

application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 12d2-2(d) thereunder,<sup>2</sup> to withdraw its Common Stock, \$3.00 par value ("Security"), from listing and registration on the Pacific Exchange, Inc. ("PCX" or "Exchange").

The Board of Directors ("Board") of the Issuer approved resolutions on December 6, 2002 to withdraw its Security from listing on the Exchange. The Issuer determined that it is not in the best interest of the Issuer or its stockholders to continue to be subject to the limitations and cost associated with maintaining the PCX's listing requirements for its Security. In addition, the Issuer believes that it is desirable and in the best interests of the Issuer and its stockholders to delist its Security from the PCX. The Issuer states that the Security will continue to trade on the New York Stock Exchange, Inc. ("NYSE").

The Issuer stated in its application that it has complied with the rules of the PCX that govern the removal of securities from listing and registration on the Exchange. The Issuer's application relates solely to the withdrawal of the Security from listing and registration on the PCX and from registration under section 12(b)<sup>3</sup> of the Act and shall not affect its listing on the NYSE or its obligation to be registered under section 12(g) of the Act.<sup>4</sup>

Any interested person may, on or before April 25, 2003, submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609, facts bearing upon whether the application has been made in accordance with the rules of the PCX and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-25988; File No. 812-12897]

### Metropolitan Life Investors USA Insurance Company, et al.

April 1, 2003.

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

**ACTION:** Notice of application for an order pursuant to section 26(c) of the Investment Company Act of 1940 (the "Act") approving certain substitutions of securities and for an order of exemption pursuant to section 17(b) of the Act.

**APPLICANTS:** MetLife Investors USA Insurance Company ("MetLife Investors USA"), Security Equity Life Insurance Company ("Security Equity Life"), MetLife Investors USA Separate Account A ("Separate Account A"), Security Equity Life Separate Account 10 ("Separate Account 10" and Security Equity Life Separate Account 13 ("Separate Account 13").

**FILING DATES:** The application was filed on October 24, 2002, and amended and restated on March 28, 2003.

**SUMMARY OF APPLICATION:** Applicants request an order to permit the substitutions by MetLife Investors and Security Equity Life of Class A shares of the MetLife Stock Index Portfolio (the "Replacement Portfolio") of Metropolitan Series Fund, Inc. ("Metropolitan Series") and held by Separate Account A, Separate Account 10, and Separate Account 13 (each an "Account," together, the "Accounts") for Initial Class shares of the Index 500 Portfolio (the "Substituted Portfolio") of the Fidelity Variable Insurance Products Fund II ("VIP Fund II") to support variable annuity or variable life insurance contracts issued by MetLife Investors USA or Security Equity Life (collectively, the "Contracts"). Applicants also request an order of the Commission exempting them, the Metropolitan Series, VIP Fund II, the Replacement Portfolio, and the Substituted Portfolio as well as the proposed substitution from section 17(a) of the 1940 Act to the extent necessary to permit MetLife Investors USA and Security Equity Life to carry out the proposed substitutions by redeeming the VIP Fund II shares in-kind and using the proceeds to purchase the shares issued by the Metropolitan Series.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the amended and restated 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 should be received by the Commission by 5:30 p.m. on April 25, 2003, 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 Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Applicants, c/o Christopher A. Martin, Esq., Metropolitan Life Insurance Company, 501 Boylston Street, Boston, MA 02116 and Richard C. Pearson, Esq., MetLife Investors USA Insurance Company, 22 Corporate Plaza Drive, Newport Beach, California 92660. Copy to David S. Goldstein, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, NW, Washington, DC 20004-2415.

**FOR FURTHER INFORMATION CONTACT:** Alison White, Senior Counsel, or Lorna MacLeod, Branch Chief, Division of Investment Management, Office of Insurance Products, at (202) 942-0670.

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 5th Street, NW., Washington, DC 20549 (tel. (202) 942-8090).

### Applicants Representations

1. MetLife Investors USA is a stock life insurance company organized under Delaware law in 1960. MetLife Investors USA is authorized to transact the business of life insurance, including annuities, in the District of Columbia and all states except New York.

2. MetLife Investors USA is a wholly-owned subsidiary of MetLife Investors USA Group, Inc. ("MLIG") (formerly, Security First Group, Inc.). MLIG, in turn, is an indirect wholly-owned subsidiary of MetLife, Inc. ("MetLife"), the parent of Metropolitan Life Insurance Company ("MLIC"). MetLife is listed on the New York Stock Exchange and, through its affiliates, is a leading provider of insurance and financial products and services to individuals and groups. MetLife Investors USA Insurance Company changed its name from Security First Life Insurance Company on January 31, 2001.

<sup>1</sup> 15 U.S.C. 78j(d).

<sup>2</sup> 17 CFR 240.12d2-2(d).

<sup>3</sup> 15 U.S.C. 78j(b).

<sup>4</sup> 15 U.S.C. 78j(g).

<sup>5</sup> 17 CFR 200.30-3(a)(1).

3. Security Equity Life is a stock life insurance company domiciled in New York. Security Equity Life was established in 1983 as a wholly-owned subsidiary of Security Mutual Life Insurance Company of New York. Security Equity Life is admitted to sell life insurance and annuities in 40 states and the District of Columbia. Security Equity Life sells corporate-owned life insurance contracts in all of these jurisdictions and individual contracts to residents of New York. Security Equity Life is a wholly-owned subsidiary of GenAmerica Financial Corporation, an intermediate stock holding company, acquired by MetLife on January 6, 2000.

4. Separate Account A is a separate investment account of MetLife Investors USA established under Delaware law on May 29, 1980. Separate Account A currently has 60 subaccounts. Each subaccount invests in a corresponding portfolio of a registered management investment company. A number of variable annuity Contracts that invest in the Substituted Portfolio have been issued through Separate Account A (the, "MetLife Investors Contracts") and interests in the Account offered through such Contracts have been registered under the Securities Act of 1933, as amended (the "1933 Act") on Form N-4.

5. MetLife Investors USA is the legal owner of the assets in Separate Account A. If, and to the extent so provided in the MetLife Investors Contracts, that portion of the assets of Separate Account A equal to its reserves and other liabilities under outstanding MetLife Investors Contracts are not chargeable with liabilities arising out of any other business MetLife Investors USA may conduct. Income, gains and losses, realized or unrealized, from the assets of Separate Account A are credited to or charged against the Account without regard to the other income, gains, or losses of MetLife Investors USA.

6. Separate Account 10 is a separate investment account of Security Equity Life established under New York law on December 15, 1994. Separate Account 10 serves as one of several separate account funding vehicles for certain variable life insurance contracts that are exempt from registration under section 4(2) of the 1933 Act and Regulation D thereunder (the "Security Equity Life PP Contracts"). Each separate account available as an investment option under the Security Equity Life PP Contracts invests in a corresponding portfolio of a registered management investment company; Separate Account 10 invests only in the Substituted Portfolio.

