

offering any Credit is 7% of the amount withdrawn if no contract anniversary has elapsed since the purchase payment was made, 6% if only one contract anniversary has elapsed, 5% if only two contract anniversaries have elapsed, 4% if only three contract anniversaries have elapsed, 3% if only four contract anniversaries have elapsed, 2% if only five contract anniversaries have elapsed, and 1% if only six contract anniversaries have elapsed. The withdrawal charge no longer applies once seven or more contract anniversaries have elapsed since the date that the purchase payment was made. In addition, there is an additional, asset-based charge equal to 10 basis points annually that applies to the version of Strategic Partners Annuity One under which Credits (including the 6% Credit) are not recaptured after expiration of the free look period unless death occurs within one year of a purchase payment.

Applicants' Legal Analysis

1. Section 6(c) of the Act authorizes the Commission to exempt any person, security or transaction, or any class or classes of persons, securities or transactions, from the provisions of the Act and the rules promulgated thereunder if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants request that the Commission, pursuant to section 6(c) of the Act, amend the Existing Order to the extent necessary to permit the recapture of the 6% Credit amounts described above under the Contracts. Applicants believe that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

2. Applicants submit that the recapture of 6% Credits will not raise concerns under sections 2(a)(32), 22(c) and 27(i)(2)(A) of the 1940 Act, and rule 22c-1 thereunder for the same reasons given in support of the Existing Order. 6% Credits under the Contracts will be recaptured only if the owner exercises his/her free look right, and with respect to certain 6% Credits granted within one year prior to death. The amounts recaptured equal the Credits provided by each Insurance Company from its own general account assets. When the Insurance Companies recapture any 6% Credit, they are merely retrieving their own assets, and the owner has not been deprived of a proportionate share of the applicable Account's assets, because his

or her interest in the 6% Credit amount has not vested. With respect to 6% Credit recaptures upon the exercise of the free-look privilege, it would be unfair to allow an owner exercising that privilege to retain a 6% Credit amount under a Contract that has been returned for a refund after a period of only a few days. If the Insurance Companies could not recapture the 6% Credit during the free look period, individuals could purchase a Contract with no intention of retaining it, and simply return it for a quick profit. Applicants also note that the Contract owner is entitled to retain any investment gain attributable to the 6% Credit, even if the Credit is ultimately recaptured. Furthermore, the recapture of 6% Credits relating to purchase payments made within one year prior to death is designed to provide the Insurance Companies with a measure of protection against "anti-selection." The risk here is that, rather than spreading purchase payments over a number of years, an owner will make very large payments shortly before death, thereby leaving the Insurance Companies less time to recover the cost of the 6% Credits applied, to their financial detriment.

3. Applicants submit that the provisions for recapture of any 6% Credits under the Contracts do not, and any such Future Contract provisions will not, violate section 2(a)(32) and 27(i)(2)(A) of the Act, and rule 22c-1 thereunder, and that the relief requested is consistent with the exemptive relief provided under the Existing Order.

4. Applicants submit that their request for an amended order that applies to any Account or any Future Account established by an Insurance Company in connection with the issuance of Contracts and Future Contracts, and underwritten or distributed by PIMS or other broker-dealers, is appropriate in the public interest. Such an order would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications, thereby reducing administrative expenses and maximizing the efficient use of Applicants' resources. Investors would not receive any benefit or additional protection by requiring Applicants to repeatedly seek exemptive relief that would present no issue under the Act that has not already been addressed in this application. Having Applicants file additional applications would impair Applicants' ability effectively to take advantage of business opportunities as they arise.

5. Applicants undertake that Future Contracts funded by Accounts or by Future Accounts that seek to rely on the

order issued pursuant to the application will be substantially similar to the Contracts in all material respects.

Conclusion

Applicants submit that their request for an amended order meets the standards set out in section 6(c) of the 1940 Act and that an amended order should, therefore, be granted.

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

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26003; File No. 812-12906]

John Hancock Life Insurance Company, et al.

April 10, 2003.

AGENCY: The Securities and Exchange Commission ("Commission").

ACTION: Notice of application for an order of approval pursuant to section 26(c) of the Investment Company Act of 1940 (the "Act").

APPLICANTS: John Hancock Life Insurance Company ("John Hancock"), John Hancock Variable Life Insurance Company ("JHVLICO"), John Hancock Variable Life Account S ("Account S"), John Hancock Variable Life Account UV ("Account UV"), John Hancock Variable Life Account U ("Account U"), John Hancock Variable Annuity Account JF ("Account JF"), John Hancock Variable Annuity Account I ("Account I"), and John Hancock Variable Annuity Account H ("Account H") (collectively, "Applicants").

FILING DATE: The application was filed on December 2, 2002 and amended and restated on April 10, 2003.

SUMMARY OF APPLICATION: Applicants request an order permitting (1) Account S, Account UV, Account U, Account JF, and Account H (together with Account I, the "Separate Accounts") to substitute shares of the International Equity Index Fund (the "Hancock International Fund") for their shares of the Templeton Foreign Securities Fund (the "Templeton Foreign Fund"); (2) Account JF and Account H to substitute shares of the International Opportunities Fund (the "Hancock International Opportunities Fund") for their shares of the Templeton Developing Markets Securities Fund (the "Templeton Developing Fund");