

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. IC-26682; File No. 812-13101]

**ING USA Annuity & Life Insurance Company, et al.**

November 23, 2004.

**AGENCY:** The Securities and Exchange Commission ("SEC" or "Commission").**ACTION:** Notice of application for an order pursuant to Section 26(c) of the Investment Company Act of 1940 (the "Act") approving certain substitutions of securities and for an order of exemption pursuant to Section 17(b) of the Act.**APPLICANTS:** ING Insurance Company of America, ING Life Insurance and Annuity Company, ING USA Annuity and Life Insurance Company, ReliaStar Life Insurance Company, ReliaStar Life Insurance Company of New York, and Security Life of Denver Insurance Company (each a "Company" and together, the "Companies"), Variable Annuity Account I of ING Insurance Company of America ("ING America I"),

Variable Annuity Account B of ING Life Insurance and Annuity Company ("ING Life B"), Variable Annuity Account C of ING Life Insurance and Annuity Company ("ING Life C"), Variable Annuity Account G of ING Life Insurance and Annuity Company (ING Life G"), Separate Account B of ING USA Annuity and Life Insurance Company ("ING USA B"), Select\*Life Variable Account of ReliaStar Life Insurance Company ("ReliaStar SL"), ReliaStar Select Variable Account of ReliaStar Life Insurance Company ("ReliaStar VA"), Separate Account N of ReliaStar Life Insurance Company ("ReliaStar N"), ReliaStar Life Insurance Company of New York Separate Account NY-B ("ReliaStar NY B"), ReliaStar Life Insurance Company of New York Variable Annuity Funds P &amp; Q ("ReliaStar NY P&amp;Q"), ReliaStar Life Insurance Company of New York Variable Life Separate Account I ("ReliaStar NY I"), Security Life Separate Account L1 ("Security Life L1"), Security Life Separate Account S-A1 ("Security Life S-A1"), and Security Life Separate Account S-L1 ("Security

Life S-L1") (each, an "Account" and together, the "Accounts"), and ING Partners, Inc. ("ING Partners"). The Companies, the Accounts and ING Partners are collectively referred to herein as the "Applicants."

**SUMMARY:** The Applicants have submitted an application (the "Application") for an order of the Securities and Exchange Commission (the "Commission"), pursuant to Section 26(c), formerly Section (b), of the Investment Company Act of 1940, as amended (the "1940 Act"), permitting the substitutions of securities issued by certain registered investment companies held by the Accounts to support certain in force variable life insurance policies and variable annuity contracts (collectively, the "Contracts") issued by the Companies. More particularly, the Applicants propose to substitute shares of certain series of ING Partners (the "Substitute Funds") for shares of certain registered investment companies currently held by subaccounts of the various Accounts (the "Replaced Funds") as follows:

Replaced funds	Substitute funds
Janus Aspen Balanced Portfolio—Institutional Shares .....	ING Van Kampen Equity and Income Portfolio—Initial Class.
Janus Aspen Balanced Portfolio—Service Shares .....	ING Van Kampen Equity and Income Portfolio—Initial Class.
ING Van Kampen Equity and Income Portfolio—Service Class .....	ING Van Kampen Equity and Income Portfolio—Initial Class.
Janus Aspen Capital Appreciation Portfolio—Service Shares .....	ING Salomon Brothers Large Cap Growth Portfolio—Initial Class.
Janus Twenty Fund—Class I .....	ING Salomon Bros Large Cap Growth Portfolio—Initial Class.
Janus Aspen Flexible Income Portfolio—Institutional Shares .....	ING Oppenheimer Strategic Income Portfolio—Initial Class.
Oppenheimer Strategic Bond Fund/VA—Non-Service Shares .....	ING Oppenheimer Strategic Income Portfolio—Initial Class.
Janus Aspen Flexible Income Portfolio—Service Shares .....	ING Oppenheimer Strategic Income Portfolio—Service Class.
Oppenheimer Strategic Bond Fund/VA—Service Shares .....	ING Oppenheimer Strategic Income Portfolio—Service Class.
Janus Aspen Growth Portfolio—Institutional Shares .....	ING American Century Select Portfolio—Initial Class.
ING American Century Select Portfolio—Service Class .....	ING American Century Select Portfolio—Initial Class.
Janus Aspen Growth Portfolio—Service Shares .....	ING American Century Select Portfolio—Initial Class.
Janus Aspen Mid Cap Growth Portfolio—Institutional Shares .....	ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Initial Class.
ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Service Class.	ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Initial Class.
Janus Aspen Mid Cap Growth Portfolio—Service Shares .....	ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Initial Class.
Janus Aspen Worldwide Growth Portfolio—Institutional Shares .....	ING Oppenheimer Global Portfolio—Initial Class.
Oppenheimer Global Securities Fund/VA—Non-Service Shares .....	ING Oppenheimer Global Portfolio—Initial Class.
ING Oppenheimer Global Portfolio—Service Class .....	ING Oppenheimer Global Portfolio—Initial Class.
Janus Aspen Worldwide Growth Portfolio—Service Shares .....	ING Oppenheimer Global Portfolio—Initial Class.
Oppenheimer Global Securities Fund/VA—Service Shares .....	ING Oppenheimer Global Portfolio—Initial Class.

**FILING DATE:** The application was filed on June 10, 2004. The application was amended and restated on November 5, 2004 and November 19, 2004.**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 Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 17, 2004, 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 reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary of the Commission.

**ADDRESSES:** For the Commission: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. For Applicants, J. Neil McMurdie, Esquire, ING U.S. Legal Services, 151

Farmington Avenue, TS31, Hartford, CT 06156-8975.

**FOR FURTHER INFORMATION CONTACT:** Alison White, Senior Counsel, or Lorna MacLeod, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.**SUPPLEMENTARY INFORMATION:** The following is a summary of the Application. The complete Application is available for a fee from the Public Reference Branch of the Commission.

## The Application

The Applicants have requested that the Commission issue an order to permit the substitution ("Substitution") of certain shares of certain investment management companies currently held by sub-accounts of the various Accounts for shares of certain series of the Substitute Funds.

## The Applicants, Funds and Contracts

1. The Companies. Each of the Companies is an indirect wholly owned subsidiary of ING Groep, N.V. ("ING"). ING is a global financial services holding company based in The Netherlands which is active in the field of insurance, banking and asset management. As a result, each Company likely would be deemed to be an affiliate of the others.

a. ING Insurance Company of America ("ING America"). ING America is a stock life insurance company organized under the laws of the State of Connecticut in 1990 and redomesticated under the insurance laws of the State of Florida in 2000. Prior to May 1, 2002, ING America was known as Aetna Insurance Company of America ("Aetna America"). ING America is principally engaged in the business of issuing life insurance and annuities. ING America is the depositor of Variable Annuity Account I, a separate account which is registered with the Commission as a unit investment trust.

b. ING Life Insurance and Annuity Company ("ING Life"). ING Life is a stock life insurance company organized under the laws of the State of Connecticut in 1976 as Forward Life Insurance Company. Through a December 31, 1976 merger ING Life's operations include the business of Aetna Variable Annuity Life Insurance Company (formerly known as Participating Annuity Life Insurance Company). Prior to May 1, 2002, ING Life was known as Aetna Life Insurance and Annuity Company ("Aetna"). ING Life is principally engaged in the business of issuing life insurance and annuities. ING Life is the depositor of Variable Annuity Account B, Variable Annuity Account C and Variable Annuity Account G, separate accounts which are registered with the Commission as unit investment trusts.