7. Security Equity Life is the legal owner of the assets in Separate Account 10. If, and to the extent so provided in the Security Equity Life PP Contracts, that portion of the assets of Separate Account 10 equal to its reserves and other liabilities under outstanding Security Equity Life PP Contracts will not be charged with liabilities that arise from any other business that Security Equity Life may conduct. Income, gains and losses, whether or not realized, from the assets of Separate Account 10 are, in accordance with the Security Equity Life PP Contracts, credited to or charged against the Account without regard to the other income, gains, or losses of Security Equity Life.

8. Separate Account 13 is a separate investment account of Security Equity Life established under New York law on December 30, 1994. Separate Account 13 currently has 20 subaccounts. Each subaccount invests in a corresponding portfolio of a registered management investment company. A number of variable life insurance Contracts that invest in the Substituted Portfolio have been issued through Separate Account 13 (the, "Security Equity Life Contracts") and interests in the Account offered through such Contracts have been registered under the 1933 Act on Form S-6.

9. Security Equity Life is the legal owner of the assets in Separate Account 13. If, and to the extent so provided in the Security Equity Life Contracts, that portion of the assets of Separate Account 13 equal to its reserves and other liabilities under outstanding Security Equity Life Contracts will not be charged with liabilities arising from any other business that Security Equity Life may conduct. Income, gains and losses, whether or not realized, from the assets of Separate Account 13 are, in accordance with the Security Equity Life Contracts, credited to or charged against the Account without regard to the other income, gains, or losses of Security Equity Life.

10. The terms of the MetLife Investors Contracts permit Contract owners to transfer Contract value under the Contracts between and among the available subaccounts of Separate Account A and from such subaccounts to MetLife Investors USA's general account during the accumulation period and to exchange annuity units during the annuity period. Although MetLife Investors USA does not currently charge a fee for Contract value transfers or annuity unit exchanges, the Contracts reserve for it the right to impose a \$10 charge for each transfer or exchange.

11. The terms of the Security Equity Life PP Contracts permit Contract

owners to transfer Contract value under the Contracts between and among the separate accounts available under the Contracts on any valuation day within the following guidelines: (a) Contract value cannot be allocated to more than five separate accounts at any one time, (b) transfer requests must be in writing and in a form acceptable to Security Equity Life, (c) except as described below, only one transfer is permitted in each Contract year, and (d) Security Equity Life reserves the right to limit the amount of any transfer. Notwithstanding this contractual limitation, Security Equity Life currently permits up to 12 transfers per Contract year between or among separate accounts that invest in underlying portfolios within a single series management investment company or in underlying portfolios managed by the same investment manager. All transfer requests made on a single valuation day count as a single transfer. Security Equity Life does not impose a charge for transfers.

12. The terms of the Security Equity Life Contracts permit Contract owners to transfer Contract value under the contracts between and among available subaccounts on any valuation day within the following guidelines: (a) Contract value cannot be allocated to more than five subaccounts and the fixed account (*i.e.*, Security Equity Life's general account) at any time, (b) transfer requests must be in writing and in a form acceptable to Security Equity Life, (c) except as described below, only one transfer is permitted in each Contract year, and (d) Security Equity Life reserves the right to limit the amount of any transfer. Notwithstanding this contractual limitation, Security Equity Life currently permits up to 12 transfers per Contract year between or among subaccounts. All transfer requests made on one valuation day count as a single transfer. Security Equity Life does not impose a charge for transfers.

13. Under the Contracts, MetLife Investors USA and Security Equity Life reserve the right to substitute shares of one portfolio for shares of another, including a portfolio of a different management investment company. Three of the MetLife Investors Contracts require Contract owners to approve any substitution. None of the other MetLife Investors Contracts nor any of the Security Equity Life Contracts require such approval. The following is representative of the Contract provisions reserving this right to substitute that appears in the MetLife Investors Contracts and the Security Equity Life Contracts:

*MetLife Investors Contracts That Require Contract Owner Approval*

The separate account may not change the fund shares of a series unless approved by a vote of the majority of the units entitled to vote and as provided by the [1940] Act.

*MetLife Investors Contracts That Do Not Require Contract Owner Approval*

If shares of any fund should no longer be available for investment by a series or if in the judgment of the Company further investment in shares of any fund should become inappropriate in view of the purposes of the contracts, the Company may substitute for each fund share already purchased, shares of another fund or other securities, and apply future purchase payments under the contracts to the purchase of shares of another fund or other securities. The separate account may not change the fund shares of a series unless approved by the [1940] Act. The separate account may buy other securities for other series or contracts, or if requested by a contract owner, convert units from one series or contract to another.

*Security Equity Life PP Contracts*

For any Separate Account, [Security Equity Life] has the right to substitute a new portfolio for the portfolio in which the Separate Account invests, to substitute new Separate Accounts, to combine two or more Separate Accounts, to cause a Separate Account that is managed directly by an investment manager to instead invest its assets in shares or units of portfolios managed by one or more investment managers, to cause a Separate Account that invests its assets in shares or units of a portfolio to instead be managed directly by an investment manager, and to eliminate any existing Separate Accounts or any other investment option. Subject to any required regulatory approvals, [Security Equity Life] reserves the right to transfer assets of a Separate Account to another Separate Account which [Security Equity Life] determines to be associated with the class of contracts to which the contract belongs.

*Security Equity Life Contracts*

For any Separate Account Division, [Security Equity Life] has the right to substitute a new portfolio for the portfolio in which the Separate Account invests, to substitute new Separate Account Divisions, to combine two or more Separate Account Divisions, to cause a Separate Account Division that is managed directly by an investment manager to instead invest its assets in shares or units of portfolios managed by one or more investment managers, to cause a Separate Account Division that invests its assets in shares or units of a portfolio to instead be managed directly by an investment manager, and to eliminate any existing Separate Account Division or any other investment option. Subject to any required regulatory approvals, [Security Equity Life] reserves the right to transfer assets of a Separate Account Division to another Separate Account Division which [Security Equity Life] determines to be associated with the class of contracts to which the contract belongs.

14. In the prospectuses for the Contracts, MetLife Investors USA and Security Equity Life disclose their right to substitute shares of one portfolio for shares of another. All of the prospectuses for the MetLife Investors Contracts disclose a requirement that approval of Contract owners invested in an affected portfolio is needed prior to any substitution, regardless of whether or not the related Contract requires such approval. Consistent with Contractual provisions, the prospectuses for the Security Equity Life Contracts and the private placement memoranda for the Security Equity Life PP Contracts do not disclose any such approval requirement. The following is representative disclosure about substitutions that appears in each prospectus and private placement memorandum:

*MetLife Investors USA Prospectus*

MetLife Investors USA may substitute shares of another fund for Fund shares directly purchased and apply future Purchase Payments under the Contracts to the purchase of these substituted shares if the shares of a Fund are no longer available or further investment in such shares is determined to be inappropriate by MetLife Investors USA's management in view of the purposes of the Contracts. However, no substitution is allowed unless a majority of the Owners entitled to vote (those who have invested in the Series) and the SEC approves the substitution under the 1940 Act.

