

SECURITIES AND EXCHANGE COMMISSION

**FORM 486APOS**

Post-effective amendments [Rule 486(a)]

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**FILER**

**MERRILL LYNCH VARIABLE LIFE SEPARATE ACCOUNT**

CIK: **869799** | IRS No.: **911325756** | State of Incorpor.: **AR** | Fiscal Year End: **1231**  
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Business Address  
800 SCUDDERS MILL RD  
C/O MERRILL LYNCH LIFE  
INSURANCE CO  
PLAINSBORO NJ 08536  
6092821429

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 2  
TO  
FORM S-6

FOR REGISTRATION UNDER THE SECURITIES ACT  
OF 1933 OF SECURITIES OF UNIT INVESTMENT  
TRUSTS REGISTERED ON FORM N-8B-2

MERRILL LYNCH VARIABLE LIFE SEPARATE ACCOUNT  
(EXACT NAME OF TRUST)

MERRILL LYNCH LIFE INSURANCE COMPANY  
(NAME OF DEPOSITOR)  
800 SCUDDERS MILL ROAD  
PLAINSBORO, NEW JERSEY 08536  
(COMPLETE ADDRESS OF DEPOSITOR'S PRINCIPAL EXECUTIVE OFFICES)

BARRY G. SKOLNICK, ESQ.  
SENIOR VICE PRESIDENT & GENERAL COUNSEL  
MERRILL LYNCH LIFE INSURANCE COMPANY  
800 SCUDDERS MILL ROAD  
PLAINSBORO, NEW JERSEY 08536  
(NAME AND COMPLETE ADDRESS OF AGENT FOR SERVICE)

COPY TO:

STEPHEN E. ROTH, ESQ.  
SUTHERLAND, ASBILL & BRENNAN  
1275 PENNSYLVANIA AVENUE, NW  
WASHINGTON, D.C. 20004-2404

It is proposed that this filing will become effective (check appropriate box)

/ / immediately upon filing pursuant to paragraph (b) of Rule 486

/ / on                   pursuant to paragraph (b) of Rule 486

/ / 60 days after filing pursuant to paragraph (a) of Rule 486

Check box if it is proposed that the filing will become effective on (date)  
at (time) pursuant to Rule 487 / /

Pursuant to Rule 24f-2 of the Investment Company Act of 1940, the Registrant has registered an indefinite amount of securities under the Securities Act of 1933. The Registrant filed the 24f-2 Notice for the year ended December 31, 1993 on February 28, 1994.

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MERRILL LYNCH VARIABLE LIFE SEPARATE ACCOUNT  
MERRILL LYNCH LIFE INSURANCE COMPANY

CROSS REFERENCE TO ITEMS REQUIRED BY FORM N-8B-2

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PROSPECTUS

, 1994

MERRILL LYNCH VARIABLE LIFE SEPARATE ACCOUNT  
 FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE CONTRACT  
 ISSUED BY

MERRILL LYNCH LIFE INSURANCE COMPANY  
 HOME OFFICE: LITTLE ROCK, ARKANSAS 72201  
 SERVICE CENTER: P.O. BOX 9025  
 SPRINGFIELD, MASSACHUSETTS 01102-9025  
 1414 MAIN STREET  
 SPRINGFIELD, MASSACHUSETTS 01144-1007  
 PHONE: (800) 354-5333

OFFERED THROUGH  
 MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

This Prospectus is for a flexible premium variable life insurance contract (the "Contract") offered by Merrill Lynch Life Insurance Company ("Merrill Lynch Life"), a subsidiary of Merrill Lynch & Co., Inc. It describes contracts which, at the time of issue, are designed to meet the 7-pay test under federal tax law. (See "Tax Treatment of Loans and other Distributions" on page 30.) A prospective contract owner who wants to purchase a modified endowment contract that would not meet the 7-pay test should consult a Merrill Lynch registered representative.

The initial payment will be invested only in the investment division of the Separate Account investing in the Money Reserve Portfolio. After the "free look" period, the contract owner may invest in up to any five of the 36 investment divisions of Merrill Lynch Variable Life Separate Account (the "Separate Account"), a Merrill Lynch Life separate investment account available under the Contract. The investments available through the investment divisions include 10 mutual fund portfolios of the Merrill Lynch Series Fund, Inc., six mutual fund

portfolios of the Merrill Lynch Variable Series Funds, Inc. and 20 unit investment trusts in The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities. Currently, the contract owner may change his or her investment allocation as many times as desired.

The Contract provides an estate benefit through life insurance coverage on the insured. Merrill Lynch Life guarantees that the coverage will remain in force for the guarantee period. Each payment will extend the guarantee period until such time as the guarantee period is established for life. During this guarantee period, Merrill Lynch Life will terminate the Contract only if the debt exceeds certain contract values. After the guarantee period, the Contract will remain in force as long as there is not excessive debt and as long as the cash surrender value is sufficient to cover the charges due. While the Contract is in force, the death benefit may vary to reflect the investment results of the investment divisions chosen, but will never be less than the current face amount.

Contract owners may also purchase a Contract to provide insurance coverage on the lives of two insureds with proceeds payable upon the death of the last surviving insured.

The Contract is designed to allow for planned periodic payments, and contract owners may make additional unplanned payments subject to certain conditions. Contract owners may also change the face amount of their Contracts, borrow up to the loan value of the Contract or turn in the Contract for its net cash surrender value. The net cash surrender value will vary with the investment results of the investment divisions chosen. Merrill Lynch Life doesn't guarantee any minimum cash surrender value.

It may not be advantageous to replace existing insurance with the Contract. Within certain limits, the Contract may be returned or exchanged for a contract with benefits that do not vary with the investment results of a separate account.

PLEASE READ THIS PROSPECTUS AND KEEP IT FOR FUTURE REFERENCE. IT MUST BE ACCOMPANIED BY CURRENT PROSPECTUSES FOR THE MERRILL LYNCH SERIES FUND, INC., THE MERRILL LYNCH VARIABLE SERIES FUNDS, INC. AND THE MERRILL LYNCH FUND OF STRIPPED ("ZERO") U.S. TREASURY SECURITIES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFERING IN ANY JURISDICTION IN WHICH SUCH OFFERING MAY NOT LAWFULLY BE MADE. NO PERSON IS AUTHORIZED TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS.

IMPORTANT TERMS

**ADDITIONAL PAYMENT:** is a payment which may be made after the "free look" period.

**ATTAINED AGE:** is the issue age of the insured plus the number of full years since the contract date.

**CASH SURRENDER VALUE:** is equal to the net cash surrender value plus any debt.

**CONTRACT ANNIVERSARY:** is the same date of each year as the contract date.

**CONTRACT DATE:** is used to determine processing dates, contract years and anniversaries. It is usually the business day next following the receipt of the initial payment at the Service Center. It is also referred to as the policy date.

**DEATH BENEFIT:** is the larger of the face amount and the variable insurance amount.

**DEATH BENEFIT PROCEEDS:** are equal to the death benefit less any debt and less any overdue charges.

**DEBT:** is the sum of all outstanding loans on a Contract plus accrued interest.

**DEFERRED CONTRACT LOADING:** is chargeable to all payments for sales load, federal tax and premium tax charges. Merrill Lynch Life advances the amount of the loading to the divisions as part of the investment base. This loading is then deducted in equal installments on the next ten contract anniversaries following the date the initial payment is received and accepted. Merrill Lynch Life deducts the balance of the deferred contract loading not yet recouped in determining a Contract's net cash surrender value.

**FACE AMOUNT:** is the minimum death benefit as long as the Contract remains in force. The face amount will change if the change in face amount option is chosen; it may increase as a result of an additional payment; or it may decrease as a result of a partial withdrawal.

**FIXED BASE:** is calculated like the cash surrender value except that 4% is substituted for the net rate of return, the guaranteed maximum cost of insurance rates are substituted for current rates and loans and repayments are not taken into account.

**GUARANTEE PERIOD:** is the time guaranteed that the Contract will remain in force regardless of investment experience, unless the debt exceeds certain values. It is the period that a comparable fixed life insurance contract (same face amount, payments made, guaranteed mortality table and loading) would remain in force if



credited with 4% interest per year.

IN FORCE DATE: is the date when the underwriting process is complete, the initial payment is received and outstanding contract amendments (if any) are received.

INITIAL PAYMENT: is the payment required to put the Contract into effect.

INVESTMENT BASE: is the amount available under a Contract for investment in the Separate Account at any time. A contract owner's investment base is the sum of the amounts invested in each of the selected investment divisions.

INVESTMENT DIVISION: is any division in the Separate Account.

ISSUE AGE: is the insured's age as of his or her birthday nearest the contract date.

NET AMOUNT AT RISK: is the excess of the death benefit over the cash surrender value.

NET CASH SURRENDER VALUE: is equal to the investment base less the balance of any deferred contract loading not yet recouped and, depending on the date it is calculated, less all or a portion of certain other charges not yet deducted.

NET SINGLE PREMIUM FACTOR: is used to determine the amount of death benefit purchased by \$1.00 of cash surrender value. Merrill Lynch Life uses this factor in the calculation of the variable insurance amount to make sure that the Contract always meets the guidelines of what constitutes a life insurance contract under the Internal Revenue Code.

PLANNED PERIODIC PAYMENT: is an additional payment made on a planned basis, the amount, duration and frequency of which are elected in the application or at a later date.

PROCESSING DATES: are the contract date and the first day of each contract quarter thereafter. Processing dates after the contract date are the days when Merrill Lynch Life deducts charges from the investment base.

PROCESSING PERIOD: is the period between consecutive processing dates.

VARIABLE INSURANCE AMOUNT: is computed daily by multiplying the cash surrender value by the net single premium factor.

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#### SUMMARY OF THE CONTRACT

##### PURPOSE OF THE CONTRACT

This flexible premium variable life insurance contract offers a choice of investments and an opportunity for the Contract's investment base, net cash surrender value and death benefit to grow based on investment results.

Merrill Lynch Life doesn't guarantee that contract values will increase. Depending on the investment results of selected investment divisions, the investment base, net cash surrender value and death benefit may increase or decrease on any day. The contract owner bears the investment risk. Merrill Lynch Life guarantees to keep the Contract in force during the guarantee period subject to the effect of any debt.

Life insurance is not a short term investment. The contract owner should evaluate the need for insurance and long term investment potential before purchasing a Contract.

## AVAILABILITY AND PAYMENTS

The Contract is available in most jurisdictions in which Merrill Lynch Life does business. A Contract may be issued for an insured up to age 75 (or up to age 80 for joint insureds). Merrill Lynch Life will consider issuing Contracts for insureds above age 75 on an individual basis. Since the Contract is designed to comply with the 7-pay test under federal tax law, contract owners must elect a periodic payment plan providing for payments for at least seven years when they apply for the Contract. Merrill Lynch Life will modify the payment plan, if necessary, to ensure that it does comply with the 7-pay test. The minimum initial payment is \$2,000. For a discussion of the 7-pay test, see "Tax Considerations" on page 30.

Subject to state regulation, contract owners may elect to pre-pay periodic payments through a single payment by adding a single premium immediate annuity rider which will fund the Contract. The amount applied to purchase the SPIAR is not allocated to the Separate Account and is not considered a payment to the Contract. (See "Payments Under a Combination Periodic Payment Plan" on page 14.) Pledging, assigning or gifting a Contract with a SPIAR may have tax consequences to the contract owner. (See "Tax Considerations" on page 29.)

Merrill Lynch Life will not accept an initial payment that provides a guarantee period of less than one year.

Subject to certain conditions, contract owners may make additional payments that are not planned. (See "Payments Which are Not Under a Periodic Payment Plan" on page 14.)

The Contract won't be available to insure residents of certain municipalities in Kentucky where premium taxes in excess of a certain level are imposed.

For joint insureds, see modifications to this section on page 47.

## JOINT INSUREDS

The Contract is also available to provide coverage on the lives of two insureds with a death benefit payable on the death of the last surviving insured. Most of the discussions in this Prospectus referencing a single insured may also be read as though the single insured were the two insureds under a joint Contract. Those discussions which are different for joint insureds are noted accordingly. (See "Joint Insureds" on page 47.)

## CMA-R- INSURANCE SERVICE

Contract owners who subscribe to the Merrill Lynch Cash Management Account-R-financial service ("CMA account"), may elect to have their Contract linked to their CMA account electronically. Certain transactions will be reflected in monthly CMA account statements. Payments may be transferred to and from the Contract through a CMA account.

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Cash Management Account and CMA are registered trademarks of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

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#### THE INVESTMENT DIVISIONS

The initial payment will be invested only in the investment division of the Separate Account investing in the Money Reserve Portfolio. After the "free look" period, the contract owner may select up to five of the 36 investment divisions in the Separate Account. (See "Changing the Allocation" on page 17.)

Payments are invested in investment divisions of the Separate Account. Ten investment divisions of the Separate Account invest exclusively in shares of designated mutual fund portfolios of the Merrill Lynch Series Fund, Inc. (the "Series Fund"). Six investment divisions of the Separate Account invest exclusively in shares of designated mutual fund portfolios of the Merrill Lynch Variable Series Funds, Inc. (the "Variable Series Funds"). Each mutual fund portfolio has a different investment objective. The other 20 investment divisions invest in units of designated unit investment trusts in The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities (the "Zero Trusts"). The contract owner's payments are not invested directly in the Series Fund, the Variable Series Funds or the Zero Trusts.

#### HOW THE DEATH BENEFIT VARIES

The death benefit equals the face amount or variable insurance amount, whichever is larger. It may increase or decrease on any day depending on the investment results of the investment divisions chosen by the contract owner. Death benefit proceeds are reduced by any debt.

#### HOW THE INVESTMENT BASE VARIES

A Contract's investment base is the amount available for investment at any time. On the contract date (usually the business day next following receipt of the initial payment at the Service Center), the investment base is equal to the initial payment. Afterwards, it varies daily based on investment performance of the investment divisions chosen. The contract owner bears the risk of poor investment performance and receives the benefit of favorable investment performance.

#### NET CASH SURRENDER VALUE AND CASH SURRENDER VALUE

Contract owners may surrender their Contracts at any time and receive the net cash surrender value. On a contract anniversary, the net cash surrender value equals the investment base minus the balance of any deferred contract loading not yet deducted. The net cash surrender value varies daily based on investment performance of the investment divisions chosen. Merrill Lynch Life doesn't guarantee any minimum net cash surrender value.

For purposes of certain computations under the Contract, Merrill Lynch Life uses the cash surrender value. It is calculated by adding the amount of any debt to the net cash surrender value.

#### ILLUSTRATIONS

Illustrations in this Prospectus or used in connection with the purchase of the Contract are based on hypothetical investment rates of return. These rates are not guaranteed. They are illustrative only and should not be deemed a

representation of past or future performance. Actual rates of return may be more or less than those reflected in the illustrations and, therefore, actual values will be different than those illustrated.

#### REPLACEMENT OF EXISTING COVERAGE

Before purchasing a Contract, the contract owner should ask his or her Merrill Lynch registered representative if changing, or adding to, current insurance coverage would be advantageous. Generally, it is not advisable to purchase another contract as a replacement for existing insurance.

#### RIGHT TO CANCEL ("FREE LOOK" PERIOD) OR EXCHANGE

Once the contract owner receives the Contract, he or she should review it carefully to make sure it is what he or she intended to purchase. Generally, a Contract may be returned for a refund within ten days after the contract owner receives it. Some states allow a longer period of time to return the Contract. If required by the contract owner's state, the Contract may be returned within the later of ten days after receiving it and 45 days from the date the application is completed. If the Contract is returned during the "free look" period, Merrill Lynch Life will refund the payment without interest.

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A contract owner may also exchange his or her Contract within 18 months for a contract with benefits that do not vary with the investment results of a separate account.

#### HOW DEATH BENEFIT AND CASH SURRENDER VALUE INCREASES ARE TAXED

Under current federal tax law, life insurance contracts receive tax-favored treatment. The death benefit is fully excludable from the beneficiary's gross income for federal income tax purposes, according to Section 101(a)(1) of the Internal Revenue Code. A contract owner is not taxed on any increase in the cash surrender value while a life insurance contract remains in force. For a discussion of the tax issues associated with this Contract, including taxation of loans and partial withdrawals from, and collateral assignments of, the Contract and the possible 10% penalty tax on such distributions, see "Tax Considerations" on page 30. Contracts that comply with the 7-pay test receive preferential tax treatment with respect to certain distributions.

#### LOANS

Contract owners may borrow up to the loan value of their Contracts, which is 90% of the cash surrender value. (See "Loans" on page 21.)

Loans are deducted from the amount payable on surrender of the Contract and are also deducted from any death benefit payable. Loan interest accrues daily and, if it is not repaid each year, it is capitalized and added to the debt. Depending upon investment performance of the divisions and the amounts borrowed, loans may cause a Contract to lapse. If the Contract is not a modified endowment contract, lapse of the Contract with loans outstanding may result in adverse tax consequences. (See "Tax Considerations" on page 30).

## PARTIAL WITHDRAWALS

Contract owners may make partial withdrawals after the fifteenth contract year, subject to certain conditions. (See "Partial Withdrawals" on page 22.)

## FEES AND CHARGES

**INVESTMENT BASE CHARGES.** Merrill Lynch Life invests the entire amount of all premium payments in the Separate Account. It then deducts certain charges from the investment base on processing dates. The charges deducted are as follows:

- deferred contract loading equals 9% of each payment. It consists of a sales load of 4.5%, a charge for federal taxes of 2% and a state and local premium tax charge of 2.5%. For joint insureds the deferred contract loading equals 11% of each payment and consists of a sales load of 6.5%, a charge for federal taxes of 2% and a state and local premium tax charge of 2.5%. Deferred contract loading is deducted in equal installments of .90% (1.1% for joint insureds) of each payment. The deduction is taken on the ten contract anniversaries following the date Merrill Lynch Life receives and accepts the payment. However, Merrill Lynch Life subtracts the balance of the deferred contract loading not yet deducted in determining a Contract's net cash surrender value. Thus, this balance is deducted in determining the amount payable on surrender of the Contract;
- on all processing dates after the contract date, Merrill Lynch Life makes deductions for mortality cost (see "Mortality Cost" on page 18); and
- on each contract anniversary, Merrill Lynch Life makes deductions for the net loan cost if there has been any debt during the prior year. Currently, there is no net loan cost for amounts borrowed up to the target loan amount (see "Charges Deducted From the Investment Base" on page 17).