c. ING USA Annuity and Life Insurance Company ("ING USA"). ING USA is an Iowa stock life insurance company which was originally organized in 1973 under the insurance laws of Minnesota. Through a January 1, 2004 merger ING USA's operations include the business of Equitable Life Insurance Company of Iowa, United Life

and Annuity Insurance Company, and USG Annuity and Life Company. Prior to January 1, 2004, ING USA was known as Golden American Life Insurance Company ("Golden"). ING USA is principally engaged in the business of issuing life insurance and annuities. ING USA is the depositor of Separate Account B, a separate account which is registered with the Commission as a unit investment trust.

d. ReliaStar Life Insurance Company ("ReliaStar"). ReliaStar is a stock life insurance company organized in 1885 and incorporated under the laws of the State of Minnesota. Through an October 1, 2002 merger ReliaStar's operations include the business of Northern Life Insurance Company ("Northern"). ReliaStar is principally engaged in the business of issuing life insurance, annuities, employee benefits and retirement contracts. ReliaStar is the depositor of ReliaStar Select Variable Account, Select\*Life Variable Account and Separate Account N, separate accounts which are registered with the Commission as unit investment trusts.

e. ReliaStar Life Insurance Company of New York ("ReliaStar NY"). ReliaStar NY is a stock life insurance company which was incorporated under the laws of the State of New York in 1917. Through an April 1, 2002 merger ReliaStar NY's operations include the business of First Golden American Life Insurance Company of New York ("First Golden"). ReliaStar NY is principally engaged in the business of issuing life insurance and annuities. ReliaStar NY is the depositor of Separate Account NY-B, Variable Annuity Funds P & Q and Variable Life Separate Account I, separate accounts which are registered with the Commission as unit investment trusts.

f. Security Life of Denver Insurance Company ("Security Life"). Security Life is a stock life insurance company organized under the laws of the State of Colorado in 1929. Security Life is principally engaged in the business of issuing life insurance and annuities. Security Life is the depositor of Security Life Separate Account L1, Security Life Separate Account S-A1, and Security Life Separate Account S-L1, separate accounts which are registered with the Commission as unit investment trusts.

2. The Accounts. Each of the Accounts is a segregated asset account of the applicable Company, and is registered under the 1940 Act as a unit investment trust. Each of the respective Accounts is used by the Company of which it is a part to support the Contracts that it issues.

Each Account is administered and accounted for as part of the general

business of the Company of which it is a part. The assets of each Account attributable to the Contracts issued through it are owned by each Company but are held separately from all other assets of that Company for the benefit of the owners of, and persons entitled to benefits under such Contracts. Pursuant to applicable state insurance law and to the extent provided in the Contracts, such assets are not chargeable with liabilities arising out of any other business that each Company may conduct. Income, if any, gains and losses, realized or unrealized, from each Account are credited to or charged against the assets of that Account, without regard to other income, gains or losses of its Company or any of its other segregated asset accounts. Each Account is a "separate account" as defined by Rule 0-1(e) under the 1940 Act.

Each Account is divided into subaccounts, each of which invests exclusively in shares of one investment company portfolio of ING Partners, a Replaced Fund or another mutual fund. Each investment company portfolio has its own distinct investment objective(s) and policies. Income, gains and losses, realized or unrealized, of a portfolio are credited to or charged against the corresponding subaccount of each Account without regard to any other income, gains or losses of the applicable Company. To the extent provided in the Contracts, assets equal to the reserves and other contract liabilities with respect to an Account are not chargeable with liabilities arising out of any other business of the Company that is the depositor of the Account.

Each of the prospectuses for the Contracts discloses that the Companies reserve the right, subject to Commission approval and compliance with applicable law, to substitute shares of another open-end management investment company for shares of an open-end management investment company held by a subaccount of an Account whenever the Company, in its judgment, determines that a portfolio no longer suits the purpose of the Contract.

3. The Substitute Funds. Each of the Substitute Funds is a series of ING Partners. ING Partners, formerly known as Portfolio Partners, Inc., was organized as a Maryland corporation in 1997 and commenced operations on November 28, 1997. ING Partners is registered under the 1940 Act as an open-end management investment company (File No. 811-08319). ING Partners is a series investment company as defined by Rule 18f-2 under the 1940 Act and currently consists of 21 investment portfolios which are offered by prospectus dated May 1, 2004. ING Partners issues a

separate series of shares of beneficial interest in connection with each portfolio and has registered these shares under the Securities Act of 1933 on Form N-1A (File No. 333-32575) which was last updated in an amendment to the registration statement filed on August 18, 2004.

ING Life serves as the investment adviser for each ING Partners' portfolio. ING Life is an investment adviser registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). ING Life maintains its offices at 151 Farmington Avenue, Hartford, Connecticut 06156. As of December 31, 2003, the Adviser managed over \$3.5 billion in registered investment company assets.

ING Life delegates to sub-advisers the responsibility for day-to-day management of the investments of each portfolio, subject to the ING Life's oversight. ING Life also recommends the appointment of additional or replacement sub-advisers to the Board.

ING Partners and ING Life have received exemptive relief from the Commission that permits ING Life and ING Partners to add or terminate a portfolio's sub-adviser without shareholder approval.

4. The Replaced Funds. Each fund to be replaced with a Substitute Fund is a portfolio of the Janus Aspen Series, the Janus Investment Fund, the Oppenheimer Variable Account Funds, or ING Partners, Inc.

5. The Contracts. The Contracts are flexible premium variable annuity and variable life insurance contracts. The variable annuity Contracts provide for the accumulation of values on a variable basis, fixed basis, or both, during the accumulation period, and provide settlement or annuity payment options on a variable or fixed basis. The variable life insurance Contracts provide for the accumulation of values on a variable basis, fixed basis, or both throughout the insured's life and for a death benefit, upon the death of the insured. Under each of the prospectuses for the

Contracts, each Company reserves the right to substitute shares of one fund or portfolio for shares of another.

A Contract owner may transfer all or any part of the Contract value from one subaccount to any other subaccount or a fixed account as long as the Contract remains in effect and at any time up to 30 days before the due date of the first annuity payment for variable annuity contracts. For many of the Contracts, the Company issuing the Contract reserves the right to limit the number of transfers during a specified period.

### The Substitutions

1. The Funds and the Accounts. Subject to the approval of the Commission under Section 26(c) of the Act, Applicants propose, as set forth below, to substitute shares of each Substitute Fund for those of the applicable Replaced Fund and transfer cash or securities held by each Replaced Fund to the applicable Substitute Fund.