*Security Equity Life Private Placement Memorandum*

For any Separate Account, subject to any required regulatory approvals, [Security Equity Life] has the right to substitute a new Underlying Portfolio for the Underlying Portfolio in which the Separate Account invests, to substitute new Separate Accounts, to combine two or more Separate Accounts, to cause a Separate Account that is managed directly by an investment manager to instead invest its assets in shares or units of an Underlying Portfolio, to cause a Separate Account that invests its assets in shares or units of an Underlying Portfolio to instead be managed directly by an investment manager, and to eliminate any existing Separate Account or any other investment option.

*Security Equity Life VLI Prospectus*

[Security Equity Life] reserves the right, subject to compliance with applicable law, to make additions to, deletions from, or substitutions for the shares that are held by the Separate Account or that the Separate Account may purchase. Security Equity Life reserves the right to eliminate the shares of any of the Underlying Portfolios and to substitute the shares of another registered open-end investment company if the shares of an Underlying Portfolio are no longer available for investment or if, in Security Equity Life's judgment, further investment in any Underlying Portfolio becomes inappropriate in view of the purposes of the Separate Account. [Security Equity Life] will

not substitute any shares attributable to a Contract Holder's interest in a Division of a Separate Account without notice to the Contract Holder and prior approval of the SEC, to the extent required by the 1940 Act or other applicable law. Nothing contained in this Prospectus shall prevent the Separate Account from purchasing other securities for other series or classes of contracts, or from permitting a conversion between series or classes of contracts on the basis of requests made by Contract Holders.

15. The VIP Fund II is registered as an open-end management investment company under the 1940 Act and currently offers 5 separate investment portfolios, one of which would be involved in the proposed substitution. The VIP Fund II issues a separate series of shares of beneficial interest in connection with each portfolio and has registered such shares under the 1933 Act on Form N-1A. Fidelity Management & Research Company ("FMR") serves as the investment adviser to each portfolio.

16. FMR and VIP Fund II on behalf of the Substituted Portfolio have entered into a subadvisory agreement with Deutsche Asset Management, Inc. ("DAMI") to provide portfolio management services pursuant to which DAMI chooses the Substituted Portfolio's investments and places orders to buy and sell the Substituted Portfolio's investments. DAMI is a wholly-owned subsidiary of Deutsche Bank AG.

17. In addition, FMR has also entered into a subadvisory agreement with FMR Co., Inc. ("FMRC") on behalf of the Substituted Portfolio, pursuant to which FMRC may provide investment advisory services for the Substituted Portfolio.

18. The Metropolitan Series is registered as an open-end management investment company under the 1940 Act and currently offers 20 separate investment portfolios, one of which would be involved in the proposed substitution. The Metropolitan Series issues a separate series of shares of beneficial interest in connection with each portfolio, and has registered such shares under the 1933 Act on Form N-1A. MetLife Advisers is the investment adviser of each portfolio of the Metropolitan Series. MetLife Advisers is an indirect wholly-owned subsidiary of MetLife.

19. MetLife Advisers has a subadvisory agreement with MLIC whereby MLIC makes the day-to-day investment management decisions for the Replacement Portfolio. MLIC also manages its own investment assets and those of certain affiliated companies and other entities. As of December 31, 2002, MLIC had approximately \$250 billion in

assets under management. MetLife Advisers is responsible for overseeing MLIC and for making recommendations to the Metropolitan Series' board of directors relating to hiring and replacing any subadviser. MetLife Advisers also performs general administrative and management services for the Metropolitan Series. MLIC's principal offices are located at One Madison Avenue, New York, New York 10010. MLIC also is the Metropolitan Series' principal underwriter and distributor.

20. MetLife Investors Distribution Company ("MetLife Investors Distribution") serves as principal underwriter and distributor for the MetLife Investors Contracts. MetLife Investors Distribution is an indirect wholly-owned subsidiary of MetLife. MetLife Investors Distribution is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act") and is a member of the National Association of Securities Dealers, Inc. ("NASD"). MetLife Investors Distribution may enter into selling agreements with other broker-dealers registered under the 1934 Act whose representatives are authorized to sell the MetLife Investors Contracts.

21. Walnut Street Securities, Inc. ("Walnut Street") serves as principal underwriter and distributor for Security Equity Life PP Contracts and Security Equity Life Contracts. Walnut Street is a wholly-owned subsidiary of GenAmerica Corporation. Walnut Street is registered as a broker-dealer under the 1934 Act and is a member of the NASD. Walnut Street may enter into selling agreements with other broker-dealers registered under the 1934 Act whose representatives are authorized to sell the Security Equity Life PP Contracts and Security Equity Life Contracts.

22. MetLife Investors USA and Security Equity Life propose to substitute Class A shares of Replacement Portfolio for Initial Class shares of the Substituted Portfolio held in the Accounts (the "proposed substitutions"). At the current time, most variable life insurance and variable annuity contracts being actively marketed by MetLife affiliated life insurance companies that offer an S&P 500 Index investment portfolio, offer the Replacement Portfolio. The proposed substitutions are part of efforts by MetLife Investors USA and Security Equity Life to standardize investment options offered through variable life insurance and variable annuity contracts across all MetLife affiliated life insurance companies. Investment option standardization is expected to make such contracts more efficient to

administer and oversee, thereby reducing costs to the companies and improving service to owners of all of the contracts. For example, one variable annuity operations center provides contract administration and contract owner services for most of the affiliated life insurance companies. Standardizing product features, such as investment options, will foster more efficient administration of the Contracts, thereby improving quality control and Owner satisfaction. Similarly, as part of this standardization process, several other mutual funds managed by companies affiliated with Metropolitan Life Insurance Company are being merged into investment portfolios of Metropolitan Series, including the MetLife Portfolio. This should, as with the proposed substitution, increase the Portfolio's net assets and lead to lower overall expenses for the Portfolio. By way of other examples, most sales representatives will only have to be familiar with one S&P 500 Index portfolio offering rather than several. Likewise, for most contracts, only one prospectus, rather than several, for an S&P 500 Index portfolio would have to be printed.

23. Though not a principal reason for the proposed substitutions, the substitutions would have the effect of transferring Contract values to an investment portfolio managed by MLIC, an affiliated person of MetLife Investors USA and Security Equity Life, thereby increasing the management fees to MLIC.

24. Applicants believe that replacing the Substituted Portfolio with the Replacement Portfolio is appropriate and in the best interests of Contract owners because the investment objectives and principal investment strategies of the Replacement Portfolio are substantially identical to those of the Substituted Portfolio so that Contract owners will have continuity in investment and risk expectations. In addition, the types of investment advisory and administrative services provided to the Replacement Portfolio are substantially the same as those provided to the Substituted Portfolio.