**SEPARATE ACCOUNT CHARGES.** There are certain charges deducted daily from the investment results of the investment divisions in the Separate Account. These charges are:

- an asset charge designed to cover mortality and expense risks deducted from all investment divisions which is equivalent to .90% annually at the beginning of the year; and

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- a trust charge deducted from only those investment divisions investing in the Zero Trusts, which is currently equivalent to .34% annually at the beginning of the year and will never exceed .50% annually.

**ADVISORY FEES.** The portfolios in the Series Fund and the Variable Series Funds pay monthly advisory fees and other expenses. (See "Charges to Series Fund Assets" on page 35 and "Charges to Variable Series Funds Assets" on page 36.)

**OTHER CHARGES.** If periodic payments are prepaid by purchasing a single premium immediate annuity rider, Merrill Lynch Life deducts 5% of the single payment as a charge for the rider. Any applicable premium taxes will also be deducted. (See "Payments Under a Combination Periodic Payment Plan" on page 14.)

THIS SUMMARY IS INTENDED TO PROVIDE ONLY A VERY BRIEF OVERVIEW OF THE MORE SIGNIFICANT ASPECTS OF THE CONTRACT. FURTHER DETAIL IS PROVIDED IN THIS PROSPECTUS AND IN THE CONTRACT. THE CONTRACT TOGETHER WITH ITS ATTACHED APPLICATIONS, MEDICAL EXAM(S), AMENDMENTS, RIDERS, AND ENDORSEMENTS CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE CONTRACT OWNER AND MERRILL LYNCH LIFE AND SHOULD BE RETAINED.

FOR THE DEFINITION OF CERTAIN TERMS USED IN THIS PROSPECTUS, SEE "IMPORTANT TERMS" ON PAGE 4.

FACTS ABOUT THE SEPARATE ACCOUNT, THE SERIES FUND,  
THE VARIABLE SERIES FUNDS, THE ZERO TRUSTS AND MERRILL LYNCH LIFE

THE SEPARATE ACCOUNT

The Separate Account is a separate investment account established by Merrill Lynch Life on November 16, 1990. It is registered with the Securities and Exchange Commission as a unit investment trust pursuant to the Investment Company Act of 1940. This registration does not involve any supervision by the Securities and Exchange Commission over the investment policies or practices of the Separate Account. It meets the definition of a separate account under the federal securities laws. The Separate Account is used to support the Contract as well as to support other variable life insurance contracts issued by Merrill Lynch Life.

Merrill Lynch Life owns all of the assets in the Separate Account. The assets of the Separate Account are kept separate from Merrill Lynch Life's general account and any other separate accounts it may have and, to the extent of its reserves and liabilities, may not be charged with liabilities arising out of any other business Merrill Lynch Life conducts.

Obligations to contract owners and beneficiaries that arise under the Contract are obligations of Merrill Lynch Life. Income, gains, and losses, whether or not realized, from assets allocated are, in accordance with the Contracts, credited to or charged against the Separate Account without regard to other income, gains or losses of Merrill Lynch Life. As required, the assets in the Separate Account will always be at least equal to the reserves and other liabilities of the Separate Account. If the assets exceed the required reserves and other Contract liabilities, (which will always be at least equal to the aggregate contract value allocated to the Separate Account under the Contracts), Merrill Lynch Life may transfer the excess to its general account.

There are currently 36 investment divisions in the Separate Account. Ten invest in shares of a specific portfolio of the Series Fund. Six invest in shares of a specific portfolio of the Variable Series Funds. Twenty invest in units of a specific Zero Trust. Complete information about the Series Fund, the Variable Series Funds and the Zero Trusts, including the risks associated with each portfolio (including any risks associated with investment in the High Yield Portfolio of the Series Fund) can be found in the accompanying prospectuses. They should be read in conjunction with this Prospectus.

THE SERIES FUND

The Merrill Lynch Series Fund, Inc. is registered with the Securities and Exchange Commission as an open-end management investment company. All of its ten mutual fund portfolios are currently available

through the Separate Account. The investment objectives of the Series Fund portfolios are described below. There is no guarantee that any portfolio will meet its investment objective. Meeting the objectives depends on how well Series Fund management anticipates changing economic conditions.

MONEY RESERVE PORTFOLIO seeks to preserve capital and liquidity. It also seeks the highest possible current income consistent with those objectives. It invests in short-term money market securities.

INTERMEDIATE GOVERNMENT BOND PORTFOLIO seeks the highest possible current income consistent with the protection of capital. It invests in intermediate-term debt securities issued or guaranteed by the U.S. Government or its agencies.

LONG-TERM CORPORATE BOND PORTFOLIO seeks as high a level of current income as is consistent with prudent investment risk. It invests primarily in fixed-income, high quality corporate bonds.

HIGH YIELD PORTFOLIO seeks high current income, consistent with prudent management, by investing principally in fixed-income securities rated in the lower categories of the established rating services or in unrated securities of comparable quality (commonly known as "junk bonds").

CAPITAL STOCK PORTFOLIO seeks long-term growth of capital and income, plus moderate current income. It invests in common stocks considered to be of good or improving quality or considered to be undervalued based on criteria such as historical price/book value and price/earnings ratios.

GROWTH STOCK PORTFOLIO seeks above average long-term growth of capital. It invests primarily in common stocks of aggressive growth companies considered to have special growth potential.

MULTIPLE STRATEGY PORTFOLIO seeks the highest total investment return consistent with prudent risk. It does this through a fully managed investment policy utilizing equity securities, primarily common stocks of large-capitalization companies, as well as investment grade intermediate-and long-term debt securities and money market securities.

NATURAL RESOURCES PORTFOLIO seeks long-term growth of capital and protection of the purchasing power of shareholders' capital by investing primarily in equity securities of domestic and foreign companies with substantial natural resource assets.

GLOBAL STRATEGY PORTFOLIO seeks high total investment return by investing primarily in a portfolio of equity and fixed-income securities of U.S. and foreign issuers.

BALANCED PORTFOLIO seeks a level of current income and a degree of stability of principal not normally available from an investment solely in equity securities and the opportunity for capital appreciation greater than that normally available from an investment solely in debt securities by investing in a balanced portfolio of fixed-income and equity securities.

The investment adviser for the Series Fund is Merrill Lynch Asset Management, L.P. ("MLAM"), a subsidiary of Merrill Lynch & Co., Inc. and a registered adviser under the Investment Advisers Act of 1940. The Series Fund, as part of its operating expenses, pays an investment advisory fee to MLAM. (See "Charges to Series Fund Assets" on page 35.)

## THE VARIABLE SERIES FUNDS

The Merrill Lynch Variable Series Funds, Inc. is registered with the Securities and Exchange Commission as an open-end management investment company. Six of its 18 mutual fund portfolios are currently available through the Separate Account. The investment objectives of the six available Variable Series Funds portfolios are described below. There is no guarantee that any portfolio will meet its investment objective. Meeting the objectives depends on how well Variable Series Funds management anticipates changing economic conditions.

BASIC VALUE FOCUS FUND seeks to attain capital appreciation, and secondarily, income by investing in securities, primarily equities, that management of the Fund believes are undervalued and therefore represent basic investment value. Particular emphasis is placed on securities which provide an above-average dividend return and sell at a below-average price-earnings ratio.

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WORLD INCOME FOCUS FUND seeks to achieve high current income by investing in a global portfolio of fixed income securities denominated in various currencies, including multinational currency units. The Fund may invest in United States and foreign government and corporate fixed income securities, including high yield, high risk, lower rated and unrated securities. The Fund will allocate its investments among different types of fixed-income securities denominated in various currencies.

GLOBAL UTILITY FOCUS FUND seeks to obtain capital appreciation and current income through investment of at least 65% of its total assets in equity and debt securities issued by domestic and foreign companies which are, in the opinion of management of the Fund, primarily engaged in the ownership or operation of facilities used to generate, transmit or distribute electricity, telecommunications, gas or water.

INTERNATIONAL EQUITY FOCUS FUND seeks to obtain capital appreciation through investment in securities, principally equities, of issuers in countries other than the United States. Under normal conditions, at least 65% of the Fund's net assets will be invested in such equity securities.

INTERNATIONAL BOND FUND seeks to achieve a high total investment return by investing in an international portfolio of debt instruments denominated in various currencies and multi-national currency units.

DEVELOPING CAPITAL MARKETS FOCUS FUND seeks to achieve long-term capital appreciation by investing in securities, principally equities, of issuers in countries having smaller capital markets.

MLAM is the investment adviser for the Variable Series Funds. The Variable Series Funds, as part of its operating expenses, pays an investment advisory fee to MLAM. (See "Charges to Variable Series Funds Assets" on page 36.)



## EXEMPTIVE RELIEF

An application for exemptive relief has been filed with the Securities and Exchange Commission on behalf of the Variable Series Funds, the Separate Accounts and other affiliated parties. This relief is required under current rules of the Securities and Exchange Commission in order for the Equity Growth Fund of the Variable Series Funds to be made available through the Separate Account (see "Resolving Material Conflicts" on page 35). Contract owners will be notified when the necessary relief is obtained and the Equity Growth Fund is available.

EQUITY GROWTH FUND seeks to attain long-term growth of capital by investing primarily in common stocks of relatively small companies that management of the Fund believes have special investment value and emerging growth companies regardless of size. Such companies are selected by management on the basis of their long-term potential for expanding their size and profitability or for gaining increased market recognition for their securities. Current income is not a factor in such selection. MLAM receives from the Fund an advisory fee at the annual rate of .75% of the average daily net assets of the Fund. This is a higher fee than that of many other mutual funds, but management of the Fund believes it is justified by the high degree of care that must be given to the initial selection and continuous supervision of the types of portfolio securities in which the Fund invests.

## THE ZERO TRUSTS

The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities was formed to provide safety of capital and a high yield to maturity. It seeks this through U.S. Government-backed investments which make no periodic interest payments and, therefore, are purchased at a deep discount. When held to maturity the investments should receive approximately a fixed yield. The value of Zero Trust units before maturity varies more than it would if the Zero Trusts contained interest-bearing U.S. Treasury securities of comparable maturities.

The Zero Trust portfolios consist mainly of:

- bearer debt obligations issued by the U.S. Government stripped of their unmatured interest coupons;
- coupons stripped from U.S. debt obligations; and
- receipts and certificates for such stripped debt obligations and coupons.

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The Zero Trusts currently available have maturity dates in years 1994 through 2011, 2013 and 2014.

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a subsidiary of Merrill Lynch & Co., Inc., is the sponsor for the Zero Trusts. The sponsor will sell units of the Zero Trusts to the Separate Account and has agreed to repurchase units when Merrill Lynch Life needs to sell them to pay benefits and make reallocations. Merrill Lynch Life pays the sponsor a fee for these transactions and is reimbursed through the trust charge assessed to the divisions investing in the Zero Trusts. (See "Charges to Divisions Investing in the Zero Trusts" on page 19.)

Merrill Lynch Life is a stock life insurance company organized under the laws of the State of Washington in 1986 and redomesticated under the laws of the State of Arkansas in 1991. It is an indirect wholly owned subsidiary of Merrill Lynch & Co., Inc. Merrill Lynch Life is authorized to sell life insurance and annuities in 49 states, Guam, the U.S. Virgin Islands and the District of Columbia. It is also authorized to offer variable life insurance and variable annuities in most jurisdictions.

MLPF&S is a wholly owned subsidiary of Merrill Lynch & Co., Inc. and provides a broad range of securities brokerage and investment banking services in the United States. It provides marketing services for Merrill Lynch Life and is the principal underwriter of the Contracts issued through the Separate Account. Merrill Lynch Life retains MLPF&S to provide services relating to the Contracts under a distribution agreement. (See "Selling the Contracts" on page 29.)

FACTS ABOUT THE CONTRACT

WHO MAY BE COVERED

The Contract is available in most jurisdictions in which Merrill Lynch Life does business. A Contract may be issued for an insured up to issue age 75. Merrill Lynch Life will consider issuing Contracts for insureds above age 75 on an individual basis. The insured's issue age is his or her age as of the birthday nearest the contract date. The insured must also meet Merrill Lynch Life's medical and other underwriting requirements.

Merrill Lynch Life uses two methods of underwriting:

- simplified underwriting, with no physical exam; and
- para-medical or medical underwriting with a physical exam.

The initial payment plus the planned periodic payments elected and the age and sex (except where unisex rates are required by state law) of the insured determine whether Merrill Lynch Life will do underwriting on a simplified or medical basis. The maximum initial payment where a periodic payment plan is selected, or the maximum initial payment plus the SPIAR payment where a combination periodic plan is selected, that will be underwritten on a simplified basis is set out in the charts below.

<TABLE>  
<CAPTION>

COMBINATION PERIODIC  
PLAN (SPIAR)

PERIODIC PLAN		COMBINATION PERIODIC PLAN (SPIAR)	
AGE	MAXIMUM INITIAL PAYMENT	AGE	MAXIMUM INITIAL PAYMENT PLUS SPIAR PAYMENT
<S>	<C>	<C>	<C>
0-29.....	\$2,500	0-29.....	\$20,000
30-39.....	3,500	30-39.....	25,000
40-49.....	5,000	40-49.....	35,000

50-59.....	7,500	50-59.....	55,000
60-75.....	10,000	60-75.....	75,000

</TABLE>

However, if the face amount is above the minimum face amount required for an initial payment (see "Selecting the Initial Face Amount" on page 12), Merrill Lynch Life will also take the net amount at risk into account in determining the method of underwriting.

Merrill Lynch Life assigns insureds to underwriting classes which determine the current cost of insurance rates used in calculating mortality cost deductions. In assigning insureds to underwriting classes, Merrill Lynch Life distinguishes between those insureds underwritten on a simplified basis and those on a paramedical or medical basis. Under both the simplified and medical underwriting methods, Contracts may be issued on insureds either in the standard or non-smoker underwriting class. Contracts may also be issued on insureds in a substandard underwriting class. For a discussion of the effect of underwriting classification on mortality cost deductions, see "Mortality Cost" on page 18.

For joint insureds, see modifications to this section on page 47.

PURCHASING A CONTRACT

To purchase a Contract the contract owner must complete an application and make a payment. A periodic payment plan and the initial face amount are selected at that time. The amount of the initial payment depends in part on the periodic payment plan selected. Merrill Lynch Life will not accept an initial payment for a specified face amount that will provide a guarantee period of less than one year. (See "Selecting the Initial Face Amount" and "Initial Guarantee Period" below.)

Insurance coverage generally begins on the contract date, which is usually the next business day following receipt of the initial premium payment at Merrill Lynch Life's Service Center. Temporary life insurance coverage may be provided under the terms of a temporary insurance agreement. In accordance with Merrill Lynch Life's underwriting rules, temporary life insurance coverage may not exceed \$250,000 and may not be in effect for more than 60 days. As provided for under state insurance law, the contract owner, to preserve insurance age, may be permitted to backdate the Contract. In no case may the contract date be more than six months prior to the date the application was completed. Charges for cost of insurance for the backdated period are deducted on the first processing date after the contract date.

For joint insureds, see modifications to this section on page 47.

SELECTING A PERIODIC PAYMENT PLAN. Contract owners select a periodic payment plan in the application, subject to the rules discussed below. The amount, duration and frequency of planned payments must be specified, but the minimum duration is seven contract years, the minimum amount of planned payments is \$2,000 per contract year, the amounts selected must be level, and, in each contract year under the plan, the amount of planned payments selected must equal

the initial payment. In addition, the plan must comply with the 7-pay test. Merrill Lynch Life will modify the periodic payment plan selected, if necessary, to ensure compliance with the 7-pay test. (See "Planned Payments" on page 13.)

**SELECTING THE INITIAL FACE AMOUNT.** Contract owners can specify the initial face amount, within limits, subject to any minimum face amount requirements imposed by the state in which they reside. These limits are based in part on the initial payment and the periodic payment plan selected. The minimum initial face amount is the amount that would satisfy the 7-pay test or, if greater, the face amount that would provide a guarantee period for the whole of life assuming all payments are made as planned under the periodic payment plan selected. (See "Initial Guarantee Period" below.) If the contract owner elects to make planned payments for a period shorter than the first nine contract years (or the first ten contract years if the issue age of the insured is 71 or older), he or she will not have a guarantee period for the whole of life at the end of the periodic payment plan assuming all payments are made as planned. The maximum face amount that may be specified is the amount which will provide the minimum guarantee period, which in most states is one year. The initial face amount and initial payment determine the guarantee period. If the initial face amount is in excess of the minimum, the guarantee period will be shorter.

**INITIAL GUARANTEE PERIOD.** The initial guarantee period for a Contract will be determined by the initial payment and face amount. It will not take the planned payments into account. Instead, the guarantee period will be adjusted as each planned payment is made.

The guarantee period is the period of time Merrill Lynch Life guarantees that the Contract will remain in force regardless of investment experience unless the debt exceeds certain values. The guarantee period is

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based on the guaranteed maximum cost of insurance rates in the Contract, the deferred contract loading and a 4% interest assumption. This means that for a given initial payment and face amount, different insureds will have different guarantee periods depending on their age, sex and underwriting class. For example, an older insured will have a shorter guarantee period than a younger insured of the same sex and in the same underwriting class.

The maximum guarantee period is for the whole of the insured's life and the minimum guarantee period in most states is one year.

#### PLANNED PAYMENTS

In the application contract owners select a periodic payment plan. This plan must comply with Merrill Lynch Life's rules. (See "Selecting a Periodic Payment Plan" on page 12.) The amount and duration of the planned payments selected, as well as other factors, such as the face amount specified and the insured's age and sex (except where unisex rates are required by state law), will affect whether Merrill Lynch Life will do underwriting on a simplified or medical basis. Once the selected plan is approved, a planned payment may be made at any time without any additional evidence of insurability unless it increases the face amount. In Kentucky, payments under a periodic payment plan may not be made until after the first contract year.

Contract owners may elect another periodic payment plan at a date later than in the application. The amount and duration of the payments elected, as well as other factors, such as the current death benefit and the insured's age and sex

(except where unisex rates are required by state law), will affect whether Merrill Lynch Life will require additional evidence of insurability. Currently, Merrill Lynch Life will not allow the later election of a periodic payment plan where additional evidence of insurability would put the insured in a different underwriting class with different guaranteed or higher current cost of insurance rates.

Contract owners may elect to make planned payments annually, semiannually or quarterly, although no planned payments may be made until after the "free look" period. Payments may also be made on a monthly basis if the contract owner authorizes Merrill Lynch Life to deduct the payment from his or her checking account (pre-authorized checking) or to withdraw the payment from his or her CMA account. Merrill Lynch Life reserves the right to change or discontinue payment deduction procedures. If a contract owner has the CMA Insurance Service, planned payments under any of the above frequencies may be withdrawn automatically from his or her CMA account and transferred to his or her Contract. The withdrawals will continue under the selected plan until Merrill Lynch Life is notified otherwise. For planned payments not being made under pre-authorized checking or withdrawn from a CMA account, Merrill Lynch Life will send the contract owner reminder notices.

