

Securities and Exchange Commission at the address below. Any comments concerning the accuracy of the estimated average burden hours for compliance with Commission rules and forms should be directed to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 and Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 3208, New Executive Office Building, Washington, D.C. 20503.

Dated: March 11, 1996.

Margaret H. McFarland,
Deputy Secretary.

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[Rel. No. IC-21824; File No. 812-9788]

The Manufacturers Life Insurance Company of America, et al.

March 13, 1996.

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

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

APPLICANTS: The Manufacturers Life Insurance Company of America ("ManAmerica"), Separate Account Four of The Manufacturers Life Insurance Company of America (the "Account"), and ManEquity Securities, Inc. ("ManEquity").

RELEVANT ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act for exemptions from Section 27(a)(3) of the 1940 Act and Rules 6e-3(T)(b)(13)(ii) and 6e-3(T)(d)(1)(ii)(A) thereunder.

SUMMARY OF APPLICATION: Applicants seek an order to permit ManAmerica to deduct, under certain variable life insurance policies ("Policies") funded by the Account, a surrender charge that is modified by a rider (the "COLI Rider" or the "Rider") used in connection with sales of the Policies as corporate-owned life insurance.

FILING DATE: The application was filed on September 28, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the Secretary of the SEC and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 8, 1996, 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 SEC.

ADDRESSES: SEC, Secretary, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, W. Randolph Thompson, Jordan Burt Berenson & Johnson LLP, Suite 400 East, 1025 Thomas Jefferson Street, N.W., Washington, D.C. 20007-0805.

FOR FURTHER INFORMATION CONTACT: Edward P. Macdonald, Staff Attorney, or Patrice M. Pitts, Special Counsel, 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 SEC.

Applicants' Representations

1. ManAmerica is a stock life insurance company organized in 1977 under the laws of the State of Michigan. It is an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company ("Manufacturers Life"), a mutual life insurance company based in Toronto, Canada. ManAmerica is a licensed life insurance company in the District of Columbia and all states other than New York.

2. The Account was established by ManAmerica in 1987 under the laws of the Commonwealth of Pennsylvania and currently is operated under the laws of Michigan. It is a separate account within the meaning of Section 2(a)(37) of the 1940 Act and is registered under the 1940 Act as a unit investment trust.

3. Pursuant to an agreement with ManAmerica, ManEquity distributes variable life insurance policies funded by the Account, including the Policies, through its own registered representatives or through other broker-dealers having distribution agreements with ManEquity. ManEquity, an indirect wholly-owned subsidiary of Manufacturers Life, is registered 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 Policies are flexible premium variable life insurance policies funded by the Account and are registered under the Securities Act of 1933 on Form S-6. Within certain limits, policyholders may make premium payments in

variable amounts and at various times. The Policies will remain in force as long as their net cash surrender value at the beginning of each policy month is sufficient to pay the amount of the monthly deductions due at that date. If the foregoing test is not satisfied, the Policies will lapse, unless a required payment is made during the grace period or the death benefit guarantee provision takes effect.

5. Premium payments received under the Policies are subject to a charge for state and local premium taxes.

6. ManAmerica deducts a monthly administrative expenses charge of \$6.00, and a charge for the administrative costs associated with underwriting and issuing a Policy. This latter charge varies with the age of the insured at issuance (between \$2 and \$6 per \$1,000 of face amount), and is accrued and assessed as a deferred charge that grades down to zero over fifteen years.

7. ManAmerica also deducts monthly cost of insurance charges under the Policies at rates not to exceed those based on the 1980 Commissioners Standard Ordinary Mortality Tables. Additional charges are imposed if the insured does not meet standard underwriting requirements, and for certain "incidental insurance benefits" (within the meaning of Rule 6e-3(T)(c)(2)).

8. A Policy owner is permitted to make one transfer among investment options per month at no charge. Under its "Dollar Cost Averaging" program ManAmerica charges \$5 for each transfer (if Policy value is less than \$15,000), and \$15 per transfer under its "Asset Allocation Balance" program. Administrative charges are not designed to yield a profit to ManAmerica.

9. ManAmerica also deducts daily a mortality and expense risk charge from the assets of the Account, which charge will not exceed an annual rate of 0.65%. Applicants represent that, subject to the relief requested herein, all administrative and other charges in connection with the Policies will comply with all applicable requirements of Rule 6e-3(T).

10. The Policies have both a front-end sales load of 3% of premiums received throughout the life of the Policies and a contingent deferred sales load of 47% of premiums paid, up to the first two "target premiums." The deferred sales load is subject to refund rights on surrenders in the first two policy years. In most cases, the full deferred sales load is deducted from any surrender or lapse during the first five policy years, and a portion of the full deferred sales load is imposed in the event of a partial withdrawal or face amount decrease

during that period. For the ten years following the first five policy years, the deferred sales load applicable to surrenders, lapses, partial withdrawals, or face amount decreases is reduced by ten percent per year. After the end of fifteen policy years, there is no deferred sales load. The deferred sales load also applies in the event of an increase in face amount for up to fifteen years after the increase.