25. Although net expenses for the Substituted Portfolio were slightly lower than those for the Replacement Portfolio for the year ended December 31, 2002, Applicants note that the expense ratio for the Substituted Portfolio before voluntary waivers and reimbursements was higher than that of the Replacement Portfolio. More significantly, Applicants propose to limit Contract charges (discussed below) attributable to Contract value invested in the Replacement Portfolio following the

proposed substitutions, to a rate that would offset the expense ratio differential between the Substituted Portfolio's 2002 expense ratio and the expense ratio for the Replacement Portfolio.

26. Applicants believe that replacing the Substituted Portfolio with the Replacement Portfolio is appropriate and in the best interests of Contract owners because the Replacement Portfolio is larger than the Substituted Portfolio and has excellent prospects for future growth. Although almost all equity mutual funds have declined in size over the last two years (due primarily to equity market declines, but also as a result of investor redemptions), the Replacement Portfolio has, on a percentage basis, declined in size less than the Substituted Portfolio. In large part this is because it has gained new investors. As indicated above, the Applicants anticipate that, through mergers with affiliated funds and being added as an investment option in variable annuity and life insurance contracts of MetLife affiliated insurance companies, the Replacement Portfolio will continue to add new investors.

Size and continued growth are important factors in the performance of an index portfolio because they have a critical impact on expense levels. The Replacement Portfolio had an expense ratio in 2002 of 0.31%. Applicants believe that with the growth anticipated for the Portfolio, it has excellent prospects of maintaining or even lowering that ratio in future years. Although the Substituted Portfolio had an actual expense ratio of 0.28% for 2002, it achieved that ratio only after a reimbursement of 0.05% from FMR, its investment adviser. The reimbursement is voluntary and FMR may cease reimbursing the Portfolio at any time. In addition, FMR has the ability to seek repayment of the reimbursed amounts under certain circumstances in future years.

Applicants also believe that replacing the Substituted Portfolio with the Replacement Portfolio is appropriate and in the best interests of Contract owners because the Replacement Portfolio has had better performance than the Substituted Portfolio. Although, being index portfolios, performance differences are very small, the Replacement Portfolio has consistently outperformed the Substituted Portfolio in recent years.

27. The following chart sets out the investment objective and principal investment strategies of the Substituted Portfolio and the Replacement Portfolio, as stated in their respective prospectuses.

Substituted portfolio	Replacement portfolio
<p>Index 500 Portfolio .....                      Investment Objective: Seeks investment results that correspond to the total return of common stocks publicly traded in the United States, as represented by the S&amp;P 500 Index.                      Principal Investment Strategies: The Portfolio will normally invest at least 80% of its assets in common stocks included in the S&amp;P 500 Index. The Portfolio may not always hold all of the same securities as the S&amp;P 500 Index. The subadviser may use statistical sampling techniques to attempt to replicate the returns of the S&amp;P 500 Index. Statistical sampling techniques attempt to match the investment characteristics of the S&amp;P 500 Index and the Portfolio by taking into account such factors as capitalization, industry exposures, dividend yield, price/earnings ratio, price/book ratio, and earnings growth. The Portfolio also expects to lend securities to earn income for the Portfolio. The Portfolio may lend its securities to broker-dealers or other institutions to earn income. The Portfolio may also use various techniques, such as buying and selling futures contracts, to increase or decrease its exposure to changing security prices or other factors that affect security values.</p>	<p>MetLife Stock Index Portfolio.                      Investment Objective: To equal the performance of the S&amp;P 500 Index.                      Principal Investment Strategies: The Portfolio will normally invest most of its assets in common stocks included in the S&amp;P 500 Index. The Portfolio also expects to invest, as a principal investment strategy, in securities index futures contracts and/or related options to simulate full investment in the S&amp;P 500 Index while retaining liquidity to facilitate trading, to reduce transaction costs, or to seek higher return when these derivatives are priced more attractively than the underlying security. Also, since the Portfolio attempts to keep transaction costs low, the portfolio manager generally will rebalance the Portfolio only if it deviates from the S&amp;P 500 Index by a certain percent. MetLife monitors the tracking performance of the Portfolio through examination of the "correlation coefficient." A perfect correlation would produce a coefficient of 1.00. The Portfolio will attempt to maintain a target correlation coefficient of at least .95.</p>

28. The following chart compares the total operating expenses (before and after any waivers and reimbursements) for the year ended December 31, 2002, expressed as an annual percentage of

average daily net assets, of the Substituted Portfolio and the Replacement Portfolio. Neither the Initial Class shares of the Substituted Portfolio nor Class A shares of the

Replacement Portfolio have adopted any plan pursuant to rule 12b-1 under the 1940 Act.

	Substituted portfolio (in percent)	Replacement portfolio (in percent)
Advisory Fees ..... Other Expenses .....	Index 500 Portfolio (Initial Class) 0.24 0.09	MetLife Stock Portfolio (Class A) 0.25 0.06
Total Operating Expenses ..... Less Expense Waivers and Reimbursements .....	0.33 0.05	0.31 N/A
Net Operating Expenses .....	0.28	0.31

29. The following chart compares the fees paid for advisory and subadvisory services for the fiscal year ending

December 31, 2002, expressed as an annual percentage of average daily net

assets, by the Substituted Portfolio and the Replacement Portfolio.

Substituted portfolio—Index 500 portfolio		Replacement portfolio—MetLife Stock Index portfolio (Class A)	
Annual advisory fees	Annual subadvisory fees (paid by the Adviser)	Annual advisory fees	Annual subadvisory fees (paid by the Adviser)
0.24% .....	DAMI 0.006% ..... FMRC 0.12%	0.25% .....	At Cost.

30. By supplements dated March 5, 2003, to the May 1, 2002 prospectuses for the MetLife Investors Contracts and February 28, 2003 for May 1, 2000 prospectuses for the Security Equity Life Contracts and the private placement memoranda for the Security Equity Life PP Contracts and the Accounts, MetLife Investors USA and Security Equity Life notified owners of their Contracts of their intention to take the necessary actions, including seeking the orders

requested by this application and obtaining approval from various groups of Contract owners (described below), to carry out the proposed substitutions as described herein.

31. The supplements about the proposed substitutions advised Contract owners that from the date of the supplement until the date of the proposed substitutions, MetLife Investors USA and Security Equity Life will not (except as described in the next

section) exercise any rights reserved under any Contract to impose restrictions or additional restrictions on or charges for transfers until at least 30 days after the proposed substitutions. Similarly, the supplements disclosed that, from the date of the supplement until the date of the proposed substitutions, MetLife Investors USA and Security Equity Life will permit Contract owners to make one transfer of Contract value out of the subaccount

currently holding shares of the Substituted Portfolio to another subaccount without the transfer being treated as one of a limited number of permitted transfers or a limited number of transfers permitted without a transfer charge. The supplements also advised Contract owners that if the proposed substitutions are carried out, then each Contract owner affected by a substitution will be sent a written notice (described immediately below) informing them of the fact and details of the substitutions.

