

memorandum outlining the methodology underlying this representation. Similarly, prior to making available any Future Contracts through the Separate Accounts or Other Accounts, Applicants will represent that the mortality and expense risk charges under any such contracts will be within the range of industry practice for comparable contracts. Applicants will maintain and make available to the Commission, upon request, a memorandum outlining the methodology underlying such representation.

6. Applicants do not believe that the contingent withdrawal charges under the Contracts will necessarily cover the expected costs of distributing the Contracts. Any "shortfall" will be made up from Integrity's general account assets which will include amounts derived from mortality and expense risk charges. Integrity has concluded that there is a reasonable likelihood that the distribution financing arrangement being used in connection with the Contracts will benefit the Separate Accounts and the Contract owners. Integrity will keep and make available to the Commission, upon request, a memorandum setting forth the basis for this representation. Similarly, Integrity will maintain and make available to the Commission, upon request, a memorandum setting forth the basis for the same representation with respect to Future Contracts offered by the Separate Accounts or by Other Accounts established by Integrity.

7. Applicants represent that the Separate Accounts and Other Accounts will invest only in a management investment company which has undertaken, in the event such company adopts a plan under Rule 12b-1 under the 1940 Act to finance distribution expenses, to have a board of directors (or trustees), a majority of whom are not "interested persons" of the management investment company within the meaning of Section 2(a)(19) of the 1940 Act, formulate and approve any plan under Rule 12b-1 to finance distribution expenses.

Conclusion

Applicants assert that, for the reasons and upon the facts set forth above, the requested exemptions from sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to deduct the mortality and expense risk charge from the assets of the Separate Accounts or Other Accounts that issue the Contracts and/or the Future Contracts, and in connection with Contracts or Future Contracts for which broker-dealers other than Services will serve as principal underwriter, meet the

applicable statutory standards in Section 6(c) of the 1940 Act. Applicants assert that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the policies and provisions of the 1940 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-21350-812-9680]

Northstar Advantage Multi-Sector Bond Fund, et al.; Notice of Application

September 13, 1995.

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

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

APPLICANTS: Northstar Advantage Multi-Sector Bond Fund (the "Acquired Fund"), a series of Northstar Advantage Trust (the "Trust"), Northstar Advantage Strategic Income Fund (the "Acquiring Fund"), NWNL Northstar Distributors, Inc. (the "Distributor"), Northstar Investment Management Corporation (the "Adviser"), ReliaStar Financial Corp. ("ReliaStar"), Northwestern National Life Insurance Company, and Northern Life Insurance Company.

RELEVANT ACT SECTIONS: Order requested under section 17(b) granting an exemption from section 17(a) and under rule 17d-1 permitting certain joint transactions under section 17(d) and rule 17d-1.

SUMMARY OF APPLICATION: Applicants seek an order to permit the Acquiring Fund to acquire all of the assets of the Acquired Fund. Because of certain affiliations, the two funds may not rely on rule 17a-8 under the Act.

FILING DATES: The application was filed on July 19, 1995, and amended on September 1, 1995.

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 October 4, 1995, and should be accompanied by proof of service on the

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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: The Acquired Fund, the Acquiring Fund, the Distributor, and Adviser, Two Pickwick Plaza, Greenwich, Connecticut 08630; ReliaStar and Northwestern National Life Insurance Company, 20 Washington Avenue South, Minneapolis, Minnesota 55401; and Northern Life Insurance Company, 1110 Third Avenue, Seattle, Washington 98101.

FOR FURTHER INFORMATION CONTACT: James J. Dwyer, Staff Attorney, at (202) 942-0581, or Alison E. Baur, Branch Chief, at (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. The Trust and the Acquiring Fund are Massachusetts business trusts that are registered under the Act as open-end management investment companies. The Trust offers its shares in three series, one of which is the Acquired Fund. The Acquiring Fund and the Acquired Fund (each a "Fund") offer their shares in three classes. For the Acquired Fund, Class A shares are sold with a maximum front-end sales load of 4.75% and a rule 12b-1 fee of .30% annually of average net assets; Class B shares are sold with a maximum contingent deferred sales load (a "CDSL") of 5% and a 1% rule 12b-1 fee; Class C shares are sold with a 1% CDSL if redeemed within one year of purchase and a 1% rule 12b-1 fee. The three classes and expense structure for each class of the Acquiring Fund will be similar to the existing expense structure of the Acquired Fund, except that the Acquiring Fund has a lower advisory fee and is not subject to any administrative services fee.

2. On June 2, 1995, as a result of a transfer to the Adviser of the advisory business of Advest, Inc. and its affiliates, the Adviser and the Distributor became, respectively, the investment adviser and principal underwriter of the Trust and the Acquiring Fund. The Adviser and the Distributor are wholly-owned by NWNL.

Northstar, Inc., which in turn is majority-owned by ReliaStar. Northwestern National Life Insurance Company and Northern Life Insurance Company (collectively, the "Life Insurance Companies") are wholly-owned by ReliaStar. The Life Insurance Companies collectively own approximately 40% of the outstanding voting securities of the Acquired Fund.

