



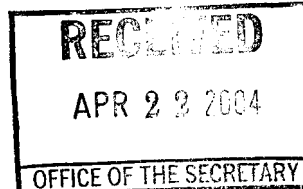
JEFFERSON PILOT

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April 12, 2004



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Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, D. C. 20549-0609

Re: Investment Company Act Release Nos. 33-8358; 34-49148; and IC-26341; File
No. S7-06-04

Dear Mr. Katz:

This letter is submitted on behalf of Jefferson Pilot Financial Insurance Company. Jefferson Pilot Financial Insurance Company, a subsidiary of Jefferson-Pilot Corporation, manufactures variable life insurance products which are distributed through registered representatives of its affiliated broker dealer, Jefferson Pilot Securities Corporation, and through registered representatives of broker dealers not affiliated with Jefferson Pilot Financial. We are pleased to have the opportunity to offer our comments in response to the request of the Securities and Exchange Commission (the "Commission") in Release Nos. 33-8358; 34-49148; and IC-26287 (January 29, 2004) (the "Proposing Release") for comments on its proposal to enhance the information broker-dealers provide to their customers at the point of sale and in transaction confirmations.

Jefferson Pilot Financial supports the Commission's goal of enhancing investor access to information about distribution-related costs of variable life insurance products as well as potential conflicts of interests posed by certain distribution arrangements entered into by broker dealers and to making that information available to investors at or before the point of sale.

Jefferson Pilot Financial is concerned, however, that certain aspects of the Commission's proposal do not take into account the unique challenges that insurance companies issuing and administering variable life insurance policies likely will face if the new confirmation and point of sale requirements are adopted as proposed. While our comments are specifically directed to variable life insurance products, we believe that many of our comments would apply to variable annuities as well.

Although the proposed release would place the burden of meeting the requirements set forth therein on broker dealers, the source for much of the information required to be provided would inevitably be the issuing life insurance company whether those broker

dealers furnishing the information to their customers are affiliated with the issuing life insurance company or are not so affiliated. Accordingly, Jefferson Pilot Financial believes implementation of the proposed rules in their present form would have a very significant impact on its operations because it would have to develop much of the information for the selling broker dealer to provide to the purchaser of a variable life insurance policy. In addition, Jefferson Pilot Financial is concerned that the volume of information, much of it for variable life insurance products being duplicative, would discourage many investors from reading and understanding it.

Because of the very significant differences between the manner in which variable life insurance products and mutual fund shares are purchased by investors as well as the very significant differences in the manner in which the products operate, Jefferson Pilot Financial believes that much of the proposed disclosure about the costs and features of the product, as distinguished from the compensation received by the selling broker dealer, either is currently made or with some enhancements of the current process can be better made other than through the proposed enhanced confirmation disclosure and the creation of a new point of sale document. Accordingly, we will describe the significant differences between variable life insurance and mutual funds and the processes usually involved in the sale of each, and we will provide some suggestions for modifying the Commission's proposal while explaining why certain aspects of the proposal, without modification, would be unworkable for the variable life insurance policy issuers who would be the providers of much of the information required to be disclosed in the proposed confirmation statements and point of sale disclosure document. We will comment only briefly on the disclosures proposed to be made of compensation paid to broker dealers and potential conflicts a broker dealer may have.

Variable Life differs significantly from mutual funds

Initially we note that variable life insurance products differ significantly from mutual funds. Variable life insurance is a highly complex product designed to meet many needs whereas a mutual fund by comparison is a simpler product designed to meet largely a single need. The variable life product is a legally binding contract between a life insurance company and the owner of the policy to provide certain benefits, including a benefit upon the death of the person insured by the policy. The typical variable life insurance policy provides a guaranteed death benefit, plus one or more options to enhance that benefit; optional provisions to continue the policy in the event of disability; optional provisions to insure other family members; and options to borrow money from the issuing insurance company solely upon the security of the policy cash value or to surrender all or part of the policy. The typical variable life insurance policy permits the policy owner to direct the insurance company to allocate premiums and cash values among a variety of investment divisions of a separate account of the issuing insurance company with each investment division following a stated investment objective. Premiums and cash values allocated to an investment division are used to purchase shares of the underlying fund which follows a compatible investment objective. A prospectus describing the variable life insurance policy as well as prospectuses for each of the underlying funds are provided to the prospective purchaser. The prospectus for the variable life insurance policy describes the features, costs, and charges not only of the policy, but also contains summary information about the

underlying funds, including tabular information reflecting the annual expenses incurred by the respective underlying funds. Creation of the point of sale document responsive to the proposed regulations would produce a document of substantial size because information not only about the variable life insurance product must be included, but also because information about each of the underlying funds would need to be included; however, as will be detailed below, much of this information, other than some of the information relating to compensation of the broker dealer, is duplicative of information provided in the prospectuses for the variable life insurance product and in the prospectuses for the underlying funds. In addition, we believe that singling out distribution costs for "special attention" at the point of sale may lead the prospective purchaser to focus disproportionately on just those costs of purchasing a variable life insurance product rather than on all the costs of ownership of the product or on the benefits provided by the variable life insurance policy.