Merrill Lynch Life may require satisfactory evidence of insurability before the contract owner will be permitted to make any further additional payments under a periodic payment plan if the payment increases the face amount of the Contract. Failure to make a planned payment will affect the guarantee period. Making a planned payment before the date specified for payment may affect the contract's compliance with the 7-pay test. (See "Tax Considerations" on page 30.)

Contract owners may change the frequency, duration and the amount of planned payments by sending a written request to the Service Center. They may request one change in the amount, one change in the duration and one change in the frequency of payments each contract year. Satisfactory evidence of insurability may be required before the duration or the amount of payments can be increased. The evidence requirements will be based on the amount of the increase in payment and the duration, as well as other factors such as the current death benefit and the insured's age and sex (except where unisex rates are required by state law).

For Contracts that otherwise comply with the 7-pay test, changing the frequency, duration or the amount of planned payments may impact upon such compliance. (See "Tax Considerations" on page 30.)

PAYMENTS UNDER A COMBINATION PERIODIC PAYMENT PLAN. Subject to state regulation, contract owners may add a single premium immediate annuity rider (SPIAR) to their Contract. This rider can be used as a convenient means to pre-pay planned payments through a single deposit. It does so by providing a fixed income for six years or more which can be used to fund the Contract.

The charge for this rider equals 5% of the rider's single payment amount and is deducted directly from the single payment. Of this charge, 4.5% is attributable to distribution expenses and 0.5% is attributable to issuance and administrative expenses relating to the rider. This charge is in addition to the deferred contract loading chargeable to payments made to the Contract from SPIAR income payments. A charge for state premium taxes, which varies depending upon the state in which the contract owner resides, is also deducted directly from the

single payment.

The deposit applied to purchase the SPIAR is not allocated to the Separate Account and is not considered a payment to the Contract. Each amount paid under the SPIAR and applied to the Contract is considered a payment to the Contract when applied. Under this funding plan, a Contract should receive the favorable tax treatment accorded to contracts which comply with the 7-pay test under current federal tax law.

If the insured dies before the income period ends, Merrill Lynch Life will pay the rider value in a lump sum to the beneficiary under the Contract. For tax purposes, this payment won't be considered part of the life insurance death benefit.

If the contract owner surrenders the rider before the end of the income period, Merrill Lynch Life will pay the rider value over five years or apply it to a lifetime income, as selected.

If the contract owner changes ownership of the Contract, Merrill Lynch Life will change the owner of the SPIAR to the new owner of the contract.

If the contract owner dies before the income period ends, Merrill Lynch Life will pay the remaining income payments to the new owner.

If the Contract ends because the insured dies (where the contract owner is not the insured), because Merrill Lynch Life terminates the Contract, or because the Contract is cancelled for its net cash surrender value, Merrill Lynch Life will continue the annuity rider under the same terms. Alternatively, the contract owner may choose one of the options available upon surrender of the rider.

The rider will not have any effect on the Contract's loan value. The reserves for this rider will be held in Merrill Lynch Life's general account.

Pledging, assigning or gifting a Contract with the SPIAR may have tax consequences to the contract owner. Contract owners are advised to consult their tax advisor prior to effecting an assignment, pledge or gift of such a Contract. For a discussion of the tax issues associated with use of a SPIAR, see "Tax Considerations" on page 30.

The combination periodic plan is not available under a joint insureds Contract.

#### PAYMENTS WHICH ARE NOT UNDER A PERIODIC PAYMENT PLAN

After the "free look" period, contract owners may make additional payments which are not under a periodic payment plan provided the attained age of the insured is not over 80. Additional payments may be made at any time up to four times each contract year. The minimum Merrill Lynch Life will accept for these payments is \$500. They may be made whether or not the contract owner is making planned payments. In Kentucky, no additional payments may be made until after the first contract year. For Contracts that otherwise comply with the 7-pay test, making an additional payment that is not under the periodic payment plan selected when the Contract was issued may impact upon such compliance. (See "Tax Considerations" on page 30.)

Merrill Lynch Life may require satisfactory evidence of insurability before a payment is accepted if the payment immediately increases the net amount at risk under the Contract, if the contract owner is

otherwise making planned payments or if the guarantee period at the time of the payment is one year or less. Currently, Merrill Lynch Life will not accept an additional payment which is not under a periodic payment plan where the evidence of insurability would put the insured in a different underwriting class with different guaranteed or higher current cost of insurance rates.

If an additional payment requires evidence of insurability, Merrill Lynch Life will invest that payment in the division investing in the Money Reserve Portfolio. The additional payment will be invested in this division on the business day next following receipt at the Service Center. Once the underwriting is completed and the payment is accepted, the payment invested in the Money Reserve Portfolio will automatically be allocated either according to instructions or, if no instructions have been received, proportionately to the investment base in the Contract's investment divisions.

#### EFFECT OF A PLANNED PAYMENT AND OTHER ADDITIONAL PAYMENTS

Currently, any additional payments (including planned payments) not requiring evidence of insurability will be accepted the day they are received at the Service Center. However, if acceptance of the payment would affect a Contract's compliance with the 7-pay test, to the extent feasible, Merrill Lynch Life will not accept that payment until the contract owner confirms his or her intent to make that payment under those circumstances. If Merrill Lynch Life holds the payment pending receipt of instructions, it will deposit the payment in its general account and credit it with interest until the payment is returned or accepted.

On the date Merrill Lynch Life receives and accepts an additional payment, whether under a periodic payment plan or not, Merrill Lynch Life will:

- increase the Contract's investment base by the amount of the payment;
- increase the deferred contract loading (see "Deferred Contract Loading" on page 17);
- reflect the payment in the calculation of the variable insurance amount (see "Variable Insurance Amount" on page 23); and
- increase the fixed base by the amount of the payment less the deferred contract loading applicable to the payment (see "The Contract's Fixed Base" on page 20).

If an additional payment requires evidence of insurability, once underwriting is completed and the payment is accepted, acceptance will be effective, and the additional payment will be reflected in contract values as described above, as of the next business day after the payment is received at the Service Center.

As of the processing date on or next following receipt and acceptance of an additional payment, Merrill Lynch Life will increase either the guarantee period or face amount or both. If the guarantee period prior to receipt and acceptance

of an additional payment is less than for life, payments will first be used to extend the guarantee period. Any amount in excess of that required to extend the guarantee period to the whole of life or any subsequent additional payment will be used to increase the Contract's face amount.

Merrill Lynch Life will determine the increase in face amount by taking any excess amount or subsequent additional payment, deducting the applicable deferred contract loading, bringing the result up at an annual rate of 4% interest from the date the additional payment is received and accepted to the next processing date, and then multiplying by the applicable net single premium factor. If the additional payment is received and accepted on a processing date, the payment minus the deferred contract loading is multiplied by the applicable net single premium factor. For a further discussion of the effect of additional payments on a Contract's face amount, see "Additional Payments" in the Examples on page 45.

Unless specified otherwise, if there is any debt, any payment made, other than planned payments, will be used first as a loan repayment with any excess applied as an additional payment. (See "Loans" on page 21.)

For joint insureds, see the modifications to this section on page 47.

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#### CHANGING THE FACE AMOUNT

After the first contract year, if the insured is in a standard or non-smoker underwriting class, a contract owner may request a change in the face amount of his or her Contract without making an additional payment subject to the rules and conditions discussed below. A change in face amount is not permitted if the attained age of the insured is over 80. The minimum change in face amount is \$10,000 and only one change may be made each contract year. A change in face amount may affect the mortality cost deduction. (See "Mortality Cost" on page 18.)

The effective date of the change will be the next processing date following the receipt and acceptance of a written request, provided it is received at the Service Center at least seven days before the processing date.

Changing the face amount may have tax consequences. (See "Tax Considerations" on page 30.)

**INCREASING THE FACE AMOUNT.** To increase the face amount of a Contract, Merrill Lynch Life may require satisfactory evidence of insurability. When the face amount is increased, the guarantee period is decreased. The maximum increase in face amount is the amount which will provide the minimum guarantee period for which Merrill Lynch Life would issue a Contract at the time of the request based on the insured's attained age. Currently, Merrill Lynch Life will not permit an increase in face amount where evidence of insurability, if required, would put the insured in a different underwriting class with different guaranteed or higher current cost of insurance rates.

**DECREASING THE FACE AMOUNT.** When the face amount of a Contract is decreased, the guarantee period is increased. The maximum decrease in face amount is that decrease which would provide the minimum face amount for which Merrill Lynch Life would issue a Contract at the time of the request based on the insured's



attained age, sex (except where unisex rates are required by state law) and underwriting class. Merrill Lynch Life won't permit a decrease in face amount below the amount required to keep the Contract qualified as life insurance under federal income tax laws.

DETERMINING THE NEW GUARANTEE PERIOD. As of the effective date of any change in face amount, Merrill Lynch Life takes the fixed base on that date and, based on the attained age and sex (except where unisex rates are required by state law) of the insured and the new face amount of the Contract, it redetermines the guarantee period. A 4% interest assumption and the guaranteed maximum cost of insurance rates is used in these calculations. For a discussion of the effect of changes in the face amount on a Contract's guarantee period, see "Changing the Face Amount" in the Examples on page 45.

For joint insureds, see the modifications to this section on page 48.

#### INVESTMENT BASE

A Contract's investment base is the amount available for investment at any time. It is the sum of the amounts invested in each of the investment divisions. On the contract date, the investment base equals the initial payment. Merrill Lynch Life adjusts the investment base daily to reflect the investment performance of the investment divisions the contract owner has selected. (See "Net Rate of Return for an Investment Division" on page 34.) The investment performance reflects the deduction of Separate Account charges. (See "Charges to the Separate Account" on page 19.)

Deductions for deferred contract loading, mortality cost and net loan cost, as well as partial withdrawals and loans, decrease the investment base. (See "Charges Deducted from the Investment Base" on page 17, "Partial Withdrawals" on page 22 and "Loans" on page 21.) Loan repayments and additional payments increase it. Contract owners may elect from which investment divisions loans and partial withdrawals are taken and to which investment divisions repayments and additional payments are added. If an election is not made, Merrill Lynch Life will allocate increases and decreases proportionately to the investment base in the investment divisions the contract owner has selected. (For special rules on allocation of additional payments which require evidence of insurability, see "Payments Which are Not Under a Periodic Payment Plan" on page 14.)

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INVESTMENT ALLOCATION DURING THE "FREE LOOK" PERIOD AND PREALLOCATION. During the "free look" period, the initial payment will be invested only in the investment division of the Separate Account investing in the Money Reserve Portfolio. After the "free look" period, the contract owner may invest in up to five of the 36 investment divisions in the Separate Account.

Once Merrill Lynch Life's preallocation procedures are available in the state in which the Contract is issued, the following process will apply to initial payments. Through the first 14 days following the in force date the initial payment will remain in the division investing in the Money Reserve Portfolio. Thereafter, the investment base will be reallocated to the investment divisions selected by the contract owner on the application, if different. The contract owner may invest in up to five of the 36 investment divisions of the Separate Account.

CHANGING THE ALLOCATION. After the "free look" period, a contract owner's investment base may be invested in up to five investment divisions at any one time. Currently, investment allocations may be changed as often as desired. However, Merrill Lynch Life may limit the number of changes permitted but not to less than five each contract year. Contract owners will be notified if limitations are imposed.

In order to change their investment base allocation, contract owners must call or write to the Service Center. (See "Some Administrative Procedures" on page 26.) If the "free look" period has expired, Merrill Lynch Life will make the change as soon as the request is received. Contract owners may give allocation requests during the "free look" period and the allocation will be made immediately following the end of the "free look" period.

ZERO TRUST ALLOCATIONS. Merrill Lynch Life will notify contract owners 30 days before a Zero Trust in which they have invested matures. Contract owners must tell Merrill Lynch Life in writing at least seven days before the maturity date how to reinvest their funds in the division investing in that Zero Trust. If Merrill Lynch Life is not notified, it will move the contract owner's investment base in that division to the investment division investing in the Money Reserve Portfolio.

Units of a specific Zero Trust may no longer be available when a request for allocation is received. Should this occur, Merrill Lynch Life will attempt to notify the contract owner immediately so that the request can be changed.

ALLOCATION TO THE DIVISION INVESTING IN THE NATURAL RESOURCES PORTFOLIO. Merrill Lynch Life and the Separate Account reserve the right to suspend the sale of units of the investment division investing in the Natural Resources Portfolio in response to conditions in the securities markets or otherwise.

#### CHARGES DEDUCTED FROM THE INVESTMENT BASE

The charges described below are deducted pro-rata from the investment base on processing dates. Merrill Lynch Life also deducts certain asset and trust charges daily from the investment results of each investment division in the Separate Account in determining its net rate of return. Currently the asset and trust charges are equivalent to .90% and .34% annually at the beginning of the year. (See "Charges to the Separate Account" on page 19.) The portfolios in the Series Fund and Variable Series Funds also pay monthly advisory fees and other expenses. (See "Charges to Series Fund Assets" and "Charges to Variable Series Funds Assets" on pages 35 and 36.) For a discussion of the charges applicable to the SPIAR issued under a combination periodic plan, see page 14.

DEFERRED CONTRACT LOADING. 100% of all premium payments are invested in the Separate Account. Chargeable to each payment is an amount called the deferred contract loading. The deferred contract loading equals 9% of each payment. This charge consists of a sales load, a charge for federal income taxes and a state and local premium tax charge.

The sales load, equal to 4.5% of each payment, compensates Merrill Lynch Life for sales expenses. The sales load may be reduced if cumulative payments are sufficiently high to reach certain breakpoints (2% of payments in excess of \$1.5 million and 0% of payments in excess of \$4 million) and in certain group or

sponsored arrangements as described on page 28. Merrill Lynch Life anticipates that the sales load charge may be insufficient to cover distribution expenses. Any shortfall will be made up from Merrill Lynch Life's general account which may include amounts derived from mortality gains and asset charges.

The charge for federal taxes, equal to 2% of each payment, compensates Merrill Lynch Life for a significantly higher corporate income tax liability resulting from changes made to the Internal Revenue Code by the Omnibus Budget Reconciliation Act of 1990. (See "Merrill Lynch Life's Income Taxes" on page 33.) This charge is treated as a sales load for purposes of determining compliance with the limitations on sales loads imposed by the Investment Company Act of 1940 and applicable regulations thereunder.

The state and local premium tax charge, equal to 2.5% of each payment, compensates Merrill Lynch Life for state and local premium taxes Merrill Lynch Life must pay when a payment is accepted. Premium taxes vary from state to state. The 2.5% rate is the minimum rate expected on payments from all states.

Although chargeable to each payment, Merrill Lynch Life advances the amount of the deferred contract loading to the investment divisions as part of a contract owner's investment base. It then takes back these funds in equal installments on the ten contract anniversaries following the date a payment is received and accepted. This means that an amount equal to .90% of each payment is deducted from the investment base on each of the ten contract anniversaries following the payment. However, in determining a Contract's net cash surrender value, Merrill Lynch Life subtracts from the investment base the balance of the deferred contract loading which is chargeable to any payment made but which has not yet been deducted. Thus, this balance is deducted in determining the amount payable on surrender of the Contract.

During the period that the deferred contract loading is included in the investment base, a positive net rate of return will give greater increases in net cash surrender value and a negative net rate of return will give greater decreases in net cash surrender value than if the loading had not been included in the investment base.

For joint insureds, see the modifications to this subsection on page 48.

**MORTALITY COST.** Merrill Lynch Life deducts a mortality cost from the investment base on each processing date after the contract date. This charge compensates Merrill Lynch Life for the cost of providing life insurance coverage for the insured. It is based on the underwriting class assigned to the insured, the insured's sex (except where unisex rates are required by state law) and attained age and the Contract's net amount at risk.

To determine the mortality cost, Merrill Lynch Life multiplies the current cost of insurance rate by the Contract's net amount at risk (adjusted for interest at an annual rate of 4%). The net amount at risk is the difference, as of the previous processing date, between the death benefit and the cash surrender value.

Current cost of insurance rates may be equal to or less than the guaranteed cost of insurance rates depending on the insured's underwriting class, sex (except where unisex rates are required by state law) and attained age. For all

insureds, current cost of insurance rates distinguish between insureds in the simplified underwriting class and medical underwriting class. For insureds age 20 and over, current cost of insurance rates also distinguish between insureds in a smoker (standard) underwriting class and insureds in a non-smoker underwriting class. For Contracts issued on insureds under the same underwriting method, current cost of insurance rates are lower for an insured in a non-smoker underwriting class than for an insured of the same age and sex in a smoker (standard) underwriting class. Also, current cost of insurance rates are lower for an insured in a medical underwriting class than for a similarly situated insured in a simplified underwriting class. The simplified current cost of insurance rates are higher because less underwriting is performed and therefore more risk is incurred.

Merrill Lynch Life guarantees that the current cost of insurance rates will never exceed the maximum guaranteed rates shown in the Contract. The maximum guaranteed rates for Contracts (other than those issued on a substandard basis) do not exceed the rates based on the 1980 Commissioners Standard

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Ordinary Mortality Table (CSO Table). Merrill Lynch Life may use rates that are equal to or less than these rates, but never greater. The maximum rates for Contracts issued on a substandard basis are based on a multiple of the 1980 CSO Table. Any change in the cost of insurance rates will apply to all insureds of the same age, sex and underwriting class whose Contracts have been in force for the same length of time.

During the period between processing dates, the net cash surrender value takes the mortality cost into account on a pro-rated basis. Thus, a pro-rata portion of the mortality cost is deducted in determining the amount payable on surrender of the Contract if the date of surrender is not a processing date.

For joint insureds, see the modifications to this subsection on page 48.

MAXIMUM MORTALITY COST. During the guarantee period, Merrill Lynch Life limits the deduction for mortality cost if investment results are unfavorable. This is done by substituting the fixed base for the cash surrender value in determining the net amount at risk and by multiplying by the guaranteed cost of insurance rate. Merrill Lynch Life will deduct this alternate amount from the investment base when it is less than the mortality cost that would have otherwise been deducted. In effect, during the guarantee period, a contract owner will not be charged for mortality costs that are greater than those for a comparable fixed contract, based on 4% interest and the same guaranteed cost of insurance rates. (See "The Contract's Fixed Base" on page 20.)

NET LOAN COST. The net loan cost is explained under "Loans" on page 21.