Replaced funds	Substitute funds	Accounts holding replaced fund assets
Janus Aspen Balanced Portfolio—Institutional Shares.	ING Van Kampen Equity and Income Portfolio—Initial Class.	ING Life C; ING Life B; ING America I; Security Life S-L1; Security Life S-A1.
Janus Aspen Balanced Portfolio—Service Shares.	ING Van Kampen Equity and Income Portfolio—Initial Class.	Security Life S-L1; Security Life S-A1; ING USA B.
ING Van Kampen Equity and Income Portfolio—Service Class.	ING Van Kampen Equity and Income Portfolio—Initial Class.	ING Life C; ING Life B; ING America I; ING USA B.
Janus Aspen Capital Appreciation Portfolio—Service Shares.	ING Salomon Brothers Large Cap Growth Portfolio—Initial Class.	ING Life C.
Janus Twenty Fund—Class I .....	ING Salomon Bros Large Cap Growth Portfolio—Initial Class.	ING Life C.
Janus Aspen Flexible Income Portfolio—Institutional Shares.	ING Oppenheimer Strategic Income Portfolio—Initial Class.	ING Life C; ING Life B; ING America I.
Oppenheimer Strategic Bond Fund/VA—Non-Service Shares.	ING Oppenheimer Strategic Income Portfolio—Initial Class.	ING America I; ING Life B; ING Life C; ING Life G; ReliaStar NY P&Q.
Janus Aspen Flexible Income Portfolio—Service Shares.	ING Oppenheimer Strategic Income Portfolio—Service Class.	ING USA B.
Oppenheimer Strategic Bond Fund/VA—Service Shares.	ING Oppenheimer Strategic Income Portfolio—Service Class.	ING USA B.
Janus Aspen Growth Portfolio—Institutional Shares.	ING American Century Select Portfolio—Initial Class.	ING Life C; ING Life B; ING America I; ReliaStar N; ReliaStar SL; ReliaStar NY I.
ING American Century Select Portfolio—Service Class.	ING American Century Select Portfolio—Initial Class.	ING Life C; ING Life B; ING America I; ING USA B.
Janus Aspen Growth Portfolio—Service Shares	ING American Century Select Portfolio—Initial Class.	ING USA B.
Janus Aspen Mid Cap Growth Portfolio—Institutional Shares.	ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Initial Class.	Security Life S-L1; Security Life S-A1; ING Life C; ING Life B; ING America I; ReliaStar N; ReliaStar SL; ReliaStar NY I; ReliaStar VA.
ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Service Class.	ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Initial Class.	ING Life C; ING Life B; ING America I; ING USA B.
Janus Aspen Mid Cap Growth Portfolio—Service Shares.	ING T. Rowe Price Diversified Mid Cap Growth Portfolio—Initial Class.	Security Life S-L1; Security Life S-A1; Security Life L1.
Janus Aspen Worldwide Growth Portfolio—Institutional Shares.	ING Oppenheimer Global Portfolio—Initial Class.	ING Life C; ING Life B; ING America I; ReliaStar N; ReliaStar SL; ReliaStar NY I; Security Life S-L1; Security Life S-A1; ReliaStar VA.
Oppenheimer Global Securities Fund/VA—Non-Service Shares.	ING Oppenheimer Global Portfolio—Initial Class.	ING America I; ING Life B; ING Life C; ING Life G; ReliaStar NY P&Q.
ING Oppenheimer Global Portfolio—Service Class.	ING Oppenheimer Global Portfolio—Initial Class.	ING Life C; ING Life B; ING America I; ING USA B; ReliaStar NY B.
Janus Aspen Worldwide Growth Portfolio—Service Shares.	ING Oppenheimer Global Portfolio—Initial Class.	Security Life S-A1; Security Life S-L1; Security Life L1; ReliaStar NY B; ING USA B.

Replaced funds	Substitute funds	Accounts holding replaced fund assets
Oppenheimer Global Securities Fund/VA—Service Shares.	ING Oppenheimer Global Portfolio—Initial Class.	ING USA B.

Each Substitute Fund and Replaced Fund is registered as an open-end management investment company under the Act. Further, each is a series investment company as defined by Rule 18f-2 under the Act and issues separate series of shares of stock (for corporations) or of beneficial interest (for business trusts) in connection with each portfolio. The shares of each fund are registered under the 1933 Act on Form N-1A.

2. Investment Objectives and Policies. With respect to each Replaced Fund, the Applicants have determined that the investment objective and the investment policies of the corresponding Substitute Fund are the same as, similar to or consistent with those of the Replaced Fund and therefore the essential objectives and risk expectations of those Contract owners with interests in subaccounts of each Replaced Fund will continue to be met after the Substitutions.

a. The ING Van Kampen Equity and Income Portfolio ("ING Equity and Income Portfolio") for the Janus Aspen Balanced Portfolio ("Janus Balanced Portfolio"). The investment objective of the ING Equity and Income Portfolio is total return, consisting of long-term capital appreciation and current income. The investment objective of the Janus Balanced Portfolio is long-term capital growth, consistent with preservation of capital and balanced by current income. Although not articulated in exactly the same way, both funds seek to achieve a balance of capital growth and current income in their investment portfolios over the long term.

Furthermore, each of these funds is diversified and categorized as a domestic hybrid fund by Morningstar, although the Janus Balanced Portfolio is considered conservative in that categorization while the ING Equity and Income Portfolio is considered moderate. Additionally, the investment policies of the Janus Balanced Portfolio and ING Equity and Income Portfolio are the same as, similar to or consistent with each other. Although the ratios vary slightly, each fund invests in equity and debt securities and each fund may invest in domestic and foreign issuers. Each fund may also invest in options, futures and derivatives.

b. The ING Salomon Brothers Large Cap Growth Portfolio ("ING Large Cap

Growth Portfolio") for the Janus Aspen Capital Appreciation Portfolio ("Janus Capital Appreciation Portfolio") and the Janus Twenty Fund. The investment objectives of the ING Large Cap Growth Portfolio, the Janus Capital Appreciation Portfolio and the Janus Twenty Fund are essentially the same. Specifically, the ING Large Cap Growth Portfolio seeks long-term capital appreciation and the Janus Capital Appreciation Portfolio and the Janus Twenty Fund seek long-term growth of capital.

Furthermore, each of these funds is included in the same fund category by Morningstar and each has a large cap growth style. Each fund pursues its investment objectives by investing in companies deemed to have growth potential. Although the ING Large Cap Growth Portfolio invests under normal circumstances at least 80% of its assets in equities of companies with large market capitalizations and the Janus Capital Appreciation Portfolio and Janus Twenty Fund may invest in equities of companies of any size, historically the Janus Capital Appreciation Portfolio and Janus Twenty Fund have also concentrated their investments in large capitalization companies. Additionally, each manager uses a bottom up approach to investing and focuses on individual companies.

c. The ING Oppenheimer Strategic Income Portfolio ("ING Strategic Income Portfolio") for the Janus Aspen Flexible Income Portfolio (Janus Flexible Income Portfolio) and the Oppenheimer Strategic Bond Fund/VA ("Oppenheimer Strategic Bond Fund"). The ING Strategic Income Portfolio will be a "clone" of the Oppenheimer Strategic Bond Fund and these two funds will have the same investment objective and policies. Additionally, the investment adviser for the Oppenheimer Strategic Bond Fund will be the sub-adviser to the ING Strategic Income Portfolio and will manage the two funds in the same way.

