SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–23982; File No. 812–11664]

London Pacific Life & Annuity Company, et al., Notice of Application

August 27, 1999.

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

ACTION: Notice of application for an order under Section 26(b) of the Investment Company Act of 1940 (''1940 Act'') approving the proposed substitution of securities.

SUMMARY OF APPLICATION: Applicants seek an order pursuant to Section 26(b) of the 1940 Act approving the substitution of shares of the Federated Fund for U.S. Government Securities II (''U.S. Government Securities Portfolio'') of Federated Insurance Series (''Fund'') for shares of the Berkeley U.S. Quality Bond Portfolio (''U.S. Quality Bond Portfolio'') of LPT Variable Insurance Series Trust (''Trust'').

APPLICANTS: London Pacific Life & Annuity Company (''London Pacific'') and LPLA Separate Account One (''Separate Account One'') (collectively, ''Applicants'').

FILING DATE: The application was filed on June 15, 1999.

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 September 21, 1999, 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 requester'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: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–6500. Applicants, c/o Lynn K. Stone, Esquire, Blazzard, Grodd & Hasenauer, P.C., P.O. Box 5108, Westport, Connecticut, 06881. Copies to George C. Nicholson, London Pacific Life & Annuity Company, 3109 Poplarwood Court, Raleigh, North Carolina 27604.

FOR FURTHER INFORMATION CONTACT: Ann Vlcek, Senior Counsel, or Susan Olson, 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, 450 Fifth Street, NW, Washington DC 20549–0102 (tel. (202) 942–8090).

Applicants' Representations

1. London Pacific was organized in 1927 in North Carolina as a stock life insurance company. London Pacific was acquired from Liberty Life in 1989 and was formerly named Southern Life Insurance Company. London Pacific is authorized to sell life insurance and annuities in forty states and the District of Columbia. London Pacific's ultimate parent is London Pacific Group Limited, an international fund management firm chartered in Jersey, Channel Islands. London Pacific is the depositor for Separate Account One.

2. Separate Account One is a separate account of London Pacific Life which was authorized by the London Pacific Board of Directors on November 21, 1994 and established in accordance with North Carolina law. Separate Account One is registered under the 1940 Act as a unit investment trust (File No. 811–8890) for the purpose of funding the Contracts which invest in the Trust and Fund, among other investment options. Security interests under the Contracts have been registered under the Securities Act of 1933 (''1933 Act'') (File Nos. 33–87150 and 333–1779).

3. Separate Account One is currently divided into sub-accounts, each of which reflects the investment performance of a corresponding portfolio of the Trust, the Fund or other underlying mutual funds.

4. The U.S. Quality Bond Portfolio's primary investment objective is to seek to obtain a high level of current income. The Portfolio invests at least 65% of its total assets in higher quality bonds or securities that represent an interest in pools of higher quality debt obligations such as mortgages. Shares of the U.S. Quality Bond Portfolio are purchased, without sales charge, by the Berkeley U.S. Quality Bond Sub-Account (the ''U.S. Quality Bond Sub-Account'') of Separate Account One at the net asset value per share next determined following receipt of a purchase payment by the U.S. Quality Bond Sub-Account. Any dividend or capital gain distributions received from the U.S. Quality Bond Portfolio are reinvested in additional shares of the U.S. Quality Bond Portfolio and retained as assets of the U.S. Quality Bond Sub-Account. The U.S. Quality Bond Portfolio's shares are redeemed without any charge or fee to Separate Account One to the extent necessary for London Pacific to make annuity or other payments under the Contracts.

5. LPIMC Insurance Marketing Services (''LPIMC''), a registered investment adviser and wholly-owned subsidiary of London Pacific, as investment adviser to the Trust, provides overall management of the investment strategies and policies of the U.S. Quality Bond Portfolio. The subadviser of the Portfolio is Berkeley Capital Management. Effective January 25, 1999, shares of the U.S. Quality Bond Portfolio are no longer available for sale.

