that the proposed merger is consistent with the investment policies of the Funds.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–23167 Filed 9–18–95; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21348; File No. 812–9622]

SAFECO Life Insurance Company, et al.

September 12, 1995.

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

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

APPLICANTS: SAFECO Life Insurance Company (''SAFECO''), First SAFECO National Life Insurance Company of New York (''First SAFECO''), SAFECO Separate Account C (''Account C''), SAFECO Resource Variable Account B (the ''Resource Account''), SAFECO Securities, Inc. (''SAFECO Securities''), and PNMR Securities, Inc. (''PNMR'').

RELEVANT 1940 ACT SECTIONS: Order requested under Section 6(C) for exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act.

SUMMARY OF APPLICATION: Applicants seek an order to permit the deduction of a mortality and expense risk charge from the assets of Account C, the Resource Account, or any separate account established by SAFECO or First SAFECO in connection with certain variable annuity contracts (''Contracts''). The exemptions also would apply to any other registered broker-dealer, which is or will be controlling, controlled by, or under common control with SAFECO, and which may serve in the future as principal underwriter for variable annuity contracts that are similar in all material respects to the Contracts and that are offered in the future by SAFECO or First SAFECO (''Future Contracts'').

FILING DATE: The application was filed on May 31, 1995, and amended and restated on September 6, 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 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 SEC by 5:30 p.m. on October 10, 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 writer's interest, the reasons 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 Fifth Street, NW., Washington, DC 20549. Applicants, P.O. Box 34690, Seattle, Washington 98124–1690, Attn: William E. Crawford, Esq.

FOR FURTHER INFORMATION CONTACT: Joseph G. Mari, Senior Special Counsel, or Wendy Friedlander, Deputy Chief, Office of Insurance Products, Division of Investment Management, at (202) 942–0670.

SUPPLEMENTARY INFORMATION: Following is a summary of the application. The complete application is available for a fee from the Public Reference Branch of the Commission.

Applicants' Representations

1. SAFECO is a stock life insurance company organized under the laws of Washington and is the depositor of Account C and the Resource Account. First SAFECO, a wholly-owned subsidiary of SAFECO, is a stock life insurance company organized under the laws of New York.

2. Account C and the Resource Account, organized by SAFECO under Washington law as insurance company separate accounts to fund certain variable annuity contracts, are registered under the 1940 Act as unit investment trusts. Account C currently funds certain individual variable annuity contracts (''Current C Contracts''), and will fund certain additional forms of variable annuity contracts currently being registered and to be offered by SAFECO through Account C (the ''Account C Contracts''). The Resource Account currently funds certain individual and group variable annuity contracts (''Current Resource Contracts'') and, in the future, may fund certain additional forms of variable annuity contracts offered by SAFECO. The Current C Contracts and the Current Resource Contracts collectively are referred to as the ''Current Contracts''; the Current Contracts and Account C Contracts constitute the ''Contracts.''

3. SAFECO or First SAFECO may establish one or more separate accounts in the future (''Other Accounts'') (Other Accounts, Account C, and Resource Account are referred to collectively as the ''Separate Accounts'') to support certain variable annuity contracts that are materially similar to the Contracts and are offered through any other broker-dealer that (i) may serve in the future as principal underwriter in respect of certain variable annuity contracts offered by SAFECO or First SAFECO, (ii) is registered under the Securities Exchange Act of 1934 as a broker-dealer and which is or will be a member of the National Association of Securities Dealers, Inc. (the ''NASD''), and (iii) is controlling, controlled by, or under common control with SAFECO (''Other Principal Underwriters'').

4. The Separate Accounts are comprised of sub-accounts each of which invests in the corresponding portfolio or series of a management investment company registered under the 1940 Act. SAFECO and First SAFECO may create new sub-account(s) of the Separate Accounts.

5. SAFECO Securities, a registered broker-dealer and a member of the NASD, is the principal underwriter of the Current C Contracts and will be the principal underwriter of the Account C Contracts. SAFECO Securities also is the principal underwriter for the Current Resource Contracts, for which PNMR, a registered broker-dealer and a member of the NASD, previously had been the principal underwriter. SAFECO Securities or PNMR may act as principal underwriter for any Contracts issued in the future by SAFECO or First SAFECO.

