

as well as under Section 6(c), because the relief requested may be deemed to exempt more than one transaction.

7. Applicants contend that the proposed Reorganization meets the standards for relief under Sections 6(c) and 17(b). Applicants assert that the terms of the transactions between Separate Account B, Separate Account D, and the Trust are reasonable and fair and do not involve overreaching.

8. As stated previously, Applicants assert that the proposed Reorganization will benefit existing and future Contract Owners by investing interests in Separate Account D in what is expected will be a larger more viable investment vehicle. Applicants further state that this consolidation of portfolio assets may benefit the Trust, Separate Account B and the Contract Owners by offering increased opportunities for investment and broader diversification of assets.

9. Applicants represent that the transfer of assets from Separate Account D to Separate Account B, and from Separate Account B to the Series, will be made in accordance with the terms of Section 22(c) and Rule 22c-1 thereunder.

10. Applicants state that the combination of Separate Account D into Separate Account B will result in Contract Owner interests which, in practical economic terms, do not differ in any measurable way from such interests immediately prior to the Reorganization. Applicants assert that Contract Owners will recognize no gain or loss on the transfer of the assets of Separate Account D to the Trust, and that Contract Owners will pay no tax as a result of the transfer. In addition, expenses borne by Separate Account D Contract Owners will be no higher following the Reorganization than before the Reorganization.

11. Applicants further state that the proposed Reorganization is consistent with the investment policies of Separate Account D and the Series, as each will have materially similar investment objectives and policies.

12. In addition, Applicants assert that the proposed Reorganization is consistent with the general purposes of the 1940 Act because Separate Account D Contract Owners will be fully informed of the proposed Reorganization and will be entitled to approve or disapprove the Reorganization at the meeting of Contract Owners called for this purpose.

Sections 6(c) and 17(d), and Rule 17d-1

13. Section 17(d) of the 1940 Act prohibits an affiliated person of a registered investment company from

effecting any transaction in which the company is a joint participant in contravention of Commission rules.

14. Rule 17d-1(a) prohibits an affiliated person of any registered investment company, acting as principal, from participating in or effecting any transaction in a "joint enterprise or other joint arrangement" in which the company is a participant without prior Commission approval.

15. Rule 17d-1(b) provides that when the Commission is passing upon exemptive applications for joint transactions, the Commission is to "consider whether the participation * * * in such joint enterprise, joint arrangement or profit-sharing plan on the basis proposed is consistent with the provisions, policies and purposes of the [1940] Act and the extent to which such participation is on a basis different from or less advantageous than that of other participants."

16. According to Applicants, the transactions may constitute a joint enterprise or other joint arrangement within the meaning of Section 17(d) of the 1940 Act and Rule 17d-1, thereunder. This is because the Reorganization anticipates simultaneous transactions involving a number of registered companies, and each transaction is dependent on the others. Applicants, therefore, request that the Commission grant an order under Sections 17(d) and 6(c) (to the extent necessary) and Rule 17d-1 permitting the transactions.

17. Applicants assert that, for the reasons stated above in the Section 17(b) legal arguments section, the proposed Reorganization satisfies the standards for relief under Sections 17(d) and 6(c), and Rule 17d-1 thereunder, because the contemplated transactions are consistent with the provisions, policies, and purposes of the 1940 Act. In addition, Applicants assert that they have satisfied these standards because each party will participate in the transaction on equal terms, and no party will be disadvantaged by the proposed transactions.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 96-18175 Filed 7-17-96; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-22067; No. 812-10036]

Great-West Life & Annuity Insurance Company, et al.

July 11, 1996.

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

ACTION: Notice of application for an Order pursuant to the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Great-West Life & Annuity Insurance Company ("Great-West"), Variable Annuity-1 Series Account (the "Separate Account"), and Charles Schwab & Company, Inc. ("Schwab").

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 6(c) of the 1940 Act granting exemptions from the provisions of Section 26(a)(2)(C) and 27(c)(2) thereof.

SUMMARY OF APPLICATION: Applicants seek an order permitting the deduction of a mortality and expense risk charge from the assets of: (a) the Separate Account in connection with the offer and sale of certain variable annuity contracts ("Existing Contracts"); (b) the Separate Account in connection with the issuance of variable annuity contracts that are substantially similar in all material respects to the Existing Contracts ("Future Contracts," together with Existing Contracts, the "Contracts"); and (c) any other separate account established in the future by Great-West in connection with the issuance of Contracts ("Future Account").

FILING DATE: The application was filed on March 6, 1996.

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 Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on August 5, 1996, and must 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 Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549. Applicants, c/o Jorden Burt Berenson & Johnson LLP, 1025 Thomas Jefferson Street, N.W., Suite 400 East, Washington, D.C. 20007-0805, Attention: Josephine Cicchetti, Esq.

FOR FURTHER INFORMATION CONTACT: Kevin M. Kirchoff, Senior 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. Great-West is a stock life insurance company originally organized under the laws of the State of Kansas as the National Interment Association. In September of 1990, Great-West redomesticated and now is organized under the laws of the State of Colorado.