6. LPIMC receives the following amounts as an annual investment advisory fee with respect to the U.S. Quality Bond Portfolio, accrued daily and payable monthly based on a percentage of the Portfolio's average daily net assets:

.55% of first $50 million of average daily net assets;

.525% of next $100 million of average daily net assets;

.50% of next $150 million of average daily net assets;

.45% of next $200 million of average daily net assets; and

.425% over and above $500 million of average daily net assets.

7. On June 4, 1999, the U.S. Quality Bond Portfolio had approximately $263,329 in net assets. The total expenses of the U.S. Quality Bond Portfolio for the year ended December 31, 1998 were 3.60% of its average net assets without regard to any expense reimbursement by London Pacific.

8. Prior to May 1, 1999, London Pacific reimbursed the U.S. Quality Bond Portfolio for certain expenses. Effective May 1, 1999, this arrangement was terminated. For the year ending December 31, 1999, total annual portfolio expenses are estimated to be 3.30%.

9. The investment objective of the U.S. Government Securities Portfolio is to seek current income. The U.S. Government Securities Portfolio pursues its objective by investing primarily in U.S. government securities, including mortgage backed securities issued by U.S. government agencies.

10. Federated Investment Management Company, a registered investment adviser, is the investment adviser of the U.S. Government Securities Portfolio. Federated Investment Management Company receives an annual investment advisory

fee of .60% of the Portfolio's average daily net assets.

11. On June 4, 1999, the U.S. Government Securities Portfolio had approximately $119,525,394 in net assets. For the period ended December 31, 1998, the U.S. Government Securities Portfolio's total expenses were .93% of its average net assets without regard to a waiver of fees or reimbursement of expenses undertaken by Federated Investment Management Company for the year ended December 31, 1998. This fee waiver and expense reimbursement arrangement is voluntary and may be terminated at any time without notice.

12. The total returns of the U.S. Quality Bond Portfolio and the U.S. Government Securities Portfolio are as follows:

U.S. Quality Bond Portfolio

Total Return for the period 1.31.96 (commencement of operations) to 12/31/96: 2.27%.

Total Return for the year ended 12/31/97: 9.45%.

Total Return for the year ended 12/31/98: 7.87%.

U.S. Government Securities Portfolio

Total Return for the period 3/29/94 (commencement of operations) to 12/31/94: 2.62%.

Total Return for the year ended 12/31/95: 8.77%.

Total Return for the year ended 12/31/96: 4.20%.

Total Return for the year ended 12/31/97: 8.58%.

Total Return for the year ended 12/31/98: 7.66%.

13. Applicants propose that London Pacific on its own behalf and on behalf of Separate Account One effect a substitution of shares of the U.S. Government Securities Portfolio for all shares of the U.S. Quality Bond Portfolio attributable to the Contracts (''Substitution''). For those owners of Contracts (''Contract Owners'') who continue to have any of their Contract values invested in shares of the U.S. Quality Bond Portfolio on the effective date of the Substitution, the Company proposes to substitute shares of the U.S. Government Securities Portfolio for shares of the U.S. Quality Bond Portfolio on the following basis. As of the effective date of the Substitution, the shares of the U.S. Quality Bond Portfolio representing Contract values would be redeemed by London Pacific. On the same day, London Pacific would use the proceeds to purchase the appropriate number of shares of the U.S. Government Securities Portfolio. The Substitution will be a cash transaction (i.e., no securities will be exchanged in the transaction). The Substitution will take place at relative net asset values of the Portfolios, with no change in the amount of any Contract Owner's Contract values or in the dollar value of his or her investment in Separate Account One.

14. On June 8, 1999, London Pacific supplemented the prospectuses for Separate Account One to relect the proposed Substitution (''Supplement''). The Supplement also informed Contract Owners that prior to the date of the Substitution, an owner may transfer his or her Contract value in the Berkeley U.S. Quality Bond Sub-Account to any sub-account without any limitation or charge being imposed.