3. The Acquiring Fund proposes to acquire all of the assets of the Acquired Fund in exchange for shares of the Acquiring Fund pursuant to an agreement and plan of reorganization (the "Reorganization Agreement"). The Adviser submitted the proposal to the trustees of the Acquired Fund based on, among other things, the Funds' very similar investment objectives, policies, and techniques, and the burdens of marketing two virtually identical Funds. Under the Reorganization Agreement, the number of shares of each class of the Acquiring Fund to be issued to the Acquired Fund will be determined on the basis of each party's relative net asset value per its respective classes of shares computed as of 4:00 p.m. (New York time) on the Closing Date, as set forth in the Reorganization Agreement. The Acquired Fund then will liquidate and distribute such shares of the Acquiring Fund pro rata to its shareholders.

4. The trustees of each Fund, in approving the terms of the proposed reorganization, made an inquiry into a number of matters and considered the following factors, among others: The relative expense ratios of the Funds; the terms and conditions of the reorganization and whether the reorganization would result in dilution of shareholder interests; the compatibility of the Funds' investment objectives, policies and restrictions, as well as varying service features available to shareholders of each Fund; the benefits anticipated to inure to the shareholders of both Funds as a result of the combination; and the tax consequences of the reorganization. In addition, the board of trustees of the Acquired Fund determined that the proposed reorganization would likely provide certain benefits to shareholders. In making such determination, the trustees considered, among other things, that the reorganization would promote more efficient operations and eliminate the duplication inherent in marketing two Funds with similar investment objectives.

5. The proposed reorganization was unanimously approved by the boards of trustees of each Fund, including a majority of the trustees who are not interested persons, on April 26, 1995,

and June 2, 1995, respectively. In approving the proposed reorganization, each board found that participation in the reorganization is in the best interests of the relevant Fund and that the interests of existing Fund shareholders will not be diluted as a result of the reorganization. The reorganization is subject to approval by the holders of a majority of the outstanding shares of the Acquired Fund expected at a meeting to be held on or about September 28, 1995. Such approval will be solicited pursuant to a prospectus/proxy statement that the Acquiring Fund filed with the SEC on August 17, 1995. No material change affecting the application will be made to the agreement and plan of reorganization without prior approval of the SEC.

6. The Acquiring Fund will bear all expenses related to the registration of its shares to be issued in the reorganization. The Acquired Fund will bear all expenses related to the solicitation of its shareholders in seeking approval of the reorganization. The Adviser will bear all expenses related to obtaining the requested order.

Applicants' Legal Analysis

1. Section 17(a) in relevant part prohibits an affiliated person or principal underwriter of a registered investment company, or affiliated person of such affiliated person or principal underwriter, acting as principal, from selling to or purchasing from such registered company, any security or other property. Section 2(a)(3) defines "affiliated person" in relevant part to include persons under common control, and, under section 2(a)(9), it is presumed that an entity that owns 25% or more of the outstanding voting securities of another entity controls such other entity.

2. Rule 17a-8 under the Act exempts from section 17(a) mergers, consolidations, or purchases or sales of substantially all the assets involving registered investment companies that may be affiliated persons solely by reason of having a common investment adviser, common directors/trustees and/or common officers, provided that certain conditions are satisfied. In this case, ReliaStar controls the Acquired Fund by virtue of its wholly-owned subsidiaries, the Life Insurance Companies, owning more than 25% of the shares of the Acquired Fund. Thus, the Funds may be affiliated persons of each other for reasons other than the fact that the Funds have a common adviser.

3. Section 17(b) provides that the SEC may exempt a transaction from section 17(a) if evidence establishes that the

terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policies of the registered investment companies concerned and with the general purposes of the Act.

4. Applicants believe that the terms of the proposed reorganization satisfy the standards set forth in section 17(b). Applicants indicate that section 17(a) is designed to protect investors from transactions in which a party thereto has both the ability and the pecuniary interest to influence the actions of the investment company. Applicants assert that any pecuniary interest ReliaStar has in the Acquired Fund is aligned with the best interests of the Acquired Fund's other shareholders. In addition, because ReliaStar's interests in the Funds is insignificant when compared to its aggregate overall net worth, applicants believe that it is reasonable to conclude that ReliaStar has no pecuniary incentive to influence the actions of the Funds.

5. Applicant submit that many of the elements of the type of combination specifically contemplated by rule 17a-8 exist with respect to the proposed reorganization. The boards of the Funds have reviewed the terms of the reorganization as set forth in the Reorganization Agreement, including the consideration to be paid or received, and have found that participation in the reorganization is in the best interests of each Fund and that the interests of the existing shareholders of each Fund will not be diluted as a result of the reorganization. The investment objectives of the Funds, moreover, are essentially the same. Accordingly, applicants argue that the proposed reorganization will be consistent with the policies of each Fund.

6. Section 17(d) and rule 17d-1 prohibit an affiliated person or principal underwriter of an investment company, or an affiliated person of such affiliated person or principal underwriter, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates. Applicants believe that the proposed merger could be deemed to be a "joint enterprise or other joint arrangement" within the meaning of rule 17d-1.

