will be met with amounts from Security Equity's general account, which may include amounts derived from the mortality and expense risk charge.

13. Security Equity may incur premium taxes relating to the Contracts. Security Equity may deduct any premium taxes related to a particular Contract upon receipt of payment, surrender, withdrawal, annuitization, or payment of death benefits.

14. Security Equity proposes to impose a daily charge to compensate it for bearing certain mortality and expense risks in connection with the Contracts. This charge will be at an annual rate of 1.25% of the average daily net assets in the Separate Accounts. Of that amount, approximately 1.00% is attributable to mortality risks, and approximately 0.25% is attributable to expense risks. Security Equity guarantees that this charge will never exceed 1.25%.

15. The mortality risk that Security Equity assumes is that annuitants may live for a longer period of time than estimated when the guarantees in the

Contract were established. Because of these guarantees, each Contract owner is assured that longevity will not have an adverse effect on the annuity payments received. The mortality risk that Security Equity assumes also includes a guarantee to pay a death benefit. The expense risk that Security Equity assumes is the risk that the account fee and the daily administration fee will be insufficient to cover actual future administrative expenses.

16. If the mortality and expense risk charge is insufficient to cover actual costs and assumed risks, the loss will fall on Security Equity. Conversely, if the charge is more than sufficient to cover such costs and risks, any excess will be profit to Security Equity. Security Equity currently anticipates a profit from this charge.

Applicants' Legal Analysis

1. Applicants request an exemption under section 6(c) of the Act from sections 26(a)(2)(C) and 27(c)(2) of the Act to permit the deduction of a mortality and expense risk charge from the assets of the Separate Account under the Contracts.

2. Section 26(a)(2)(C) provides that no payment to the depositor of, or principal underwriter for, a registered unit investment trust shall be allowed the trustee or custodian as an expense except compensation, not exceeding such reasonable amount as the SEC may prescribe, for performing bookkeeping and other administrative duties normally performed by the trustee or custodian. Section 27(c)(2) prohibits a registered investment company, or a depositor or underwriter for such company, from selling periodic payment plan certificates unless the proceeds of all payments on such certificates, other than sales loads, are deposited with a trustee or custodian having the qualifications prescribed in Section 26(a)(1), and held by such trustee or custodian under an agreement containing substantially the provisions required by Sections 26(a)(2) and 26(a)(3) of the Act. Security Equity's deduction of a mortality and expense risk charge from the assets of the Separate Accounts may be deemed to be a payment prohibited by sections 26(a)(2)(c) and 27(c)(2).

3. Section 6(c) authorizes the SEC to exempt any person, security or transaction, or any class or classes of persons, securities or transactions from the provisions of the Act and the rules promulgated thereunder if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly

intended by the policy and provisions of the Act.

4. Applicants believe that Security Equity is entitled to reasonable compensation for its assumption of mortality and expense risks. Applicants represent that the 1.25% mortality and expense risk charge under the Contracts is consistent with the protection of investors because it is a reasonable and proper insurance charge. In return for this amount, Security Equity guarantees certain annuity rates and assumes certain risks in the Contracts. The mortality and expense risk charge is a reasonable charge to compensate Security Equity for the risk that annuitants under the Contracts will live longer than has been anticipated in setting the annuity rates guaranteed in the Contracts; for the risk that the accumulated value under a Contract, less any otherwise applicable charges, will be less than the death benefit; and for the risk that administrative expenses will be greater than amounts derived from the account and administrative fees and other administrative charges.

5. Security Equity represents that the 1.25% charge for mortality and expense risks assumed by Security Equity is within the range of industry practice with respect to comparable annuity products. This representation is based upon Security Equity's analysis of publicly available information about similar industry products, taking into consideration such factors as current charge levels, the existence of charge level guarantees, and guaranteed annuity rates. Security Equity will maintain at its home office or at General American Life Insurance Company, available to the SEC, a memorandum setting forth in detail the products analyzed in the course of, and the methodology and results of, its comparative survey.

6. Applicants acknowledge that if a profit is realized from the mortality and expense risk charge, all or a portion of such profit may be viewed by the SEC as being offset by distribution expenses not reimbursed by revenues from the Surrender Charge. Security Equity has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the separate Accounts and the Contract owners. The basis for such conclusion is set forth in a memorandum which will be maintained by Security Equity at its home office or by its service provider, General American Life Insurance Company, at its National Service Center and will be available to the SEC.

7. Security Equity also represents that the Separate Accounts will only invest

in management investment companies which undertake, in the event such company adopts a plan under rule 12b-1 of the Act to finance distribution expenses, to have a board of directors, a majority of whom are not interested persons of the company, formulate and approve any such plan under rule 12b-1.

Conclusion

For the reasons set forth above, applicants believe that the requested exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

Agency Forms Submitted to the Office of Management and Budget for Clearance

Normally on Fridays, the Social Security Administration publishes a list of information collection packages that have been submitted to the Office of Management and Budget (OMB) for clearance in compliance with Public Law 96-511, The Paperwork Reduction Act. The following clearance packages have been submitted to OMB since the last list was published in the **Federal Register** on Friday, May 12, 1995. (Call Reports Clearance Officer on (410) 965-4142 for copies of package)

1. Student's Statement Regarding School Attendance—0960-0105. The information on form SSA-1372 is used by the Social Security Administration to determine if a claimant is entitled to Social Security benefits as a student. Respondents are student claimants for Social Security benefits.

Number of Respondents: 200,000

Frequency of Response: 1

Average Burden Per Response: 10 minutes

Estimated Annual Burden: 33,333 hours

2. Request for Earnings Benefits Estimate Statement—0960-0466. The information on form SSA-7004 is used by the Social Security Administration to provide a statement of earnings, quarters of coverage and future benefit estimates to certain workers and self-employed individuals. The respondents are