

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940
Release No. 28342 / July 25, 2008

In the Matter of :
 :
 :
The Penn Mutual Life Insurance Company, et al. :
600 Dresher Road – C2J :
Horsham, Pennsylvania 19044 :
 :
 :
(812-13401) :

ORDER UNDER SECTION 26(c) AND SECTION 17(b) OF THE INVESTMENT COMPANY
ACT OF 1940

The Penn Mutual Life Insurance Company, The Penn Insurance and Annuity Company, Penn Mutual Variable Annuity Account III, Penn Mutual Variable Life Account I, PIA Variable Annuity Account I (collectively, the “Section 26 Applicants”), and Penn Series Funds, Inc. (collectively with the Section 26 Applicants, the “Section 17 Applicants”) filed an application on June 29, 2007, and an amended and restated application on July 2, 2008. The Section 26 Applicants requested an order under Section 26(c) of the Investment Company Act of 1940 (“1940 Act”) to permit the substitution of securities issued by certain registered investment companies for shares of certain other registered investment companies. The Section 17 Applicants also requested an order pursuant to Section 17(b) of the 1940 Act to the extent necessary to permit certain in-kind transactions in connection with the substitutions.

A notice of the filing of the application was issued on July 2, 2008. The notice gave interested persons an opportunity to request a hearing and stated that an order granting the application would be issued, unless a hearing should be ordered. No request for a hearing has been received, and the Commission has not ordered a hearing.

The matter has been considered, and it is found that the granting of the exemption is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. It is also found that 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; the proposed transaction is consistent with the investment policy of each registered investment company concerned, as recited in its registration statement and reports filed under the 1940 Act; and the proposed transaction is consistent with the general purposes of the 1940 Act.

Accordingly,

IT IS ORDERED, pursuant to Section 26(c) of the 1940 Act, that the proposed substitutions by The Penn Mutual Life Insurance Company, et al. (812-13401) are approved; and

IT IS FURTHER ORDERED, pursuant to Section 17(b) of the 1940 Act, that the requested exemptions from the provisions of Section 17(a) of the 1940 Act be, and hereby are, granted, effective forthwith.

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

Florence E. Harmon
Acting Secretary