

**SUPPORTING STATEMENT
FORM N-6**

A. JUSTIFICATION

1. Necessity for the Information Collection

Form N-6 (17 C.F.R. 239.17c and 274.11d) is the form used by insurance company separate accounts organized as unit investment trusts that offer variable life insurance policies 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-6 also permits separate accounts organized as unit investment trusts that offer variable life insurance policies 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.

2. Purpose of the Information Collection

The purpose of Form N-6 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-6 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

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)].

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-6 are not generally duplicated elsewhere.

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-6.

6. Consequences of Less Frequent Collection

The frequency with which information from Form N-6 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-6 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 requested public comment on the collection of information requirements in Form N-6 before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

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-6 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-6 are 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-6 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 imposed by Form N-6 are as follows:

Calculation of Hour Burden of Initial Form N-6 Filings

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|---|--------|
| • Number of initial Form N-6 filings annually | 32 |
| • Average number of portfolios per filing | 1 |
| • Number of portfolios referenced in initial Form N-6 filings annually | 32 |
| • Current hour burden per portfolio for initial Form N-6 filing | 770.25 |
| • Total annual hour burden for initial Form N-6 filings (32 portfolios x 770.25 hrs.) | 24,648 |

Calculation of Hour Burden of Post-Effective Amendments

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|---|----------|
| • Number of post-effective amendments filed annually | 609 |
| • Average number of portfolios per filing | 1 |
| • Number of portfolios in post-effective amendments to Form N-6 annually | 609 |
| • Current hour burden per portfolio for preparing post-effective amendments | 67.5 |
| • Total annual hour burden to prepare post-effective amendments (609 portfolios x 67.5 hours) | 41,107.5 |

Total Annual Hour Burden

- Annual hours for post effective amendments + annual hours for initial Form N-6 filings 65,755.5
(24,648 hours + 41,107.5 hours)

Based on the estimated wage rate, the total cost to the fund industry of the hour burden for complying with Form N-6 is approximately \$18.5 million.²

13. Estimate of Total Annual Cost Burden

Cost burden is the cost of services purchased to prepare and update filings on Form N-6, 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-6 filing is \$20,000 per portfolio and the current cost burden for preparing a post-effective amendment to a previously effective registration statement is \$7,500 per portfolio. The Commission estimates that, on an annual basis, 32 portfolios will be referenced in an initial Form N-6 and 609 portfolios will be referenced in a post-effective amendment of Form N-6. Thus, the total cost burden allocated to Form N-6 would be \$5,207,500, as follows:

² The cost to the industry is calculated by multiplying the total annual hour burden (65,755.5 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 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 Initial Form N-6

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| • Cost burden per fund for preparing and filing initial Form N-6 | \$20,000 |
| • Number of funds filing initial Form N-6 annually | 32 |
| • Cost burden of preparing and filing initial Form N-6 (32 portfolios x \$20,000) | \$640,000 |

Cost Burden of Preparing and Filing Post-Effective Amendments

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|--|-------------|
| • Cost burden per portfolio of preparing and filing post-effective amendments | \$7,500 |
| • Number of post-effective annual updates | 609 |
| • Cost burden of preparing and filing post-effective amendments (609 portfolios x \$7,500) | \$4,567,500 |

Total Cost Burden for Form N-6

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| • Initial Form N-6 + post-effective amendments (\$640,000 + \$4,567,500) | \$5,207,500 |
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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-6 is 52,100 hours based on the previous estimate of 550 responses. The new estimate of the total annual hour burden is 65,755.5 hours based on the new

estimated total number of responses of 641. The increase to the total annual hour burden is 13,655.5 hours. This increase is due to the increase in the number of responses in comparison to prior estimated responses. In addition, previous estimates provided an hour burden per portfolio for preparing post-effective that were annual updates and a separate hour burden for post-effective amendments that were additional amendments. To simplify, we present a unified hour burden for both varieties of post-effective amendments, but to be conservative used the higher hour burden. This adjustment in estimating also contributes to the overall increase in the total hour burden.

16. Information Collection Planned for Statistical Purposes

Not Applicable.

17. Approval not to Display Expiration Date

Not Applicable.

18. Exceptions to Certification Statement

Not Applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not Applicable.