

**SUPPORTING STATEMENT
FORM N-4**

A. JUSTIFICATION

1. Necessity for the Information Collection

Form N-4 (17 CFR 239.17b and 274.11c) is the form used by insurance company separate accounts organized as unit investment trusts that offer variable annuity contracts to register as investment companies under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (“Investment Company Act”) and/or to register their securities under the Securities Act of 1933 (15 U.S.C. 77a et seq.) (“Securities Act”). Section 5 of the Securities Act (15 U.S.C. 77e) requires the filing of a registration statement prior to the offer of securities to the public and that the statement be effective before any securities are sold, and Section 8 of the Investment Company Act (15 U.S.C. 80a-8) requires a separate account to register as an investment company. Form N-4 also permits separate accounts organized as unit investment trusts that offer variable annuity contracts to provide investors with a prospectus and a statement of additional information (“SAI”) covering essential information about the separate account when it makes an initial or additional offering of its securities. Section 5(b) of the Securities Act requires that investors be provided with a prospectus containing the information required in a registration statement prior to the sale or at the time of confirmation or delivery of the securities and that an SAI be delivered upon request.

2. Propose of the Information Collection

The purpose of Form N-4 is to meet the filing and disclosure requirements of the Securities Act and the Investment Company Act and to enable filers to provide investors

with information necessary to evaluate an investment in the security. This information collection differs significantly from many other federal information collections, which are primarily for the use and benefit of the collecting agency. The information required to be filed with the Commission permits verification of compliance with securities law requirements and assures the public availability and dissemination of the information.

3. Role of Improved Information Technology

The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") is designed to automate the filing, processing, and dissemination of full disclosure filings. The system permits publicly held companies to transmit filings to the Commission electronically. This automation has increased the speed, accuracy, and availability of information, generating benefits to investors and financial markets. Form N-4 is required to be filed with the Commission electronically on EDGAR. (17 CFR 232.101(a)(1)(i) and (iv)). The public may access filings on EDGAR through the Commission's Internet website (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference rooms. Prospectuses and SAIs may be sent to investors by electronic means so long as the fund meets certain requirements.¹ The Commission has no information concerning the percentage of such documents sent electronically, but believes it is a small percentage.

4. Efforts to Identify Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes a rule or a change in a rule. The requirements of Form N-4 are not generally duplicated elsewhere.

¹ See Use of Electronic Media for Delivery Purposes, Securities Act Release No. 7233, Exchange Act Release No. 36345, Investment Company Act Release No. 21399 (Oct. 6, 1995) (60 FR 53458 (Oct. 13, 1995)).

5. Effect on Small Entities

The current disclosure requirements for the registration statements and shareholder reports do not distinguish between small entities and other funds. The burden on smaller funds, however, to prepare and file registration may be greater than for larger funds. This burden includes the cost of producing, printing, filing, and disseminating the prospectuses and SAIs. The Commission believes, however, that imposing different requirements on smaller investment companies would not be consistent with investor protection and the purposes of the registration statements. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

In any event, no small entities currently file registration statements on Form N-4.

6. Consequences of Less Frequent Collection

The frequency with which information from Form N-4 is collected will not change.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

Not Applicable.

8. Consultation Outside the Agency

Form N-4 has previously been amended through rulemaking actions pursuant to the Administrative Procedures Act. Comments are generally received from registrants, trade associations, the legal and accounting professions, and other interested parties. In addition, the Commission and staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through

public conferences, meetings, and informal exchanges. The Commission will solicit and consider comment on the collection of information associated with Form N-4.

9. Payment or Gift to Respondents

Not Applicable.

10. Assurance of Confidentiality

Not Applicable.

11. Sensitive Questions

Not Applicable.

12. Estimates of Hour Burden

The estimate of the annual number of registration statements filed on Form N-4 is based on the number of filings received by the Commission in the 12-month period ending July 31, 2006. The hour burden estimates for preparing and filing registration statements on Form N-4 is based on past consultations with filers and the Commission's experience with its contents. The number of burden hours may vary depending on, among other things, the complexity of the filing and whether preparation of the registration statement is performed by fund staff or outside counsel. The estimate of average burden hours is made solely for purposes of the Paperwork Reduction Act and is not derived from a quantitative, comprehensive, or even representative survey or study of the burdens associated with Commission rules and forms.