The investment objective of the ING Strategic Income Portfolio is a high level of current income principally derived from interest on debt securities. The investment objective of the Janus Flexible Income Portfolio is to obtain maximum total return consistent with preservation of capital. Notwithstanding the differences between the funds' investment objectives and emphasis (current income versus total return),

each fund's investment strategy focuses on investing in income-producing debt securities.

Each fund has the principal strategy of investing the majority of its net assets (80% for the Oppenheimer Strategic Bond Fund and 65% for the Janus Flexible Income Portfolio) in debt securities. Each fund also invests in government securities, corporate bonds and notes and lower grade high yield debt in an effort to achieve its objective. Each fund also allows borrowing for investment purposes.

Furthermore, to determine how differences in fund objectives translate into investment policies, we reviewed portfolio characteristics from the most recent 8 quarters for each fund and make the following observations:

- Both funds have had similar high yield exposure. Janus Flexible Income Portfolio's high yield weighting ranged from 6.0% to 12.0%. Oppenheimer Strategic Income Fund's high yield exposure ranged from 7.6% to 13.4%.
- Both funds have been invested, on average, in over 90% debt securities. Janus Flexible Income Portfolio's debt security exposure ranged from 91.6% to 98.4%. Oppenheimer Strategic Income Fund's debt security exposure ranged from 83.2% to 94.7%.
- Both funds have had minimal equity exposure (less than 2% each quarter for each fund).
- The remainder of assets in each fund was invested in cash equivalents.

Additionally, the risk characteristics for both of the funds (as measured by 3-year standard deviation) have been lower than the Multi-Sector Bond Morningstar average. Janus Flexible Income Portfolio's 3-year standard deviation was 5.18, Oppenheimer Strategic Income Fund's standard deviation was 5.38, and the Morningstar category average was 5.96.

The Applicants believe that the Oppenheimer Strategic Bond Fund and the Janus Flexible Income Portfolio have generally comparable investment strategies, that the similarities between these funds are greater than the differences and that an Affected Contract Owner's fundamental investment objective can continue to be met after this Substitution.

d. ING American Century Select Portfolio ("ING Select Portfolio") for the Janus Aspen Growth Portfolio ("Janus Growth Portfolio"). The investment objectives of the ING Select Portfolio

and the Janus Growth Portfolio are essentially the same. Specifically, the investment objective of the ING Select Portfolio is long-term capital appreciation. The investment objective for the Janus Growth Portfolio is long-term growth of capital in a manner consistent with preservation of capital.

Furthermore, each of these funds is diversified and is included in the same fund category by Morningstar. Each has a large cap style. Additionally, the investment policies of the each of these funds are the same as, similar to or consistent with each other. Each fund invests primarily in stocks of companies with growth potential. Each fund invests in larger companies, but may invest in companies of any size. Each fund also uses a bottom up approach and makes investment decisions based on the fundamentals of individual businesses rather than economic forecasts or outlooks for industries or market sectors. Also, each of these funds may invest without limit in foreign companies.

e. The ING T. Rowe Price Diversified Mid Cap Growth Portfolio ("ING Diversified Mid Cap Growth Portfolio") for the Janus Aspen Mid Cap Growth Portfolio ("Janus Mid Cap Growth Portfolio"). The investment objective of the ING Diversified Mid Cap Growth Portfolio is long-term capital appreciation. The investment objective of the Janus MidCap Growth Portfolio is long-term growth of capital. Although not articulated in exactly the same way, each of these funds seeks to achieve growth in their investment portfolios over the long term using a growth strategy.

Furthermore, each of these funds is diversified and is included in the same fund category by Morningstar. Each has a mid-cap growth style. Additionally, the investment policies of each of these

funds are the same as, similar to or consistent with each other. Each fund invests 80% of its net assets in equity securities of mid-sized companies whose market capitalization falls in the Russell MidCap Growth Index. The ING Diversified Mid Cap Growth Portfolio also looks at the S&P Mid Cap 400 Index when determining market capitalization. Also, each fund uses a bottom up investment approach.

f. ING Oppenheimer Global Portfolio ("ING Global Portfolio") for the Janus Aspen Worldwide Growth Portfolio ("Janus Worldwide Growth Portfolio") and the Oppenheimer Global Securities Fund/VA ("Oppenheimer Global Securities Fund"). The ING Global Portfolio will be patterned after the Oppenheimer Global Securities Fund and these two funds will have substantially the same investment objective and policies. Additionally, the investment adviser for the Oppenheimer Global Securities Fund will be the sub-adviser to the ING Global Portfolio and will manage the two funds in a similar way.

The investment objective of the ING Global Portfolio is capital appreciation. The investment objective of the Janus Worldwide Growth Portfolio is long-term growth of capital in a manner consistent with the preservation of capital. Both of these funds pursue their respective investment objectives by investing principally in common stocks of companies of any size located throughout the world.

Furthermore, each of these funds is diversified and is included in the same fund category by Morningstar. Each has a large-cap style. Additionally, the investment policies of each of these funds are the same as, similar to or consistent with each other. As noted above, the ING Global Portfolio and the Janus Worldwide Growth Portfolio both

invest primarily in common stocks of companies of any size located throughout the world. Each fund also invests in companies in emerging markets. While the ING Global Portfolio normally invests in issuers from at least three different countries, the Janus Worldwide Growth Portfolio normally invests in issuers from at least five different countries (although it may invest in issuers from even a single country).

g. ING Equity and Income Portfolio—Initial Class for the ING Equity and Income Portfolio—Service Class; ING Select Portfolio—Initial Class for the ING Select Portfolio—Service Class; ING Diversified Mid Cap Growth Portfolio—Initial Class for the ING Diversified Mid Cap Growth Portfolio—Service Class; ING Global Portfolio—Initial Class for the ING Global Portfolio—Service Class. Each of these Substitute Funds is the same as the corresponding Replaced Fund with the exact same investment objective and policies and managed by the exact same investment adviser/sub-adviser.

These Substitutions are necessary to prevent Contracts from offering two classes of shares of the same Substitute Fund and ensure that no affected Contract Owner will have Contract values allocated to two different classes of shares of the same Substitute Fund after the Effective Date.

3. Fees and Expenses. As is detailed below, the overall expenses of the Substitute Funds are lower than or equal to those of the Replaced Funds. Applicants believe that, because each Substitute Fund will be offered over a substantially larger asset base than the applicable Replaced Fund, there is a potential that Contract owners will, over time, realize the benefits from additional economies of scale with respect to the advisory fees.