Second, we note that the process for selling variable life insurance differs significantly from the process for selling mutual funds. One of the more significant differences is that the variable life insurance product sales process almost invariably involves an in person interview conducted by the life insurance agent/registered representative to determine the need for life insurance and contact with the prospective purchaser either in person or by telephone or mail several times before the variable life insurance policy is issued and delivered to the prospective purchaser *for examination by the prospective purchaser*.

Third, we note that the process for selling variable life insurance often begins with the delivery of a prospectus as soon as a potential need for life insurance and a variable life insurance policy is discerned. The prospectus for the variable life insurance policy is almost always accompanied by a prospectus for each of the underlying funds, the shares of which are purchased by separate account investment divisions available to the prospective purchaser. Thus the prospective purchaser of a variable life insurance policy almost always has the full statutory prospectus for both the variable life insurance policy and each of underlying funds in his or her hands before a decision to apply for the variable life insurance policy is made. The mutual fund purchaser generally receives the full statutory prospectus with the confirmation of sale. Thus, unlike the purchaser of mutual funds, the applicant for a variable life insurance product almost invariably has at his or her fingertips all of the information determined over the years to be needed to make the decision whether to purchase a security before the decision is made to apply for (yet alone commit to the purchase of) the variable life insurance policy.

Fourth, during the process of selling a variable life insurance policy, often a personalized illustration is prepared. That illustration not only is helpful in understanding how a variable life insurance policy works, but also shows the impact of the charges and expenses paid not only at the policy level but also at the underlying fund level. Importantly, the illustration is specific to the prospective purchaser. It reflects both the impact the prospective purchaser's age and the assumed health would have on the premiums that particular purchaser would pay as well as the impact all of the costs and expenses would have on policy benefits *over the lifetime* of the prospective purchaser. That illustration, if desired, can show the impact that the costs of partial surrenders and loans would have *over the*

lifetime of the prospective purchaser. No similar document generally is prepared for sales of mutual fund shares, although such an illustrative document often is available and several websites do provide programs which a prospective purchaser could use to help visualize and calculate the costs of purchasing and owning over a period of time. Thus the prospective purchaser of a variable life insurance product usually has at his or her fingertips before the decision to apply for (yet alone commit to the purchase of) the variable life insurance policy the impact the costs and expenses of owning that variable life insurance policy would have over *his or her lifetime*.

Fifth, the process of selling a variable life insurance product often involves presentation of several illustrations. These illustrations become needed either because of the purchaser's desire to consider different levels of death benefit protection, different optional features (e. g., various riders for long term care, additional death benefit protection for shorter term needs, and the like) which have differing costs, or because of facts discovered during the underwriting process (which usually involve various health related issues). Where the variable life insurance policy is issued other than as applied for (often because of what was discovered by the life insurance company while examining the health of the proposed insured) yet another illustration generally is created and delivered with the variable life insurance policy to the prospective purchaser for his or her examination. This process, at the very least, provides the prospective purchaser ample opportunity to understand the salient features of the variable life insurance product, the costs of ownership, and how the product works. Generally the sale of mutual fund shares does not involve more than one proposal.

Sixth, the process of selling a variable life insurance product guarantees each purchaser the opportunity to examine the policy purchased (the "free look period") and to return the policy for a full refund should the purchaser decide not to accept the policy. Although the proposed rule would make this opportunity available to a purchaser of mutual fund shares under limited circumstances, the right proposed to be accorded to the purchaser of mutual fund shares is not as extensive.