Form N-4 generally imposes two types of reporting burdens on investment companies: (1) the burden of preparing and filing the initial registration statement; and (2) the burden of preparing and filing post-effective amendments to a previously effective

registration statement. The Commission estimates that the burden hours that would be imposed by Form N-4 are as follows:

Calculation of Hour Burden of Initial Form N-4 Filings

• Number of initial Form N-4 filings annually	48
• Average number of portfolios per filing	1
• Number of portfolios referenced in initial Form N-4 filings annually	48
• Current hour burden per portfolio for initial Form N-4 filing	278.5
• Total annual hour burden for initial Form N-4 filings (48 x 278.5)	13,368

Calculation of Hour Burden of Post-Effective Amendments

• Number of post-effective amendments filed annually	1,894
• Average number of portfolios per filing	1
• Number of portfolios in post-effective amendments to Form N-4 filings annually	1,894
• Current hour burden per portfolio for preparing post-effective amendments	197.25
• Total annual hour burden to prepare post-effective amendments (1,894 x 197.25)	373,591.5

Total Annual Hour Burden

• Annual hours for post effective amendments + annual hours for initial Form N-4 filings (13,368 + 373,591.5)	386,959.5
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Based on the estimated wage rate, the total cost to the fund industry of the hour burden for complying with Form N-4 is approximately \$108,929,099.²

² The cost to the industry is calculated by multiplying the total annual hour burden (386,959.5 hours) by the estimated hourly wage rate of \$281.50. The estimated wage figure is based on published rates for compliance attorneys (\$58.32) and programmers (\$46.92) outside New York City, modified to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead, yielding effective hourly rates of \$312 and \$251, respectively. See Securities Industry Association, Report on Management & Professional Earnings in the Securities Industry 2005 (Sept. 2005). The estimated wage rate was further based on the estimate that

13. Estimate of Total Annual Cost Burden

Cost burden is the cost of services purchased to prepare and update filings on Form N-4, such as for the services of independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12. Estimates are based on the Commission's experience with the filing of registration forms.

The current cost burden for preparing an initial Form N-4 filing is \$21,125 per portfolio and the current cost burden for preparing a post-effective amendment to a previously effective registration statement is \$20,023 per portfolio. The Commission estimates that, on an annual basis, 48 portfolios will be referenced in an initial Form N-4 and 1,894 portfolios will be referenced in a post-effective amendment of Form N-4.

Thus, the total cost burden allocated to Form N-4 would be \$38,937,562, as follows:

Cost Burden of Preparing and Filing Initial Form N-4

• Cost burden per portfolio for preparing and filing initial Form N-4	\$21,125
• Number of portfolios referenced in initial Form N-4 annually	48
• Cost burden of preparing and filing initial Form N-4 (number of portfolios x cost per portfolio)	\$1,014,000

attorneys and programmers would divide time equally, resulting in a weighted wage rate of \$281.50 $((\$312 \times .50) + (\$251 \times .50))$.

Cost Burden of Preparing and Filing Post-Effective Amendments

• Cost burden per portfolio of preparing and filing post-effective amendments	\$20,023
• Number of portfolios referenced in post-effective amendments to Form N-4 filings annually	1,894
• Cost burden of preparing and filing post-effective amendments (number of portfolios x cost per portfolio)	\$37,923,562
Total Cost Burden for Form N-4	
• Initial Form N-4 + post-effective amendments (\$1,014,000 + \$37,925,562 = \$38,937,562)	\$38,937,562

14. Estimate of Cost to the Federal Government

The annual cost of reviewing and processing new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$17.5 million in fiscal year 2005, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Explanation of Changes in Burden

Currently, the approved annual hour burden for preparing and filing registration statements on Form N-4 is 288,701 hours based on the previous estimate of 1,399 responses. The new estimate of the total annual hour burden is 386,959.5 hours based on the new estimated total number of responses of 1942. The increase to the total annual hour burden is 98,258.5 hours and is due to a large increase in estimated responses representing post-effective amendments, offset slightly by a small decrease in the estimated number of responses representing initial filings.

16. Information Collection Planned for Statistical Purposes

Not Applicable.

17. Approval to not Display Expiration Date

Not Applicable.

18. Exceptions to Certification Statement

Not Applicable.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not Applicable.