

Conclusion

Applicants assert that for the reasons and upon the facts set forth above, the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act are 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. 95-1287 Filed 1-18-95; 8:45 am]

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[Rel. No. IC-20837; File No. 812-9284]

Hartford Life and Accident Insurance Company, et al.

January 12, 1995.

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

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

APPLICANTS: Hartford Life and Accident Insurance Company ("Hartford Life and Accident"), Hartford Life and Accident Insurance Company Separate Account One ("HLA Separate Account One") and Hartford Life and Accident Insurance Company/Putnam Capital Management Separate Account One ("HLA/PCM Separate Account One") (HLA Separate Account One and HLA/PCM Separate Account One referred to collectively as the "Separate Accounts"), and Hartford Securities Distributors, Inc. ("HSD").

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

SUMMARY OF APPLICATION: Applicants seek an order permitting payment to Hartford Life and Accident of a mortality and expense risk charge from the assets of the Separate Accounts funding individual and group variable annuity contracts issued by Hartford Life and Accident and underwritten by HSD (the "Contracts"). The order would apply to future separate accounts of Hartford Life and Accident issuing contracts that are materially similar to the Contracts, and would permit applicants to substitute HSD for Hartford Equity Sales Company ("HESCO") as the principal underwriter of the Contracts.

FILING DATE: The application was filed on October 12, 1994, an amended on November 14, 1994, December 22, 1994, and January 5, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing on the application by writing to the Secretary of the Commission and serving the Applicants with a copy of the request, either personally or by mail. Hearing requests must be received by the Commission by 5:30 p.m. on February 6, 1995, and should be accompanied by proof of service on the Applicants in the form of an affidavit or, for lawyers, by certificate of service. Hearing requests should state the nature of the interest, the reason for the request, and the issues contested. Persons may request notification of the date 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 Rodney J. Vessels, Counsel, Hartford Life and Accident Insurance Company, 200 Hopmeadow Street, Simsbury, CT 06089.

FOR FURTHER INFORMATION CONTACT: Joseph G. Mari, Senior Special Counsel, or Wendy F. Friedlander, Deputy 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 is available for a fee from the Commission's Public Reference Branch.

Applicants' Representations

1. Hartford Life and Accident is a stock life insurance company licensed to do business in all states except New York and the District of Columbia.

2. HSD will register as a broker-dealer under the Securities Exchange Act of 1934 and will apply to become a member of the National Association of Securities Dealers, Inc. ("NASD").

3. Hartford Life and Accident and each of the Separate Accounts filed applications previously, and orders were issued granting the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.¹ HESCO, the designated principal underwriter for the Contracts, was an applicant in the previous applications for exemptive relief from Sections 26(a)(2)(C) and

27(c)(2). This application seeks relief to permit Applicants to substitute HSD for HESCO as the designated principal underwriter for the Contracts, which would allow HESCO to continue as broker-dealer engaged in distribution functions with respect to HESCO's own registered representatives, and would permit HSD to serve as principal underwriter and distributor with respect to entering into sales agreements with independent broker-dealers.

4. Applicants reaffirm all facts, representations and undertakings contained in the applications for exemptive relief referenced in footnote 1 above, and incorporate those applications herein by reference. To the extent that there have been any material changes in those facts, representations or undertakings, the changes have been disclosed herein. Except for the replacement of the principal underwriter, there are no material changes in the Separate Accounts or the Contracts as described in the previous applications.

5. The contingent deferred sales charge, annual maintenance fee and annual asset charge for providing mortality and expense risk guarantees are fully described in the applications for exemptive relief which were previously granted.

6. Hartford Life and Accident will make a daily charge at the rate of 1.25% annually from each Contract held in the Separate Accounts for providing mortality and expense guarantees with respect to the Contracts, of which .90% of the charge is attributable to mortality risks and .35% of the charge is attributable to expense risks.

7. The mortality and expense risk charge will not be increased. If the charge is insufficient to cover the actual costs, Hartford Life and Accident will bear the loss. Conversely, if the charge proves more than sufficient to meet actual expenses, the excess will be surplus to Hartford Life and Accident and will be available for any proper corporate purpose. Hartford Life and Accident expects a reasonable profit from the mortality and expense risk charge.