Seventh, among the many rights provided to the variable life insurance policy owner is the opportunity to instruct the issuing life insurance company to allocate premium payments made for the policy over its life and to reallocate premium payments and cash values of the policy among investment divisions of the separate account of the insurance company issuing the variable life insurance policy. Since under current rules promulgated by the Commission, each reallocation must be separately confirmed, the proposed rule would vastly increase the volume of information which needs to be provided to the policyowner with each confirmation. Implementation of this requirement would greatly increase costs with little apparent benefit. The way the proposed rule appears to be drafted, the full information required in a confirmation would have to be provided twice (once for the sale and once for the purchase) each time a reallocation occurs. This appears to require delivery of information that would virtually duplicate the information previously provided and appears to provide little additional benefit to the owner of the variable life insurance product.

Finally, the variable life insurance product is generally a recurring premium product. The proposed rules appear to eliminate the ability of variable life insurance products to qualify under the current practices permitted by Commission no action letters to send periodic confirmations in lieu of confirming each premium payment. This appears to require delivery of information (in the confirmation and point of sale document) that would virtually duplicate the information previously provided and appears to provide little additional benefit to the owner of the variable life insurance product.

The Commission requested comment on an issue not specific to any provision of the proposed rule, that is whether the confirmation for a variable life insurance product transaction should also confirm transactions in the underlying funds. Jefferson Pilot Financial respectfully suggests that no confirmation be sent to the policy owner when the insurance company separate account purchases or sells shares of the underlying funds. The number of shares and the net asset values of the underlying fund purchased or sold bears no relationship to the number of units and net asset values of the separate account investment division purchased or sold as a result of policy level transactions. Under most, if not all, state insurance laws, the owner (and, therefore, the purchaser or seller) of the assets held in insurance company separate accounts is the insurance company, and, therefore, the confirmation of the transactions in underlying funds would be provided to the insurance company. In addition, we suggest that confirming purchases or sales of underlying fund shares to an owner of a variable life insurance policy would not only generate confusion because of the differences in the number of shares and net asset values applicable to the transaction in the underlying fund shares, but might lead a variable life insurance policy owner to the erroneous conclusion that such policy owner has an ownership interest in the underlying fund shares when in fact no such interest exists.

Jefferson Pilot Financial also respectfully suggests that if the proposed rules are adopted that variable life insurance be exempted from those rules until such time as a joint Commission and industry panel can examine fully whether the proposed disclosure enhancements about the costs and features of the variable life insurance product are needed in view of the significant differences between the sales process and the information already provided to the prospective purchaser of a variable life insurance product and the sales process and the information provided to the prospective purchaser of mutual fund shares.

Discussion of specific provisions of the proposed rule:

The Confirmation proposed by Rule 15c2-2

The information proposed to be disclosed by subparagraphs (b) (1) through (b) (7) of proposed rule 15c2-2 (the "general disclosures") appears generally to be appropriate for confirming the allocation of the initial premium for variable life insurance policies. The Commission requested specific comment with respect to the appropriateness of the general disclosures as applied to covered securities that have a substantial life insurance component, such as variable life insurance policies. Although some of the requirements such as disclosure of the public offering price per share if different than the net asset value are not applicable to variable life insurance product sales, in general, the information required to be included in the confirmation is appropriate. However, we do note that in the

footnote to that request for comment (footnote 70) and to a similar request for comment (footnote 82), the Commission appears to suggest that the confirmation for the variable life insurance product sale would disclose the costs of the insurance component of the product. This comment appears to contradict the clear language of the proposed rule and the definitions of the terms "covered security" and "net amount invested". The proposed definition of the term "covered security" means a security issued by an open-end company or a unit investment trust. The proposed definition of the term "net amount invested" means the price paid to purchase the covered security *less any applicable sales load*. The proposed definition of the term "sales load" means sales load as defined in Section 2 (a) (35) of the Investment Company Act of 1940. That section specifically excludes "insurance premiums" (as well as issue taxes, administrative expenses or fees which are not properly chargeable to sales or promotional activities). The covered security clearly is the variable life insurance product. The entire amount of premiums paid less the front end sales load are placed into the separate account by the insurance company (some variable life insurance policies provide for holding the initial premium in the life insurance company's general account until the expiration of the free look period). Clearly amounts deducted for insurance premiums (which would include the cost of insurance charges for a variable life insurance product) would not be considered as part of the sales load under the 40 Act definition and, therefore, would not be separately stated under the proposed rule as a "sales load". We are not aware of any reason to change either the statutory definition or the definitions contained in the proposed rule. In addition, we suggest that the proposed rule specifically permit the broker dealer issuing a confirmation to adjust the terminology and format of the proposed confirmation (Schedule 15C) to better adapt to terminology used for variable life insurance products.

