

mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26253; File No. 812-12962]

### Principal Life Insurance Company, et al., Notice of Application

November 13, 2003.

**AGENCY:** 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 the substitution of securities.

**APPLICANTS:** Principal Life Insurance Company ("Principal Life"), Principal Life Insurance Company Variable Life VL Separate Account ("VL Separate Account"), and Principal Life Insurance Company Separate Account B ("Separate Account B").

**SUMMARY OF APPLICATION:** Applicants seek an order to permit, under the specific circumstances identified in the application, the substitution of shares of the LargeCap Growth Equity Account of Principal Variable Contracts Fund, Inc. ("Principal Fund") for shares of the LargeCap Growth Account of Principal Fund; shares of the LargeCap Stock Index Account of Principal Fund for shares of the Blue Chip Account of Principal Fund; shares of the MidCap Growth Account of Principal Fund for shares of the MidCap Growth Equity Account of Principal Fund; shares of the Asset Allocation Account of Principal Fund for shares of the Putnam VT Global Asset Allocation Fund of Putnam Variable Trust ("Putnam Trust"); and

shares of the Equity Growth Account of Principal Fund for shares of the Putnam VT Vista Fund of Putnam Trust. The shares are currently held by VL Separate Account and Separate Account B.

**FILING DATE:** The application was filed on April 18, 2003, and amended on November 10, 2003.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 on December 4, 2003 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 SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, c/o John W. Blouch, Esq., Jones & Blouch LLP, 1025 Thomas Jefferson Street, NW., Washington, DC 20007-5254; copy to Michael D. Roughton, Esq., Principal Financial Group, Inc., 711 High Street, Des Moines, Iowa 50392-0200.

**FOR FURTHER INFORMATION CONTACT:** Rebecca A. Marquigny, Senior Counsel, or Zandra Y. Bailes, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

**SUPPLEMENTARY INFORMATION:** Following is a summary of the application; the complete application is available for a fee from the SEC's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

### Applicants' Representations

1. Principal Life is a stock life insurance company organized under the laws of Iowa in 1879. It is authorized to

transact life insurance and annuity business in all of the United States and the District of Columbia.

2. VL Separate Account was established in 1987 by Principal Life as a separate account under Iowa law for the purpose of funding variable life contracts issued by Principal Life (File No. 811-05118). Separate Account B was established in 1970 by Principal Life as a separate account under Iowa law for the purpose of funding variable annuity contracts issued by Principal Life (File No. 811-02091).

3. There are nine variable insurance contracts affected by the application (the "Contracts"). Six of the Contracts are flexible premium variable life insurance policies (collectively, the "VL Contracts"); three are variable annuity contracts, two individual deferred contracts and one group annuity contract (collectively, the "VA Contracts"). Purchase payments for the VL Contracts are allocated to VL Separate Account. Purchase payments for the VA Contracts are allocated to Separate Account B.

4. Purchase payments for the Contracts are allocated to one or more subaccounts ("Divisions") of VL Separate Account or Separate Account B. Each Division invests in shares of an underlying mutual fund ("Underlying Fund"), including Principal Fund, an open-end management investment company registered under the Act (File Nos. 811-1944 and 002-35570), and Putnam Trust, an open-end management investment company registered under the Act (File Nos. 811-05346 and 033-17486). The Contracts permit transfers of accumulated value from one Division to another.

5. The following table (i) identifies each Contract affected by the application, (ii) sets forth the total number of Divisions available under each Contract and the number of those Divisions that invest in either the Principal Fund or the Putnam Trust, and (iii) summarizes the transfer rights under each Contract.

Contracts/File Nos.	Total	Divisions		Transfers	
		Principal fund	Putnam trust	Minimum amount	Fee
VL Contracts:					
Flex Variable Life (File No. 33-13481) .....	49	27	3	\$250	1 \$25
Prinflex Life (File No. 333-00101) .....	49	27	3	100	None
Survivorship Variable Life (File No. 333-71521) .....	49	27	3	100	None
Principal Variable Universal Life Accumulator (File No. 333-65690) .....	49	27	3	100	None
Principal Executive Variable Universal Minimum Life (File No. 333-81714) ...	73	21	0	(3)	None
Principal Benefit Variable Universal Minimum Life (File No. 333-89446) .....	73	21	0	(3)	None

<sup>5</sup> 17 CFR 200.30-3(a)(1).