Applicants' Legal Analysis and Representations

1. Applicants request an exemption from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of a mortality and expense risk charge from the Separate Accounts.

2. Sections 26(a)(2)(C) and 27(c)(2), in pertinent part, prohibit a registered unit investment trust and any depositor thereof or underwriter therefor from

¹ Orders granting exemptive relief were issued as follows:

(a) *Hartford Life and Accident Insurance Company*, Investment Company Act Release Nos. 18738 (notice) (May 29, 1992) and 18812 (order) (June 25, 1992); and

(b) *Hartford Life and Accident Insurance Company*, Investment Company Act Release Nos. 18737 (notice) (May 29, 1992) and 18811 (order) (June 25, 1992).

selling periodic payment plan certificates unless the proceeds of all payments (other than sales loads) 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 of a character normally performed by the bank itself.

3. Applicants request that the Commission enter an Order that applies to the Separate Accounts and to future separate accounts issuing contracts that are materially similar to the Contracts exempting them from the provisions of Sections 26(a)(2)(C) and 27(c)(2) to the extent necessary to permit the deduction by Hartford Life and Accident, and the payment to Hartford Life and Accident, of the fee for providing the mortality and expense undertakings (deducted on a daily basis).

4. Applicants represent that:

(a) The mortality and expense risk charge is reasonable in relation to the risks assumed by Hartford Life and Accident under the Contracts;

(b) The mortality and expense risk charge is within the range of industry practice for comparable annuity contracts as determined by a survey of comparable contracts issued by a large number of other insurance companies. Hartford Life and Accident will undertake to maintain and make available to the Commission upon request a memorandum outlining the methodology and the contracts of other insurance companies underlying this representation;

(c) There is the likelihood that the proceeds from explicit sales loads will be insufficient to cover the expected costs of distributing the Contracts. Any shortfall will be covered from the assets of the general account, which may include profit from the mortality and expense risk charge. Hartford Life and Accident has concluded that there is a reasonable likelihood that the Separate Accounts' distribution financing arrangement will benefit the Separate Accounts and Contract owners. Hartford Life and Accident will maintain and make available to the Commission upon request a memorandum setting forth the basis for this representation;

(d) The Separate Accounts will invest only in open-end management companies which have undertaken to have a board of directors, a majority of whom are not interested persons of the open-end management company, formulate and approve any plan under

Rule 12b-1 to finance distribution expenses; and

(e) Future variable annuity contracts for which class relief is sought will be materially similar to the existing Contracts covered by this application.

Conclusion

Applicants assert that for the reasons and upon the facts set forth above, the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act are 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.

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[Rel. No. IC-20836; File No. 812-9282]

ITT Hartford Life and Annuity Insurance Company, et al.

January 12, 1995.

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

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 ("1940 Act").

APPLICANTS: ITT Hartford Life and Annuity Insurance Company ("ITT Hartford"), ITT Hartford Life and Annuity Insurance Company Separate Account Three ("ILA Separate Account Three"), ITT Hartford Life and Annuity Insurance Company Separate Account Two ("ILA Separate Account Two"), ITT Hartford Life and Annuity Insurance Company/Putnam Capital Management Trust Separate Account Two ("ILA/PCM Separate Account Two"), ITT Hartford Life and Annuity Insurance Company Separate Account One ("ILA Separate Account One") (ILA Separate Account Three, ILA Separate Account Two, ILA/PCM Separate Account Two and ILA Separate Account One referred to collectively as the "Separate Accounts") and Hartford Securities Distributors, Inc. ("HSD").

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

SUMMARY OF APPLICATION: Applicants seek an order permitting payment to ITT Hartford of a mortality and expense risk charge from the assets of the Separate Accounts funding individual and group variable annuity contracts issued by ITT

Hartford and underwritten by HSD (the "Contracts"). The order would apply to future separate accounts of ITT Hartford issuing contracts that are materially similar to the Contracts, and would permit applicants to substitute HSD for Hartford Equity Sales Company ("HESCO") as the principal underwriter of the Contracts.

FILING DATE: The application was filed on October 12, 1994, and amended on November 14, 1994, December 22, 1994, and January 5, 1995.

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Persons may request notification of the date of a hearing by writing to the Secretary of the Commission.

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3. ITT Hartford and each of the Separate Accounts filed applications previously, and orders were issued granting the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the