7. Applicants believe that the terms of the proposed transaction are consistent with the provisions, policies, and purposes of the Act, and not on a basis less advantageous than that of other participants. Applicants further note

that the proposed merger is consistent with the investment policies of the Funds.

For the SEC, by the Division of Investment Management, under delegated authority.
Margaret H. McFarland,
Deputy Secretary.

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[Rel. No. IC-21348; File No. 812-9622]

SAFECO Life Insurance Company, et al.

September 12, 1995.

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

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

APPLICANTS: SAFECO Life Insurance Company ("SAFECO"), First SAFECO National Life Insurance Company of New York ("First SAFECO"), SAFECO Separate Account C ("Account C"), SAFECO Resource Variable Account B (the "Resource Account"), SAFECO Securities, Inc. ("SAFECO Securities"), and PNMR Securities, Inc. ("PNMR").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(C) for exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants seek an order to permit the deduction of a mortality and expense risk charge from the assets of Account C, the Resource Account, or any separate account established by SAFECO or First SAFECO in connection with certain variable annuity contracts ("Contracts"). The exemptions also would apply to any other registered broker-dealer, which is or will be controlling, controlled by, or under common control with SAFECO, and which may serve in the future as principal underwriter for variable annuity contracts that are similar in all material respects to the Contracts and that are offered in the future by SAFECO or First SAFECO ("Future Contracts").

FILING DATE: The application was filed on May 31, 1995, and amended and restated on September 6, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the SEC by 5:30 p.m. on October 10, 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 reasons for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the SEC.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicants, P.O. Box 34690, Seattle, Washington 98124-1690, Attn: William E. Crawford, Esq.

FOR FURTHER INFORMATION CONTACT: Joseph G. Mari, Senior Special Counsel, or Wendy Friedlander, Deputy Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: Following is a summary of the application. The complete application is available for a fee from the Public Reference Branch of the Commission.

Applicants' Representations

1. SAFECO is a stock life insurance company organized under the laws of Washington and is the depositor of Account C and the Resource Account. First SAFECO, a wholly-owned subsidiary of SAFECO, is a stock life insurance company organized under the laws of New York.

2. Account C and the Resource Account, organized by SAFECO under Washington law as insurance company separate accounts to fund certain variable annuity contracts, are registered under the 1940 Act as unit investment trusts. Account C currently funds certain individual variable annuity contracts ("Current C Contracts"), and will fund certain additional forms of variable annuity contracts currently being registered and to be offered by SAFECO through Account C (the "Account C Contracts"). The Resource Account currently funds certain individual and group variable annuity contracts ("Current Resource Contracts") and, in the future, may fund certain additional forms of variable annuity contracts offered by SAFECO. The Current C Contracts and the Current Resource Contracts collectively are referred to as the "Current Contracts"; the Current Contracts and Account C Contracts constitute the "Contracts."

3. SAFECO or First SAFECO may establish one or more separate accounts in the future ("Other Accounts") (Other Accounts, Account C, and Resource Account are referred to collectively as the "Separate Accounts") to support certain variable annuity contracts that are materially similar to the Contracts and are offered through any other

broker-dealer that (i) may serve in the future as principal underwriter in respect of certain variable annuity contracts offered by SAFECO or First SAFECO, (ii) is registered under the Securities Exchange Act of 1934 as a broker-dealer and which is or will be a member of the National Association of Securities Dealers, Inc. (the "NASD"), and (iii) is controlling, controlled by, or under common control with SAFECO ("Other Principal Underwriters").

4. The Separate Accounts are comprised of sub-accounts each of which invests in the corresponding portfolio or series of a management investment company registered under the 1940 Act. SAFECO and First SAFECO may create new sub-account(s) of the Separate Accounts.

5. SAFECO Securities, a registered broker-dealer and a member of the NASD, is the principal underwriter of the Current C Contracts and will be the principal underwriter of the Account C Contracts. SAFECO Securities also is the principal underwriter for the Current Resource Contracts, for which PNMR, a registered broker-dealer and a member of the NASD, previously had been the principal underwriter. SAFECO Securities or PNMR may act as principal underwriter for any Contracts issued in the future by SAFECO or First SAFECO.

6. Applicants intend to offer the Account C Contracts to the public for individuals who qualify for federal income tax advantages available under Section 408 of the Internal Revenue Code of 1986, as amended ("qualified Account C Contracts"), and for individuals desiring such benefits who do not qualify for such tax advantages ("non-qualified Account C Contracts"). Account C Contracts will be offered on a flexible payment basis. Owners may allocate purchase payments to SAFECO's general account under the fixed account portion of the Account C Contracts, or to one of several sub-accounts of Account C.

7. Applicants state that the minimum initial purchase payment for an Account C Contract is \$2,000 for a qualified Account C Contract and \$5,000 for a non-qualified Account C Contract. The minimum additional purchase payment is \$250, except for additional purchase payments made through a systematic investing program, in which case the minimum payment is \$100.

8. Regarding the Current C Contracts and the Current Resource Contracts, Applicants only seek relief to assess mortality and expense risk charges from the assets of the Separate Accounts in connection with the offering of variable annuity contracts that are materially similar to those contracts. SAFECO, the