

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-21608; No. 812-9658]

Safeco Life Insurance Company et al.

December 19, 1995.

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

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

APPLICANTS: Safeco Life Insurance Company ("Safeco"), Safeco Resource Variable Account B ("Account B"), Safeco Separate Account C ("Account C"), First Safeco National Life Insurance Company of New York ("First Safeco"), Safeco Resource Series Trust ("Trust"), Safeco Asset Management Company ("Asset Management").

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(c) of the 1940 Act for exemptions from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and Rules 6e-2(a)(2), 6e-2(b)(15), and 6e-3(T)(b)(15) thereunder.

SUMMARY OF APPLICATION: Applicants seek exemptive relief to the extent necessary to permit shares of the Trust and any other investment company that is offered to fund variable insurance products and for which Asset Management, or any of its affiliates, may serve as investment advisor, administrator, manager, principal underwriter, or sponsor to be sold to and held by the separate accounts ("Separate Accounts") funding variable annuity and variable life insurance contracts ("Variable Contracts") issued by Safeco, First Safeco, or any existing or future affiliated or unaffiliated life insurance company ("Participating Insurance Companies") or to existing or future qualified pension and retirement plans outside of the separate account context ("Qualified Plans" or "Plans"). In addition, Applicants seek exemptive relief to permit the assets of separate accounts of Safeco and First Safeco to be derived from the sale of scheduled premium variable life insurance contracts and flexible premium variable life insurance contracts.

FILING DATE: The application was filed on July 10, 1995, and was amended on November 20, 1995. Applicants have represented that they will file an amendment during the notice period to

make the representations contained herein.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested person may request a hearing by writing to the SEC's Secretary 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 January 15, 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 requester'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: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549. Applicants: Bibb L. Strench, Esq., Safeco Asset Management Company, Safeco Plaza, Seattle, Washington 98185.

FOR FURTHER INFORMATION CONTACT: Pamela K. Ellis, Senior Counsel, or Wendy Finck 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 SEC's Public Reference Branch.

Applicants' Representations

1. The Trust is a Delaware business trust registered under the 1940 Act as an open-end management investment company.

2. The Trust currently consists of five separate series, each series representing an interest in a separate investment portfolio ("Portfolios"). The Board of Trust may establish additional series of shares at any time, each with its own investment objective and policies.

3. Asset Management serves as investment adviser to each Portfolio of the Trust, and is registered with the Commission as an investment adviser under the Investment Advisers Act of 1940. Asset Management is a Washington corporation and a wholly-owned subsidiary of Safeco.

4. Safeco, also a Washington corporation, is a holding company whose primary subsidiaries are engaged in the insurance and related financial services businesses. Safeco is a wholly-owned subsidiary of Safeco Corporation.

5. Account B and Account C are separate accounts of Safeco, and are

registered with the Commission as unit investment trusts under the 1940 Act.

6. First Safeco is a New York stock life insurance company and is a wholly-owned subsidiary of Safeco Corporation.

7. The Portfolios currently are sold to Account B and Account C as investment vehicles for variable annuity contracts issued by Safeco. Applicants propose that the Portfolios serve as investment vehicles for various types of Variable Contracts. Portfolio shares will be offered to Separate Accounts of Participating Insurance Companies, including Safeco and First Safeco, which enter into participation agreements with the Trust. In addition, Applicants propose that the Trust offer and sell shares in its Portfolios directly to Qualified Plans.

8. Applicants state that each Participating Insurance Company will have the legal obligation of satisfying all applicable requirements under state law and the federal securities laws in connection with any Variable Contract issued by such company. Applicants further state that the role of the Trust under this arrangement will consist of offering its shares to the Separate Accounts and fulfilling any conditions the Commission may impose upon granting the order requested in the application.

9. In addition, Applicants state that the Trust desires to avail itself of the opportunity to increase its asset base through the sale of its shares to Qualified Plans, consistent with applicable tax law. The Qualified Plans may choose any of the Portfolios as the sole investment option under the Qualified Plan or as one of several investment options. Qualified Plan participants may or may not be given an investment choice among available alternatives depending on the Qualified Plan itself. Shares of any Portfolio sold to such Qualified Plans would be held by the trustee(s) of such Qualified Plan as mandated by Section 403(a) of the Employee Retirement Income Security Act ("ERISA"). Asset Manager will not act as investment adviser to any of the Qualified Plans that will purchase shares of the Trust.

Applicants' Legal Analysis

1. Applicants request that the Commission issue an order under Section 6(c) of the 1940 Act exempting them from Sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) to the extent necessary to permit mixed and shared funding, as defined below. In addition, Applicants seek exemption from Rule 6e-2(a)(2) to the extent necessary to permit the assets of the separate