6. Applicants intend to offer the Account C Contracts to the public for individuals who qualify for federal income tax advantages available under Section 408 of the Internal Revenue Code of 1986, as amended (''qualified Account C Contracts''), and for individuals desiring such benefits who do not qualify for such tax advantages (''non-qualified Account C Contracts''). Account C Contracts will be offered on a flexible payment basis. Owners may allocate purchase payments to SAFECO's general account under the fixed account portion of the Account C Contracts, or to one of several sub-accounts of Account C.

7. Applicants state that the minimum initial purchase payment for an Account C Contract is $2,000 for a qualified Account C Contract and $5,000 for a non-qualified Account C Contract. The minimum additional purchase payment is $250, except for additional purchase payments made through a systematic investing program, in which case the minimum payment is $100.

8. Regarding the Current C Contracts and the Current Resource Contracts, Applicants only seek relief to assess mortality and expense risk charges from the assets of the Separate Accounts in connection with the offering of variable annuity contracts that are materially similar to those contracts. SAFECO, the

Resource Account and SAFECO Securities were granted exemptive relief under Section 6(c) of the 1940 Act from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act permitting the assessment of a mortality and expense risk charge (the ''Resource Application'') to the extent set forth therein.[1] Applicants represent that no material facts contained in the Resource Application have changed since the issuance of the Resource Order and incorporate that application herein by reference. SAFECO, Account C and PNMR were granted exemptive relief under Section 6(c) oft he 1940 Act from the provisions of Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act permitting the deduction of a mortality and expense risk charge (the ''Account C Application'') to the extent set forth therein.[2] Applicants represent that no material facts contained in the Account C Application have changed since the issuance of the Account C Order and incorporate that application herein by reference.

9. Certain charges and fees are assessed under the Contracts. A Contract owner will be able to make up to twelve transfers each Contract year at no charge. Each additional transfer will be subject to a charge of $10, which, according to Applicants, will not exceed the average costs associated with administering the Contracts.

10. Contract owners will be permitted to make one withdrawal of Contract Value (the amount that the Contract provides for investment at any time), subject to the other limitations and charges under the Contracts, without the assessment of an excess withdrawal charge. A maximum charge of $25 is assessed for each withdrawal in excess of one withdrawal per Contract year.

11. For non-qualified Account C Contracts, SAFECO intends to deduct, as a charge against Contract Value, an amount equal to and for premium taxes. For qualified Account C Contracts, SAFECO intends to pay premium taxes, although SAFECO reserves the right to deduct, as a charge against Contract Value, an amount equal to and for premium taxes. For non-qualified Current Contracts, SAFECO deducts, as a charge against Contract Value, an amount equal to and for premium taxes. For qualified Current Contracts, SAFECO has reserved the right to deduct, as a charge against Contract Value, an amount equal to and for premium taxes. Premium taxes generally range up to 3.5%.

12. No front-end sales charge is imposed when purchase payments are applied under the Account C Contracts. However, a contingent deferred sales charge (''CDSC'') is assessed if the Account C Contract is surrendered or partial withdrawals exceeding certain amounts are taken during the six-year period from the issue date of the Account C Contract. Each Contract year, an Account C Contract owner generally may withdraw a total of 10% of the Contract Value as of the date of the withdrawal, without payment of the CDSC. The percentage imposed at the time of surrender or partial withdrawal depends on when the Account C Contract is surrendered or partial withdrawals are taken. The maximum CDSC is 7% of the amount withdrawn during the first Contract year. The percentage scales downward by one percent each year. In no event will the CDSC under the Account C Contracts be greater than 9% of purchase payments.

13. Applicants submit that proceeds from the CDSC may not cover the expected cost of distributing the Contracts and that any shortfall will be recovered from SAFECO's or First SAFECO's general assets, which may include revenue from the mortality and expense risk charge deducted from the Separate Accounts.

14. The administrative charges to be assessed with respect to the Account C Contracts will be (i) an annual administration maintenance charge, currently $30 per Contract year, and (ii) an asset-related administration charge at an annual rate of approximately .15%, which rate may not be increased for the duration of the Account C Contracts. The annual administration maintenance charge is imposed only on Account C Contracts with a Contract Value less than $100,000. SAFECO states that it may change the annual administration maintenance charge over the period that the Account C Contracts are in force, but in no event will the annual administration maintenance charge exceed $40 per Contract year.