#### CHARGES TO THE SEPARATE ACCOUNT

Each day Merrill Lynch Life deducts an asset charge from each division of the Separate Account. The total amount of this charge is computed at .90% annually at the beginning of the year. Of this amount, .75% is for

- the risk assumed by Merrill Lynch Life that insureds as a group will live for a shorter time than actuarial tables predict. As a result, Merrill Lynch Life would be paying more in death benefits than planned; and
- the risk assumed by Merrill Lynch Life that it will cost more to issue and administer the Contracts than expected.

The remaining amount, .15%, is for

- the risks assumed by Merrill Lynch Life with respect to potentially unfavorable investment results. One risk is that the Contract's cash surrender value cannot cover the charges due during the guarantee period. The other risk is that Merrill Lynch Life may have to limit the deduction for mortality cost (see "Maximum Mortality Cost" above).

The total charge may not be increased. Merrill Lynch Life will realize a gain from this charge to the extent it is not needed to provide for benefits and expenses under the Contracts.

CHARGES TO DIVISIONS INVESTING IN THE ZERO TRUSTS. Merrill Lynch Life assesses a daily trust charge against the assets of each division investing in the Zero Trusts. This charge reimburses Merrill Lynch Life for the transaction charge paid to MLPF&S when units are sold to the Separate Account.

The trust charge is currently equivalent to .34% annually at the beginning of the year. It may be increased, but will not exceed .50% annually at the beginning of the year. The charge is based on cost (taking into account our loss of interest) with no expected profit.

TAX CHARGES. Merrill Lynch Life has the right under the Contract to impose a charge against Separate Account assets for its taxes, if any. Such a charge is not currently imposed, but it may be in the future. However, see page 17 for a discussion of tax charges included in deferred contract loading.

#### GUARANTEE PERIOD

Merrill Lynch Life guarantees that the Contract will stay in force for the guarantee period. The guarantee period will be affected by a requested change in the face amount and may also be affected by additional

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payments. Each payment will extend the guarantee period until such time as it is guaranteed for the insured's life. A partial withdrawal may affect the guarantee period in certain circumstances. Merrill Lynch Life will not cancel the Contract during the guarantee period unless the debt exceeds certain contract values. (See "Loans" on page 21.) A reserve is held in Merrill Lynch Life's general account to support this guarantee.

WHEN THE GUARANTEE PERIOD IS LESS THAN FOR LIFE. After the end of the guarantee period, Merrill Lynch Life will cancel the Contract if the cash surrender value on a processing date is negative. This negative cash surrender value will be considered an overdue charge. (See "Charges Deducted from the Investment Base" on page 17.)

Merrill Lynch Life will notify the contract owner before cancelling the Contract. He or she will then have 61 days to pay the charges due on the processing date when the cash surrender value became negative. Merrill Lynch Life will cancel the Contract at the end of this grace period if payment has not yet been received.

Subject to state regulation, if Merrill Lynch Life cancels a Contract, it may be

reinstated while the insured is still living if:

- the reinstatement is requested within three years after the end of the grace period;
- Merrill Lynch Life receives satisfactory evidence of insurability; and
- the reinstatement payment is paid. The reinstatement payment is the minimum payment for which Merrill Lynch Life would then issue a Contract for the minimum guarantee period with the same face amount as the original Contract, based on the insured's attained age and underwriting class as of the effective date of the reinstated Contract.

A reinstated Contract will be effective on the processing date on or next following the date the reinstatement application is approved.

For joint insureds, see the modifications to this section on page 48.

THE CONTRACT'S FIXED BASE. On the contract date, the fixed base equals the cash surrender value. From then on, the fixed base is calculated like the cash surrender value except that the calculation substitutes 4% for the net rate of return, the guaranteed maximum cost of insurance rates are substituted for the current rates and it is calculated as though there had been no loans or repayments. The fixed base is equivalent to the cash surrender value for a comparable fixed benefit contract with the same face amount and guarantee period. After the guarantee period, the fixed base is zero. The fixed base is used to limit the mortality cost deduction and Merrill Lynch Life's right to cancel the Contract during the guarantee period.

#### NET CASH SURRENDER VALUE

A Contract's net cash surrender value fluctuates daily with the investment results of the investment divisions selected. Merrill Lynch Life doesn't guarantee any minimum net cash surrender value. On a processing date which is also a contract anniversary, the net cash surrender value equals:

- the Contract's investment base on that date;
- minus the balance of the deferred contract loading which has not yet been deducted from the investment base (see "Deferred Contract Loading" on page 17).

If the date of calculation is not a processing date, the net cash surrender value is calculated in a similar manner but Merrill Lynch Life also subtracts a pro-rata portion of the mortality cost which would otherwise be deducted on the next processing date. And, if there is any existing debt, Merrill Lynch Life will also subtract a pro-rata net loan cost on dates other than the contract anniversary.

CANCELLING TO RECEIVE NET CASH SURRENDER VALUE. A contract owner may cancel the Contract at any time while the insured is living. The request must be in writing in a form satisfactory to Merrill Lynch Life. All rights to death benefits will end the date the written request is sent to Merrill Lynch Life.

The contract owner will then receive the net cash surrender value. The contract owner may elect to receive this amount either in a single payment or under one or more income plans described on page 28. The net cash surrender value will be determined upon receipt of the written request at the Service Center.

For joint insureds, see the modifications to this subsection on page 48.

## LOANS

Contract owners may use the Contract as collateral to borrow funds from Merrill Lynch Life. The minimum loan is \$1,000 unless the contract owner is borrowing to make a payment on another Merrill Lynch Life variable life insurance contract. In that case, the contract owner may borrow the exact amount required even if it's less than \$1,000. Contract owners may repay all or part of the loan any time during the insured's lifetime. Each repayment must be for at least \$1,000 or the amount of the debt, if less. Loan repayments will first be allocated to loans above the target loan amount and then to loans from the target loan amount. (See "Target Loan Amount" below.)

Certain states won't permit a minimum amount that can be borrowed or repaid.

When a loan is taken, Merrill Lynch Life transfers a portion of the contract owner's investment base equal to the amount borrowed out of the investment divisions and holds it as collateral in its general account. When a loan repayment is made, Merrill Lynch Life transfers an amount equal to the repayment from the general account to the investment divisions. The contract owner may select from which divisions borrowed amounts should be taken and which divisions should receive repayments (including interest payments). Otherwise, Merrill Lynch Life will take the borrowed amounts proportionately from and make repayments proportionately to the contract owner's investment base as then allocated in the investment divisions.

If a contract owner has the CMA Insurance Service, loans may be transferred to and loan repayments transferred from his or her CMA account.

**EFFECT ON DEATH BENEFIT AND CASH SURRENDER VALUE.** Whether or not a loan is repaid, taking a loan will have a permanent effect on a Contract's cash surrender value and may have a permanent effect on its death benefit. This is because the collateral for a loan does not participate in the performance of the investment divisions while the loan is outstanding. If the amount credited to the collateral is more than what is earned in the investment divisions, the cash surrender value will be higher as a result of the loan, as may be the death benefit. Conversely, if the amount credited is less, the cash surrender value will be lower, as may be the death benefit. In that case, the lower cash surrender value may cause the Contract to lapse sooner than if no loan had been taken.

**LOAN VALUE.** The loan value of a Contract equals 90% of its cash surrender value. The sum of all outstanding loan amounts plus accrued interest is called debt. The maximum amount that can be borrowed at any time is the difference between the loan value and the debt. The cash surrender value is the net cash surrender value plus any debt.

**TARGET LOAN AMOUNT.** A loan is deemed to first be taken from the target loan amount, if any, and then from amounts above the target loan amount. The target loan amount is equal to the investment base at the time a loan is made, plus prior loans not repaid, plus prior withdrawals made, less the initial and any additional payments made.

**INTEREST.** While a loan is outstanding, Merrill Lynch Life charges interest of 6% annually, subject to state regulation. Interest accrues each day and payments are due at the end of each contract year. If the interest isn't paid when due, it is added to the outstanding loan amount. Interest paid on a loan may not be tax deductible.

The amount held in Merrill Lynch Life's general account as collateral for a loan earns interest at a minimum of 4% annually. The amount held in Merrill Lynch Life's general account as collateral for loans taken up to the target loan amount currently earns interest at 6% annually.

NET LOAN COST. On each contract anniversary, Merrill Lynch Life reduces the investment base by the net loan cost (the difference between the interest charged and the earnings on the amount held as collateral in the general account) and adds that amount to the amount held in the general account as collateral for the loan. Since the interest charged and the collateral earnings on the target loan amount currently are both 6% annually, there is no net loan cost on loaned amounts up to the target loan amount. Since the interest charged on amounts above the target loan amount is 6% and the collateral earnings on such amounts are 4%, the net loan cost on loaned amounts above the target loan amount is 2%. Taken into account in determining the net cash surrender value of the Contract if the date of surrender is not a contract anniversary.

CANCELLATION DUE TO EXCESS DEBT. If the debt exceeds the larger of the cash surrender value and the fixed base on a processing date, Merrill Lynch Life will cancel the Contract 61 days after a notice of intent to terminate the Contract is mailed to the contract owner unless Merrill Lynch Life has received at least the minimum repayment amount specified in the notice. If the Contract lapses with a loan outstanding, adverse tax consequences may result. (See "Tax Considerations" on page 30.)

PARTIAL WITHDRAWALS

Currently, after a Contract is in force for fifteen years, and subject to state regulation, a contract owner may make partial withdrawals by submitting a request in a form satisfactory to Merrill Lynch Life. The effective date of the withdrawal is the date a withdrawal request is received at the Service Center. Contract owners may elect to receive the withdrawal amount either in a single payment or, subject to Merrill Lynch Life's rules, under one or more income plans.

Contract owners may make one partial withdrawal each contract year. The minimum amount for each partial withdrawal is \$500. The maximum amount of each partial withdrawal is set forth below.

<TABLE>  
<CAPTION>

CONTRACT YEAR -----	MAXIMUM -----
<S>	<C>
16.....	25% of payments made
17.....	50%
18.....	75%
19+.....	100%

</TABLE>

The amount of any partial withdrawal may not exceed the loan value less any debt. The total amount of partial withdrawals may not exceed the amount of the initial payment plus any additional payments made under the Contract. A partial withdrawal may not be repaid.

EFFECT ON INVESTMENT BASE, FIXED BASE AND DEATH BENEFIT. As of the effective date of the withdrawal, the investment base and fixed base will be reduced by



the amount of the partial withdrawal. Merrill Lynch Life allocates this reduction proportionately to the investment base in the contract owner's investment divisions unless notified otherwise. The variable insurance amount will also reflect the partial withdrawal as of the effective date.

EFFECT ON GUARANTEED BENEFITS. As of the processing date on or next following a partial withdrawal, Merrill Lynch Life reduces the Contract's face amount. This is done by taking the fixed base as of that processing date and determining what face amount that fixed base would support for the Contract's guarantee period. If this produces a face amount below the minimum face amount for the Contract, Merrill Lynch Life will reduce the face amount to that minimum and reduce the guarantee period, based on the reduced face amount, the fixed base and the insured's sex, (except where unisex rates are required by state law) attained age and underwriting class. The minimum face amount for a Contract is the greater of the minimum face amount for which Merrill Lynch Life would then issue the Contract, based on the insured's sex, attained age and underwriting class, and the minimum amount required to keep the Contract qualified as life insurance under applicable tax law. For a discussion of the effect of partial withdrawals on a Contract's guaranteed benefits, see "Partial Withdrawals" in the Examples on page 46.

A partial withdrawal may affect compliance with the 7-pay test. For a discussion of the tax issues associated with a partial withdrawal, see "Tax Considerations" on page 30.

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Partial withdrawals are not available under a joint insureds Contract.

#### DEATH BENEFIT PROCEEDS

Merrill Lynch Life will pay the death benefit proceeds to the beneficiary upon receipt of all information needed to process the payment, including due proof of the insured's death.

AMOUNT OF DEATH BENEFIT PROCEEDS. The death benefit proceeds are equal to the death benefit, which is the larger of the current face amount and the variable insurance amount, less any debt. The death benefit proceeds will also include any amounts payable under any riders.

The values used in calculating the death benefit proceeds are as of the date of death. The death benefit will never be less than the amount required to keep the Contract qualified as life insurance under federal income tax laws. If the insured dies during the grace period, the death benefit proceeds equal the death benefit proceeds in effect immediately prior to the grace period reduced by any overdue charges. (See "When the Guarantee Period is Less Than for Life" on page 20.)

VARIABLE INSURANCE AMOUNT. Merrill Lynch Life determines the variable insurance amount daily by:

- calculating the cash surrender value; and
- multiplying by the net single premium factor (explained below).

The variable insurance amount will never be less than required by federal tax law.

NET SINGLE PREMIUM FACTOR. The net single premium factor is used to determine the amount of death benefit purchased by \$1.00 of cash surrender value. It is

based on the insured's sex (except where unisex rates are required by state law), underwriting class and attained age on the date of calculation. It decreases daily as the insured's age increases. As a result, the variable insurance amount as a multiple of the cash surrender value will decrease over time. Also, net single premium factors may be higher for a woman than for a man of the same age. A table of net single premium factors as of each anniversary is included in the Contract.

TABLE OF ILLUSTRATIVE NET SINGLE PREMIUM FACTORS  
ON ANNIVERSARIES  
STANDARD UNDERWRITING CLASS

<TABLE>  
<CAPTION>

ATTAINED AGE	MALE	FEMALE
<S>	<C>	<C>
5	10.26605	12.37298
15	7.41158	8.96292
25	5.50384	6.48170
35	3.97197	4.64894
45	2.87749	3.36465
55	2.14058	2.48940
65	1.65786	1.87562
75	1.35394	1.45952
85	1.18029	1.21265

</TABLE>

For joint insureds, see the modifications to this section on page 48.

PAYMENT OF DEATH BENEFIT PROCEEDS

Merrill Lynch Life will generally pay the death benefit proceeds to the beneficiary within seven days after all the information needed to process the payment is received at its Service Center.

Merrill Lynch Life will add interest from the date of the insured's death to the date of payment at an annual rate of at least 4%. The beneficiary may elect to receive the proceeds either in a single payment or under one or more income plans described on page 28. Payment may be delayed if the Contract is being contested or under the circumstances described in "Using the Contract" on page 24 and "Other Contract Provisions" on page 27.

For joint insureds, see the modifications to this section on page 49.

RIGHT TO CANCEL ("FREE LOOK" PERIOD) OR EXCHANGE

A contract owner may cancel his or her Contract during the "free look" period by returning it for a refund. Generally, the "free look" period ends ten days after the Contract is received. Some states allow a longer period of time to return the Contract. If required by the contract owner's state, the "free look" period ends the later of ten days after receiving the Contract and 45 days from the date the application is completed. To cancel the Contract during the "free look" period, the contract owner must mail or deliver the Contract to Merrill Lynch Life's Service Center or to the registered representative who sold it. Merrill Lynch Life will refund the payments made without interest. If cancelled, Merrill Lynch Life may require the contract owner to wait six months before applying

again.

EXCHANGING THE CONTRACT. Contract owners may exchange their Contracts for a contract with benefits that do not vary with the investment results of a separate account. A request to exchange must be in writing within 18 months of the issue date of the Contract. Also, the original Contract must be returned to Merrill Lynch Life's Service Center.

The new contract will have the same owner and beneficiary as those of the original Contract on the date of the exchange. It will have the same issue age, issue date, face amount, cash surrender value, benefit riders and underwriting class as the original Contract on the date of the exchange. Any debt will be carried over to the new contract.

Merrill Lynch Life will not require evidence of insurability to exchange for a new contract.

For joint insureds, see the modifications to this section on page 49.

#### REPORTS TO CONTRACT OWNERS

After the end of each processing period, contract owners will be sent a statement of the allocation of their investment base, death benefit, cash surrender value, any debt and, if there has been a change, the new face amount and guarantee period. All figures will be as of the end of the immediately preceding processing period. The statement will show the amounts deducted from or added to the investment base during the processing period. The statement will also include any other information that may be currently required by a contract owner's state.

Contract owners will receive confirmation of all financial transactions. Such confirmations will show the price per unit of each of the contract owner's investment divisions, the number of units a contract owner has in the investment division and the value of the investment division computed by multiplying the quantity of units by the price per unit. (See "Net Rate of Return for an Investment Division" on page 34.) The sum of the values in each investment division is a contract owner's investment base.

Contract owners will also be sent an annual and a semi-annual report containing financial statements and a list of portfolio securities of the Series Fund and the Variable Series Funds, as required by the Investment Company Act of 1940.

CMA ACCOUNT REPORTING. Contract owners who have the CMA Insurance Service will have certain Contract information included as part of their regular monthly CMA account statement. It will list the investment base allocation, death benefit, net cash surrender value, debt and any CMA account activity affecting the Contract during the month.

#### MORE ABOUT THE CONTRACT

##### USING THE CONTRACT

OWNERSHIP. The contract owner is usually the insured, unless another owner has been named in the application. The contract owner has all rights and options described in the Contract.

The contract owner may want to name a contingent owner. If the contract owner dies before the insured, the contingent owner will own the contract owner's interest in the Contract and have all the contract owner's rights. If the contract owner does not name a contingent owner, the contract owner's estate will own the contract owner's interest in the Contract upon the owner's death.

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If there is more than one contract owner, Merrill Lynch Life will treat the owners as joint tenants with rights of survivorship unless the ownership designation provides otherwise. The owners must exercise their rights and options jointly, except that any one of the owners may reallocate the Contract's investment base by phone if the owner provides the personal identification number as well as the Contract number. One contract owner must be designated, in writing, to receive all notices, correspondence and tax reporting to which contract owners are entitled under the Contract.

CHANGING THE OWNER. During the insured's lifetime, the contract owner has the right to transfer ownership of the Contract. The new owner will have all rights and options described in the Contract. The change will be effective as of the day the notice is signed, but will not affect any payment made or action taken by Merrill Lynch Life before receipt of the notice of the change at the Service Center. Changing the owner may have tax consequences. (See "Tax Considerations" on page 30.)

ASSIGNING THE CONTRACT AS COLLATERAL. Contract owners may assign the Contract as collateral security for a loan or other obligation. This does not change the ownership. However, the contract owner's rights and any beneficiary's rights are subject to the terms of the assignment. Contract owners must give satisfactory written notice at the Service Center in order to make or release an assignment. Merrill Lynch Life is not responsible for the validity of any assignment.

For a discussion of the tax issues associated with a collateral assignment, see "Tax Considerations" on page 30.

NAMING BENEFICIARIES. Merrill Lynch Life will pay the primary beneficiary the death benefit proceeds of the Contract on the insured's death. If the primary beneficiary has died, Merrill Lynch Life will pay the contingent beneficiary. If no contingent beneficiary is living, Merrill Lynch Life will pay the insured's estate.

