3. Pioneer Variable Contracts Trust is a diversified open-end management investment company which consists of various investment series or portfolios (collectively, ''Portfolios'') with different investment objectives and policies. Shares of the Portfolios are purchased by the Insurance Companies for the corresponding Subaccounts at the net asset value. Shares of the Portfolios also are offered to other affiliated or unaffiliated separate accounts of the Insurance Companies or of other insurance companies offering variable annuity or variable life insurance contracts.

4. Allmerica Investments, Inc., an indirect wholly-owned subsidiary of State Mutual, is registered as a broker-dealer under the 1934 Act and is a member of the NASD. Allmerica Investments, Inc. is the principal underwriter for the Contracts.

5. The Contracts are group and individual combination fixed and variable contracts designed for use in retirement plans which qualify for special federal income tax treatment under sections 401, 403(b), 408 and 457 of the Internal Revenue Code and in retirement plans which do not qualify for special tax treatment under those sections.

6. The Contracts provide for minimum initial purchase payments and permit additional minimum purchase payments and periodic payments, subject to certain limitations. The Contracts provide for the accumulation of values on a variable basis determined by the investment experience of the Portfolios to which the Contract owner allocates payments.

7. The Contracts also provide for the payment of a death benefit. The death benefit, payable in a single sum or under an optional method of settlement, is provided if the annuitant dies before the maturity, surrender, or termination of a Contract. Upon the death of the annuitant, the death benefit is equal to the greatest of (a) the accumulated value under the Contract next determined following receipt of due proof of death at the Insurance Companies' principal office, or (b) the total amount of gross payments made under the Contracts reduced proportionally to reflect the amount of all prior partial withdrawals, or (c) the death benefit that would have been payable on the most recent fifth interval policy anniversary, increased for subsequent purchase payments and reduced proportionally to reflect withdrawals after that date.

8. Various fees and expenses are deducted under the Contracts. Prior to a Contract's maturity, the Insurance Companies assess a Contract Fee of $30, at each Contract anniversary and at full surrender during a contract year for its costs in maintaining each Contract and the Accounts. The Insurance Companies make a daily charge to the Subaccounts of the Accounts equal on an annual basis to 0.15% of the current value of the Subaccounts (''Administrative Service Charge''). The Administrative Service Charge is designed to cover actual administrative expenses which exceed the revenue for the Contract Fee. Applicants represent that the Administrative Service Charge and the Contract Fee have been set at a level that will recover no more that the actual costs associated with administering the Contract and the Accounts. The Insurance Companies do not expect to realize a profit from these charges, and guarantee that the amount of the charges will not increase over the life of the Contract.

9. The Insurance Companies will deduct any premium tax levied by any governmental entity as a result of the Contracts or the Accounts. Applicants state that, where permitted by state law, the premium taxes will be deducted upon annuitization. In all other jurisdictions, the taxes will be deducted upon the death of the annuitant, surrender, or withdrawal, as may be required by the law of the Contract owner's state of residence.

10. Prior to the Annuity Commencement date, amounts held under the Contracts may be transferred among the Subaccounts and the respective Insurance Company's general account. The Insurance Companies currently make no charge for transfers among the accounts, but reserve the right to assess a charge, guaranteed never to exceed $25.

11. Applicants represent that the Insurance Companies will deduct the annual Contract Fee, the annual Administrative Service Charge, and any Transfer Charge in reliance upon and in conformity with all of the requirements of Rule 26a–I under the 1940 Act.

12. No sales charges are deducted from premium payments under the Contracts. The Contracts assess a Contingent Deferred Sales Charge (''CDSC'') which is applied in the case of contract surrender, partial redemptions or annuitization under period certain options during the seven year period from the date the Insurance Companies receive and accept each purchase payment. The CDSC is determined by the number of Contract anniversaries that have passed since the purchase payment that is being withdrawn was made. The CDSC is computed as follows:

Years from date of payment to date of withdrawal	Withdrawal charge (percent)
0–3	7
4	6
5	5
6	4
7	3
More than 7	None

In no event will the Contingent Deferred Sales Charges assessed against a Contract exceed 8% of the gross purchase payments.

The Insurance Companies do not anticipate that the CDSC will generate sufficient revenues to pay the cost of distributing the Contracts. If this charge is insufficient to cover the expenses, the deficiency will be met from the Insurance Companies' general account assets, which may include amounts derived from the charge for mortality and expenses risks, discussed below.

13. A daily charge equal to an effective annual rate of 1.25% of the net asset value of the Accounts will be imposed to compensate the Insurance Companies for bearing certain mortality and expenses risks in connection with the Contracts. Of this amount, approximately 0.80% is allocable to mortality risks and approximately 0.45% is allocable to expense risks. The mortality and expense risk charge is guaranteed never to exceed 1.25%. This charge may be a source of profit for the Insurance Companies which will be added to their surplus and may be used for, among other things, the payment of distribution expenses.

14. The mortality risk arises from the Insurance Companies' (1) Guarantee that they will make annuity payments, in accordance with annuity rate provisions established at the time a Contract is issued for the life of the annuitant or in accordance with the annuity option selected, no matter how long the annuitant or other payee lives and no matter how long all annuitants as a class live, and (2) death benefit guarantees under the Contracts.

15. The expense risk borne by the Insurance Companies is the risk that the charges for administrative expenses, which are guaranteed not to increase for the life of the Contracts, may be insufficient to cover the actual costs of issuing and administering the Contracts.

Applicants' Legal Analysis and Conditions

1. Applicants request an order of the Commission under Section 6(c) for exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to the extent necessary to permit the deduction of a maximum charge of