15. SAFECO represents that it does not expect that the total revenues from the administrative charges will be greater than the total expected cost of administering the Contracts, on average, excluding costs that are properly categorized as distribution expenses, over the period that the Contracts are in force. Applicants represent that they rely on and are in compliance with the requirements of Rule 26a–1 in connection with charges under the Contracts.

16. Applicants propose to deduct a daily charge for mortality and expense risks from the assets of the Separate Accounts. With respect to the Account C Contracts, SAFECO will assess the Separate Accounts with a daily charge for mortality and expense risks at an aggregate annual rate of 1.25%. Approximately .90% of the annual charge is allocated to the mortality risks and .35% is allocated to the expense risks.

17. SAFECO will assume a mortality risk by its contractual obligation to pay a death benefit to the beneficiary if the owner, as defined in the Account C Contract (''Account C Contract Owner''), dies prior to the Annuity Date. Applicants assert that the Account C Contracts provide a guaranteed death benefit that is the greater of: (a) the Contract Value at the time of notification of death and election of a settlement option, but not later than six months following the date of death; or (b) the previous minimum guaranteed death benefit. Applicants represent that the minimum guaranteed death benefit is reset at the end of each sixth Contract Year (the ''Six Year Contract Anniversary''), as described below. At each Six Year Contract Anniversary the last minimum guaranteed death benefit value on record is compared to the then current Contract Value. The greater of the two values becomes the new minimum guaranteed death benefit value. At the first Six year Contract Anniversary the last minimum guaranteed death benefit value of record is the sum of all payments less any withdrawals during the first six Contract Years; that value will be compared to Contract Value. The minimum guaranteed death benefit value is fixed as of the last Six Year Contract Anniversary preceding the Account C Contract Owner's 76th birthday. If an Account C Contract Owner makes withdrawals during the period between Six Year Contract Anniversaries, the minimum guaranteed death benefit value is reset to equal the sum of: (a) The previous minimum guaranteed death benefit value; multiplied by (b) the Contract Value after the withdrawal; divided by (c) the Contract Value before the withdrawal. Similarly, if an Account C Contract Owner makes purchase payments during the period between Six Year Contract Anniversaries, the previous minimum guaranteed death benefit is adjusted to reflect the amount of the purchase payments.

18. Applicants also represent that SAFECO assumes a similar mortality risk under the Current Contracts. The

[1] Safeco Life Insurance Company, Investment Company Act Release Nos. 15396 (Nov. 5, 1986) (notice) and 15459 (Dec. 5, 1986) (''Resource Order'').

[2] Safeco Life Insurance Company, Investment Company Act Release Nos. 20043 (Jan. 28, 1994) (notice) and 20097 (Feb. 25, 1994) (the ''Account C Order'').

Current Contracts provide a guaranteed death benefit that is the greater of: (1) Net purchase payments plus any deposits less any withdrawals (including any applicable charges) at the time of death; or (2) the Contract Value determined as of the ''Valuation Period'' (as defined in the Current Contract), next following the date both proof of death and an election of a single sum payment or of a form of annuity payment is received by SAFECO.

19. SAFECO also represents that it assumes a mortality risk by its contractual obligation to continue to make annuity payments for the life of the annuitant under annuity options involving life contingencies. This assures each annuitant that neither the annuitant's own longevity nor an improvement in life expectancy generally will have an adverse effect on the annuity payments received under an Account C Contract. This relieves the annuitant from the risk of outliving the amounts accumulated for retirement. At the same time, SAFECO represents that it assumes the risk that annuitants as a group will live a longer time than SAFECO's annuity tables predict, which would require SAFECO to pay out more in annuity income than planned. SAFECO assumes an additional mortality risk because the Account C Contract does not impose CDSC or similar charge on the death benefit or upon annuitization.

20. In addition to mortality risks, SAFECO asserts that it assumes an expense risk under the Contracts because the administrative charges under the Contracts may be insufficient to cover actual administrative expenses.

21. Applicants represent that if the administrative charges and mortality and expense risk charges assessed against Separate Account assets are insufficient to cover the expenses and costs assumed, the loss will be borne by SAFECO or First SAFECO. If the amount deducted for mortality and expense risk charges proves more than sufficient, the excess will be profit to SAFECO or First SAFECO. SAFECO anticipates earning a profit from the mortality and expense risk charge.

Applicants' Legal Analysis

1. Applicants request that the Commission, pursuant to Section 6(c) of the 1940 Act, grant exemptions from Sections 26(a)(2)(C) and 27(c)(2) thereof to the extent necessary to permit the deduction of a mortality and expense risk charge from the assets of the Separate Accounts under the Contracts and Future Contracts as described herein.