15. Applicants state that Contract Owners will not incur any fees or charges as a result of the proposed Substitution nor will their rights under the Contracts be altered in any way. London Pacific will pay all expenses and transaction costs of the Substitution, including legal and accounting expenses, any applicable brokerage commissions, and other fees and expenses. In addition, the Substitution will not impose any tax liability on Contract Owners. The Substitution will not cause the Contract fees and charges currently being paid by existing Contract Owners to be greater after the Substitution than before the Substitution. London Pacific will schedule the Substitution to occur as soon as practicable following the issuance of the order so as to maximize the benefits to be realized from the Substitution. Applicants state that, within five (5) days after the completion of the Substitution pursuant to the order of the Commission approving the Substitution, London Pacific will send to the Contract Owners written notice of the Substitution (the ''Notice'') stating that shares of the U.S. Quality Bond Portfolio have been eliminated and that the shares of the U.S. Government Securities Portfolio have been substituted.

16. Applicants state that Contract Owners will be advised in the Notice that for a period of thirty (30) days from the mailing of the Notice, they may transfer all assets, as substituted, to any other available investment option, without limitation and without charge. The period from the date of the Supplement to thirty (30) days from the mailing of the Notice is referred to as the ''Free Transfer Period.'' Applicants state that, following the Substitution, Contract Owners will be afforded the same contract rights, including surrender and other transfer rights with regard to amounts invested under the Contracts, as they currently have. Currently there are no applicable surrender fees or redemption charges under the Contracts. Applicable contingent deferred sales charges, however, will be imposed.

17. Applicants state that the Contracts reserve to London Pacific the right to replace the shares of the U.S. Quality Bond Portfolio held by Separate Account One with shares of another portfolio, such as the U.S. Government Securities Portfolio, if (a) shares of the U.S. Quality Bond Portfolio should no longer be available for investment by Separate Account One, or (b) in the judgment of London Pacific's Board of Directors, further investment in the U.S. Quality Bond Portfolio should become inappropriate in view of the purpose of the Contracts, provided any such substitution is approved by the Commission and is in compliance with all applicable rules and regulations. London Pacific believes that further investment in shares of the U.S. Quality Bond Portfolio is no longer appropriate in view of the purposes of the Contracts.

Applicants' Legal Analysis and Conditions

1. Applicants request an order of the Commission pursuant to Section 26(b) of the 1940 Act in connection with the proposed substitution of shares of the U.S. Government Securities Portfolio of the Fund for shares of the U.S. Quality Bond Portfolio of the Trust which are currently held by Separate Account One.

2. Section 26(b) of the 1940 Act makes it unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution. Section 26(b) provides that the Commission shall issue an order approving substitutions of securities if the evidence establishes that it is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

3. Applicants state that the purposes, terms and conditions of the Substitution are consistent with the principles and purposes of section 26(b) and do not entail any of the abuses that section 26(b) is designed to prevent. Applicants assert that the Substitution is an appropriate solution to the limited Contract Owner interest or investment in the U.S. Quality Bond Portfolio, described below, which is currently, and in the future may be expected to be, of insufficient size to promote

consistent investment performance or to reduce operating expenses.

4. Applicants state that London Pacific, on the basis of the following facts and circumstances summarized herein, has determined that it is in the best interests of Contract Owners to substitute shares of the U.S. government Securities Portfolio for shares of the U.S. Quality Bond Portfolio.

5. Applicants state that the U.S. Quality Bond Portfolio and the U.S. Government Securities Portfolio each have investment objectives and programs which are substantially the same. The U.S. quality Bond Portfolio will invest at least 65% of its total assets in higher quality bonds or securities that represent an interest in pools of higher quality debt obligations, such as mortgages. The U.S. Government Securities Portfolio invests primarily in U.S. Government securities, including mortgage backed securities issued by U.S. government agencies.