A contract owner may name more than one person as primary or contingent beneficiaries. Merrill Lynch Life will pay proceeds in equal shares to the surviving beneficiary unless the beneficiary designation provides otherwise.

A contract owner has the right to change beneficiaries during the insured's lifetime, unless the primary beneficiary designation has been made irrevocable. If the designation is irrevocable, the primary beneficiary must consent when certain rights and options are exercised under this Contract. If the beneficiary is changed, the change will take effect as of the day the notice is signed, but will not affect any payment made or action taken by Merrill Lynch Life before receipt of the notice of the change at the Service Center.

CHANGING THE INSURED. If permitted by state regulation, and subject to certain requirements, contract owners may request a change of insured once each contract

year. Merrill Lynch Life must receive a written request from the contract owner and the proposed new insured. Neither the original nor the new insured can have attained ages as of the effective date of the change less than 21 or more than 75. Merrill Lynch Life will also require evidence of insurability for the proposed new insured. If the request for change is approved, insurance coverage on the new insured will take effect on the processing date on or next following the date of approval, provided the new insured is still living.

The Contract will be changed as follows on the effective date:

- The issue age will be the new insured's issue age (the new insured's age as of the birthday nearest the contract date).
- The guaranteed maximum cost of insurance rates will be those in effect on the contract date for the new insured's issue age, sex (except where unisex rates are required by state law) and underwriting class.
- A charge for changing the insured will be deducted from the Contract's investment base on the effective date. This charge will also be reflected in the Contract's fixed base. The charge will equal \$1.50 per \$1,000 of face amount with a minimum charge of \$200 and a maximum of \$1,500. This charge may be reduced in certain group or sponsored arrangements as described on page 28.
- The variable insurance amount will reflect the change of insured.

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- The Contract's issue date will be the effective date of the change.

The face amount or guarantee period may also change on the effective date depending on the new insured's age, sex (except where unisex rates are required by state law) and underwriting class. The new guarantee period cannot be less than the minimum guarantee period for which Merrill Lynch Life would then issue a Contract based on the new insured's attained age as of the effective date of the change.

This option is not available for joint insureds.

For a discussion of the tax issues associated with changing the insured, see "Tax Considerations" on page 30.

**MATURITY PROCEEDS.** The maturity date is the anniversary nearest the insured's 100th birthday. On the maturity date, Merrill Lynch Life will pay the net cash surrender value to the contract owner, provided the insured is still living at that time.

**HOW MERRILL LYNCH LIFE MAKES PAYMENTS.** Merrill Lynch Life generally pays death benefit proceeds, partial withdrawals, loans and net cash surrender value on cancellation from the Separate Account within seven days after the Service Center receives all the information needed to process the payment.

However, it may delay payment from the Separate Account if it isn't practical for Merrill Lynch Life to value or dispose of Trust units, Series Fund shares or Variable Series Funds shares because:

- the New York Stock Exchange is closed, other than for a customary weekend or holiday; or

- trading on the New York Stock Exchange is restricted by the Securities and Exchange Commission; or
- the Securities and Exchange Commission declares that an emergency exists such that it is not reasonably practical to dispose of securities held in the Separate Account or to determine the value of their assets; or
- the Securities and Exchange Commission by order so permits for the protection of contract owners.

For joint insureds, see the modifications to this section on page 49.

#### SOME ADMINISTRATIVE PROCEDURES

Described below are certain administrative procedures. Merrill Lynch Life reserves the right to modify them or to eliminate them. For administrative and tax purposes, Merrill Lynch Life may from time to time require that specific forms be completed in order to accomplish certain transactions, including surrenders.

**PERSONAL IDENTIFICATION NUMBER.** Merrill Lynch Life will send each contract owner a four-digit personal identification number ("PIN") shortly after the Contract is placed in force and before the end of the "free look" period. This number must be given when a contract owner calls the Service Center to get information about the Contract, to make a loan (if an authorization is on file), or to make other requests. Unless the contract owner has preallocated the Contract's investment base, the personal identification number will be accompanied by a notice reminding the contract owner that all of the investment base is in the division investing in the Money Reserve Portfolio and that this allocation may be changed by calling or writing to the Service Center. (See "Changing the Allocation" on page 17.)

**REALLOCATING THE INVESTMENT BASE.** Contract owners can reallocate their investment base either in writing in a form satisfactory to Merrill Lynch Life or by phone. If the reallocation is requested by phone, contract owners must give their personal identification number as well as their Contract number. Merrill Lynch Life will give a confirmation number over the phone and then follow up in writing.

**REQUESTING A LOAN.** A loan may be requested in writing in a form satisfactory to Merrill Lynch Life or, if all required authorization forms are on file, by phone. Once the authorization has been received at the Service Center, contract owners can call the Service Center, give their Contract number, name and personal identification number, and tell Merrill Lynch Life the loan amount and from which divisions the loan should be taken.

Merrill Lynch Life will wire the funds to the account at the financial institution named on the contract owner's authorization. Merrill Lynch Life will generally wire the funds within two working days of receipt of the request. If the contract owner has the CMA Insurance Service, funds may be transferred directly to that CMA account.

**REQUESTING PARTIAL WITHDRAWALS.** Partial withdrawals may be requested in writing in a form satisfactory to Merrill Lynch Life. A contract owner may request a

partial withdrawal by phone if all required phone authorization forms are on file. Once the authorization has been received at the Service Center, contract owners can call the Service Center, give their Contract number, name and personal identification number, and tell Merrill Lynch Life how much to withdraw and from which investment divisions.

Merrill Lynch Life will wire the funds to the account at the financial institution named on the contract owner's authorization. Merrill Lynch Life will generally wire the funds within two working days of receipt of the request. If the contract owner has the CMA Insurance Service, funds may be transferred directly to that CMA account.

TELEPHONE REQUESTS. A telephone request for a loan, partial withdrawal or a reallocation received before 4 p.m. (ET) generally will be processed the same day. A request received at or after 4 p.m. (ET) will be processed the following business day. Merrill Lynch Life reserves the right to change or discontinue telephone transfer procedures.

#### OTHER CONTRACT PROVISIONS

IN CASE OF ERRORS IN THE APPLICATION. If an age or sex given in the application is wrong, it could mean that the face amount or any other Contract benefit is wrong. Merrill Lynch Life will pay what the payments made would have bought for the guarantee period at the true age or sex.

INCONTESTABILITY. Merrill Lynch Life will rely on statements made in the applications. Legally, they are considered representations, not warranties. Merrill Lynch Life can contest the validity of a Contract if any material misstatements are made in the initial application. Merrill Lynch Life can also contest the validity of any change in face amount requested if any material misstatements are made in any application required for that change. Merrill Lynch Life can also contest any amount of death benefit which wouldn't be payable except for the fact that an additional payment was made if any material misstatements are made in the application required with the additional payment.

Subject to state regulation, Merrill Lynch Life will not contest the validity of a Contract after it has been in effect during the insured's lifetime for two years from the date of issue. Any change in face amount will not be contested after the change has been in effect during the insured's lifetime for two years from the date of the change. Nor will Merrill Lynch Life contest any amount of death benefit attributable to an additional payment after the death benefit has been in effect during the insured's lifetime for two years from the date the payment was received and accepted.

PAYMENT IN CASE OF SUICIDE. Subject to state regulation, if the insured commits suicide within two years from the Contract's issue date, Merrill Lynch Life will pay only a limited death benefit. The benefit will be equal to the amount of the payments made.

Subject to state regulation, if the insured commits suicide within two years of the effective date of any increase in face amount requested, any amount of death benefit which would not be payable except for the fact that the face amount was increased will be limited to the amount of mortality cost deductions made for the increase.

If the insured commits suicide within two years of any date an additional payment is received and accepted, any amount of death benefit which would not be payable except for the fact that the additional payment was made will be limited to the amount of the payment.

The death benefit will be reduced by any debt.

CONTRACT CHANGES -- APPLICABLE FEDERAL TAX LAW. To receive the tax treatment accorded to life insurance under federal income tax law, the Contract must qualify initially and continue to qualify as life insurance under the Internal Revenue Code or successor law. Therefore, to maintain this qualification to

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the maximum extent of the law, Merrill Lynch Life reserves the right to return any additional payments that would cause the Contract to fail to qualify as life insurance under applicable tax law as interpreted by Merrill Lynch Life. Further, Merrill Lynch Life reserves the right to make changes in the Contract or its riders or to make distributions from the Contract to the extent it is necessary to continue to qualify the Contract as life insurance. Any changes will apply uniformly to all Contracts that are affected and contract owners will be given advance written notice of such changes.

STATE VARIATIONS. Certain Contract features, including the "free look" right, are subject to state variation. The contract owner should read his or her Contract carefully to determine whether any variations apply in the state in which the Contract is issued.

For joint insureds, see the modifications to this section on page 49.

#### INCOME PLANS

Merrill Lynch Life offers several income plans to provide for payment of the death benefit proceeds to the beneficiary. The contract owner may choose one or more income plans at any time during the insured's lifetime. If no plan has been chosen when the insured dies, the beneficiary has one year to apply the death benefit proceeds either paid or payable to that beneficiary to one or more of the plans. The contract owner may also choose one or more income plans if the Contract is cancelled for its net cash surrender value or a partial withdrawal is taken. Merrill Lynch Life's approval is needed for any plan where any income payment would be less than \$100. Payments under these plans do not depend on the investment results of a separate account.

For joint insureds, see the modifications to this section on page 50.

Income plans include:

ANNUITY PLAN. An amount can be used to purchase a single premium immediate annuity. (Annuity purchase rates will be 3% less than for new annuitants.)

INTEREST PAYMENT. Amounts can be left with Merrill Lynch Life to earn interest at an annual rate of at least 3%. Interest payments can be made annually, semi-annually, quarterly or monthly.

INCOME FOR A FIXED PERIOD. Payments are made in equal installments for up to a fixed number of years.

INCOME FOR LIFE. Payments are made in equal monthly installments until death of a named person or end of a designated period, whichever is later. The designated period may be for 10 or 20 years.

INCOME OF A FIXED AMOUNT. Payments are made in equal installments until proceeds applied under the option and interest on unpaid balance at not less



than 3% per year are exhausted.

JOINT LIFE INCOME. Payments are made in monthly installments as long as at least one of two named persons is living. While both are living, full payments are made. If one dies, payments at two-thirds of the full amount are made. Payments end completely when both named persons die.

Once in effect, some of the plans may not provide any surrender rights.

#### GROUP OR SPONSORED ARRANGEMENTS

For certain group or sponsored arrangements, Merrill Lynch Life may reduce the sales load, cost of insurance rates and the minimum payment and may modify underwriting classifications and requirements.

Group arrangements include those in which a trustee or an employer, for example, purchases Contracts covering a group of individuals on a group basis. Sponsored arrangements include those in which an employer allows Merrill Lynch Life to sell Contracts to its employees on an individual basis.

Costs for sales, administration and mortality generally vary with the size and stability of the group and the reasons the Contracts are purchased, among other factors. Merrill Lynch Life takes all these factors into account when reducing charges. To qualify for reduced charges, a group or sponsored arrangement must

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meet certain requirements, including requirements for size and number of years in existence. Group or sponsored arrangements that have been set up solely to buy Contracts or that have been in existence less than six months will not qualify for reduced charges.

Merrill Lynch Life makes any reductions according to rules in effect when an application for a Contract or additional payment is approved. It may change these rules from time to time. However, reductions in charges will not discriminate unfairly against any person.

#### UNISEX LEGAL CONSIDERATIONS FOR EMPLOYERS

In 1983 the Supreme Court held in ARIZONA GOVERNING COMMITTEE V. NORRIS that optional annuity benefits provided under an employee's deferred compensation plan could not, under Title VII of the Civil Rights Act of 1964, vary between men and women. In addition, legislative, regulatory or decisional authority of some states may prohibit use of sex-distinct mortality tables under certain circumstances.

The Contracts offered by this Prospectus are based on mortality tables that distinguish between men and women. As a result, the Contract pays different benefits to men and women of the same age. Employers and employee organizations should check with their legal advisers before purchasing these Contracts.

Some states prohibit the use of actuarial tables that distinguish between men and women in determining payments and contract benefits for contracts issued on the lives of their residents. Therefore, Contracts offered in this Prospectus to insure residents of these states will have unisex payments and benefits which are based on actuarial tables that do not differentiate on the basis of sex.

#### SELLING THE CONTRACTS

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") is the principal underwriter of the Contract. It was organized in 1958 under the laws of the state of Delaware and is registered as a broker-dealer under the Securities Exchange Act of 1934. It is a member of the National Association of Securities Dealers, Inc. ("NASD"). The principal business address of MLPF&S is World Financial Center, 250 Vesey Street, New York, New York 10281. MLPF&S also acts

as principal underwriter of other variable life insurance and variable annuity contracts issued by Merrill Lynch Life, as well as variable life insurance and variable annuity contracts issued by ML Life Insurance Company of New York, an affiliate of Merrill Lynch Life. MLPF&S also acts as principal underwriter of certain mutual funds managed by Merrill Lynch Asset Management, the investment adviser for the Series Fund and the Variable Series Funds.

Contracts are sold by registered representatives of MLPF&S who are also licensed through various Merrill Lynch Life Agencies as insurance agents for Merrill Lynch Life. Merrill Lynch Life has entered into a distribution agreement with MLPF&S and companion sales agreements with the Merrill Lynch Life Agencies through which agreements the Contracts are sold and the registered representatives are compensated by Merrill Lynch Life Agencies and/or MLPF&S.

The maximum commission Merrill Lynch Life will pay to the applicable insurance agency to be used to pay Contract commissions to registered representatives is 7.1% of each Contract premium. Additional annual compensation of no more than 0.10% of the Contract's investment base may also be paid to the registered representatives. Commissions may be paid in the form of non-cash compensation.

If the contract owner has also purchased the single premium immediate annuity rider (SPIAR) to fund his or her Contract, the maximum commission Merrill Lynch Life will pay to the applicable insurance agency to be used to pay SPIAR commissions to registered representatives is 4.5% of each SPIAR premium.

The amounts paid under the distribution and sales agreements related to Contracts invested in the Separate Account for the year ended December 31, 1993 and December 31, 1992 were \$ \_\_\_\_\_ and \$119,298, respectively.

MLPF&S may arrange for sales of the Contract by other broker-dealers who are registered under the Securities Exchange Act of 1934 and are members of the NASD. Registered representatives of these other broker-dealers may be compensated on a different basis than MLPF&S registered representatives.

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#### TAX CONSIDERATIONS

**DEFINITION OF LIFE INSURANCE.** In order to qualify as a life insurance contract for federal tax purposes, the Contract must meet the definition of a life insurance contract which is set forth in Section 7702 of the Internal Revenue Code of 1986, as amended (the "Code"). The Section 7702 definition can be met if a life insurance contract satisfies either one of two tests that are contained in that section. The manner in which these tests should be applied to certain innovative features of the Contract offered in this Prospectus is not directly addressed by Section 7702 or the proposed regulations issued thereunder. The presence of these innovative Contract features, and the absence of final regulations or any other pertinent interpretations of the tests, thus creates some uncertainty about the application of the tests to the Contract.

Merrill Lynch Life believes that the Contract qualifies as a life insurance contract for federal tax purposes. This means that:

- the death benefit should be fully excludable from the gross income of the beneficiary under Section 101(a)(1) of the Code; and

- the contract owner should not be considered in constructive receipt of the cash surrender value, including any increases, until actual cancellation of the Contract (see "Tax Treatment of Loans and Other Distributions" below).

Because of the absence of final regulations or any other pertinent interpretations of the Section 7702 tests, it, however, is unclear whether substandard risk Contracts or Contracts insuring more than one person will, in all cases, meet the statutory life insurance contract definition. If a contract were determined not to be a life insurance contract for purposes of Section 7702, such contract would not provide most of the tax advantages normally provided by a life insurance contracts.

Merrill Lynch Life thus reserves the right to make changes in the Contract if such changes are deemed necessary to attempt to assure its qualification as a life insurance contract for tax purposes. (See "Contract Changes - Applicable Federal Tax Law" on page 27.)

DIVERSIFICATION. Section 817(h) of the Code provides that separate account investments (or the investments of a mutual fund, the shares of which are owned by separate accounts of insurance companies) underlying the Contract must be "adequately diversified" in accordance with Treasury regulations in order for the Contract to qualify as life insurance. The Treasury Department has issued regulations prescribing the diversification requirements in connection with variable contracts. The Separate Account, through the Series Fund the Variable Series Funds, intends to comply with these requirements. Although Merrill Lynch Life doesn't control the Series Fund or the Variable Series Funds, it intends to monitor the investments of the Series Fund and the Variable Series Funds to ensure compliance with the requirements prescribed by the Treasury Department.

In connection with the issuance of the temporary diversification regulations, the Treasury Department stated that it anticipates the issuance of regulations or rulings prescribing the circumstances in which an owner's control of the investments of a separate account may cause the owner, rather than the insurance company, to be treated as the owner of the assets in the account. If the contract owner is considered the owner of the assets of the Separate Account, income and gains from the account would be included in the owner's gross income.

The ownership rights under the Contract offered in this Prospectus are similar to, but different in certain respects from, those described by the Internal Revenue Service in rulings in which it determined that the owners were not owners of separate account assets. For example, the owner of the Contract has additional flexibility in allocating payments and cash values. These differences could result in the owner being treated as the owner of the assets of the Separate Account. In addition, Merrill Lynch Life does not know what standards will be set forth in the regulations or rulings which the Treasury has stated it expects to be issued. Merrill Lynch Life therefore reserve the right to modify the Contract as necessary to attempt to prevent the contract owner from being considered the owner of the assets of the Separate Account.

TAX TREATMENT OF LOANS AND OTHER DISTRIBUTIONS. Federal tax law establishes a class of life insurance contracts referred to as modified endowment contracts. A modified endowment contract is any contract which satisfies the definition of life insurance set forth in Section 7702 of the Code but fails to meet the 7-pay test. This test applies a cumulative limit on the amount of payments that can be

made into a contract each year in the first seven contract years in order to avoid modified endowment treatment. In effect, compliance with the 7-pay test requires that contracts be purchased with a higher face amount for a given initial payment than would otherwise be required, at a minimum, to meet the definition of life insurance.

Pre-death distributions from contracts that comply with the 7-pay test will generally not be included in gross income to the extent that the amount received does not exceed the owner's investment in the contract. Loans from these contracts will be considered indebtedness of an owner and no part of a loan will constitute income to the owner. However, a lapse of a contract with an outstanding loan will result in the treatment of the loan cancellation (including the accrued interest) as a distribution under the contract and may be taxable.