2. Great-West is wholly-owned by The Great-West Life Assurance Company, which is a subsidiary of Great-West Lifeco Inc., an insurance holding company which, in turn, is a subsidiary of Power Financial Corporation of Canada, a financial services company. Power Corporation of Canada, a holding and management company, has voting control of Power Financial Corporation of Canada. Great-West is principally engaged in offering life insurance, annuity contracts, and accident and health insurance and is admitted to do business in the District of Columbia, Puerto Rico and in all states of the United States, except New York.

3. Schwab, the principal underwriter and distributor of the Contracts, is registered with the Commission as a broker-dealer under the Securities Exchange Act of 1934, and is a member of the National Association of Securities Dealers, Inc.

4. The Separate Account currently has nineteen investment divisions ("Investment Divisions"). The Investment Divisions invest solely in corresponding open-end management investment companies, or portfolios thereof, which are registered under the 1940 Act ("Funds"). Each Fund has a different investment objective and policies as described in its prospectus.

5. The Contracts provide for the accumulation of values on a variable basis determined by the investment experience of the Investment Divisions of the Separate Account to which the owner of the Contract ("Owner") allocates his or her contributions and/or on a fixed basis pursuant to a stated rate of interest made available for certain time periods (the "Fixed Option"). The Contracts are intended to be used either in connection with retirement plans with qualify for federal tax benefits under Section 408 of the Internal Revenue Code as an individual

retirement annuity or in connection with retirement plans which do not so qualify. The Contracts may be used for other purposes in the future.

6. The Contracts provide a choice of annuity options. Annuity payments will be on a variable or fixed basis. An Owner directs the allocation of contributions and value of the annuity account ("Annuity Account Value") among the Investment Divisions of the Separate Account or the available Fixed Options.

7. The Contracts provide for a death benefit. If the Owner or annuitant, as applicable, dies prior to the date annuity payments commence, the death benefit, if any, will be equal to the greater of: (a) the Annuity Account Value as of the date request for payment is received, less any premium taxes; or (b) the sum of contributions paid less partial withdrawals and/or periodic withdrawals, less charges under the Contract, less premium taxes, if any.

8. The Contracts have no front-end sales load and no contingent deferred sales charges. A charge for any premium or other taxes levied by any government entity with respect to the Contracts or the Accounts will be deducted when incurred under a particular Contract. Currently such taxes range up to 3.5%.

9. Prior to the date annuity payments commence, a contract maintenance charge equal to \$25 annually will be deducted from the Annuity Account Value.

10. An Owner may make up to 10 transfers per year of all or a portion of the Annuity Account Value allocated to an Investment Division of the Separate Account or the Fixed Option, to another Investment Division of the Separate Account or available Fixed Option, at no charge. After the 10 free transfers Great-West may charge \$10 for each additional transfer. This charge is intended to reimburse Great-West's ongoing administrative expenses and Great-West does not expect to profit from it. The amount of this charge will not exceed the cost of services provided over the life of the Contract, defined in accordance with the applicable standards in Rule 26a-1 under the 1940 Act.

11. Great-West bears a mortality risk under the Contracts of its obligation to make annuity payments determined in accordance with the annuity tables and other provisions of the Contracts. Great-West assumes the risk that the Annuitant may live longer than the annuity tables predict. The mortality risk under the Contract is the risk that, upon selection of an annuity option with a life contingency, Annuitants will live longer than Great-West's actuarial

projections indicate, thereby resulting in higher than expected annuity payments. Great-West also assumes a mortality risk because it bears the risk of unfavorable experience of the Investment Divisions if it pays a death benefit before annuity payments commence.

12. Great-West bears an expense risk under the Contracts because the charges for administrative expenses, which charges are guaranteed for the life of the Contract, may be insufficient to cover the actual costs of issuing and administering the Contract.

13. Great-West imposes a charge as compensation for bearing the mortality and expense risks. The Contracts provide for this mortality and expense risk charge, and the rate imposed for the mortality and expense risk charge is stated in the Contract. The annual mortality and expense risk charge will not exceed 0.85% of the net asset value of the Separate Account, of which 0.68% is allocable to the mortality risk and 0.17% to the expense risk.

14. If the mortality and expense risk charge is insufficient to cover the actual costs, the loss will be borne by Great-West. Conversely, if the amount deducted proves more than sufficient, then the excess will be a profit to Great-West. The mortality and expense risk charge is guaranteed by Great-West and cannot be increased.

Applicants' Legal Analysis and Conditions

1. Pursuant to Section 6(c) of the 1940 Act, the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities or transactions, from any provision or provisions of the 1940 Act or from any rule or regulation 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 1940 Act.

2. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act prohibit a registered unit investment trust and any depositor thereof or underwriter therefor from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are deposited with a qualified bank as trustee or custodian and held under arrangements which prohibit any payment to the depositor or principal underwriter except a fee, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative services normally performed by the bank itself.

3. Applicants request an order pursuant to Section 6(c) of the 1940 Act exempting them from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of the expense risk charge from the assets of the Separate Account and any Future Accounts in connection with the Contracts.