One of the major challenges posed by the proposed rule is that as drafted the proposed rule does not distinguish between the sale of and payment of the initial premium for the variable life insurance policy and the payment of the recurring premium generally contemplated by purchasers of a variable life insurance policy. Thus, because the payment of the additional premium would be considered under the proposed rules to be a purchase, the payment of the additional premium would, therefore, trigger the requirements not only for the "general disclosure" under proposed rule 15c2-2 (b), but would also trigger the requirements for the "additional disclosures" in the confirmation required by proposed rule 15c2-2 (c). Virtually all of the information related to the variable life insurance policy (distinguished from the disclosures related to compensation paid to broker dealers and potential conflicts a broker dealer may have) would be identical to the information provided at the time of confirmation of the initial premium, particularly where the additional premium payment amount is the same dollar amount as the previous payment. Often this recurring premium is paid quarterly or monthly; this would generate a significant volume of paper which must be sent to the policy owner (without considering that a point of sale disclosure would also be required to be sent at the same time). It is respectfully suggested that the proposed rule be amended to specifically exempt variable life insurance products from the requirements of proposed rule 15c2-2 (c) for premium payments received pursuant to a variable life insurance policy other than the initial premium payment.

Another of the major challenges posed by the proposed rule is that the proposed rule as drafted does not distinguish between the payment of the initial premium for the variable life insurance policy and the allocation of that initial premium among the investment divisions of the separate account and the reallocations of cash values of previously issued variable life insurance policies which may be requested by purchasers of a variable life insurance policy. The request for reallocation of existing cash values in effect is an order to sell units of one separate account investment division and an order to purchase units of another separate account investment division. Thus, the request to reallocate cash values from one investment division to another would, therefore, trigger the requirements not only for the "general disclosure" under proposed rule 15c2-2 (b) for the sale of units, but would also trigger the requirements for the "general disclosures under proposed rule 15c2-2 (b) as well as the requirements for the "additional disclosures" in the confirmation required by proposed rule 15c2-2 (c). As is the case with the payment of additional premiums by an owner of a previously issued variable life insurance policy, applying this requirement to reallocations of cash values of previously issued variable life insurance policies would generate a significant volume of paper which must be sent to the policy owner (without considering that a point of sale disclosure would also be required to be sent at the same time). It is respectfully suggested that the proposed rule be amended to specifically exempt variable life insurance products from the requirements of proposed rule 15c2-2 (c) for reallocations of cash values of a variable life insurance policy after that policy has been issued.

Proposed rule 15c2-2 (c)(1) would require a front end load to be expressed both as a dollar amount and as a percentage of the net amount invested. The proposed requirement to add to the disclosure of the dollar amount of the deduction disclosure of the percentage that the load deducted bears to the net amount invested, does not appear to provide the purchaser of a variable life insurance policy additional meaningful information. Given the extensive disclosure provided to a prospective purchaser in the prospectus for the variable life insurance product as to the percentage of front end sales load deducted on a gross basis and that such deductions are reflected in illustrations provided to the prospective purchaser, the proposal as applied to variable life insurance policies does not appear to provide data not already provided, and should the Commission determine that showing the front end load as a net number, it is suggested that such should take the form of changing the disclosure required in the prospectus rather than adding such information to a confirmation. In addition, it appears that a prime reason for the proposed change is to give the purchaser information about front end loads imposed by other classes of the covered security and about breakpoints. Since variable life insurance products currently are not designed with either other classes or with breakpoints, the proposed disclosure would not further the expressed purpose of the proposed rule, viz., to provide the purchaser with information about loads imposed by other classes or breakpoints, the proposed disclosure should specifically require disclosure of the percentage of net amount invested only where the covered security has other classes or has breakpoints.

Proposed rule 15c2-2 (c)(2) would require extensive disclosures of deferred sales loads. The disclosures are keyed to the sale of the shares or units purchased. For variable life