Any contract received in an exchange for a modified endowment contract will be considered a modified endowment contract and will be subject to the tax treatment accorded to modified endowment contracts that is described in the prospectus. A contract that is not originally classified as a modified endowment contract can become so classified if there is a reduction in benefits during the first seven contract years (including, for example, by a decrease in face amount) or if a material change is made in the contract at any time. A material change includes, but is not limited to, a change in the benefits that was not reflected in a prior 7-pay test computation. This could result from additional payments made after 7-pay test calculations done at the time of the contract exchange. Contract owners may choose not to exercise their right to make additional payments (whether planned or unplanned) in order to preserve their Contract's current tax treatment.

Contracts that do not satisfy the 7-pay test, including contracts which initially satisfied the 7-pay test but later failed the test, will be considered modified endowment contracts subject to the following distribution rules. Loans from, as well as collateral assignments of, modified endowment contracts will be treated as distributions to the contract owner. Furthermore, if the loan interest is capitalized by adding the amount due to the balance of the loan, the amount of the capitalized interest will be treated as a distribution which may be subject to income tax, to the extent of the income in the contract. All pre-death distributions (including loans and collateral assignments) from these contracts will be included in gross income on an income-first basis to the extent of any income in the contract (the cash surrender value less the contract owner's investment in the contract) immediately before the distribution.

The law also imposes a 10% penalty tax on pre-death distributions (including loans, capitalized interest, collateral assignments, partial withdrawals and complete surrenders) from modified endowment contracts to the extent they are included in income, unless such amounts are distributed on or after the taxpayer attains age 59 1/2, because the taxpayer is disabled, or as substantially equal periodic payments over the taxpayer's life (or life expectancy) or over the joint lives (or joint life expectancies) of the taxpayer and his or her beneficiary.

Compliance with the 7-pay test does not imply or guarantee that only seven payments will be required for the initial death benefit to be guaranteed for life. Although this Contract is specifically designed to comply with the 7-pay test and Merrill Lynch Life will modify the payment plan selected, if necessary, to ensure that it complies with the test, certain actions by the contract owner will affect the ability of Merrill Lynch Life to provide such a plan. Following the payment plan as originally established will ensure that the Contract will not be treated as a modified endowment contract. However, making payments in addition to the planned periodic payments established at the onset of the Contract (including payments made in connection with an increase in face amount), accelerating the payment schedules or reducing the benefits during the first seven contract years, may violate the 7-pay test or, at a minimum, reduce the amount that may be paid in the future under the 7-pay test. Further, in the

case of a Contract with joint insureds, reducing the death benefit below the lowest death benefit provided by the Contract during the

first seven years will require retroactive retesting and will probably result in a failure of the 7-pay test regardless of any efforts by Merrill Lynch Life to provide a payment schedule that will not violate the 7-pay test.

**SPECIAL TREATMENT OF LOANS ON THE CONTRACT.** If there is any borrowing against the Contract, whether a modified endowment contract or not, the interest paid on loans may not be tax deductible. There is a possibility that the part of the loan equal to the target loan amount may be treated as subject to the rules of Section 7872 of the Code. If so, the contract owner would be deemed to receive imputed income. Furthermore, the contract owner would then be deemed to pay Merrill Lynch Life additional interest accrued on the loan, which interest may not be tax deductible. While the application of the Section 7872 imputed interest rules to these loans is far from certain, some possibility of their application does exist.

**AGGREGATION OF MODIFIED ENDOWMENT CONTRACTS.** In the case of a pre-death distribution (including a loan, partial withdrawal, collateral assignment or complete surrender) from a contract that is treated as a modified endowment contract under the rules described above, a special aggregation requirement may apply for purposes of determining the amount of the income on the contract. Specifically, if Merrill Lynch Life or any of its affiliates issues to the same contract owner more than one modified endowment contract within a calendar year, then for purposes of measuring the income on the contract with respect to a distribution from any of those contracts, the income on the contract for all those contracts will be aggregated and attributed to that distribution.

**TAXATION OF SINGLE PREMIUM IMMEDIATE ANNUITY RIDER.** If a SPIAR is used to make the payments on the Contract, a portion of each payment from the annuity will be includible in income for federal tax purposes when distributed. The amount of taxable income consists of the excess of the payment amount over the exclusion amount. The exclusion amount is defined as the payment amount multiplied by the ratio of the investment in the annuity rider to the total amount expected to be paid by Merrill Lynch Life under the annuity.

If payments cease because of death before the investment in the annuity rider has been fully recovered, a deduction is allowed for the unrecovered amount. Moreover, if the payments continue beyond the time at which the investment in the annuity rider has been fully recovered, the full amount of each payment will be includible in income. If the SPIAR is surrendered before all of the scheduled payments have been made by Merrill Lynch Life, the remaining income in the annuity rider will be taxed just as in the case of life insurance contracts.

Payments under an immediate annuity rider are not subject to the 10% penalty tax that is generally applicable to distributions from annuities made before the recipient attains age 59 1/2.

Other than the tax consequences described above, and assuming that the SPIAR is not subjected to a pledge, loan or partial withdrawal, no income will be recognized to the contract owner or beneficiary.

The SPIAR does not exist independently of a contract. Accordingly, there are tax consequences if a contract with a SPIAR is assigned, transferred by gift, or pledged. An owner of a Contract with a SPIAR is advised to consult a tax advisor prior to effecting an assignment, gift or pledge of the contract.

**OTHER TRANSACTIONS.** Changing the contract owner or the insured may have tax consequences. Exchanging this Contract for another involving the same insured(s) will have no tax consequences if there is no debt and no cash or other property is received, according to Section 1035(a)(1) of the Code. The new contract would

have to satisfy the 7-pay test from the date of the exchange to avoid characterization as a modified endowment contract. Changing the insured under this Contract may not be treated as an exchange under Section 1035 but rather as a taxable exchange.

OTHER TAXES. Federal estate and state and local estate, inheritance and other taxes depend upon the contract owner's or the beneficiary's specific situation.

OWNERSHIP OF THIS CONTRACT BY NON-NATURAL PERSONS. The above discussion of the tax consequences arising from the purchase, ownership and transfer of the Contract has assumed that the owner of the Contract consists of one or more individuals. Organizations exempt from taxation under Section 501(a) of the Code may be subject to additional or different tax consequences with respect to transactions such

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as contract loans. Further, organizations purchasing Contracts covering the life of an individual who is an officer or employee, or is financially interested in, the taxpayer's trade or business, may be unable to deduct all or a portion of the interest or payments made with respect to the Contract. Such organizations should obtain tax advice prior to the acquisition of this Contract and also before entering into any subsequent changes to or transactions under this Contract.

WE DO NOT MAKE ANY GUARANTEE REGARDING THE TAX STATUS OF ANY CONTRACT OR ANY TRANSACTION REGARDING THE CONTRACT.

THE ABOVE DISCUSSION IS NOT INTENDED AS TAX ADVICE. FOR TAX ADVICE CONTRACT OWNERS SHOULD CONSULT A COMPETENT TAX ADVISER. ALTHOUGH THIS TAX DISCUSSION IS BASED ON MERRILL LYNCH LIFE'S UNDERSTANDING OF FEDERAL INCOME TAX LAWS AS THEY ARE CURRENTLY INTERPRETED, IT CAN'T GUARANTEE THAT THOSE LAWS OR INTERPRETATIONS WILL REMAIN UNCHANGED.

#### MERRILL LYNCH LIFE'S INCOME TAXES

As a result of the Omnibus Budget Reconciliation Act of 1990, insurance companies are generally required to capitalize and amortize certain policy acquisition expenses over a ten year period rather than currently deducting such expenses. This treatment applies to the deferred acquisition expenses of a Contract and will result in a significantly higher corporate income tax liability for Merrill Lynch Life in early contract years. Merrill Lynch Life makes a charge, which is included in the Contract's deferred contract loading, to compensate Merrill Lynch Life for the anticipated higher corporate income taxes that result from the sale of a Contract. (See "Deferred Contract Loading" on page 17.)

Merrill Lynch Life makes no other charges to the Separate Account for any federal, state or local taxes that it incurs that may be attributable to the Separate Account or to the Contracts. Merrill Lynch Life, however, reserves the right to make a charge for any tax or other economic burden resulting from the application of tax laws that it determines to be properly attributable to the Separate Account or to the Contracts.

#### REINSURANCE

Merrill Lynch Life intends to reinsure some of the risks assumed under the Contracts.

#### MORE ABOUT THE SEPARATE ACCOUNT AND ITS DIVISIONS

#### ABOUT THE SEPARATE ACCOUNT

The Separate Account is registered with the Securities and Exchange Commission

under the Investment Company Act of 1940 as a unit investment trust. This registration does not involve any supervision by the Securities and Exchange Commission of Merrill Lynch Life's management or the management of the Separate Account. The Separate Account is also governed by the laws of the State of Arkansas, Merrill Lynch Life's state of domicile.

Merrill Lynch Life owns all of the assets of the Separate Account. These assets are held separate and apart from all of Merrill Lynch Life's other assets. Merrill Lynch Life maintains records of all purchases and redemptions of Series Fund, Variable Series Funds and Zero Trust shares by each of the investment divisions.

#### CHANGES WITHIN THE ACCOUNT

Merrill Lynch Life may from time to time make additional investment divisions available to contract owners. These divisions will invest in investment portfolios Merrill Lynch Life finds suitable for the Contracts. Merrill Lynch Life also has the right to eliminate investment divisions from the Separate Account, to combine two or more investment divisions, or to substitute a new portfolio for the portfolio in which an investment division invests. A substitution may become necessary if, in Merrill Lynch Life's judgment, a portfolio no longer suits the purposes of the Contracts. This may happen due to a change in laws or regulations or in a portfolio's investment objectives or restrictions, or because the portfolio is no longer available for investment, or for some other reason. Merrill Lynch Life would get prior approval from the Arkansas State Insurance Department and the Securities and Exchange Commission before making such a substitution. It would also get any other required approvals before making such a substitution.

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Subject to any required regulatory approvals, Merrill Lynch Life reserves the right to transfer assets of the Separate Account or of any of the investment divisions to another separate account or investment division.

When permitted by law, Merrill Lynch Life reserves the right to:

- deregister the Separate Account under the Investment Company Act of 1940;
- operate the Separate Account as a management company under the Investment Company Act of 1940;
- restrict or eliminate any voting rights of contract owners, or other persons who have voting rights as to the Separate Account; and
- combine the Separate Account with other separate accounts.

#### NET RATE OF RETURN FOR AN INVESTMENT DIVISION

Each investment division has a distinct unit value (also referred to as "price" or "separate account index" in reports furnished to the contract owner by Merrill Lynch Life). When payments or other amounts are allocated to an investment division, a number of units are purchased based on the value of a unit of the investment division as of the end of the valuation period during which the allocation is made. When amounts are transferred out of, or deducted from, an investment division, units are redeemed in a similar manner. A valuation period is each business day together with any non-business days before it. A business day is any day the New York Stock Exchange is open or there's enough trading in portfolio securities to materially affect the net asset value of an investment division.

For each investment division, the separate account index was initially set at \$10.00. The separate account index for each subsequent valuation period fluctuates based upon the net rate of return for that period. Merrill Lynch Life determines the net rate of return of an investment division at the end of each

valuation period. The net rate of return reflects the investment performance of the division for the valuation period and is net of the charges to the Separate Account described above.

For divisions investing in the Series Fund or the Variable Series Funds, shares are valued at net asset value and reflect reinvestment of any dividends or capital gains distributions declared by the Series Fund or the Variable Series Funds.

For divisions investing in the Zero Trusts, units of each Zero Trust are valued at the sponsor's repurchase price, as explained in the prospectus for the Zero Trusts.

#### THE SERIES FUND AND THE VARIABLE SERIES FUNDS

**BUYING AND REDEEMING SHARES.** The Series Fund and the Variable Series Funds sell and redeem their shares at net asset value. Any dividend or capital gain distribution will be reinvested at net asset value in shares of the same portfolio.

**VOTING RIGHTS.** Merrill Lynch Life is the legal owner of all Series Fund and Variable Series Funds shares held in the Separate Account. As the owner, Merrill Lynch Life has the right to vote on any matter put to vote at the Series Fund's and Variable Series Funds' shareholder meetings. However, Merrill Lynch Life will vote all Series Fund and Variable Series Funds shares attributable to Contracts according to instructions received from contract owners. Shares attributable to Contracts for which no voting instructions are received will be voted in the same proportion as shares in the respective investment divisions for which instructions are received. Shares not attributable to Contracts will also be voted in the same proportion as shares in the respective divisions for which instructions are received. If any federal securities laws or regulations, or their present interpretation, change to permit Merrill Lynch Life to vote Series Fund or Variable Series Funds shares in its own right, it may elect to do so.

Merrill Lynch Life determines the number of shares that contract owners have in an investment division by dividing their Contract's investment base in that division by the net asset value of one share of the portfolio.

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Fractional votes will be counted. Merrill Lynch Life will determine the number of shares for which a contract owner may give voting instructions 90 days or less before each Series Fund or Variable Series Funds meeting. Merrill Lynch Life will request voting instruction by mail at least 14 days before the meeting.

Under certain circumstances, Merrill Lynch Life may be required by state regulatory authorities to disregard voting instructions. This may happen if following the instructions would mean voting to change the sub-classification or investment objectives of the portfolios, or to approve or disapprove an investment advisory contract.

Merrill Lynch Life may also disregard instructions to vote for changes initiated by a contract owner in the investment policy or the investment adviser if it disapproves of the proposed changes. Merrill Lynch Life would disapprove a



proposed change only if it was:

- contrary to state law;
- prohibited by state regulatory authorities; or
- decided by management that the change would result in overly speculative or unsound investments.

If Merrill Lynch Life disregards voting instructions, it will include a summary of its actions in the next semi-annual report.

RESOLVING MATERIAL CONFLICTS. Shares of the Series Fund are available for investment by Merrill Lynch Life, ML Life Insurance Company of New York (an indirect wholly owned subsidiary of Merrill Lynch & Co., Inc.) and Monarch Life Insurance Company (an insurance company not affiliated with Merrill Lynch Life or Merrill Lynch & Co., Inc.). Shares of the Variable Series Funds are currently sold only to separate accounts of Merrill Lynch Life, ML Life Insurance Company of New York and Family Life Insurance Company (an insurance company not affiliated with Merrill Lynch Life or Merrill Lynch & Co., Inc.) to fund benefits under certain variable life insurance and variable annuity contracts. The Basic Value Focus Fund, World Income Focus Fund, Global Utility Focus Fund, International Equity Focus Fund, International Bond Fund and Developing Capital Markets Focus Fund are only offered to separate accounts of Merrill Lynch Life and ML Life Insurance Company of New York. The Equity Growth Fund is also offered to Family Life Insurance Company.

It is possible that differences might arise between Merrill Lynch Life's Separate Account and one or more of the other separate accounts which invest in the Series Fund or the Variable Series Funds. In some cases, it is possible that the differences could be considered "material conflicts". Such a "material conflict" could also arise due to changes in the law (such as state insurance law or federal tax law) which affect these different variable life insurance and variable annuity separate accounts. It could also arise by reason of difference in voting instructions from Merrill Lynch Life's contract owners and those of the other insurance companies, or for other reasons. Merrill Lynch Life will monitor events to determine how to respond to such conflicts. If a conflict occurs, Merrill Lynch Life may be required to eliminate one or more investment divisions of the Separate Account which invest in the Series Fund or the Variable Series Funds or substitute a new portfolio for a portfolio in which a division invests. In responding to any conflict, Merrill Lynch Life will take the action which it believes necessary to protect its contract owners.

#### CHARGES TO SERIES FUND ASSETS

The Series Fund incurs operating expenses and pays a monthly advisory fee to MLAM. This fee equals an annual rate of:

- .50% of the first \$250 million of the aggregate average daily net assets of the Series Fund;
- .45% of the next \$50 million of such assets;
- .40% of the next \$100 million of such assets;
- .35% of the next \$400 million of such assets; and
- .30% of such assets over \$800 million.

One or more of the insurance companies investing in the Series Fund has agreed to reimburse the Series Fund so that the ordinary expenses of each portfolio (which include the monthly advisory fee) do not exceed .50% of the portfolio's average daily net assets. These companies have also agreed to reimburse MLAM for any amounts it pays under the investment advisory agreement, as described below. These reimbursement obligations will remain in effect so long as the advisory agreement remains in effect and cannot be amended or terminated without Series Fund approval.

Under its investment advisory agreement, MLAM has agreed that if any portfolio's aggregate ordinary expenses (excluding interest, taxes, brokerage fees, commissions and extraordinary charges) exceed the expense limitations for investment companies in effect under any state securities law or regulation, it will reduce its fee for that portfolio by the amount of the excess. If required, it will reimburse the Series Fund for the excess. This reimbursement agreement will remain in effect so long as the advisory agreement remains in effect and cannot be amended without Series Fund approval.

#### CHARGES TO VARIABLE SERIES FUNDS ASSETS

The Variable Series Funds incurs operating expenses and pays a monthly advisory fee to MLAM. This fee equals an annual rate of .60% of the average daily net assets of the Basic Value Focus Fund, World Income Focus Fund and Global Utility Focus Fund. This fee equals an annual rate of .75%, \_\_\_% and \_\_\_% of the average daily net assets of the International Equity Focus Fund, the International Bond Fund and the Developing Capital Markets Focus Fund, respectively.

Under its investment advisory agreement, MLAM has agreed to reimburse the Variable Series Funds if and to the extent that in any fiscal year the operating expenses of any Fund exceeds the most restrictive expense limitations then in effect under any state securities laws or published regulations thereunder. Expenses for this purpose include MLAM's fee but exclude interest, taxes, brokerage fees and commissions and extraordinary charges, such as litigation. No fee payments will be made to MLAM with respect to any Fund during any fiscal year which would cause the expenses of such Fund to exceed the pro rata expense limitation applicable to such Fund at the time of such payment. This reimbursement agreement will remain in effect so long as the advisory agreement remains in effect and cannot be amended without Variable Series Funds approval.

MLAM and Merrill Lynch Life Agency, Inc. have entered into two agreements which limit the operating expenses paid by each Fund in a given year to 1.25% of its average daily net assets, which is less than the expense limitations imposed by state securities laws or published regulations thereunder. These reimbursement agreements provide that any expenses in excess of 1.25% of average daily net assets will be reimbursed to the Fund by MLAM which, in turn, will be reimbursed by Merrill Lynch Life Agency, Inc.