11. Generally accepted accounting principles ("GAAP") require that a corporation or partnership (an "Employer") that purchases a Policy book as an expense the net amounts of the premiums paid for a life insurance policy over that policy's cash surrender value, and book as an asset the cash surrender value of such a policy. The COLI Rider reduces the adverse impact on the earnings of the Employer that would otherwise result from the application of this aspect of GAAP by refunding or waiving surrender charges under the Policies according to the following schedule:

Partial withdrawal or surrender in policy year	Percent of surrender charges waived
1 & 2	100
3	75
4	50
5	25
6 and later	0

The rider does not apply upon lapse or face amount decrease.

12. The net effect of implementing the Rider is to reduce the amount of surrender charges that would otherwise be applicable during the early policy years. However, because the Rider's waiver percentages are decreasing in each of the third through sixth policy years, the Rider could cause a policyowner to pay proportionately more surrender charge upon a surrender, partial withdrawal, lapse, or face amount decrease in those years than may have been paid upon a partial withdrawal or than might have been paid had there been a surrender in a preceding policy year. For example, if a Policy subject to the Rider were surrendered in the first policy year, ManAmerica would waive 100% of the otherwise applicable first year surrender charge. Consequently, the amount of the surrender charge would be zero. If, however, the Policy were surrendered in the third policy year, ManAmerica would waive 75% of the otherwise applicable surrender charge (47% of up to two target premiums received) or, started another way, would deduct 25%

of that amount (i.e., $0.25 * 0.47 = 0.1175\%$ of up to two target premiums received). Proportionately, this results in a greater amount of surrender charge being paid than would have been paid had the policy been surrendered in the first policy year. If the Policy were surrendered after the fifth policy year, the Rider would no longer be applicable. Accordingly, if the surrender charge were imposed during the sixth policy year, for example, it could be as high as 0.423% ($0.9 * 0.47\% = 0.423\%$) of two target premiums.

13. The COLI Rider also applies to surrender charges established in connection with face amount increases. The waiver percentage that will apply to any surrender or partial withdrawal after a face amount increase will be determined by the policy year in which a surrender or a partial withdrawal occurs, rather than the year in which the face amount increase is implemented. Thus, in the event of a partial withdrawal from, or a surrender of, a Policy at a time when the Rider is in effect, the Rider will reduce the surrender charges attributable to the base policy and each face amount increase by the same proportionate amount.

14. There is no specific charge or fee for the COLI Rider. Rather, ManAmerica intends to make the Rider available under Policies purchased by or through an Employer if a minimum of ten lives (or fewer, if not prohibited by state law) are insured and the aggregate annual target premiums for all Policies purchased by or through that Employer equals at least \$100,000.

15. In ManAmerica's experience, policy owners of the type to which the COLI Rider will be available are unlikely to surrender their Policies within the five-year period during which the Rider is operative. The amount of the surrender charge has not been increased to compensate for the fact that, because of the Rider, not all Policies will be subject to the full surrender charges that otherwise would apply.

Applicants' Legal Analysis

1. Section 6(c) of the 1940 Act, in pertinent part, provides that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction or any class or classes or persons, securities or transactions, from any provision of the 1940 Act, 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. Applicants request an order pursuant to Section 6(c) of the 1940 Act providing exemptions from Section 27(a)(3) of the 1940 Act and subsections (b)(13)(ii) and (d)(1)(ii)(A) of Rule 6e-3(T) thereunder, to the extent necessary to permit ManAmerica to deduct a surrender charge under the Policies that is modified by the COLI Rider in the manner set forth herein.

2. Section 27(a)(3) of the Act provides, in effect, that the amount of sales charge deducted from any of the first twelve monthly payments of a periodic payment plan certificate may not exceed proportionately the amount deducted from any other such payment, and that the amount deducted from any subsequent payment may not exceed proportionately the amount deducted from any other subsequent payment. This prohibition is referred to commonly as the "stair-step" rule.

3. Subsection (b)(13)(i) of Rule 6e-3(T), in pertinent part, provides an exemption from Section 27(a)(3), provided that the proportionate amount of sales charge deducted from any payment does not exceed the proportionate amount deducted from any prior payment. Rule 6e-3(T)(b)(13)(ii) provides exceptions to its stair-step provisions for increases caused by reductions in the annual cost of insurance or reductions in sales load for amounts transferred to a variable life insurance policy from another plan of insurance. Neither of these exceptions is applicable in the present case.

4. Subsection (d)(1) of Rule 6e-3(T) provides relief similar to subsection (b)(13)(ii) for sales charges deducted from other than premiums, subject to, *inter alia*, a requirement in subsection (d)(1)(ii)(A) that "the amount of sales load deducted pursuant to any method permitted under this paragraph (other than asset-based sales loads) does not exceed the proportionate amount of sales load deducted prior thereto pursuant to the same method * * * " (emphasis added).