insurance policies, deferred sales loads often are not keyed to the specific premium payment being confirmed. Often whether a deferred load would be applied depends entirely upon whether a surrender of cash values would require the reduction of the specified amount of the policy. The instances when a deferred sales load would be imposed and the percentage of the load are clearly disclosed in the prospectus for the variable life policy. Illustrations of the impact and amount of charges imposed for surrenders for those prospective purchasers who would like to see the possible impact surrenders may have on the variable life insurance policy proposed for their purchase are available both at the point of sale and after issue. In addition, the proposed rule as drafted would also require this disclosure to be made each time a premium payment is made and each time cash values are reallocated. Disclosures made for additional premium payments and for reallocations would require sending to the variable life insurance policy owner a significant amount of additional information, virtually all of which would be repetitive of information provided at the time other additional premium payments and reallocations were made as well as of information provided by the prospectuses for both the variable life insurance product and for the underlying funds delivered at the time of the sale and delivered each year thereafter (at least for so long as the variable life insurance product is actively sold; thereafter prospectuses for the underlying funds would be delivered each year). It is suggested that the disclosures required, if at all, only when the deferred sales load is specifically related to the payment being confirmed. Indeed, because of the manner in which variable life insurance products are generally sold, variable life insurance products should be exempted from the application of proposed rule 152-2 (c)(2) so long as a prospectus was provided to the prospective purchaser not later than the time the application for the variable life insurance policy was signed by the prospective purchaser.

Proposed rule 15c2-2 (c)(3) would require disclosure of asset-based sales charges and asset-based service fees. Asset based sales charges or service fees which might be imposed by the provisions of the variable life insurance policy, whether or not incurred in connection with the distribution of the variable life insurance product, are generally not imposed based upon the premium paid; such charges would be imposed upon the cash values of the variable life insurance product. Therefore, unlike with a mutual fund where there is a direct relationship between the amount that a purchaser of mutual fund shares is charged for these costs and the amount that purchaser has paid to purchase the mutual fund shares, no such direct relationship exists in the typical variable life insurance product because the amount of asset based charges (other than the front end load and charges for state and federal income taxes based on premium payments) bear no relationship to the amount paid by the policy purchaser. The relationship becomes even more distant for disclosures of asset based charges or service fees imposed at the underlying fund. We are concerned that singling out these costs could place undue emphasis on these costs and mislead the customer to focus largely on the costs highlighted and not on the costs and benefits of the purchase of variable life insurance products.

In addition, the release acknowledges that because asset-based sales and service fee charges are based on net asset values and that the broker dealer would rarely, if ever, know the amount of these fees, it is suggested that the requirement for disclosure of such charges and fees, if it should remain in the proposed rule with respect to variable life

insurance products, be changed to require in a table of charges and fees to be included (if not already included therein) in the prospectus and that the discussion of such charges and fees note (to the extent not already noted) that some charges and fees are imposed to pay for costs of distributing the variable life insurance product and compensating the life insurance agents/registered representatives who sell the product. It should be noted that prospectuses for variable life insurance products are required in response to Item 3, instruction 4 of Form N-6 to include a table which reflects expenses of the underlying portfolio company. For variable life insurance products, if the specified charges and fees are imposed at the "underlying fund" level, then consideration should be given to requiring the underlying fund to specifically disclose such charges and fees in a table in its prospectus. Likewise, if underlying funds do so disclose such charges and fees, the variable life insurance product prospectus should refer the prospective purchaser to the disclosure in the particular underlying fund(s) prospectus. Disclosure in a confirmation would seem to add little value where the disclosure is only of a percentage.

Proposed rule 15c2-2 (d) sets very narrow criteria for when periodic confirmations are permitted to substitute for confirmations of each transaction. We suggest that an additional subparagraph (iv) be added to specifically permit periodic confirmations for recurring premium payments for variable life insurance products. We also suggest that the changes suggested above be implemented for periodic confirmations as well.

Proposed rule 15c2-2 (e) as would be applied to variable life insurance products appears to encourage comparison of variable life insurance products solely on the basis of sales loads, asset based distribution costs, and compensation of the selling broker dealer. For variable life insurance products, we strongly suggest that this comparison would be at the very least incomplete. Distribution costs are but one factor in the evaluation of a variable life insurance product. Other costs of the product are at least as important, if not more important, than distribution costs. So too are issues less susceptible to comparison, such as whether the underwriting process would permit issuing the variable life insurance policy at standard or better insurance premium rates or would the health of the proposed insured require charging higher premiums. We strongly urge that the proposed rule be revised to exclude variable life insurance products from the comparison ranges, including the comparison ranges for dealer concessions, revenue sharing, and portfolio brokerage commissions.

Point of Sale Disclosures

In addition to the concerns expressed above, Jefferson Pilot Financial is concerned that creation of another document, the point of sale disclosure, as proposed by the release, would at the very least duplicate information already contained in the prospectus (such as information as to deferred sales loads, rights to terminate purchase, etc.), but would also likely lead the prospective purchaser to focus disproportionately on the point of sale disclosure document and the costs disclosed therein rather than to focus on the prospectus and all of the costs of the product, including surrender and distribution costs. Perhaps, for variable life insurance products at least, enhancing the prospectus disclosures already required by Forms N6 and N-1A would provide a more balanced approach.