4. Applicants represent that they have reviewed publicly available information regarding the aggregate level of the mortality and expense risk charge under variable annuity contracts comparable to the Contracts currently being offered in the insurance industry, taking into consideration such factors as current charge levels, the manner in which charges are imposed, the presence of charge-level or annuity-rate guarantees, and the markets in which the Contracts will be offered. Based upon this review, Applicants further represent that the mortality and expense risk charge under the Contracts is within the range of industry practice for comparable contracts. Great-West will maintain at its administrative offices, available to the Commission, a memorandum setting forth in detail the products analyzed in the course of, and the methodology and results of, its comparative survey.

5. Applicants represent that, prior to offering any Future Contracts through the Separate Account or Future 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. Great-West will maintain at its administrative offices, available to the Commission, a memorandum setting forth in detail the products analyzed in the course of, and the methodology and results of, its comparative survey.

6. Applicants will cover the costs of distributing the Contracts from the assets of the general account, since no front-end or contingent deferred sales charges are imposed under the Contracts. This distribution expense paid from the assets of the general account of Great-West will include amounts derived from the mortality and expense risk charge. Great-West has concluded that there is a reasonable likelihood that the distribution financing arrangement being used in connection with the Contracts will benefit the Separate Account and the Owners. Great-West will maintain at its administrative offices, available to the Commission, a memorandum setting forth the basis for this representation.

7. Applicants recognize that any additional cost for distributing Future Contracts will be derived from the general account of Great-West, which

will include amounts derived from the mortality and expense risk charge imposed under such Future Contracts. Great-West will maintain at its administrative offices, available to the Commission, a memorandum setting forth the basis for a representation that the distribution financing arrangement for such Future Contracts will benefit the Separate Account, or Future Account, and the Owners.

8. Applicants represent that the Separate Account will invest only in underlying funds which have undertaken to have a board of directors/trustees, a majority of whom are not interested persons of any such funds, and who would oversee the formulation and approval of any plan under Rule 12b-1 under the 1940 Act to finance distribution expenses.

9. Applicants submit that their request for exemptive relief would promote competitiveness in the variable annuity contract market by eliminating the need for redundant exemptive applications, thereby reducing Applicants' administrative expenses and maximizing the efficient use of their resources. Applicants further submit that the delay and expense involved in having repeatedly to seek exemptive relief would impair their ability effectively to take advantage of business opportunities as they arise. Further, if Applicants were required repeatedly to seek exemptive relief with respect to the same issues addressed in this application, investors would not receive any benefit or additional protection.

Conclusion

For the reasons summarized above, Applicants represent that the exemptions requested are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-18174 Filed 7-17-96; 8:45 am]

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[Rel. No. IC-22066; No. 812-9944]

The Minnesota Mutual Life Insurance Company, et al.

July 11, 1996.

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

ACTION: Notice of Application of Exemptions pursuant to the Investment Company Act of 1940 (the "Act").

APPLICANTS: The Minnesota Mutual Life Insurance Company ("Minnesota Mutual"), Minnesota Mutual Variable Life Separate Account ("Account") and MIMLIC Sales Corporation ("MIMLIC Sales").

RELEVANT ACT SECTIONS: Order requested pursuant to Sections 6(c) of the Act, granting exemptions from Sections 2(a)(35), 22(c), 22(d), 22(e), 26(a), 27(a), 27(c), 27(d) and 27(f) of the Act and from Rules 6e-2(b)(1), (b)(12)(i), (b)(13)(i), (b)(13)(ii), (b)(13)(iii), (b)(13)(v), (b)(13)(viii), (c)(1) and (c)(4), 22c-1 and 27f-1 thereunder. Order also requested pursuant to Section 11 approving an exchange offer.

SUMMARY OF APPLICATION: The relief requested would permit the offer and sale of certain scheduled premium variable life insurance policies ("Policies") that provide for: (a) a cash option death benefit; (b) a scheduled decrease in the initial face amount and the subsequent adjustment of Policies to a face amount less than the initial face amount; (c) deduction of cost of insurance charges not to exceed the charges derived from the 1980 Commissioners Standard Ordinary Mortality Table for purposes of calculating "sales load"; (d) deduction of a federal tax charge; (e) the anticipated joint life expectancy of the insureds to be determined on the basis of the 1980 Commissioners Standard Ordinary Mortality Table for purposes of calculating the period over which sales load may not exceed 9 percent; (f) assessment of a new first year sales load upon a policy adjustment involving an increase in base premium, which sales load may be in addition to a first year sales load being taken at the time the adjustment is made; (g) increase in the proportionate amount of sales load deducted from premiums following certain policy adjustments or the payment of nonrepeating premiums; (h) deduction from Account assets of the proposed charges for the cost of insurance and the face amount guarantee; (i) a right to convert to a fixed benefit adjustable life insurance policy with a death benefit equal to the Policy's then current face amount and with a plan of insurance which may be less than for the whole of life; and (j) personal delivery to Policy owners of free-look right notices which contain information comparable to that required by Form N-27I-2. The requested relief also would approve an exchange offer. The relief would extend to any variable