6. Applicants state that the total expense ratio of 3.6% for the U.S. quality Bond Portfolio for the year ended December 31, 1998, without regard to waiver or reimbursement of expenses by London Pacific, is relatively high for this type of Portfolio. A large portion of the U.S. Quality Bond Portfolio's expenses is fixed. Consequently, because the size of the U.S. Quality Bond Portfolio is relatively small, these fixed expenses represent and may continue to represent a relatively large percentage of the U.S. Quality Bond Portfolio's average daily net assets. Applicants assert that Contract Owners will not be exposed to higher expenses following the Substitution and should, in fact, benefit from the U.S. Government Securities Portfolio's lower total expense ratio which, for the year ended December 31, 1998, was .93% of its average daily net assets, without regard to waiver or reimbursement of expenses.

7. Applicants state that the U.S. Government Securities Portfolio accumulated approximately $119,525,394 in net assets as of June 4, 1999. The U.S. Quality Bond Portfolio accumulated approximately $263,329 in net assets as of June 4, 1999. Effective January 25, 1999, shares of the U.S. Quality Bond Portfolio are no longer available for investment. Therefore, Applicants state that the prospects for continued growth of the U.S. Government Securities Portfolio indicate that greater economies of scale would be expected for that fund than for the U.S. Quality Bond Portfolio.

8. Applicants state that, due to the relatively small asset size of the U.S. Quality Bond Portfolio, there are a limited number of attractive investments available for investment by the U.S. Quality Bond Portfolio. Thus, the ability to maintain optimal management of the Portfolio is reduced. The larger size of the U.S. Government Securities Portfolio lends itself to greater flexibility in purchasing attractive investments, and consequently the U.S. Government Securities Portfolio can more readily react to changes in market conditions. Applicants state that Contract Owners would benefit through the more effective management of a larger portfolio such as the U.S. Government Securities Portfolio.

9. Applicants state the Substitution will not result in the type of costly forced redemption that section 26(b) was intended to guard against and is consistent with the protection of investors and the purposes fairly intended by the 1940 Act for the following reasons:

(a) The Substitution is of the U.S. Government Securities Portfolio shares whose objectives, policies, and restrictions are substantially similar to the objectives, policies, and restrictions of the U.S. Quality Bond Portfolio so as to continue fulfilling the Contract Owners' objectives and risk expectations;

(b) While the advisory fees for the U.S. Government Securities Portfolio are somewhat higher than those of the U.S. Quality Bond Portfolio, the total expenses (as of December 31, 1998) of the U.S. Government Securities Portfolio, without regard to any waiver or reimbursement, were .93%, while the total expenses for the U.S. Quality Bond Portfolio were 3.60%.

(c) If during the Free Transfer Period a Contract Owner requests, assets will be reallocated for investment in a Contract Owner-selected sub-account. The Free Transfer period is sufficient time for Contract Owners to reconsider the Substitution;

(d) The Substitution will in all cases, be effected at the net asset value of the respective shares in conformity with section 22(c) of the 1940 Act and rule 22c–1 thereunder, without the imposition of any transfer or similar charge;

(e) London Pacific has undertaken to assume the expenses and transaction costs, including among others, legal and accounting fees and any brokerage commissions, relating to the Substitution;

(f) The Substitution in no way will alter the insurance benefits to Contract Owners or the contractual obligations of London Pacific;

(g) The Substitution in no way will alter the tax benefits to Contract Owners; and

(h) Contract Owners may chose simply to withdraw amounts credited to them following the Substitution under the conditions that currently exist, subject to any applicable contingent deferred sales charge.

Conclusion

Applicants submit, for all of the reasons stated herein, that the requested order approving the proposed substitution under section 26(b) of the 1940 Act is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–22939 Filed 9–1–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–23981]

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

August 27, 1999.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of August, 1999. 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 September 21, 1999, 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,