As discussed in detail above, the process for selling variable life insurance products differs in a very significant way from the process by which mutual funds generally are sold. In person meetings, delivery of prospectuses for both the variable life insurance product and the underlying funds, and the likely delivery of an illustrations showing the impact of costs borne by the variable life insurance product purchaser over the lifetime of ownership before a decision to apply for the purchase of a variable life insurance policy are among these very significant differences.

Thus, Jefferson Pilot Financial suggests that there is even more reason to separate the disclosures made by the broker dealer selling the variable life insurance product with respect to the compensation earned by it and by the selling life insurance agent/registered representative (including any differential compensation) as a result of the sale and any revenue sharing payments or portfolio brokerage commission received by the broker dealer from the fund complex from any additional disclosures which the Commission may believe to be necessary about the variable life insurance product and the underlying funds.

In addition, we suggest that should it be determined that additional disclosures about the variable life insurance product and the underlying funds be needed which would not be reflected in either enhanced disclosure in the prospectuses for the variable life insurance product or the underlying funds, we strongly urge the Commission to require such disclosures only at the time the application is made by the prospective purchaser for variable life insurance product and not at the time additional premium payments are made for the variable life insurance product purchased by the policy owner or at the time cash values are reallocated by the policy owner or at the time partial surrenders or policy loans are taken. For example, should additional detail be required as to how front end and deferred sales loads for a variable life insurance product might be calculated, illustrations (assuming not already included with the prospectus for the variable life insurance product) could be included reflecting when and how front end and deferred sales loads would impact a prospective purchaser. Those illustrations would show the impact a front end load would have on the variable life insurance product being illustrated for each premium payment made during the life of the policy and would show the impact partial surrenders or loans could have on the variable life insurance product during the life of the policy. Since typically neither front end nor deferred sales loads are imposed for reallocations of cash values among investment divisions of the separate account, the examples provided by the point of sale disclosure requirements would not include reallocations unless the product design does in fact impose those loads for reallocations. Should the prospective purchaser desire information specific to the variable life insurance product being applied for, that information would be disclosed in an illustration specific to the circumstances of the prospective purchaser.

The separate point of sale disclosure by the broker dealer should only need to be distributed to prospective purchaser of a variable life insurance product at or prior to the time the application for the variable life insurance product is made, or at the time the prospective purchaser opens an account with the broker dealer if earlier and if that is the process followed by the broker dealer. No subsequent point of sale disclosure should be

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required unless the information contained in the point of sale disclosure delivered at the time the prospective purchaser applies for the variable life insurance product changes.

*Discussion of specific provisions of the proposed rule:
The point of sale disclosure proposed by Rule 15c2-3*

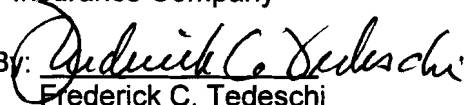
The information proposed to be disclosed by subparagraphs (a) (1) (i) and (iii) and (b) would essentially duplicate information disclosed in the prospectus for the variable life insurance product. We suggest that the proposed rule should specifically except from its requirements the providing of any disclosure made in a prospectus if the prospectus is delivered at or prior to the point of sale.

We commented above (in our discussion of proposed rule 15d2-2 (c) (3)) with respect to the information proposed to be disclosed by subparagraph (a) (ii) as to asset based sales charges or service fees which might be imposed, and we reiterate our concern that singling out these costs could place undue emphasis on these costs and mislead the customer to focus largely on the costs highlighted and not on the costs and benefits of the purchase of variable life insurance products. We note that an illustration of the policy as it is applied for would reflect the effect of all charges, both at the policy and underlying fund levels. We also believe that separate disclosure of the actual dollar amount paid for these charges, assuming no change in the net asset value (or of allocation of premium payments and cash values), would not provide meaningful data to the purchaser of a variable life insurance product, and we, therefore, suggest that variable life insurance products be exempted from the provisions of this subparagraph.

Jefferson Pilot Financial appreciates the time and resources that the Commission and its Staff have given to this important issue and this opportunity to provide our views to the Commission. We also appreciate the careful consideration that you will give to our comments and suggestions.

Respectfully Submitted,

Jefferson Pilot Financial
Insurance Company

By: 
Frederick C. Tedeschi
Vice President and
Associate General Counsel