32. Within five days after the proposed substitutions, any Contract owners who are affected by a substitution will be sent a written notice informing them that the substitutions were carried out. The notice also will reiterate the facts that MetLife Investors USA and Security Equity Life: (a) will not exercise any rights reserved by it under any of the Contracts to impose restrictions or additional restrictions on or charges for transfers until at least 30 days after the proposed substitutions, and (b) will, for at least 30 days following the proposed substitutions, permit such Contract owners to make one transfer of Contract value out of the subaccount holding shares of the Replacement Portfolio to another subaccount without the transfer being treated as one of a limited number of permitted transfers or a limited number of transfers permitted without a transfer charge. Current prospectuses for the Replacement Portfolio will be sent to Contract owners on or before the time the notices are sent. The notice as delivered in certain jurisdictions also may explain that, under insurance regulations in those jurisdictions, Contract owners affected by the substitutions may exchange their Contract for a fixed-benefit life insurance contract or fixed-benefit annuity contract during the 60 days following the substitutions.

33. In addition, as described below, MetLife Investors USA will solicit approval of the proposed substitutions from owners of MetLife Investors Contracts by mailing them information statements and voting forms. Likewise, Security Equity Life will solicit approval of the proposed substitutions from owners of Security Equity Life PP Contracts and Security Equity Life Contracts by mailing them information statements and voting forms.

34. MetLife Investors USA and Security Equity Life will effect the proposed substitutions following the issuance of the orders requested herein and the approval of the proposed substitutions by Contract owners (described below) as follows. As of the

Effective Date, shares of the Substituted Portfolio will be redeemed in cash or in-kind by MetLife Investors USA and Security Equity Life. The proceeds of such redemptions will then be used to purchase shares of the Replacement Portfolio either by cash purchases or in-kind purchases, with each subaccount of the Accounts investing the proceeds of its redemption from the Substituted Portfolio in the Replacement Portfolio. All redemptions of shares of the Substituted Portfolio and purchases of shares of the Replacement Portfolio will be effected in accordance with rule 22c-1 under the 1940 Act.

35. The proposed substitutions will take place at relative net asset value with no change in the amount of any Contract owner's Contract value or death benefit or in the dollar value of his or her investments in any of the Accounts. Contract owners will not incur any fees or charges as a result of the proposed substitutions, nor will their rights or MetLife Investors USA's or Security Equity Life's obligations under the Contracts be altered in any way. All applicable expenses incurred in connection with the proposed substitutions, including the costs of obtaining Contract owner approvals, brokerage commissions, legal, accounting, and other fees and expenses, will be paid by MetLife Investors USA or Security Equity Life. In addition, the proposed substitutions will not impose any tax liability on Contract owners. The proposed substitutions will not cause the Contract fees and charges currently being paid by existing Contract owners to be greater after the proposed substitutions than before the proposed substitutions. The proposed substitutions will not, of course, be treated as a transfer of Contract value or an exchange of annuity units for the purpose of assessing transfer charges or for determining the number of remaining permissible transfers in a Contract year. MetLife Investors USA and Security Equity Life will not exercise any right either may have under the Contracts to impose restrictions or additional restrictions on or charges for Contract value transfers or annuity unit exchanges under the Contracts for a period of at least thirty days following the proposed substitutions. One exception to this is that MetLife Investors USA and Security Equity Life may impose restrictions on transfers to prevent or limit "market timing" activities by Contract owners or agents of Contract owners.

36. Prior to the proposed substitutions, MetLife Investors USA and Security Equity Life will permit

Contract owners to make one transfer of Contract value (or annuity unit exchange) out of the Substituted Portfolio subaccount to another subaccount without the transfer (or exchange) being treated as one of a limited number of permitted transfers (or exchanges) or a limited number of transfers (or exchanges) permitted without a transfer charge. Likewise, for at least 30 days following the proposed substitutions, MetLife Investors USA and Security Equity Life will permit Contract owners affected by the substitutions to make one transfer of Contract value (or annuity unit exchange) out of Replacement Portfolio subaccount to another subaccount without the transfer (or exchange) being treated as one of a limited number of permitted transfers (or exchanges) or a limited number of transfers (or exchanges) permitted without a transfer charge. All Contract owners, even those who are "market timers," may avail themselves of the "free" transfer privilege both before and after the proposed substitutions.

37. MetLife Investors USA and Security Equity Life are also seeking approval of the proposed substitutions from any state insurance regulators whose approval may be necessary or appropriate.

38. To the extent that the annualized expenses of the Replacement Portfolio exceeds, for each fiscal period (such period being less than 90 days) during the twenty-four months following the substitutions, 0.28%, MetLife Investors USA and Security Equity Life will, for each Contract outstanding on the date of the proposed substitutions, make a corresponding reduction in separate account (or subaccount) expenses on the last day of such fiscal period, such that the amount of the Replacement Portfolio's expense ratio, together with those of the corresponding separate account (or subaccount) will, on an annualized basis, be no greater than the sum of 0.31% and the expense ratio of the separate account (or subaccount) for the 2002 fiscal year. In addition, for twenty-four months following the substitutions MetLife Investors USA and Security Equity Life will not increase asset-based fees or charges for Contracts outstanding on the day of the proposed substitutions. (Here, the term "Contract" means all of the MetLife Investors Contracts, Security Equity Life PP Contracts, and Security Equity Life Contracts currently offering a subaccount or separate account investing in the Substituted Portfolio).

39. In accordance with the Contract provisions and/or prospectus disclosure for the MetLife Investors Contracts,

MetLife Investors USA will seek approval of the substitutions proposed for Separate Account A from MetLife Investors Contract owners. Such approval will be sought from the owners of each class of MetLife Investors Contracts voting as a separate group, and the substitutions will be carried out for each class of Contracts whose owners approve them. A class of Contracts refers to a Contract type distinguishable from other types by the product (marketing) designation and, in most cases, by its contract form as approved for sale in each jurisdiction. Contracts of the same class have the same features and charge structure.

Approval is obtained by the affirmative vote of a majority of the class' outstanding interests in the Substituted Portfolio subaccount of Separate Account A (measured by the dollar value of accumulation units or annuity unit reserves). MetLife Investors USA will solicit approval of MetLife Investors Contract owners by sending them written voting forms accompanied by a voting information statement and other disclosure documents in a manner consistent with applicable requirements of Regulation 14A under the Securities Exchange Act of 1934 (together, "voting materials"). In particular, the relevant information statement will disclose, in substance, the information required by applicable items of Form N-14. Any beneficial financial interest that MetLife Investors USA may have in Separate Account A is immaterial in relation to the interests of Contract owners, and MetLife Investors USA will not cast any votes.