[In percent]

	Management fees	Distribution (12b-1) fees	Other expenses	Total annual expenses	Expense waivers	Net annual expenses
Substitute Fund:						
• ING Equity and Income Portfolio—Initial Class ....	0.55	.....	0.02	0.57	.....	0.57
Replaced Fund:						
• Janus Balanced Portfolio—Institutional Shares ....	0.55	.....	0.02	0.57	.....	0.57
Replaced Fund:						
• Janus Balanced Portfolio—Service Shares .....	0.55	0.25	0.02	0.82	.....	0.82
Replaced Fund:						
• ING Equity and Income Portfolio—Service Class	0.55	.....	0.27	0.82	.....	0.82
Substitute Fund:						
• ING Large Cap Growth Portfolio—Initial Class ....	0.64	.....	0.20	0.84	.....	0.84
Replaced Fund:						
• Janus Capital Appreciation Portfolio—Service Shares .....	0.64	0.25	0.03	0.92	.....	0.92
Replaced Fund:						
• Janus Twenty Fund—Class I .....	0.64	.....	0.23	0.87	.....	0.87

[In percent]

	Management fees	Distribution (12b-1) fees	Other expenses	Total annual expenses	Expense waivers	Net annual expenses
Substitute Fund:						
• ING Strategic Income Portfolio—Initial Class .....	0.50	.....	0.04	0.54	.....	0.54
Replaced Fund:						
• Janus Flexible Income Portfolio—Institutional Shares .....	0.50	.....	0.04	0.54	.....	0.54
Replaced Fund:						
• Oppenheimer Strategic Bond Fund—Non-Service Shares .....	0.72	.....	0.03	0.75	.....	0.75
Substitute Fund:						
• ING Strategic Income Portfolio—Service Class ...	0.50	.....	0.29	0.79	0.04	0.75
Replaced Fund:						
• Janus Flexible Income Portfolio—Service Shares .....	0.50	0.25	0.04	0.79	.....	0.79
Replaced Fund:						
• Oppenheimer Strategic Bond Fund—Service Shares .....	0.72	0.25	0.05	1.02	.....	1.02
Substitute Fund:						
• ING Select Portfolio—Initial Class .....	0.64	.....	0.02	0.66	.....	0.66
Replaced Fund:						
• Janus Growth Portfolio—Institutional Shares .....	0.64	.....	0.02	0.66	.....	0.66
Replaced Fund:						
• ING Select Portfolio—Service Class .....	0.64	.....	0.27	0.91	.....	0.91
Replaced Fund:						
• Janus Growth Portfolio—Service Shares .....	0.64	0.25	0.02	0.91	.....	0.91
Substitute Fund:						
• ING Diversified Mid Cap Growth Portfolio—Initial Class .....	0.64	.....	0.02	0.66	.....	0.66
Replaced Fund:						
• Janus Mid Cap Growth Portfolio—Institutional Shares .....	0.64	.....	0.02	0.66	.....	0.66
Replaced Fund:						
• ING Diversified Mid Cap Growth Portfolio—Service Class .....	0.64	.....	0.27	0.91	.....	0.91
Replaced Fund:						
• Janus Mid Cap Growth Portfolio—Service Shares .....	0.64	0.25	0.02	0.91	.....	0.91
Substitute Fund:						
• ING Global Portfolio—Initial Class .....	0.60	.....	0.06	0.66	.....	0.66
Replaced Fund:						
• Janus Worldwide Growth Portfolio—Institutional Shares .....	0.60	.....	0.06	0.66	.....	0.66
Replaced Fund:						
• Oppenheimer Global Securities Fund—Non-Service Shares .....	0.63	.....	0.04	0.67	.....	0.67
Replaced Fund:						
• ING Global Portfolio—Service Class .....	0.60	.....	0.31	0.91	.....	0.91
Replaced Fund:						
• Janus Worldwide Growth Portfolio—Service Shares .....	0.60	0.25	0.06	0.91	.....	0.91
Replaced Fund:						
• Oppenheimer Global Securities Fund—Service Shares .....	0.63	0.25	0.05	0.93	.....	0.93

No brokerage commissions, fees or other remuneration will be paid by any Replaced Fund or any Substitute Fund

or Contract owner in connection with the Substitutions.

4. Expense Ratios and Total Returns. The following chart shows the expense

ratio (ratio of operating expenses as a percentage of average net assets) and total return for each Substitute Fund and the corresponding Replaced Fund.

[In percent]

	Expense ratio	Total return (as of June 30, 2004)
Substitute Fund:		
• ING Equity and Income Portfolio—Initial Class .....	0.57	16.93
Replaced Fund:		
• Janus Balanced Portfolio—Institutional Shares .....	0.57	9.32
Replaced Fund:		
• Janus Balanced Portfolio—Service Shares .....	0.82	9.09

[In percent]

	Expense ratio	Total return (as of June 30, 2004)
Replaced Fund:		
• ING Equity and Income Portfolio—Service Class .....	0.82	16.63
Substitute Fund:		
• ING Large Cap Growth Portfolio—Initial Class .....	0.84	18.93
Replaced Fund:		
• Janus Capital Appreciation Portfolio—Service Shares .....	0.92	17.11
Replaced Fund:		
• Janus Twenty Fund—Class I .....	0.87	22.04
Substitute Fund:		
• ING Strategic Income Portfolio—Initial Class .....	0.54	N/A
Replaced Fund:		
• Janus Flexible Income Portfolio—Institutional Shares .....	0.54	0.40
Replaced Fund:		
• Oppenheimer Strategic Bond Fund—Non-Service Shares .....	0.75	7.58
Substitute Fund:		
• ING Strategic Income Portfolio—Service Class 7 .....	0.75	N/A
Replaced Fund:		
• Janus Flexible Income Portfolio—Service Shares .....	0.79	0.15
Replaced Fund:		
• Oppenheimer Strategic Bond Fund—Service Shares .....	1.02	6.91
Substitute Fund:		
• ING Select Portfolio—Initial Class .....	0.66	18.96
Replaced Fund:		
• Janus Growth Portfolio—Institutional Shares .....	0.66	20.59
Replaced Fund:		
• ING Select Portfolio—Service Class .....	0.91	18.80
Replaced Fund:		
• Janus Growth Portfolio—Service Shares .....	0.91	20.24
Substitute Fund:		
• ING Diversified Mid Cap Growth Portfolio—Initial Class .....	0.66	25.56
Replaced Fund:		
• Janus Mid Cap Growth Portfolio—Institutional Shares .....	0.66	26.07
Replaced Fund:		
• ING Diversified Mid Cap Growth Portfolio—Service Class .....	0.91	25.20
Replaced Fund:		
• Janus Mid Cap Growth Portfolio—Service Shares .....	0.91	25.76
Substitute Fund:		
• ING Global Portfolio—Initial Class .....	0.66	25.14
Replaced Fund:		
• Janus Worldwide Growth Portfolio—Institutional Shares .....	0.66	12.56
Replaced Fund:		
• Oppenheimer Global Securities Fund—Non-Service Shares .....	0.67	32.29
Replaced Fund:		
• ING Global Portfolio—Service Class .....	0.91	23.59
Replaced Fund: James Worlwide Growth portfolio		
• Janus Worldwide Growth Portfolio—Service Shares .....	0.91	12.31
Replaced Fund:		
• Oppenheimer Global Securities Fund—Service Shares .....	0.93	32.14

5. Estimated Net Assets after the Substitutions. The following chart shows the estimated size (in net assets)

for each Substitute Fund immediately following the Effective Date. Estimates

are based on actual net assets as of May 24, 2004.

