

charge from variable life insurance policy premium payments for an insurer's tax burdens attributable to its receipt of such payments, and excluding the charge from sales load, is 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. This is because such a charge is, Applicants represent, for a legitimate expense of the insurer and is not designed to cover sales and distribution expenses. Applicants assert that, in adopting Rule 6e-3(T), the Commission considered similar deductions for tax burdens in respect of premium taxes and permitted deductions for such taxes to be made and to be treated as other than sales load. Applicants assert that the propriety of a charge for an insurer's tax burden attributable to premium payments received is the same whether such burden arises under state or federal law.

Request for "Class Relief"

15. Applicants also request exemptions for any Future Account that the Company may establish to support flexible premium variable life insurance contracts as defined in Rule 6e-3(T)(c)(1). Applicants believe that the terms of any exemption sought for Future Accounts to permit the deduction of a tax burden charge would be substantially identical to those they describe in the application. Applicants assert that any additional requests for exemptive relief for such Future Accounts would present no issues under the 1940 Act that have not already been addressed in the application. Nevertheless, the Company would have to obtain exemptions for each Future Account it establishes unless class relief is granted in response to the application.

16. The requested exemptions are appropriate in the public interest because they would promote competitiveness in the variable life insurance market by eliminating the need for the Company to file redundant exemptive applications, thereby reducing its administrative expenses and maximizing the efficient use of its resources. The delay and expense involved in having repeatedly to seek the same exemptions would impair the Company's ability to effectively take advantage of business opportunities as they arise. Likewise, the requested exemptions are consistent with the protection of investors and the purposes intended by the policy and provisions of the 1940 Act for the same reasons. Investors would receive no benefit or

additional protection if the Company were required repeatedly to seek Commission orders with respect to the same issues addressed in the application. Indeed, they might be disadvantaged as a result of the Company's increased expenses.

Applicants' Conditions

1. The Company will monitor the reasonableness of the 1.25% charge.
2. The registration statement for the Existing Contracts and any Future Contracts under which the 1.25% charge is deducted will include:
 - (a) disclosure of the charge;
 - (b) disclosure explaining the purpose of the charge; and
 - (c) a statement that the charge is reasonable in relation to the Company's increased tax burden as a result of Section 848 of the Code.
3. The Company also will include as an exhibit to the registration statement for the Existing Contracts and any Future Contracts under which the 1.25% charge is deducted an actuarial opinion as to:

- (a) the reasonableness of the charge in relation to the Company's increased tax burden as a result of Section 848 of the Code;
- (b) the reasonableness of the after tax rate of return used in calculating the charge; and
- (c) the appropriateness of the factors taken into account by the Company in determining the after tax rate of return.

Conclusion

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

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

Margaret H. McFarland,
Deputy Secretary.

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SOCIAL SECURITY ADMINISTRATION

1994-95 Advisory Council on Social Security; Meeting

AGENCY: Social Security Administration.

ACTION: Notice of public meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, this notice announces a meeting of the 1994-95 Advisory Council on Social Security (the Council).

DATES: Thursday, December 14, 1995, 9 a.m. to 5 p.m.

ADDRESSES: Sheraton City Centre, 1143 New Hampshire Avenue, NW, Washington D.C., 20037, (202) 775-0800.

FOR FURTHER INFORMATION CONTACT: By mail—Nick Curabba, 1994-95 Advisory Council on Social Security, Suite 705, 1825 Connecticut Avenue, NW, Washington, DC 20009; By telephone—(202) 482-7119; By telefax—(202) 482-7123.

SUPPLEMENTARY INFORMATION:

I. Purpose

Under section 706 of the Social Security Act (the Act), the Secretary of Health and Human Services (the Secretary) appoints the Council every 4 years. The Council examines issues affecting the Social Security Old-Age, Survivors, and Disability Insurance (OASDI) programs, as well as the Medicare program and impacts on the Medicaid program, which were created under the Act.

In addition, the Secretary has asked the Council specifically to address the following:

- Social Security financing issues, including developing recommendations for improving the long-range financial status of the OASDI programs;
- General program issues such as the relative equity and adequacy of Social Security benefits for persons at various income levels, in various family situations, and various age cohorts, taking into account such factors as the increased labor force participation of women, lower marriage rates, increased likelihood of divorce, and higher poverty rates of aged women.

In addressing these topics, the Secretary suggested that the Council may wish to analyze the relative roles of the public and private sectors in providing retirement income, how policies in both sectors affect retirement decisions and the economic status of the elderly, and how the disability insurance program provisions and the availability of health insurance and health care costs affect such matters.

The Council is composed of 12 members in addition to the chairman: Robert Ball, Joan Bok, Ann Combs, Edith Fierst, Gloria Johnson, Thomas Jones, George Kourpias, Sylvester Schieber, Gerald Shea, Marc Twinney, Fidel Vargas, and Carolyn Weaver. The chairman is Edward Gramlich.

The Council met previously on June 24-25, 1994 (59 FR 30367), July 29, (59 FR 35942), September 29-30 (59 FR 47146), October 21-22 (59 FR 51451), November 18-19 (59 FR 55272), January