40. Security Equity Life will seek approval of the substitutions proposed for Separate Accounts 10 from Security Equity Life PP Contract owners and for Separate Account 13 from Security Equity Life Contract owners. Such approval will be sought from the owners of Security Equity Life Contracts and Security Equity Life PP Contracts, each voting as a separate group, and the substitutions will be carried out for each group of Contracts whose owners approve them. Approval is obtained by the affirmative vote of the lesser of: (a) a majority of the outstanding interests in either Separate Account 10 or the Substituted Portfolio subaccount of Separate Account 13 (measured by the dollar value of accumulation units), or (b) 67% of such outstanding interests voted, if votes received represent a majority of such interests. Security Equity Life will solicit approval of Security Equity Life PP Contract owners and Security Equity Life Contract owners by sending them written voting materials of the same type sent by

MetLife Investors USA. Any beneficial financial interest that Security Equity Life may have in either Separate Account 10 of Separate Account 13 is immaterial in relation to the interests of Contract owners and Security Equity Life will not cast any votes.

41. Pursuant to rule 20a-1 under the Act, the voting materials for Separate Account A and Separate Account 13 will be filed with the Commission as proxy materials. Because Separate Account 10 is not a registered investment company, voting materials related to it will not be so filed, however, the voting materials will be substantially identical in all material respects to the voting materials for Separate Account 13. Applicants anticipate that voting materials will be sent to Contract owners on or about March 28, 2003. Unless extended by either MetLife Investors USA or by Security Equity Life, votes must be received by April 24, 2003 to be counted.

42. The replacement of the Substituted Portfolio with the Replacement Portfolio is consistent with the protection of Contract owners and the purposes fairly intended by the policy and provisions of the 1940 Act and, thus, meets the standards necessary to support an order pursuant to section 26(c) of the 1940 Act.

43. Although not identical, the investment objectives and principal investment strategies of the Replacement Portfolio are substantially the same as those of the Substituted Portfolio. The investment objective of the Substituted Portfolio is to seek investment results corresponding to the total return of common stocks publicly traded in the United States, as represented by the S&P 500 Index. The S&P 500 Index consists of 500 common stocks, most of which are listed on the New York Stock Exchange. The stocks included in the S&P 500 Index are issued by companies among those whose outstanding stock have the largest aggregate market value, although stocks that are not among the 500 largest are included in the S&P 500 Index for diversification purposes.

44. The Substituted Portfolio normally invests at least 80% of its assets in common stocks included in the S&P 500 Index. The Portfolio may not always hold all of the same securities as the S&P 500 Index. DAMI uses statistical sampling techniques to attempt to replicate the returns of the S&P 500 Index. Statistical sampling techniques attempt to match the investment characteristics of the S&P 500 Index and the Portfolio by taking into account such factors as

capitalization, industry exposures, dividend yield, price/earnings ratio, price/book ratio, and earnings growth. The Portfolio may lend its securities to broker-dealers or other institutions to earn income. The Portfolio may also use various techniques, such as buying and selling futures contracts, to increase or decrease its exposure to changing security prices or other factors that affect security values.

45. The investment objective of the Replacement Portfolio is to equal the performance of the S&P 500 Index. The Replacement Portfolio normally invests most of its assets in common stocks included in the S&P 500 Index. The Replacement Portfolio is managed by purchasing all of the common stocks in the S&P 500 Index. The Replacement Portfolio also expects to invest, as a principal investment strategy, in securities index futures contracts and/or related options to simulate full investments in the S&P 500 Index while, at the same time, retaining liquidity, facilitating trading, reducing transaction costs, or seeking higher returns when these derivatives are priced more attractively than the underlying indicies. Also, since the Replacement Portfolio attempts to keep transaction costs low, the Replacement Portfolio subadviser generally will rebalance the Replacement Portfolio only if it deviates from the S&P 500 Index by a certain percent. The Replacement Portfolio may lend its securities to broker-dealers or other institutions to earn income. MLIC monitors the tracking performance of the Replacement Portfolio using the "correlation coefficient." A perfect correlation results in a coefficient of 1.00. The Replacement Portfolio will attempt to maintain a target correlation coefficient of at least 0.95.

46. The investment objectives of the two portfolios are virtually identical. Both portfolios seek to mirror the performance of the S&P 500 Index. Further, both portfolios' principal investment strategies are substantially the same in that both portfolios are managed by investing portfolio assets in the common stocks comprising the S&P 500 Index. Unlike the Replacement Portfolio, however, the Substituted Portfolio may not always hold all of the same securities as the S&P 500 Index. Further, although the Substituted Portfolio may use various techniques, such as buying and selling futures contracts, to increase or decrease its exposure to changing security prices, the Replacement Portfolio invests, as a principal investment strategy, in securities index futures contracts and/or related options when such derivatives are priced more attractively than the

underlying security or to simulate full investments in the S&P 500 Index—a strategy of potential benefit to Contract owners.

47. FMR currently serves as investment adviser for the Substituted Portfolio. Investment management decisions for the Substituted Portfolio are made by DAMI and FMRC in their capacity as subadvisers. The investment adviser for the Replacement Portfolio is MetLife Advisers. MLIC carries out the daily investment management decisions for the Replacement Portfolio in its capacity as subadviser.

48. Both the Replacement Portfolio and the Substituted Portfolio have assets of more than \$2.4 billion as of December 31, 2002. The Substituted Portfolio's

asset base, however, has declined from \$5.5 billion as of December 31, 1999.

49. Since both portfolios hold a large percentage of its assets in the 500 securities of the S&P 500 Index in the same proportion as the index, the respective expense ratios of the portfolios are the primary cause of tracking error (*i.e.*, the difference between the performance of the Substituted Portfolio or the Replacement Portfolio and the performance of the S&P 500 Index). For each of the last five years, the Substituted Portfolio's investment adviser voluntarily reimbursed a portion of the Portfolio's operating expenses. In fact, FMR retains the ability to be repaid

for these expense reimbursements in future years in the amount that expenses fall below the 0.28% limit prior to the end of a fiscal year. Through imposition of the expense caps described above following the proposed substitutions, Contract owners affected by the proposed substitutions will incur total Portfolio and subaccount expenses for two years that are no higher than the total Portfolio and subaccount expenses that they incurred in the fiscal year ended December 31, 2002.

50. The following table compares the respective asset levels, expense ratios, and performance data of the two portfolios, as well as performance data for the S&P 500 Index.