Substitute funds	Estimated total net assets
ING Equity and Income Portfolio—Initial Class .....	\$1,173,946,084
ING Large Cap Growth Portfolio—Initial Class .....	23,597,475
ING Strategic Income Portfolio—Initial Class .....	335,297,373
ING Strategic Income Portfolio—Service Class .....	4,148,994
ING Select Portfolio—Initial Class .....	636,945,554
ING Diversified Mid Cap Growth Portfolio—Initial Class .....	1,123,324,459
ING Global Portfolio—Initial Class .....	1,989,859,052

## Implementation

Applicants will effect the Substitutions as soon as practicable following the issuance of the requested order. As of the effective date of the Substitutions ("Effective Date"), shares of each Replaced Fund will be redeemed for cash or in-kind. The Companies, on behalf of each Replaced Fund subaccount of each relevant Account, will simultaneously place a redemption request with the Replaced Fund and a purchase order with the corresponding Substitute Fund so that the purchase of Substitute Fund shares will be for the exact amount of the redemption proceeds. Thus, Contract values will remain fully invested at all times. The proceeds of such redemptions will then be used to purchase the appropriate number of shares of the applicable Substitute Fund.

1. The Substitutions will take place at relative net asset value (in accordance with Rule 22c-1 under the 1940 Act) with no change in the amount of any affected Contract owner's account value or death benefit, or in the dollar value of his or her investment in the applicable Account. Any in-kind redemption of shares of a Replaced Fund or in-kind purchase of shares of the corresponding Substitute Fund will, except as noted below, take place in substantial compliance with the conditions of Rule 17a-7 under the 1940 Act. No brokerage commissions, fees or other remuneration will be paid by either the Replaced Fund or the corresponding Substitute Fund or by affected Contract owners in connection with the Substitutions. The transactions comprising the Substitutions will be consistent with the policies of each investment company involved and with the general purposes of the 1940 Act.

2. Affected Contract owners will not incur any fees or charges as a result of the Substitutions nor will their rights or the Companies' obligations under the Contracts be altered in any way. The Companies or their affiliates will pay all expenses and transaction costs of the Substitutions, including legal and accounting expenses, any applicable brokerage expenses, and other fees and expenses. In addition, the Substitutions will not impose any tax liability on affected Contract owners. The Substitutions will not cause the Contract fees and charges currently being paid by affected Contract owners to be greater after the Substitutions than before the Substitutions. Also, as described more fully below, after notification of the Substitutions and for 30 days after the Substitutions, affected

Contract owners may reallocate to any other investment options available under their Contract the subaccount value of the Replaced Fund without incurring any administrative costs or allocation (transfer) charges.

3. All affected Contract owners were notified of the Substitutions by means of supplements to the Contract prospectuses or prospectus summaries. Among other information regarding the Substitutions, the supplements informed affected Contract owners that beginning on the date of the first supplement the Companies would not exercise any rights reserved by them under the Contracts to impose restrictions or fees on transfers from the Replaced Funds (other than restrictions related to frequent or disruptive transfers) until at least 30 days after the Effective Date of the Substitutions. Following the date the order requested by the Application is issued, but before the Effective Date, affected Contract owners will receive a second supplement to the Contract prospectus or prospectus summary, as applicable, setting forth the Effective Date and advising affected Contract owners of their right, if they so choose, at any time prior to the Effective Date, to reallocate or withdraw accumulated value in the relevant Replaced Fund subaccounts under their Contracts or otherwise terminate their interest therein in accordance with the terms and conditions of their Contracts. If affected Contract Owners reallocate account value prior to the Effective Date or within 30 days after the Effective Date, there will be no charge for the reallocation of accumulated value from each Replaced Fund subaccount and the reallocation will not count as a transfer when imposing any applicable restriction or limit under the Contract on transfers. The Companies will not exercise any right they may have under the Contracts to impose additional restrictions or fees on transfers from the Replaced Funds under the Contracts (other than restrictions related to frequent or disruptive transfers) for a period of at least 30 days following the Effective Date of the Substitutions. Additionally, all current Contract Owners will be sent prospectuses of the Substitute Funds before the Effective Date. Alternatively, ING America and ING Life may determine to send to Participants summaries of the prospectuses of the Substitute Funds.

4. Within five (5) business days after the Effective Date, affected Contract Owners will receive a written confirmation ("Post-Substitution Confirmation") indicating that shares of the Replaced Funds have been

redeemed and that the shares of Substitute Funds have been substituted. The Post-Substitution Confirmation will show how the allocation of the Contract Owner's account value before and immediately following the Substitutions have changed as a result of the Substitutions and detail the transactions effected on behalf of the respective affected Contract Owner because of the Substitutions.

## Applicants' Legal Analysis

1. Section 26(c) of the Act requires the depositor of a registered unit investment trust holding the securities of a single issuer to receive Commission approval before substituting the securities held by the trust. Prior to the enactment of this provision in 1970, a depositor of a unit investment trust could substitute new securities for those held by the trust by notifying the trust's security holders of the substitution within five days of the substitution. In 1966, the Commission, concerned with the high sales charges then common to most unit investment trusts and the disadvantageous position in which such charges placed investors who did not want to remain invested in the substituted fund, recommended that the Act be amended to require that a proposed substitution of the underlying investments of a trust receive prior Commission approval.

2. Each of the prospectuses for the Contracts expressly disclose the reservation of the Companies the right, subject to compliance with applicable law, to substitute shares of another open-end management investment company for shares of an open-end management investment company held by a subaccount of an Account.

3. The Companies reserved this right of substitution both to protect themselves and their Contract owners in situations where either might be harmed or disadvantaged by circumstances surrounding the issuer of the shares held by one or more of its separate accounts and to afford the opportunity to replace such shares where to do so could benefit the Contract owners and Companies.

4. Applicants maintain that Contract owners will be better served by the proposed Substitutions. Applicants anticipate that the replacement of certain Replaced Funds will result in a Contract that is administered and managed more efficiently, and one that is more competitive with other variable products in both wholesale and retail markets. For all of the proposed substitutions, each Substitute Fund generally has had comparable or superior investment performance than the corresponding Replaced Fund that it



would replace. Moreover, each Substitute Fund has fees that are the same as or less than the corresponding Replaced Fund. Applicants state that for all of the proposed substitutions, the investment objective and policies of each Substitute Fund are the same as, similar to, or consistent with the investment objective and policies of the corresponding Replaced Fund.

5. In addition to the foregoing, Applicants submit that for two years following the implementation of the Substitutions described herein, the net annual expenses of each Substitute Fund will not exceed the net annual expenses of the corresponding Replaced Fund immediately preceding the Substitutions. To achieve this limitation, ING Life will waive fees or reimburse the appropriate Substitute Fund in certain amounts to maintain expenses at or below the limit. Any adjustments required by the waiver and/or reimbursement arrangement will be made at least on a quarterly basis. In addition, the Companies will not increase the Contract fees and charges that would otherwise be assessed under the terms of the Contracts for a period of at least two years following the Substitutions.

6. Applicants also generally submit that the proposed Substitutions meet the standards that the Commission and its staff have applied to similar substitutions that have been approved in the past.

7. Applicants anticipate that Contract owners will be at least as well off with the proposed array of subaccounts to be offered after the proposed substitutions as they have been with the array of subaccounts offered before the substitutions. The proposed substitutions retain for Contract owners the investment flexibility which is a central feature of the Contracts. If the proposed substitutions are carried out, all Contract owners will be permitted to allocate purchase payments and transfer accumulated values and contract values between and among the remaining subaccounts as they could before the proposed substitutions.