2. Section 6(c) of the 1940 Act, in relevant part, provides that the Commission may issue an order exempting any person, security or transaction, or any class or classes of persons, securities or transactions, from any provision or provisions of the 1940 Act as may be necessary or 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.

3. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act prohibit a registered unit investment trust and any depositor thereof or principal underwriter therefor, from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are deposited with a qualified trustee or custodian and held under an agreement that provides that no payment to the depositor or principal underwriter shall be allowed except as a fee, not exceeding such reasonable amount as the Commission may prescribe, for bookkeeping and other administrative services.

4. Applicants assert that the requested exemptions meet the standards of Section 6(c) of the 1940 Act, and that the terms of the relief requested with respect to the Contracts or Future Contracts funded by a Separate Account and distributed by SAFECO Securities, PNMR or any Other Principal Underwriters are consistent with the standards set forth in Section 6(c) of the 1940 Act. Applicants state that without the requested future relief, they would have to request and obtain exemptive relief in connection with Contracts or Future Contracts to the extent required. Applicants submit that any such additional request for exemption would present no issues under the 1940 Act that have not already been addressed in this application, the Account C Application, and the Resource Application.

5. Applicants submit that the requested exemptive relief is appropriate in the public interest because it would promote competitiveness in the variable annuity contract market by eliminating the need for SAFECO, First SAFECO and their appropriate affiliates to file redundant exemptive applications, thereby reducing administrative expenses and maximizing the efficient use of resources. The delay and expense involved in having to seek exemptive relief repeatedly would impair SAFECO's, First SAFECO's, Other Accounts', and Other Principal Underwriters' ability effectively to take advantage of business opportunities as they arise. If SAFECO and First SAFECO were required to seek exemptive relief repeatedly with respect to the issues addressed in this Application, the Resource Application and the Account C Application, investors would not receive any benefit or additional protection thereby. Indeed, they might be disadvantaged as a result of SAFECO's and First SAFECO's increased overhead expenses. Applicants further submit that, for the same reasons, the requested relief is consistent with the purposes of the 1940 Act and the protection of investors.

6. Applicants represent that the mortality and expense risk charge of 1.25% is within the range of industry practice for comparable annuity products. Applicants state that this determination is based on their analysis of publicly available information about similar industry practices, taking into consideration such factors as current charge levels and benefits provided, the existence of expense charge guarantees, and guaranteed annuity rates. SAFECO and First SAFECO undertake to maintain at their home offices, and make available to the Commission upon request, a memorandum setting forth in appropriate detail the products analyzed, the methodology, and the results of the analysis relied upon, in making the foregoing determination.

7. Similarly, Applicants represent, regarding the Future Contracts, that the mortality and expense risk charges under any Future Contracts will be within the range of industry practice for comparable annuity products. Applicants state that this determination will be based on their analysis of publicly available information about similar industry practices, taking into consideration such factors as current charge levels and benefits provided, the existence of expense charge guarantees, and guaranteed annuity rates. SAFECO and First SAFECO undertake to maintain at their home offices, and make available to the Commission upon request, a memorandum setting forth in appropriate detail the products analyzed, the methodology, and the results of the analysis relied upon, in making the foregoing determination.

8. The CDSC may be insufficient to cover all costs relating to the distribution of the Contracts. In that event, if a profit is realized from the mortality and expense risk charge, all or a portion of such profit may be offset by distribution expenses not reimbursed by the CDSC. Notwithstanding the foregoing, SAFECO has concluded that there is a reasonable likelihood that the proposed distribution financing arrangements will benefit the Separate Accounts and Contract owners.

SAFECO undertakes to maintain at its home office, and make available upon request to the Commission and its staff, a memorandum setting out the basis for such conclusion.

9. SAFECO and First SAFECO also represent that the Separate Accounts will invest only in an underlying mutual fund which undertakes, in the event it should adopt any plan pursuant to Rule 12b–1 of the 1940 Act to finance distribution expenses, to have such plan formulated and approved by a board of directors, a majority of the members of which are not ''interested persons'' of such fund within the meaning of Section 2(a)(19) of the 1940 Act.