Portfolio	Asset levels (as of 12/31/ 02) (millions)	Expense ratios (for the year ended 12/31/ 02) (in percent)	Performance (for periods ending 12/ 31/02)
Index 500 Portfolio (Substituted Portfolio) .....	\$2,497	0.28	<ul style="list-style-type: none"> <li>• 1 Year: -22.25%</li> <li>• 5 Year: -0.84%</li> <li>• 10 Year: 9.04%</li> </ul>
MetLife Stock Index Portfolio (Replacement Portfolio) .....	\$2,840	0.31	<ul style="list-style-type: none"> <li>• 1 Year: -22.10%</li> <li>• 5 Year: -00.66%</li> <li>• 10 Year: 09.15%</li> </ul>
S&P 500 Index .....	N/A	N/A	<ul style="list-style-type: none"> <li>• 1 Year: -22.09%</li> <li>• 5 Year: -00.58%</li> <li>• 10 Year: 09.34%</li> </ul>

51. The Applicants submit that, for all the reasons stated above, the proposed substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

52. Because shares held by a separate account of an insurance company are owned by the insurance company, MetLife Investors USA, Security Equity Life and other life insurance company affiliates of MetLife Investors USA and Security Equity Life own of record all of the shares of the Replacement Portfolio. Therefore, Metropolitan Series and the Replacement Portfolio are arguably under the control of MetLife Investors USA and Security Equity Life (and its affiliates) notwithstanding the fact that Contract owners may be considered the beneficial owners of those shares held in the Accounts. If Metropolitan Series and the Replacement Portfolio are under MetLife Investors USA's and Security Equity Life's control, then any person controlling MetLife Investors USA and Security Equity Life, or any person under common control with MetLife Investors USA and Security Equity Life, is an affiliated person of Metropolitan Series and the Replacement Portfolio. Similarly, if Metropolitan Series and the

Replacement Portfolio are under MetLife Investors USA's and Security Equity Life's control, then Metropolitan Series and the Replacement Portfolio are affiliated persons of MetLife Investors USA and Security Equity Life and also are affiliated persons of any persons that control MetLife Investors USA and Security Equity Life or are under common control with MetLife Investors USA and Security Equity Life.

53. Regardless of whether or not MetLife Investors USA and Security Equity Life can be considered to control Metropolitan Series or the Replacement Portfolio, because MetLife Investors USA and Security Equity Life each own of record more than 5% of the shares of the Replacement Portfolio, each is an affiliated person of Metropolitan Series and of the Replacement Portfolio. Similarly, because more than 5% of the Replacement Portfolio's shares are owned by each of MetLife Investors USA and Security Equity Life, Metropolitan Series and the Replacement Portfolio are affiliated persons of MetLife Investors USA and Security Equity Life and also are affiliated persons of affiliated persons of any person that controls MetLife Investors USA and Security Equity Life

or is under common control with MetLife Investors USA and Security Equity Life. Likewise, because MetLife Investors USA and Security Equity Life may, from time to time, own of record more than 5% of the shares of the Substituted Portfolio, each may, from time to time, be an affiliated person of VIP Fund II and of the Substituted Portfolio. Similarly, VIP Fund II and the Substituted Portfolio are each affiliated persons of MetLife Investors USA and Security Equity Life and also are affiliated persons of affiliated persons of any person that controls MetLife Investors USA and Security Equity Life or is under common control with MetLife Investors USA and Security Equity Life.

54. The proposed substitutions by MetLife Investors USA and Security Equity Life which may entail the purchase of shares of the Replacement Portfolio with portfolio securities of the Substituted Portfolio, therefore also may entail the purchase of such securities by the Replacement Portfolio and/or the sale of such securities by the Substituted Portfolio, each acting as principal, to the other and therefore may be in contravention of section 17(a) of the 1940 Act. In addition, the

participation of MetLife Investors USA and Security Equity Life in such purchase or sale transactions could be viewed as entailing the purchase of such portfolio securities from the Substituted Portfolio and the sale of such portfolio securities to the Replacement Portfolio by MetLife Investors USA and Security Equity Life each acting as principal, and therefore may be in contravention of section 17(a) of the 1940 Act.

55. Any in-kind redemptions of Substituted Portfolio shares and purchases of Replacement Portfolio shares for purposes of the proposed substitutions will be effected in a manner consistent with the investment objective, principal investment strategies and other policies of the Substituted Portfolio and the Replacement Portfolio. Both the VIP Fund II and Metropolitan Series will agree on the terms of any in-kind redemption. If the two management companies cannot agree, the VIP Fund II will redeem Substituted Portfolio shares for cash. If the parties do agree, the Replacement Portfolio will receive an approximately proportionate amount of each of the Substituted Portfolio's holdings and cash at the time of the substitution, as determined by the investment adviser of the Substituted Portfolio. After the Replacement Portfolio receives these portfolio holdings, MetLife will review them and determine which holdings to retain for the Replacement Portfolio based on the overall context of the Portfolio's investment objective, principal investment strategies and other policies and consistent with its management of the Replacement Portfolio. The redemption of Substituted Portfolio shares in kind is intended to reduce the costs of the proposed substitutions.

56. MetLife Investors USA and Security Equity Life assert that the terms under which any in-kind redemptions and purchases will be effected are reasonable and fair and will not involve overreaching on the part of any person principally because the transactions will not cause Contract owner interests to be diluted and because the transactions will conform to all but two of the conditions in rule 17a-7. The proposed transactions will take place at relative net asset value in conformity with the requirements of section 22(c) of the 1940 Act and rule 22c-1 thereunder with no change in the amount of any Contract owner's contract value or death benefit or in the dollar value of his or her investment in any of the Accounts. Contract owners will not suffer any adverse tax consequences as a result of the Substitution. The fees and charges

under the Contracts will not increase because of the Substitution.

57. Both the board of directors of Metropolitan Series and the board of trustees of VIP Fund II have adopted procedures, as required by rule 17a-7 under the Act, pursuant to which the Portfolios of each may purchase securities from or sell securities to their affiliates. MetLife Investors USA and Security Equity Life will carry out the proposed substitutions in conformity with all of the conditions of rule 17a-7 and Metropolitan Series' and VIP Fund II's procedures thereunder, except that: (1) the consideration paid for the securities being purchased or sold will not be entirely cash, and (2) the board of directors of Metropolitan Series and the board of trustees of VIP Fund II will not separately review each portfolio security purchased and sold.

58. Even though MetLife Investors USA and Security Equity Life may not rely on rule 17a-7, they believe that the rule's conditions outline the type of safeguards that result in transactions that are fair and reasonable to registered investment company participants and preclude overreaching in connection with an investment company by its affiliated persons. When the Commission first proposed and then adopted rule 17a-7, it noted that the purpose of the rule was to eliminate the filing and processing of applications "in circumstances where there appears to be no likelihood that the statutory finding for a specific exemption under section 17(b) could not be made" by establishing "conditions as to the availability of the exemption to those situations where the Commission, upon the basis of its experience, considers that there is no likelihood of overreaching of the investment companies participating in the transaction."