5. Applicants submit that Policy owners benefit from the fact that the COLI Rider applies to partial withdrawals as well as to full surrenders. Applicants represent that, consequently, the effective rate of a surrender charge actually imposed upon a partial withdrawal during the first five policy years from a Policy subject to the COLI Rider can be lower than the surrender charge actually imposed upon a later partial withdrawal, face amount decrease, surrender, or lapse. Accordingly, Applicants request an exemption from the stair-step

requirements of Section 27(a)(3) and Rules 6e-3(T)(b)(13)(ii) and 6e-3(T)(d)(1)(ii)(A) to the extent necessary to permit the deduction of a surrender charge modified by the COLI Rider, because such a deduction could be at a percentage that is greater than the percentage of sales load that would have been deducted had the surrender occurred earlier, when the COLI Rider would have limited the deduction to a lesser amount.

6. Applicants represent that when there has been no partial withdrawal to which the COLI Rider applies at the time of the lapse, face amount decrease, or surrender, the sales load imposed would not be higher in percentage than that imposed upon any prior partial withdrawal or face amount decrease. Applicants further represent that in such a case, however, the sales load imposed might be different (i.e., lower) than that imposed on prior face amount decreases or partial withdrawals not subject to the COLI and, therefore, be deemed to violate Section 27(a)(3). Moreover, because the deferred sales load that would have been imposed on prior transactions subject to the COLI Rider could have been lower, the relief from Section 27(a)(3) provided by exemptive rule would not be available. For these reasons as well, Applicants request relief to permit the deduction of a surrender charge modified by the COLI Rider.

7. Applicants submit that the requested relief should be granted because the Policies' sales charge structure benefits Policy owners and is not inconsistent with the policies and purposes behind Section 27(a)(3), namely, addressing the perceived abuse of periodic payment plan certificates that deducted large amounts of front-end sales charges so early in the life of the plan that little of the investor's money was actually invested and an investor redeeming in the early periods would recoup little of his or her investment. Applicants further submit that, to the extent that the operation of the Rider actually reduces the amount of sales charges otherwise payable under a Policy in the early years, the Rider can be viewed as furthering the purposes of the 1940 Act.

8. Applicants submit that discouraging unduly complicated sales charges also may be deemed to be a purpose of Section 27(a)(3) and Rules 6e-3(T)(b)(13)(ii) and 6e-3(T)(d)(1). Applicants further submit that the variation to the Policies' sales charge structure effected by the COLI Rider is relatively straightforward and easily understood as compared to that of many other variable life insurance policies

currently being offered. Moreover, Applicants represent that eligible Policy owners will benefit from the sales charge structure effected by the Rider, and that the prospectuses for the Policies, or supplements thereto, will contain disclosure information prospective Policy owners of the effect of the Rider on the sales charges under the Policies.

Conclusion

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

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

Margaret H. McFarland,

Deputy Secretary.

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[Rel. No. IC-21823; File No. 812-9754]

The Minnesota Mutual Life Insurance Company, et al.

March 13, 1996.

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

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

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

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

SUMMARY OF APPLICATION: Applicants seek an order to permit the deduction from the assets of the Account of a mortality and expense risks charge and a deduction from each purchase payment of a guaranteed minimum annuity risk charge, under certain variable annuity contracts ("Contracts"). Applicants also request that the exemptions apply to (a) contracts that are substantially similar in all material respects to the Contracts ("Future Contracts"), (b) any separate account established by Minnesota Mutual in the future to fund the Contracts or Future Contracts ("Future Accounts") and (c) any National Association of Securities Dealers ("NASD") member that may in the future serve as principal underwriter

of the Contracts or Future Contracts ("Future Underwriter").

FILING DATE: The application was filed on September 8, 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, or ask to be notified if a hearing is ordered, by writing to the Commission's Secretary and serving the Applicants with a copy of the request, either personally or by mail. Hearing requests must be received by the SEC by 5:30 pm., on April 8, 1996 and should be accompanied by proof of service on the Applicants, either by affidavit, or, for lawyers, by 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 the date of the hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Applicants, c/o Donald F. Gruber, Esq., Senior Counsel, The Minnesota Mutual Life Insurance Company, 400 North Robert Street, St. Paul, MN 55101-2098.

FOR FURTHER INFORMATION CONTACT: Joyce Merrick Pickholz, Senior Counsel, or Wendy Finck Friedlander, Deputy Chief, at (202) 942-0670, Office of Insurance Products, Division of Investment Management.

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

Applicants' Representations

1. Minnesota Mutual is a mutual life insurance company organized under Minnesota law. The Account is registered with the Commission under the Act as a unit investment trust. The Account is divided into a number of sub-accounts, each corresponding to a mutual fund portfolio in which the sub-account's assets are invested. Currently, there is only one sub-account ("Sub-Account") available under the Contracts.

2. MIMLIC, a wholly owned subsidiary of MIMLIC Asset Management Company, which in turn is a wholly owned subsidiary of Minnesota Mutual, will be the principal underwriter of the Contracts. MIMLIC is registered as a broker-dealer under the Securities Exchange Act of 1934 and is an NASD member.

3. The Contracts are individual, immediate variable annuity contracts