Contract to be issued. Such additional requests for exemptive relief would present no issues under the 1940 Act not already addressed in this request for exemptive relief.

13. Applicants assert that the standards of Section 6(c) of the 1940 Act are satisfied because the requested relief is appropriate in the public interest and consistent with the purposes of the 1940 Act and the protection of investors. Applicants submit that the requested relief would promote competitiveness in the variable life insurance market by eliminating the need for CG Life to file redundant exemptive applications, thereby reducing its administrative expenses and maximizing efficient use of its resources. Applicants further submit that the delay and expense involved in having to seek exemptive relief repeatedly would impair the ability of CG Life to take full advantage of business opportunities as they arise. Moreover, if CG Life were required to seek exemptive relief repeatedly with respect to the issues addressed in this application, investors would not receive any benefit or additional protection thereby, and might be disadvantaged as a result of increased overhead expenses for CG Life.

Conditions for Relief

Applicants agree to comply with the following conditions for relief.

1. CG Life will monitor the tax burden imposed on it, and undertakes to reduce the tax burden charge to the extent of any significant decrease in tax burden.

2. The registration statement for any Contracts and Future Contracts under which a tax burden charge is deducted will: (i) disclose the charge; (ii) explain the purpose of the charge; and (iii) state that the charge is reasonable in relation to CG Life's increase federal income tax burden under Section 848 of the Code resulting from the receipt of premiums.

3. The registration statement for any Contracts and Future Contracts under which a tax burden charge is deducted will contain as an exhibit an actuarial opinion as to: (i) the reasonableness of the charge in relation to CG Life's increased federal income tax burden under Section 848 resulting from the receipt of premiums; (ii) the reasonableness of the after tax rate of return used in calculating such charge, and the relationship of that charge to CG Life's cost of capital; and (iii) the appropriateness of the factors taken into account by CG Life in determining the after tax rate of return.

Conclusion

For the reasons and upon the facts set forth above, Applicants submit that the requested exemptions from Section 27(c)(2) of the 1940 Act and Rule 6e– 3(T)(c)(4)(v) thereunder—to permit the deduction of 0.5% of premium payments under the Contracts and any Future Contracts—would be 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, by delegated authority. Margaret H. McFarland, *Deputy Secretary.* [FR Doc. 95–29830 Filed 12–6–95; 8:45 am] BILLING CODE 8010–01–M

[Rel. No. IC-21559; File No. 812-9706]

PaineWebber Life Insurance Company, et al.

November 30, 1995.

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

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

APPLICANTS: PaineWebber Life Insurance Company ("PaineWebber Life"), and PaineWebber Variable Annuity Account (the "Account").

RELEVANT 1940 ACT SECTIONS: Approval requested under Section 26(b) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants seek an order pursuant to Section 26(b) of the 1940 Act approving the substitution of shares of the Balanced Portfolio ("BP") of the PaineWebber Series Trust ("Trust") for the shares of the Asset Allocation Portfolio ("AAP") of the Trust.

FILING DATE: The application was filed on August 4, 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 this application by writing to the Secretary of the SEC 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 December 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 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: Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, Mr. Richard J. Tucker, PaineWebber Life Insurance Company, 1200 Harbor Boulevard, Weehawken, New Jersey 07087.

FOR FURTHER INFORMATION CONTACT: Joseph G. Mari, Senior Special Counsel, or Wendy Friedlander, Deputy Chief, both 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 Commission's Public Reference Branch.

Applicants' Representations

1. PaineWebber Life is a stock life insurance company organized under California law in 1956. PaineWebber Holdings, Inc., a wholly-owned subsidiary of PaineWebber Group, Inc., owns 100 percent of the stock of PaineWebber Life. The Account, established by PaineWebber Life to fund variable annuity contracts ("Contracts") on December 31, 1992, pursuant to California law, is registered with the Commission as a unit investment trust. The assets of the Account are divided among ten investment divisions ("Divisions"), each of which invests in shares of one of the ten designated portfolios of the Trust, including the BP and AAP, each with its own investment objectives and investment portfolio. The Trust is an open-end diversified management investment company registered under the 1940 Act.¹ Mitchell Hutchins Asset Management, Inc. ("Mitchell Hutchins"), a registered investment adviser under the Investment Advisers Act of 1940, is the investment adviser and administrator for the Trust.

2. PaineWebber Incorporated ("PWI"), a wholly-owned subsidiary of PaineWebber Group, Inc., a brokerdealer registered under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc., acts as principal underwriter for the Contracts.

3. The BP seeks total return while preserving capital by investing in equity securities and by investing no less than 25% of its assets in fixed income securities. The BP pays its investment adviser an annual fee of .75% of average daily net assets. The total assets of the

¹ The Trust was established in November 1986 to function as the underlying investment medium for the separate account of an otherwise unaffiliated insurance company and subsequently of a separate account of an affiliate of that insurance company. Those two separate accounts, together with the Account, are the only separate accounts invested in the Trust. The unaffiliated insurance company separate accounts hold shares in all the Portfolios of the Trust except the BP, Fixed Income and Aggressive Growth Portfolios.