8. Applicants assert that each of the proposed substitutions is not the type of substitution which Section 26(c) was designed to prevent. Unlike traditional unit investment trusts where a depositor could only substitute an investment security in a manner which permanently affected all the investors in the trust, the Contracts provide each Contract owner with the right to exercise his or her own judgment and transfer contract values into other subaccounts. Moreover, the Contracts will offer Contract owners the

opportunity to transfer amounts out of the subaccounts which invest in the Replaced Funds into any of the remaining subaccounts without cost or other disadvantage. The proposed substitutions, therefore, will not result in the type of costly forced redemption which Section 26(c) was designed to prevent.

9. Applicants maintain that the proposed substitutions also are unlike the type of substitution which Section 26(c) was designed to prevent in that by purchasing a Contract, Contract owners select much more than a particular investment company in which to invest their account values. They also select the specific types of insurance coverages offered by the various Companies under the Contracts as well as numerous other rights and privileges set forth in each Contract. Contract owners may also have considered the size, financial condition, type, and reputation of ING and the various Companies. These factors will not change because of the proposed substitutions.

10. Applicants submit that, for all the reasons stated above, the proposed substitutions are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

11. Section 17(a)(1) of the Act, in relevant part, prohibits any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, from knowingly selling any security or other property to that company. Section 17(a)(2) of the Act generally prohibits the persons described above, acting as principals, from knowingly purchasing any security or other property from the registered investment company. Section 17(b) of the Act provides that the Commission may, upon application, grant an order exempting any transaction from the prohibitions of Section 17(a) if the evidence establishes that: (a) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and records filed under the Act; and (c) the proposed transaction is consistent with the general purposes of the Act.

12. Applicants maintain that the terms of the Substitutions, including the consideration to be paid and received by each Replaced Fund or Substitute Fund, are reasonable, fair and do not involve overreaching principally because the

transactions do not cause owners' interests under a Contract to be diluted and because the transactions will conform with the principal conditions enumerated in Rule 17a-7. The proposed transactions will take place at relative net asset value with no change in the amount of any Contract owner's Contract or cash value or death benefit or in the dollar value of his or her investment in any of the Accounts. Even though the Applicants may not rely on Rule 17a-7, Applicants believe that the Rule's conditions outline the type of safeguards that result in transactions that are fair and reasonable to registered investment company participants and preclude overreaching in connection with an investment company by its affiliated persons.

13. The boards of trustees or directors, as applicable of each Replaced Fund and the ING Partners have adopted procedures, as required by paragraph (e)(1) of Rule 17a-7, pursuant to which the portfolios or funds of each may purchase and sell securities to and from their affiliates. The Companies and the investment advisers will carry out the Substitutions in conformity with the principal conditions of Rule 17a-7 and each Replaced Fund's and the Substitute Fund's procedures thereunder. Nevertheless, the circumstances surrounding the Substitutions will be such as to offer the same degree of protection to each Substitute Fund and each Replaced Fund from overreaching that Rule 17a-7 provides to them generally in connection with their purchase and sale of securities under that Rule in the ordinary course of their business. In particular, because of the circumstances surrounding the Substitutions, no investment manager to a replaced Portfolio could "dump" undesirable securities on the corresponding Substitute Fund or retain its desirable securities for other portfolios or have them transferred to its other advisory clients. Nor can the Companies (or any of the affiliates of each) effect the proposed transactions at a price that is disadvantageous to any Substitute Fund or Replaced Fund. Although the transaction may not be entirely for cash, it will be effected based upon (a) the independent market price of the portfolio securities valued as specified in paragraph (b) of Rule 17a-7, and (b) the net asset value per share of each Substitute Fund and the corresponding Replaced Fund valued in accordance with the procedures disclosed in the registration statements for each Substitute Fund and as required by Rule 22c-1 under the 1940 Act. No brokerage

commission, fee, or other remuneration will be paid to any party in connection with the proposed transactions. In addition, the ING Partners Board will subsequently review the Substitutions and make the determinations required by paragraph (e)(3) of Rule 17a-7.

14. Except as noted below, applicants state that the Substitutions will take place in accordance with the requirements enumerated in Rule 17a-7 under the 1940 Act and with the approval of the ING Partners, except that the Substitutions may be effected in cash or in-kind. Among other things, Rule 17a-7 requires, in relevant part, that

(a) [t]he transaction is a purchase or sale, for no consideration other than cash payment against prompt delivery of a security for which market quotations are readily available; (b) [t]he transaction is effected at the independent current market price of the security. For purposes of this paragraph, the "current market price" shall be \* \* \* the average of the highest current independent bid and lowest current independent offer determined on the basis of reasonable inquiry \* \* \* (c) [t]he transaction is consistent with the policy of each registered investment company and separate series of a registered investment company participating in the transaction, as recited in its registration statement and reports filed under the [1940] Act; (d) [n]o brokerage commission, fee (except for customary transfer fees), or other remuneration is paid in connection with the transaction; (e) [t]he board of directors of the investment company \* \* \*, (1) [a]dopts procedures pursuant to which such purchase or sales transactions may be effected for the company, which are reasonably designed to provide that all of the conditions of this section \* \* \* have been complied with, (2) [m]akes and approves such changes as the board deems necessary, and (3) [d]etermines no less frequently than quarterly that all such purchases or sales made during the preceding quarter were effected in compliance with such procedures; (f) (1) [a] majority of the directors of the investment company are not interested persons of the company, and those directors select and nominate any other disinterested directors of the company; and (2) [a]ny person who acts as legal counsel for the disinterested directors of the company is an independent legal counsel; and (g) [t]he investment company: (1) maintains and preserves permanently in an easily accessible place a written copy of the procedures (and any modifications thereto) described in paragraph (e) of this section, and (2) maintains and preserves for a period of not less than six years from the end of the fiscal year in which any transactions occurred, the first two years in an easily accessible place, a written record of each such transaction setting forth a description of the security purchased or sold, the identity of the person on the other side of the transaction, and the information or materials upon which the determination described in \* \* \* [this section] were made.

In addition, Applicants further submit that the Substitutions are consistent with the investment policy of each Replaced Fund and each Substitute Fund, as recited in the current prospectuses relating to each.

15. With regard to the Substitutions involving in-kind transfers, ING Life as the investment adviser of each Substitute Fund and the investment adviser to the Replaced Fund intend to value securities selected for transfer between the two funds in a manner that is consistent with the current methodology used to calculate the daily net asset value of the Replaced Fund. Where a Replaced Fund's investment adviser employs certain third party, independent pricing services to value securities held by the Replaced Fund ("Vendor Pricing"), the ING Life and the Replaced Fund's investment adviser intend to employ Vendor Pricing to value securities held by the Replaced Fund that are selected for transfer to the Substitute Fund. Vendor Pricing may be used in each of the Substitutions. Generally, the redemption of securities from the Replaced Fund and subsequent transfer to the Substitute Fund will be done on a pro-rata basis. In the event that a Replaced fund holds illiquid or restricted securities or assets that are not otherwise readily distributable or if a pro-rata transfer of securities would result in the parties holding odd lots, the investment advisers may agree to have a Replaced Fund transfer to the Substitute Fund an equivalent amount of cash instead of securities.

