a Premium Skip Option; (5) values and charges based on the 1980 Commissioners' Standard Ordinary Mortality Tables ("1980 CSO Tables"); (6) the holding of underlying fund shares by the Separate Account without the use of a trustee under an open account arrangement and without trust indenture; and (7) a waiver of notice of refund and withdrawal rights. Applicants also request exemptive relief to deduct a charge from premium payments received under the Contracts, and from premiums received under certain single premium, scheduled premium and flexible premium variable life insurance contracts ("Other Contracts") to be issued by Guardian through the Separate Account or any other separate account established by Guardian ("Future Accounts"), to compensate Guardian for its increased federal tax burden resulting from the receipt of such premiums.1

FILING DATE: The application was filed on August 29, 1994 and amended on May 4, 1995. Applicants have represented that the application will be amended during the notice period to reflect certain representations made herein.

HEARING OR NOTIFICATION OF HEARING: An order granting the Application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary 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 June 26, 1995, 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 requestor's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549.
Applicants: Richard T. Potter, Esq., The Guardian Insurance & Annuity Company, Inc., 201 Park Avenue, South, New York, New York 10003.

FOR FURTHER INFORMATION CONTACT:

Yvonne M. Hunold, Assistant Special Counsel, or Wendy 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. Guardian is a stock life insurance company and a wholly-owned subsidiary of The Guardian Life Insurance Company of America. Guardian is authorized to conduct a life insurance business in all 50 States and the District of Columbia.
- 2. The Separate Account is registered as a unit investment trust ("UIT) under the 1940 Act and interests in the Contracts are registered under the Securities Act of 1933 ("1933 Act"). Future Accounts will be registered under the 1940 Act as UITs. The Separate Account and the Future Accounts will be used to support the Contracts or the Other Contracts.

The Separate Account currently consists of six investment divisions ("Investment Divisions"), each investing in a corresponding fund registered under the 1940 Act as a diversified open-end management company ("Fund" or collectively, "Funds"). The Funds serve as underlying funding vehicles for the Contracts. Each Fund is managed by a registered investment adviser. Additional Investment Divisions may be established in the future and may invest in the Funds or in other underlying investment vehicles.

- 3. Guardian Services, the principal underwriter for the Contracts, is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc.
- 4. Under the Contracts, premiums may be paid on a scheduled or an unscheduled basis (collectively, "Premium Payments"), subject to certain exceptions and conditions. Each Premium Payment is subject to "Premium Assessments" which are paid in connection with a Contract issued on a substandard basis and for supplemental insurance benefits provided by rider or endorsement. If, however, the "Premium Skip Option" is elected,² 90.5% of Premium Assessment otherwise payable from Premium Payments is deducted from Account Value. The remaining Premium Payment ("Basic Scheduled

Premium'') ³ is used to purchase base Contract coverage and is reduced by certain Premium Charges, discussed below.⁴

Each unscheduled Premium Payment also is subject to deduction of Premium Charges, including the remaining 9.5% of Premium Assessment otherwise payable from Premium Payments if the Premium Skip Option is in effect. Thus, Premium Assessments usually are deducted from Premium Payments before sales load and other charges against Premiums are imposed. Premium Assessments deducted from Account Value (under the Premium Skip Option), in effect, are deductions from amounts previously subject to Premium Charges (which are equal to a total of 9.5% of Premiums until the cumulative total of Basic Scheduled Premiums and unscheduled Premium Payments is an amount equal to twelve Basic Scheduled Premiums). Accordingly, a discounting of Premium Assessments deducted from Account Value reflects the fact that the deductions are being made from postpremium charge amounts. Net Premiums are credited to Account Value and allocated to the Investment Divisions, or to the Fix-Rate Option, as specified by the Contract owner.

5. Two Death Benefit Options are available: (1) "Option 1 Death Benefit," equal to the Face Amount of a Contract until the Contract Anniversary nearest the insured's 100th birthday; and (2) "Option 2 Death Benefit," equal to the

The Benchmark Value approximately equals the Account Value needed on a Contract Anniversary for the Contract to endow at age 100 for the Face Amount, assuming (a) all Basic Scheduled Premiums are paid when due and do not increase after the Guaranteed Premium Period due to redetermination on a Review Date; (b) no unscheduled payments, partial withdrawals, reductions in Face Amount, or loans have been or will be made; (c) a level net annual rate of return on Account Value of 4%; and (d) deduction on each Monthly Date of the maximum Contract Charge, Administrative Charge, Guaranteed Insurance Amount and Cost of Insurance Charges.

¹ Applicants represent that the application will be amended during the notice period to delete Future Accounts as applicants and to request that exemptive relief to deduct such a charge be extended to Future Accounts in connection with the offering of Other Contracts.

² A Premium Skip Option permits the Contract owner, after the first Contract Year, to skip annual Premium Payments without the Contract lapsing, subject to certain conditions.

³The Basic Scheduled Premium initially is calculated at the issuance of the Contract and thereafter on each subsequent date that a Contract premium is due until the later of: (a) the Contract Anniversary nearest the insured's 70th birthday; or (b) the 10th Contract Anniversary ("Guaranteed Premium Period''). After the Guaranteed Premium Period, the Basic Scheduled Premium will be reviewed on each "Contract Review Date" (the monthly date prior to each Contract anniversary). If on that date the Account Value is: (a) less than the "Benchmark Value," then the Basic Scheduled Premium will be increased to no more than the "maximum" amount set forth in the Contract; or (b) higher than the Benchmark Value, then the Basic Scheduled Premium could be reduced to no less than the Basic Scheduled Premium payable during the Guaranteed Premium Period.

⁴The portion of a Premium Payment that consists of Premium Assessments is not subject to Premium Charges.