#### THE ZERO TRUSTS

#### THE 20 ZERO TRUSTS:

<TABLE>  
<CAPTION>

Zero Trust	Maturity Date	Targeted Rate of Return to Maturity as of , 1994
-----	-----	-----

<C>	<S>	<C>
1994	August 15, 1994	
1995	November 15, 1995	
1996	February 15, 1996	
1997	February 15, 1997	
1998	February 15, 1998	
1999	February 15, 1999	
2000	February 15, 2000	
2001	February 15, 2001	
2002	February 15, 2002	
2003	August 15, 2003	
2004		
2005	February 15, 2005	
2006	February 15, 2006	
2007	February 15, 2007	

<TABLE>  
<CAPTION>

Zero Trust	Maturity Date	Targeted Rate of Return to Maturity as of , 1994
2008	February 15, 2008	
<C>	<S>	<C>
2009	February 15, 2009	
2010	February 15, 2010	
2011	February 15, 2011	
2013	February 15, 2013	
2014		

TARGETED RATE OF RETURN TO MATURITY

Because the underlying securities in the Zero Trusts will grow to their face value on the maturity date, it is possible to estimate a compound rate of growth to maturity for the Zero Trust units.

But because the units are held in the Separate Account, the asset charge and the trust charge (described in "Charges to the Separate Account" on page 19) must be taken into account in estimating a net rate of return for the Separate Account. The net rate of return to maturity for the Separate Account depends on the compound rate of growth adjusted for these charges. It does not, however, represent the actual return on a payment Merrill Lynch Life might receive under the Contract on that date, since it does not reflect the charges for deferred contract loading, mortality costs and any net loan cost deducted from a Contract's investment base (described in "Charges Deducted from the Investment Base" on page 17).

Since the value of the Zero Trust units will vary daily to reflect the market value of the underlying securities, the compound rate of growth to maturity for the Zero Trust units and the net rate of return to maturity for the Separate Account will vary correspondingly.

ILLUSTRATIONS

ILLUSTRATIONS OF DEATH BENEFITS, INVESTMENT BASE, CASH SURRENDER VALUES AND ACCUMULATED PAYMENTS

The tables on pages 39 through 44 demonstrate the way in which the Contract works. The tables are based on the following ages, face amounts, payments and guarantee periods and assume maximum mortality charges.

1. The illustration on page 39 is for a Contract issued to a male age 5 in the standard-simplified underwriting class with an initial payment of \$2,000, a face amount of \$144,039 and an initial guarantee period of 15.50 years with planned periodic payments of \$2,000 for six contract years.

2. The illustration on page 40 is for a Contract issued to a male age 35 in the standard-simplified underwriting class with an initial payment of \$3,500, a face amount of \$96,919 and an initial guarantee period of 12.75 years with planned periodic payments of \$3,500 for six contract years.

3. The illustration on page 41 is for a Contract issued to a female age 45 in the standard-simplified underwriting class with an initial payment of \$5,000, a face amount of \$116,558 and an initial guarantee period of 10 years with planned periodic payments of \$5,000 for six contract years.

4. The illustration on page 42 is for a Contract issued to a male age 55 in the standard-simplified underwriting class with an initial payment of \$7,500, a face amount of \$107,681 and an initial guarantee period of 5.50 years with planned periodic payments of \$7,500 for six contract years.

5. The illustration on page 43 is for a Contract issued to a male age 65 in the standard-simplified underwriting class with an initial payment of \$10,000, a face amount of \$103,905 and an initial guarantee period of 3.25 years with planned periodic payments of \$10,000 for six contract years.

37

6. The illustration on page 44 is for a Contract issued to a male age 55 and a female age 55 in the medical underwriting class with an initial payment of \$10,000, a face amount of \$205,818 and an initial guarantee period of 17 years with planned periodic payments of \$10,000 for six contract years.

The tables show how the death benefit, investment base and cash surrender value may vary over an extended period of time assuming hypothetical rates of return (i.e., investment income and capital gains and losses, realized or unrealized) equivalent to constant gross annual rates of 0%, 6% and 12%.

The death benefit, investment base and cash surrender value for a Contract would be different from those shown if the actual rates of return averaged 0%, 6% and 12% over a period of years, but also fluctuated above or below those averages for individual contract years.

The amounts shown for the death benefit, investment base and cash surrender value as of the end of each contract year take into account the daily asset charge in the Separate Account equivalent to .90% (annually at the beginning of the year) of assets attributable to the Contracts at the beginning of the year.

The amounts shown in the tables also assume an additional charge of %. This charge assumes that investment base is allocated equally among all investment divisions and is based on the 1993 expenses (including monthly advisory fees)

for the Series Fund and the Variable Series Funds, anticipated 1994 expenses for the International Bond Fund and the Developing Capital Markets Focus Fund, and the current trust charge. This charge does not reflect expenses incurred by the Global Strategy Portfolio and the Natural Resources Portfolio of the Series Fund in 1993, which were reimbursed to the Series Fund by MLAM. The reimbursements amounted to .01% and .09%, respectively, of the average daily net assets of these portfolios. (See "Charges to Series Fund Assets" on page 35.) The actual charge under a Contract for Series Fund and Variable Series Funds expenses and the trust charge will depend on the actual allocation of the investment base and may be higher or lower depending on how the investment base is allocated.

Taking into account the .90% asset charge in the Separate Account and the % charge described above, the gross annual rates of investment return of 0%, 6% and 12% correspond to net annual rates of %, %, and %, respectively. The gross returns are before any deductions and should not be compared to rates which are after deduction of charges.

The hypothetical returns shown on the tables are without any income tax charges that may be attributable to the Separate Account in the future (although they do reflect the charge for federal income taxes included in the deferred contract loading, see "Deferred Contract Loading" on page 17). In order to produce after tax returns of 0%, 6% and 12%, the Series Fund and the Variable Series Funds would have to earn a sufficient amount in excess of 0% or 6% or 12% to cover any tax charges attributable to the Separate Account.

The second column of the tables shows the amount which would accumulate if an amount equal to the payments were invested to earn interest (after taxes) at 5% compounded annually.

Merrill Lynch Life will furnish upon request a comparable illustration reflecting the proposed insured's age, face amount and the payment amounts requested. The illustration will also use current cost of insurance rates and will assume that the proposed insured is in a standard underwriting class.

FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE CONTRACT

MALE ISSUE AGE 5

\$2,000 INITIAL PAYMENT FOR STANDARD-SIMPLIFIED UNDERWRITING CLASS

FACE AMOUNT: \$144,039 INITIAL GUARANTEE PERIOD (1): 15.50 YEARS

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>  
<CAPTION>

CONTRACT YEAR	PAYMENTS (2)	TOTAL PAYMENTS MADE PLUS INTEREST AT 5% AS OF END OF YEAR	END OF YEAR DEATH BENEFIT (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
			0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>
1.....	\$2,000	\$ 2,100			
2.....	2,000	4,305			
3.....	2,000	6,620			
4.....	2,000	9,051			
5.....	2,000	11,604			

6.....	2,000	14,284
7.....	2,000	17,098
8.....	0	17,953
9.....	0	18,851
10.....	0	19,793
15.....	0	25,262
20 (age 25) .....	0	32,241
30 (age 35) .....	0	52,518
60 (age 65) .....	0	226,978

</TABLE>

<TABLE>  
<CAPTION>

CONTRACT YEAR	END OF YEAR INVESTMENT BASE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF			END OF YEAR CASH SURRENDER VALUE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
	0%	6%	12%	0%	6%	12%
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.....						
2.....						
3.....						
4.....						
5.....						
6.....						
7.....						
8.....						
9.....						
10.....						
15.....						
20 (age 25) .....						
30 (age 35).....						
60 (age 65).....						

<FN>

- (1) The initial guarantee period will increase with each additional payment and, assuming all planned periodic payments are made, will be 72.25 years at the end of contract year 7.
- (2) All payments are illustrated as if made at the beginning of the contract year.
- (3) Assumes no loan has been made.

</TABLE>

IT IS EMPHASIZED THAT THE HYPOTHETICAL INVESTMENT RATES OF RETURN SHOWN ABOVE AND ELSEWHERE IN THIS PROSPECTUS ARE ILLUSTRATIVE ONLY AND SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE PERFORMANCE. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE SHOWN AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS SELECTED, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 6% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL CONTRACT YEARS. NO REPRESENTATIONS CAN BE MADE BY MERRILL LYNCH LIFE OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE ZERO TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

\$3,500 INITIAL PAYMENT FOR STANDARD-SIMPLIFIED UNDERWRITING CLASS

FACE AMOUNT: \$96,919 INITIAL GUARANTEE PERIOD (1): 12.75 YEARS

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>  
<CAPTION>

END OF CONTRACT YEAR	PAYMENTS (2)	TOTAL PAYMENTS MADE PLUS INTEREST AT 5%	END OF YEAR DEATH BENEFIT (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
			0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>
1.....	\$3,500	\$ 3,675			
2.....	3,500	7,534			
3.....	3,500	11,585			
4.....	3,500	15,840			
5.....	3,500	20,307			
6.....	3,500	24,997			
7.....	3,500	29,922			
8.....	0	31,418			
9.....	0	32,989			
10.....	0	34,638			
15.....	0	44,208			
20.....	0	56,422			
30 (age 65) .....	0	91,906			

<TABLE>  
<CAPTION>

END OF CONTRACT YEAR	END OF YEAR INVESTMENT BASE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF			END OF YEAR CASH SURRENDER VALUE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
	0%	6%	12%	0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.....						
2.....						
3.....						
4.....						
5.....						
6.....						
7.....						
8.....						
9.....						
10.....						
15.....						
20.....						
30 (age 65) .....						

- (1) The initial guarantee period will increase with each additional payment and, assuming all planned periodic payments are made, will be 44.75 years at the end of contract year 7.
- (2) All payments are illustrated as if made at the beginning of the contract year.
- (3) Assumes no loan has been made.

IT IS EMPHASIZED THAT THE HYPOTHETICAL INVESTMENT RATES OF RETURN SHOWN ABOVE

AND ELSEWHERE IN THIS PROSPECTUS ARE ILLUSTRATIVE ONLY AND SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE PERFORMANCE. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE ILLUSTRATED AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS SELECTED, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 6% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL CONTRACT YEARS. NO REPRESENTATIONS CAN BE MADE BY MERRILL LYNCH LIFE OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE ZERO TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE CONTRACT

FEMALE ISSUE AGE 45

\$5,000 INITIAL PAYMENT FOR STANDARD-SIMPLIFIED UNDERWRITING CLASS

FACE AMOUNT: \$116,558 INITIAL GUARANTEE PERIOD (1): 10 YEARS

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>  
<CAPTION>

CONTRACT YEAR	PAYMENTS (2)	TOTAL PAYMENTS MADE PLUS INTEREST AT 5% AS OF END OF YEAR	END OF YEAR DEATH BENEFIT (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
			0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>
1.....	\$5,000	\$ 5,250			
2.....	5,000	10,762			
3.....	5,000	16,551			
4.....	5,000	22,628			
5.....	5,000	29,010			
6.....	5,000	35,710			
7.....	5,000	42,746			
8.....	0	44,883			
9.....	0	47,127			
10.....	0	49,483			
15.....	0	63,155			
20 (age 65) .....	0	80,603			
30.....	0	131,294			

</TABLE>

<TABLE>  
<CAPTION>

CONTRACT YEAR	END OF YEAR INVESTMENT BASE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF			END OF YEAR CASH SURRENDER VALUE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
	0%	6%	12%	0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.....						
2.....						
3.....						
4.....						
5.....						
6.....						



7.....  
 8.....  
 9.....  
 10.....  
 15.....  
 20 (age 65) .....  
 30.....  
 <FN>

- 
- (1) The initial guarantee period will increase with each additional payment and, assuming all planned periodic payments are made, will be 40.25 years at the end of contract year 7.
  - (2) All payments are illustrated as if made at the beginning of the contract year.
  - (3) Assumes no loan has been made.
- </TABLE>

IT IS EMPHASIZED THAT THE HYPOTHETICAL INVESTMENT RATES OF RETURN SHOWN ABOVE AND ELSEWHERE IN THIS PROSPECTUS ARE ILLUSTRATIVE ONLY AND SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE PERFORMANCE. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE ILLUSTRATED AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS SELECTED, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 6% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL CONTRACT YEARS. NO REPRESENTATIONS CAN BE MADE BY MERRILL LYNCH LIFE OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE ZERO TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE CONTRACT

MALE ISSUE AGE 55

\$7,500 INITIAL PAYMENT FOR STANDARD-SIMPLIFIED UNDERWRITING CLASS

FACE AMOUNT: \$107,681 INITIAL GUARANTEE PERIOD (1): 5.50 YEARS

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>  
 <CAPTION>

CONTRACT YEAR	PAYMENTS (2)	TOTAL PAYMENTS MADE PLUS INTEREST AT 5% AS OF END OF YEAR	END OF YEAR DEATH BENEFIT (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
			0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>
1.....	\$7,500	\$ 7,875			
2.....	7,500	16,144			
3.....	7,500	24,826			
4.....	7,500	33,942			
5.....	7,500	43,514			
6.....	7,500	53,565			
7.....	7,500	64,118			
8.....	0	67,324			
9.....	0	70,690			
10 (age 65) .....	0	74,225			
15.....	0	94,732			
20.....	0	120,905			

</TABLE>

<TABLE>  
<CAPTION>

CONTRACT YEAR	END OF YEAR INVESTMENT BASE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF			END OF YEAR CASH SURRENDER VALUE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
	0%	6%	12%	0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.....						
2.....						
3.....						
4.....						
5.....						
6.....						
7.....						
8.....						
9.....						
10 (age 65) .....						
15.....						
20.....						
30.....						

<FN>

- (1) The initial guarantee period will increase with each additional payment and, assuming all planned periodic payments are made, will be 27 years at the end of contract year 7.
- (2) All payments are illustrated as if made at the beginning of the contract year.
- (3) Assumes no loan has been made.

</TABLE>

IT IS EMPHASIZED THAT THE HYPOTHETICAL INVESTMENT RATES OF RETURN SHOWN ABOVE AND ELSEWHERE IN THIS PROSPECTUS ARE ILLUSTRATIVE ONLY AND SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE .PERFORMANCE ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE ILLUSTRATED AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS SELECTED, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 6% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL CONTRACT YEARS. NO REPRESENTATIONS CAN BE MADE BY MERRILL LYNCH LIFE OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE ZERO TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE CONTRACT

MALE ISSUE AGE 65

\$10,000 INITIAL PAYMENT FOR STANDARD-SIMPLIFIED UNDERWRITING CLASS

FACE AMOUNT: \$103,905 INITIAL GUARANTEE PERIOD (1): 3.25 YEARS

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>  
<CAPTION>

END OF YEAR

CONTRACT YEAR	PAYMENTS (2)	TOTAL PAYMENTS MADE PLUS INTEREST AT 5% AS OF END OF YEAR	DEATH BENEFIT (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
			0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>
1.....	\$10,000	\$ 10,500			
2.....	10,000	21,525			
3.....	10,000	33,101			
4.....	10,000	45,256			
5.....	10,000	58,019			
6.....	10,000	71,420			
7.....	10,000	85,491			
8.....	0	89,766			
9.....	0	94,254			
10.....	0	98,967			
15.....	0	126,309			
20.....	0	161,206			
30.....	0	262,588			

</TABLE>

<TABLE>

<CAPTION>

CONTRACT YEAR	END OF YEAR INVESTMENT BASE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF			END OF YEAR CASH SURRENDER VALUE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
	0%	6%	12%	0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.....						
2.....						
3.....						
4.....						
5.....						
6.....						
7.....						
8.....						
9.....						
10.....						
15.....						
20.....						
30.....						

<FN>

- (1) The initial guarantee period will increase with each additional payment and, assuming all planned periodic payments are made, will be 19.25 years at the end of contract year 7.
- (2) All payments are illustrated as if made at the beginning of the contract year.
- (3) Assumes no loan has been made.

</TABLE>

IT IS EMPHASIZED THAT THE HYPOTHETICAL INVESTMENT RATES OF RETURN SHOWN ABOVE AND ELSEWHERE IN THIS PROSPECTUS ARE ILLUSTRATIVE ONLY AND SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE PERFORMANCE. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE ILLUSTRATED AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS SELECTED, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 6% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL CONTRACT YEARS. NO REPRESENTATIONS CAN BE MADE BY MERRILL LYNCH LIFE OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR

THE ZERO TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE CONTRACT

JOINT INSUREDS: FEMALE ISSUE AGE 55/MALE ISSUE AGE 55

\$10,000 INITIAL PAYMENT FOR MEDICAL UNDERWRITING CLASS

FACE AMOUNT: \$205,818 INITIAL GUARANTEE PERIOD (1): 17 YEARS

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>  
<CAPTION>

CONTRACT YEAR	PAYMENTS (2)	TOTAL PAYMENTS MADE PLUS INTEREST AT 5% AS OF END OF YEAR	END OF YEAR DEATH BENEFIT (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
			0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>
1.....	\$10,000	\$ 10,500			
2.....	10,000	21,525			
3.....	10,000	33,101			
4.....	10,000	45,256			
5.....	10,000	58,019			
6.....	10,000	71,420			
7.....	10,000	85,491			
8.....	0	89,766			
9.....	0	94,254			
10.....	0	98,967			
15.....	0	126,309			
20.....	0	161,206			
30.....	0	262,588			

</TABLE>

<TABLE>  
<CAPTION>

CONTRACT YEAR	END OF YEAR INVESTMENT BASE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF			END OF YEAR CASH SURRENDER VALUE (3) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF		
	0%	6%	12%	0%	6%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1.....						
2.....						
3.....						
4.....						
5.....						
6.....						
7.....						
8.....						
9.....						
10.....						
15.....						
20.....						
30.....						

<FN>

- (1) The initial guarantee period will increase with each additional payment and, assuming all planned periodic payments are made, will be 33.75 at the end of contract year 7.
  - (2) All payments are illustrated as if made at the beginning of the contract year.
  - (3) Assumes no loan has been made.
- </TABLE>

IT IS EMPHASIZED THAT THE HYPOTHETICAL INVESTMENT RATES OF RETURN SHOWN ABOVE AND ELSEWHERE IN THIS PROSPECTUS ARE ILLUSTRATIVE ONLY AND SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE INVESTMENT PERFORMANCE. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE ILLUSTRATED AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS SELECTED, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 6% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL CONTRACT YEARS. NO REPRESENTATIONS CAN BE MADE BY MERRILL LYNCH LIFE OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE ZERO TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

EXAMPLES

ADDITIONAL PAYMENTS

If the guarantee period is for the whole of life at the time an additional payment is received and accepted (which means that planned periodic payments have been made through contract year 9), as of the processing date on or next following the date of the additional payment, Merrill Lynch Life will increase the face amount to the amount that the Contract's fixed base, as of such processing date, would support for the life of the insured.