Conclusion

Applicants submit, for the reasons stated herein, that the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act to permit the assessment of a mortality and expense risk charge meet the standards set out in Section 6(c) of the 1940 Act. Accordingly, Applicants assert that the requested exemptions are necessary or 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 M. McFarland,

Deputy Secretary.

[FR Doc. 95–23142 Filed 9–18–95; 8:45 am]

BILLING CODE 8010–01–M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2806]

Ohio; Declaration of Disaster Loan Area (Amendment #1)

The above-numbered Declaration is hereby amended, effective September 1, 1995, to include Erie and Lorain Counties in the State of Ohio as a disaster area due to damages caused by severe storms and flooding which occurred August 7–18, 1995.

In addition, applications for economic injury loans from small businesses located in the contiguous counties of Ashland, Cuyahoga, Huron, Medina, and Sandusky in the State of Ohio may be filed until the specified date at the previously designated location.

All other information remains the same, i.e., the termination date for filing applications for physical damage is October 24, 1995, and for loans for economic injury the deadline is May 28, 1996.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008.)

Dated: September 13, 1995.

James W. Hammersley,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 95–23198 Filed 9–18–95; 8:45 am]

BILLING CODE 8025–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Approval of Noise Compatibility Program; Austin Straubel International Airport, Green Bay, WI

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice.

SUMMARY: The Federal Aviation Administration (FAA) announces its findings on the noise compatibility program submitted by Brown County under the provisions of Title I of the Aviation Safety and Noise Abatement Act of 1979 (Pub. L. 96–193) and 14 CFR part 150. These findings are made in recognition of the description of federal and nonfederal responsibilities in Senate Report No. 96–52 (1980). On January 20, 1995 the FAA determined that the noise exposure maps submitted by Brown County under part 150 were in compliance with applicable requirements. On July 19, 1995, the Administrator approved the Austin Straubel International Airport noise compatibility program as modified by supplemental information provided by the Austin Straubel International Airport Manager dated June 15, 1995 and comments with addenda and errata sheets dated November 16, 1995. Most of the recommendations of the program were approved.

EFFECTIVE DATE: The effective date of the FAA's approval of the Austin Straubel International Airport noise compatibility program is July 19, 1995.

FOR FURTHER INFORMATION CONTACT: William J. Flanagan, Federal Aviation Administration, Airports District Office, room 102, 6020 28th Avenue South, Minneapolis, Minnesota 55450, (612) 725–4463. Documents reflecting this FAA action may be reviewed at this location.

SUPPLEMENTARY INFORMATION: This notice announces that the FAA has given its overall approval to the noise program for Austin Straubel International Airport, effective July 19, 1995.

Under section 104(a) of the Aviation Safety and Noise Abatement Act of 1979 (hereinafter referred to as ''the Act''), an airport operator who has previously submitted a noise exposure map may submit to the FAA a noise compatibility program that sets forth the measures taken or proposed by the airport operator for the reduction of existing noncompatible land uses and prevention of additional noncompatible land uses within the area covered by the noise exposure maps. The Act requires such programs to be developed in consultation with interested and affected parties including local communities, government agencies, airport users, and FAA personnel.

Each airport noise compatibility program developed in accordance with Federal Aviation Regulations (FAR) part 150 is a local program, not a federal program. The FAA does not substitute its judgment for that of the airport proprietor with respect to which measures should be recommended for action. The FAA's approval or disapproval of FAR part 150 program recommendations is measured according to the standards expressed in part 150 and the Act and is limited to the following determinations:

a. The noise compatibility program was developed in accordance with the provisions and procedures of FAR part 150;

b. Program measures are reasonably consistent with achieving the goals of reducing existing noncompatible land uses around the airport and preventing the introduction of additional noncompatible land uses;

c. Program measures would not create an undue burden on interstate or foreign commerce, unjustly discriminate against types or classes of aeronautical uses, violate the terms of airport grant agreements, or intrude into areas preempted by the Federal Government; and

d. Program measures relating to the use of flight procedures can be implemented within the period covered by the program without derogating safety, adversely affecting the efficient use and management of the navigable airspace and air traffic control systems, or adversely affecting other powers and responsibilities of the Administrator prescribed by law.

Specific limitations with respect to FAA's approval of an airport noise compatibility program are delineated in FAR part 150, section 150.5. Approval is not a determination concerning the acceptability of land uses under Federal, state, or local law. Approval does not by itself constitute an FAA implementing action. A request for Federal action or approval to implement specific noise compatibility measures may be