16. After the assets have been contributed to the Substitute Fund, responsibility for valuation of the securities held by the Substitute Fund will shift to the valuation committee of the Board of ING Partners. At the end of the first trading following the transfer, the valuation agent and custodian for ING Partners, Investors Bank and Trust, will value the securities held by the Substitute Fund. The foregoing notwithstanding, the Board of ING Partners will retain ultimate responsibility for valuation decisions.

17. The Applicants believe that the use of neutral, third party vendor prices will ensure that both portfolios utilize unbiased evaluations in determining respective security and, ultimately, portfolio market values. In the event that independent pricing services do not provide valuations for a specific security selected for transfer, ING Life and the Replaced Fund's investment adviser, in accordance with paragraph (b)(4) of Rule 17a-7 under the 1940 Act, will rely on the "average of the highest current independent bid and lowest current independent offer determined

on the basis of reasonable inquiry.

\* \* \* in valuing any such security.

18. Applicants submit that the terms of the Substitutions by the Companies, including the consideration to be paid and received are reasonable and fair and do not involve overreaching on the part of any person concerned. Applicants also submit that the Substitutions by the Companies are consistent with the policies of each Substitute Fund and each Replaced Fund, as recited in the current registration statements and reports filed by each under the 1940 Act. Finally, Applicants submit that the Substitutions are consistent with the general purposes of the 1940 Act.

19. Applicants submit that, to the extent that the Substitutions are deemed to involve principal transactions between affiliates, the procedures and terms and descriptions described in the Application demonstrate that neither the Replaced Funds, the Substitute Funds, the Accounts nor any other Applicant will be participating in the Substitutions on a basis less advantageous than that of any other participant.

20. The Substitutions are consistent with the general purposes of the 1940 Act, as enunciated in the Findings and Declaration of Policy in Section 1 of the 1940 Act. The proposed transactions do not present any of the issues or abuses that the 1940 Act is designed to prevent. Moreover, the proposed transactions will be effected in a manner consistent with the public interest and the protection of investors, as required by Section 6(c) of the 1940 Act. Contract owners will be fully informed of the terms of the Substitutions through the supplements and the Post-Substitution Confirmation and will have an opportunity to withdraw from the Replaced Fund through reallocation to another subaccount or otherwise terminate their interest thereof in accordance with the terms and conditions of their Contract prior to the Effective Date.

#### Applicants' Conditions

For purposes of the approval sought pursuant to Section 26(c) of the Act, the substitutions described in the application will not be completed unless all of the following conditions are met:

1. The Commission shall have issued an order (a) approving the Substitutions under Section 26(c) of the 1940 Act; and (b) exempting the in-kind redemptions from the provisions of Section 17(a) of the 1940 Act as necessary to carry out the transactions described in this Application.

2. A registration statement for the ING Oppenheimer Strategic Income Portfolio is effective and the sub-adviser changes, fund name changes, changes in investment objectives and/or policies, as applicable, and fee reductions for each of the other Substitute Funds have been implemented.

3. Each affected Contract owner will have been sent a copy of (a) a supplement to the prospectus or prospectus summary informing shareholders of the Application; (b) a prospectus or summary of the prospectus for the appropriate Substitute Fund, and (c) a second supplement to the prospectus or prospectus summary setting forth the Effective Date and advising affected Contract owners of their right to reconsider the Substitutions and, if they so choose, any time prior to the Effective Date and for at least 30 days after the Effective Date, to reallocate or withdraw amounts under their affected Contract without charge or otherwise terminate their interest therein in accordance with the terms and conditions of their Contract.

4. The Companies shall have satisfied themselves, that (a) the Contracts allow the substitution of investment company shares in the manner contemplated by the Substitutions and related transactions described herein; (b) the transactions can be consummated as described in the Application under applicable insurance laws; and (c) that any regulatory requirements in each jurisdiction where the Contracts are qualified for sale, have been complied with to the extent necessary to complete the transactions.

5. Within five business days of the Effective Date of the Substitutions, the Applicants will forward to affected Contract owners a Post-Substitution Confirmation.

### Conclusion

Applicants assert that for the reasons summarized above the proposed substitutions and related transactions meet the standards of Section 26(c) of the Act and are consistent with the standards of Section 17(b) of the Act and that the requested orders should be granted.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. E4-3353 Filed 11-26-04; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26658]

### Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

November 19, 2004.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of November, 2004. A copy of each application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth St., NW., Washington, DC 20549-0102 (tel. (202) 942-8090). An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on December 14, 2004, and should be accompanied by proof of service on the applicant, 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 reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549-0609. For Further Information Contact: Diane L. Titus at (202) 942-0564, SEC, Division of Investment Management, Office of Investment Company Regulation, 450 Fifth Street, NW., Washington, DC 20549-0504.

#### MuniInsured Fund, Inc. [File No. 811-5190]

**Summary:** Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On June 7, 2004, applicant transferred its assets to MuniYield Insured Fund, Inc., based on net asset value. Expenses of \$157,426 incurred in connection with the reorganization were paid by the acquiring fund.

**Filing Date:** The application was filed on October 29, 2004.

**Applicant's Address:** Merrill Lynch Investment Managers, L.P., 800 Scudders Mill Rd., Plainsboro, NJ 08536.

#### Golden Gate Fund, Inc. [File No. 811-9925]

**Summary:** Applicant seeks an order declaring that it has ceased to be an investment company. By October 25,

2004, all shareholders of applicant had redeemed their shares at net asset value. Expenses of \$32,015 incurred in connection with the liquidation were paid by Collins & Company, LLC, applicant's investment adviser.

**Filing Date:** The application was filed on October 29, 2004.

**Applicant's Address:** 100 Larkspur Landing Circle, Suite 102, Larkspur, CA 94939.

#### BMO Partners Fund, L.P. [File No. 811-9935]

**Summary:** Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering. Applicant will continue to operate as a private investment company in reliance on section 3(c)(1) of the Act.

**Filing Dates:** The application was filed on October 5, 2004, and amended on November 12, 2004.

**Applicant's Address:** 360 Madison Ave., 20th Floor, New York, NY 10017.

#### Merriman Investment Trust [File No. 811-5487]

**Summary:** Applicant seeks an order declaring that it has ceased to be an investment company. On September 15, 2004, all shareholders of applicant had redeemed their shares at net asset value. Expenses of \$28,798 incurred in connection with the liquidation were paid by applicant and Merriman Capital Management, Inc., applicant's investment adviser.

**Filing Dates:** The application was filed on October 19, 2004, and amended on November 12, 2004.

**Applicant's Address:** 1200 Westlake Ave. N, Suite 700, Seattle, WA 98109.

#### Nations Government Income Term Trust 2004, Inc. [File No. 811-8192]

**Summary:** Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On March 31, 2004, applicant made a final liquidating distribution to its shareholders, based on net asset value. Expenses of \$10,098 incurred in connection with the liquidation were paid by applicant. PFPC, applicant's transfer agent, holds \$138,760 in cash for shareholders who have not been located. PFPC will hold the unclaimed assets for a period of three years, after which time any unclaimed assets will escheat to the State of Maryland. Applicant also has retained \$4,154 in cash to cover unpaid liabilities and expenses.