59. Applicants assert that where, as here, they or the relevant investment company would comply with most, but not all, of the conditions of the rule, the Commission should consider the extent to which the conditions that they propose to meet would protect investors under the circumstances of the particular proposed transaction and issue an order if compliance with those conditions would fully protect investors under such circumstances. The circumstances surrounding the proposed substitutions will be such as to offer the same degree of protection to the Substituted Portfolio and the Replaced Portfolio from overreaching that rule 17a-7 provides to them generally in connection with their purchase and sale of securities under that rule in the ordinary course of their

business. In particular, because of the circumstances surrounding the proposed substitutions, VIP Fund II and the Replaced Portfolio could not "dump" undesirable securities on Metropolitan Series or the Substituted Portfolio, or retain its desirable securities for itself. Because both Portfolios are "index funds" that seek to match the performance of the same stock market index, both Portfolios hold substantially the same portfolio securities, and the Substituted Portfolio would receive from the Replaced Portfolio a pro-rata share of such securities held by the latter, the Replaced Portfolio would not have the opportunity to "dump" undesirable securities on, or otherwise overreach, the Substituted Portfolio. Nor can MetLife Investors USA or Security Equity Life effect the proposed transactions at a price that is disadvantageous to either the Replaced Portfolio or the Substituted Portfolio. Although the transactions may not be entirely for cash and the boards (or directors or trustees) will not make the determinations required by paragraph (e)(3) of rule 17a-7, each will be effected based upon: (a) the independent market price of the portfolio securities valued as specified in paragraph (b) of rule 17a-7, and (b) the net asset value per share of the Substituted Portfolio and the Replacement Portfolio valued in accordance with the procedures disclosed in the registration statement of each and as required by rule 22c-1 under the Act. No brokerage commission, fee, or other remuneration will be paid to any party in connection with the transaction.

60. The prohibitions of section 17(a) of the 1940 Act were designed to protect overreaching of an investment company primarily by its long-standing or "permanent" affiliates (*e.g.*, investment advisers and principal underwriters or their corporate parents) not other investment companies managed by an independent party that are only occasionally affiliates when a single party owns 5% or more of each of their shares. Applicants assert that, in the context of the proposed substitutions, board review of a lengthy, non-discretionary list of portfolio securities would not increase protection of Contract owners, but would only serve to distract directors' and trustees' attention from more important matters.

61. Any in-kind redemptions and purchases will be carried out in a manner consistent with the policies of both the Substituted Portfolio and the Replacement Portfolio, as recited in their respective registration statements and in any reports by filed by either

with the Commission under the 1940 Act. Both the VIP Fund II, on behalf of the Substituted Portfolio, and Metropolitan Series, on behalf of the Replacement Portfolio, must agree on the terms of any in-kind redemption. If an agreement cannot be reached, the VIP Fund II will redeem Substituted Portfolio shares in cash.

62. The proposed substitutions, as described herein, are consistent with the general purposes of the 1940 Act as stated in the Findings and Declaration of Policy in section 1 of the 1940 Act. The proposed transactions do not present any of the conditions or abuses that the 1940 Act was designed to prevent. Securities to be provided by the Substituted Portfolio as redemption proceeds and subsequently contributed to the Replacement Portfolio to effect the in-kind purchases of Replacement Portfolio shares will be valued by the Replacement Portfolio at the values established by the Substituted Portfolio using its normal valuation procedures. Therefore, there will be no change in value to any Contract owner as a result of the Substitution. The Commission has granted relief to others based on similar facts.

63. Applicants submit that, for all of the reasons stated above, (a) the terms of the proposed in-kind redemptions and purchases of shares described above, including the consideration to be paid or received, are reasonable and fair to Contract owners and do not involve overreaching on the part of any person, (b) the proposed in-kind redemptions and purchases of shares described above are consistent with the policies of Metropolitan Series and the Replacement Portfolio, as well as VIP Fund II and the Substituted Portfolio, as recited in the registration statements (and 1940 Act reports filed with the Commission) of each, and (c) the proposed in-kind redemptions and purchases of shares described above are consistent with the general purposes of the 1940 Act.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 03-8438 Filed 4-7-03; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25989; File No. 812-12905]

### CUNA Mutual Life Insurance Company, et al.; Notice of Application

April 2, 2003.

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

**ACTION:** Notice of application for an order pursuant to section 26(c) of the Investment Company Act of 1940 (the "Act") approving certain substitutions of securities.

**APPLICANTS:** CUNA Mutual Life Insurance Company (the "Company"), CUNA Mutual Life Variable Annuity Account (the "Annuity Account"), and CUNA Mutual Variable Life Account (the "Life Account").

**SUMMARY OF APPLICATION:** Applicants request an order to permit the substitutions by the Company of Z Class shares of the Multi-Cap Growth Stock Fund (the "Replacing Fund") of the Ultra Series Fund ("Ultra Series") for Initial Class shares of the MFS Emerging Growth Series (the "Replaced Fund") of the MFS Variable Insurance Trust ("MFS Trust").

**FILING DATE:** The application was filed on November 22, 2002 and was amended and restated on March 28, 2003.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the Commission orders a hearing. Interested person 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 April 25, 2003, 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 Secretary of the Commission.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants, c/o Margaret Gallardo-Cortez, Esq., Assistant Vice President and Associate General Counsel, CUNA Mutual Life Insurance Company, 5910 Mineral Point Road, Madison, WI 53701-0391. Copy to David S. Goldstein, Esq., Sutherland Asbill & Brennan LLP, 1275 Pennsylvania Avenue, NW., Washington, DC 20004-2415.

**FOR FURTHER INFORMATION CONTACT:** H. Yuna Peng, Attorney, at (202) 942-0676, or Lorna J. MacLeod, Branch Chief, at (202) 942-0670, Office of Insurance Products, Division of Investment Management.

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee from the Public Reference Branch of the Commission, 450 5th Street, NW., Washington, DC 20549-0102 (tel. (202) 942-8090).

### Applicants' Representations

1. The Company is a mutual life insurance company organized under Iowa law in 1879 and incorporated on June 21, 1882. The Company, first organized as a fraternal benefit society with the name "Mutual Aid Society of the Evangelical Lutheran Synod of Iowa and Other States," changed its name to "Lutheran Mutual Aid Society" in 1911, and reorganized as a mutual life insurance company called "Lutheran Mutual Life Insurance Company" on January 1, 1938. On December 28, 1984, the Company changed its name to "Century Life of America." On January 1, 1997, the Company changed its name to "CUNA Mutual Life Insurance Company." As of December 31, 2002, the Company had assets in excess of \$5 billion.

2. The Company conducts a conventional life insurance business within the context of the credit union system and is authorized to transact the business of life insurance, including annuities, in all states other than New York and in Puerto Rico. For purposes of the Act, the Company is the depositor and sponsor of each of the Accounts as those terms have been interpreted by the Commission with respect to variable life insurance and variable annuity separate accounts.

3. Each Account is a "separate account" as defined by Rule 0-1(e) under the Act. Each Account is registered with the Commission as a unit investment trust. Each Account is comprised of a number of subaccounts and each subaccount invests exclusively in one of the insurance dedicated mutual fund portfolios made available as investment vehicles underlying the Contracts.

4. The Annuity Account is divided into 11 subaccounts. The assets of the Annuity Account support variable annuity contracts and interests in the Account offered through such contracts have been registered under the Securities Act of 1933.

5. The Life Account is divided into 11 subaccounts. The assets of the Life