Under these circumstances the amount of the increase in face amount will depend on the amount of the additional payment and the contract year in which it is received and accepted. If additional payments of different amounts were made at the same time to equivalent Contracts, the Contract to which the larger payment is applied would have a proportionately larger increase in face amount. And if additional payments of the same amounts were made in earlier and later years, those made in the later years would result in smaller increases to the face amount.

Example 1 shows the effect on face amount of a \$2,000 additional payment received and accepted at the beginning of contract year ten. Example 2 shows the effect of a \$4,000 additional payment received and accepted at the beginning of contract year ten. Example 3 shows the effect of a \$2,000 additional payment received and accepted at the beginning of contract year eleven. All three examples assume that the guarantee period at the time of the additional payment is for life and assume no other contract transactions have been made.

MALE ISSUE AGE: 55  
 PAYMENTS: INITIAL PAYMENT PLUS 8 PERIODIC PAYMENTS OF \$7,500  
 FACE AMOUNT: \$107,681

<TABLE>  
 <CAPTION>

EXAMPLE 1

CONTRACT YEAR	ADDITIONAL PAYMENT	CHANGE IN FACE AMOUNT	NEW FACE AMOUNT
<S> 10	<C> \$2,000	<C> \$2,629	<C> \$110,310

<CAPTION>

EXAMPLE 2

CONTRACT YEAR	ADDITIONAL PAYMENT	CHANGE IN FACE AMOUNT	NEW FACE AMOUNT
<S>	<C>	<C>	<C>
10	\$4,000	\$5,730	\$113,411

<CAPTION>

EXAMPLE 3

CONTRACT YEAR	ADDITIONAL PAYMENT	CHANGE IN FACE AMOUNT	NEW FACE AMOUNT
<S>	<C>	<C>	<C>
11	\$2,000	\$2,538	\$110,219

</TABLE>

CHANGING THE FACE AMOUNT

As of the processing date on or next following receipt and acceptance of a request for a change in face amount, Merrill Lynch Life will make the requested change and adjust the guarantee period. For an increase in face amount, Merrill Lynch Life will decrease the guarantee period and for a decrease in face amount, Merrill Lynch Life will increase the guarantee period. To decrease the face amount, the guarantee period must be less than for the whole of life at the time of the request. A new guarantee period is established by taking the Contract's fixed base as of the processing date and determining how long that fixed base would support the face amount.

The amount of the increase or decrease in the guarantee period will depend on the amount of increase or decrease in the face amount and the contract year in which the change is made. If made at the same time to equivalent Contracts, a larger increase in face amount would result in a greater decrease in the guarantee period than a smaller increase in face amount. The same increase made in two different years would result in a smaller decrease in the guarantee period for the increase in face amount made in the later year.

Examples 1 and 2 show the effect on the guarantee period of an increase in face amount of \$10,000 and \$20,000 made at the beginning of contract year eight. Example 3 shows the effect on the guarantee period of an increase in face amount of \$10,000 made at the beginning of contract year ten. All three examples assume no other contract transactions have been made.

MALE ISSUE AGE: 55  
 PAYMENTS: INITIAL PAYMENT PLUS 6 PERIODIC PAYMENTS OF \$7,500  
 FACE AMOUNT: \$107,681

<TABLE>

<CAPTION>

EXAMPLE 1

CONTRACT YEAR	INCREASE IN FACE AMOUNT	DECREASE IN GUARANTEE PERIOD
<S>	<C>	<C>
8	\$10,000	2.00 years

<CAPTION>

EXAMPLE 2

CONTRACT YEAR	INCREASE IN FACE AMOUNT	DECREASE IN GUARANTEE PERIOD
<S>	<C>	<C>

<S>	<C>	<C>
8	\$20,000	3.50 years

<CAPTION>

EXAMPLE 3

CONTRACT YEAR	INCREASE IN FACE AMOUNT	DECREASE IN GUARANTEE PERIOD
<S>	<C>	<C>
10	\$10,000	1.75 years

PARTIAL WITHDRAWALS

As of the processing date on or next following any partial withdrawal, Merrill Lynch Life will reduce the Contract's face amount. The new face amount is established by taking the Contract's fixed base as of the processing date and determining what face amount that fixed base would support for the Contract's guarantee period.

The amount of the reduction in the face amount will depend on the amount of the partial withdrawal, the guarantee period at the time of the withdrawal and the contract year in which the withdrawal is made. If made at the same time to equivalent Contracts, a larger withdrawal would result in a greater reduction in the face amount than a smaller withdrawal. The same partial withdrawal made at the same time from Contracts with the same face amounts but with different guarantee periods would result in a greater reduction in the face amount for the Contract with the longer guarantee period. A partial withdrawal made in a later contract year would result in a smaller decrease in the face amount than if the same amount was withdrawn in an earlier year.

Examples 1 and 2 show the effect on the face amount of partial withdrawals for \$5,000 and \$10,000 taken at the beginning of contract year sixteen. Example 3 shows the effect on the face amount of a \$10,000 partial withdrawal taken at the beginning of contract year eighteen. All three examples assume no other contract transactions have been made.

MALE ISSUE AGE: 55  
 PAYMENTS: INITIAL PAYMENT PLUS 6 PERIODIC PAYMENTS OF \$7,500  
 FACE AMOUNT: \$107,681

<TABLE>  
 <CAPTION>

EXAMPLE 1

CONTRACT YEAR	PARTIAL WITHDRAWAL	FACE AMOUNT
<S>	<C>	<C>
16	\$5,000	\$100,208

<CAPTION>

EXAMPLE 2

CONTRACT YEAR	PARTIAL WITHDRAWAL	FACE AMOUNT
<S>	<C>	<C>
16	\$10,000	\$ 92,734

<CAPTION>

EXAMPLE 3

CONTRACT YEAR	PARTIAL WITHDRAWAL	FACE AMOUNT
<S>	<C>	<C>
18	\$10,000	\$ 93,312

</TABLE>

If the reduction in face amount would be below the minimum face amount for a Contract, Merrill Lynch Life will reduce the face amount to the minimum face amount, and then reduce the guarantee period by taking the Contract's fixed base as of the processing date and determining how long that fixed base would support the reduced face amount.

#### JOINT INSUREDS

Contract owners may purchase a Contract on the lives of two insureds. Some of the discussions in this Prospectus applicable to the Contract apply only to a Contract on a single insured. Set out below are the modifications to the designated sections of this Prospectus for joint insureds. Except in the sections noted below, the discussions in this Prospectus referencing a single insured, can be read as though the single insured were the two insureds under a joint contract.

#### AVAILABILITY AND PAYMENTS (REFERENCE PAGE 5)

A Contract may be issued for insureds up to age 80.

Merrill Lynch Life will not accept an initial payment that will provide a guarantee period of less than the minimum guarantee period for which it would then issue a Contract based on the age of the younger insured. Such minimum will range from 10 to 40 years depending on the age of the younger insured.

#### WHO MAY BE COVERED (REFERENCE PAGE 11)

Merrill Lynch Life will issue a Contract on the lives of two insureds provided the relationship among the applicant and the insureds meets its insurable interest requirements and provided neither insured is over age 80 and no more than one insured is under age 20. The insureds' issue ages will be determined using their ages as of their birthdays nearest the contract date.

The initial payment plus any planned periodic payments elected and the average age of the insureds determine whether underwriting will be done on a simplified or medical basis. The maximum amount underwritten on a simplified basis for joint insureds depends on Merrill Lynch Life's administrative rules in effect at the time of underwriting.

Under both simplified and medical underwriting methods, Contracts may be issued on insureds in a standard underwriting class only.

#### PURCHASING A CONTRACT (REFERENCE PAGE 12)

Merrill Lynch Life will not accept an initial payment for a specified face amount that will provide a guarantee period of less than the minimum guarantee period for which Merrill Lynch Life would then issue a Contract based on the age of the younger insured. The minimum will range from 10 to 40 years depending on the age of the younger insured.

#### PLANNED PAYMENTS (REFERENCE PAGE 13)

Contract owners may change the frequency and the amount of planned payments provided both insureds are living.

Planned payments must be received while at least one insured is living and not



more than 30 days before or 30 days after the date specified for payment.

A combination periodic plan is not available for joint insureds.

PAYMENTS WHICH ARE NOT UNDER A PERIODIC PAYMENT PLAN (REFERENCE PAGE 14).

Contract owners may make additional payments which are not under a periodic payment plan only if both insureds are living and the attained ages of both insureds are not over 80.

EFFECT OF A PLANNED PAYMENT AND OTHER ADDITIONAL PAYMENTS (REFERENCE PAGE 15).

If the guarantee period prior to receipt and acceptance of an additional payment is less than for the life of the last surviving insured, the payment will first be used to extend the guarantee period to the whole of life of the younger insured.

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CHANGING THE FACE AMOUNT

INCREASING THE FACE AMOUNT (REFERENCE PAGE 16). Contract owners may increase the face amount of their Contracts only if both insureds are living. A change in face amount is not permitted if the attained age of either insured is over 80.

DECREASING THE FACE AMOUNT (REFERENCE PAGE 16). Contract owners may decrease the face amount of their Contracts if either insured is living.

Any reduction in death benefit in a Contract on joint insureds, whether by a change in face amount or other means, will probably result in a failure to satisfy the 7-pay test and subsequent treatment as a modified endowment contract.

CHARGES DEDUCTED FROM THE INVESTMENT BASE

DEFERRED CONTRACT LOADING (REFERENCE PAGE 17). The deferred contract loading equals 11.0% of each payment. This charge consists of a sales load, a charge for federal taxes and a state and local premium tax charge.

The sales load, equal to 6.5% of each payment compensates Merrill Lynch Life for sales expenses. The sales load may be reduced if cumulative payments are sufficiently high to reach certain break points (4% of payments in excess of \$1.5 million and 2% of payments in excess of \$4 million). The charge for federal taxes, equal to 2% of each payment, compensates Merrill Lynch Life for a significantly higher corporate income tax liability resulting from changes made to the Internal Revenue Code by the Omnibus Budget Reconciliation Act of 1990. (See "Merrill Lynch Life's Income Taxes" on page 33.) The state and local premium tax charge, equal to 2.5% of payments, compensates Merrill Lynch Life for state and local premium taxes that must be paid when a payment is accepted.

Merrill Lynch Life deducts an amount equal to 1.1% of each payment from the investment base on each of the ten contract anniversaries following payment.

MORTALITY COST (REFERENCE PAGE 18). For Contracts issued on joint insureds, current cost of insurance rates are equal to the guaranteed maximum cost of

insurance rates set forth in the Contract. Those rates are based on the 1980 Commissioners Aggregate Mortality Table and do not distinguish between insureds in a smoker underwriting class and insureds in a non-smoker underwriting class. The cost of insurance rates are based on an aggregate class which is made up of a blend of smokers and non-smokers.

#### GUARANTEE PERIOD

WHEN THE GUARANTEE PERIOD IS LESS THAN FOR LIFE (REFERENCE PAGE 20). If Merrill Lynch Life cancels a Contract, it may be reinstated only if neither insured has died between the date the Contract was terminated and the effective date of the reinstatement and the contract owner meets the other conditions listed on page 19.

#### NET CASH SURRENDER VALUE

CANCELLING TO RECEIVE NET CASH SURRENDER VALUE (REFERENCE PAGE 20). Contract owners may cancel their Contracts at any time while either insured is living.

#### PARTIAL WITHDRAWALS (REFERENCE PAGE 22)

Partial withdrawals are not available for joint insureds.

#### DEATH BENEFIT PROCEEDS (REFERENCE PAGE 23)

Merrill Lynch Life will pay the death benefit proceeds to the beneficiary when all information needed to process the payment, including due proof of the last surviving insured's death, has been received at the Service Center. Proof of death for both insureds must be received. There is no death benefit payable at the first death.

If one of the insureds should die within two years from the Contract's issue date, within two years from the effective date of any increase in face amount requested or within two years from the date an

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additional payment was received and accepted, proof of the insured's death should be sent promptly to the Service Center since Merrill Lynch Life may only pay a limited benefit or contest the Contract. (See "Incontestability" and "Payment in Case of Suicide" on page 27.)

NET SINGLE PREMIUM FACTOR (REFERENCE PAGE 23). The net single premium factors are based on the insureds' sexes and underwriting classes and the attained ages on the date of calculation.

#### PAYMENT OF DEATH BENEFIT PROCEEDS (REFERENCE PAGE 23)

If a payment is delayed, Merrill Lynch Life, will add interest from the date of the last surviving insured's death to the date of payment at an annual rate of at least 4%.

#### RIGHT TO CANCEL ("FREE LOOK" PERIOD) OR EXCHANGE

EXCHANGING THE CONTRACT (REFERENCE PAGE 24). A contract owner may exchange his or her Contract for a joint and last survivor Contract with benefits that do not vary with the investment results of a separate account.

#### USING THE CONTRACT

OWNERSHIP (REFERENCE PAGE 24). The contract owner is usually one of the insureds, unless another owner has been named in the application.

The contract owner, may want to name a contingent owner in the event the contract owner dies before the last surviving insured. The contingent owner would then own the contract owner's interest in the Contract and have all the contract owner's rights.

NAMING BENEFICIARIES (REFERENCE PAGE 25). Merrill Lynch Life pays the primary beneficiary the proceeds of this Contract on the last surviving insured's death. If no contingent beneficiary is living, Merrill Lynch Life pays the last surviving insured's estate.

CHANGING THE INSURED (REFERENCE PAGE 25). Not available for joint insureds.

MATURITY PROCEEDS (REFERENCE PAGE 26). The maturity date is the contract anniversary nearest the younger insured's 100th birthday. On the maturity date, Merrill Lynch Life will pay the net cash surrender value to the contract owner, provided either insured is living.

#### OTHER CONTRACT PROVISIONS

INCONTESTABILITY (REFERENCE PAGE 27). Merrill Lynch Life won't contest the validity of a Contract after it has been in effect during the lifetimes of both insureds for two years from the issue date. It won't contest any change in face amount requested after the change has been in effect during the lifetimes of both insureds for two years from the date of the change. Nor will Merrill Lynch Life contest any amount of death benefit attributable to an additional payment after the death benefit has been in effect during the lifetimes of both insureds for two years from the date the payment has been received and accepted.

PAYMENT IN CASE OF SUICIDE (REFERENCE PAGE 27). If either insured commits suicide within two years from the issue date, Merrill Lynch Life will pay only a limited benefit and terminate the Contract. The benefit will be equal to the payments made reduced by any debt.

If either insured commits suicide within two years of the effective date of any increase in face amount requested, the coverage attributable to the increase will be terminated and a limited benefit will be paid. The benefit will be limited to the amount of mortality cost deductions made for the increase.

If either insured commits suicide within two years of any date an additional payment is received and accepted, the coverage attributable to the payments will be terminated and only a limited benefit will be paid. The benefit will be equal to the payment less any debt attributable to amounts borrowed during the two years from the date the payment was received and accepted.

ESTABLISHING SURVIVORSHIP (ONLY APPLICABLE TO JOINT INSUREDS). If Merrill Lynch

Life is unable to determine which of the insureds was the last survivor on the basis of the proofs of death provided, it will consider insured No. 1 as designated in the application to be the last surviving insured.

INCOME PLANS (REFERENCE PAGE 28)

If no plan has been chosen when the last surviving insured dies, the beneficiary has one year to apply the death benefit proceeds either paid or payable to him or her to one or more of the income plans.

MORE ABOUT MERRILL LYNCH LIFE INSURANCE COMPANY

DIRECTORS AND EXECUTIVE OFFICERS

Merrill Lynch Life's directors and executive officers and their positions with the Company are as follows:

<TABLE>

<CAPTION>

NAME	POSITION(S) WITH THE COMPANY
<S>	<C>
Anthony J. Vespa	Chairman of the Board, President, and Chief Executive Officer
Joseph E. Crowne	Director, Senior Vice President, Chief Financial Officer, Chief Actuary, and Treasurer
Barry G. Skolnick	Director, Senior Vice President, and General Counsel
David M. Dunford	Director, Senior Vice President, and Chief Investment Officer
John C.R. Hele	Director and Senior Vice President
Allen N. Jones	Director
Robert J. Boucher	Senior Vice President, Variable Life Administration

</TABLE>

Each director is elected to serve until the next annual meeting of shareholders or until his or her successor is elected and shall have qualified. Each has held various executive positions with insurance company subsidiaries of the Company's indirect parent, Merrill Lynch & Co., Inc. The principal positions of the Company's directors and executive officers for the past five years are listed below:

Mr. Vespa joined Merrill Lynch Life in January 1994. From February 1991 to February 1994, he held the position of District Director and First Vice President of Merrill Lynch, Pierce, Fenner & Smith Incorporated. From September 1988 to February 1991, he held the position of Senior Resident Vice President of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Mr. Crowne joined Merrill Lynch Life in June 1991. From January 1989 to May 1991, he was a Principal with Coopers & Lybrand.

Mr. Skolnick joined Merrill Lynch Life in November 1990. He joined Merrill Lynch, Pierce, Fenner & Smith Incorporated in July 1984. Since May 1992, he has held the position of Assistant General Counsel of Merrill Lynch & Co., Inc. and First Vice President of Merrill Lynch, Pierce, Fenner & Smith. Prior to May 1992, he held the position of Senior Counsel of Merrill Lynch & Co., Inc.

Mr. Dunford joined Merrill Lynch Life in July 1990. He joined Merrill Lynch, Pierce, Fenner & Smith Incorporated in September 1989. Prior to September 1989, he held the position of President of Travelers Investment Management Co.

Mr. Hele joined Merrill Lynch Life in December 1990. He joined Merrill Lynch, Pierce, Fenner & Smith Incorporated in August 1988.

Mr. Jones joined Merrill Lynch Life in June 1992. Since May 1992, he has held the position of Senior Vice President of Merrill Lynch, Pierce, Fenner & Smith Incorporated. From June 1992 to February 1994, he held the position of Chairman of the Board, President, and Chief Executive Officer of Merrill Lynch Life. From January 1992 to June 1992, he held the position of First Vice President of Merrill Lynch, Pierce,

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Fenner & Smith Incorporated. From January 1991 to January 1992, he held the position of District Director of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Prior to January 1991, he held the position of Senior Regional Vice President of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Mr. Boucher joined Merrill Lynch Life in May 1992. Prior to May 1992, he held the position of Vice President of Monarch Financial Services, Inc. (formerly Monarch Resources, Inc.)

No shares of Merrill Lynch Life are owned by any of its officers or directors, as it is a wholly owned subsidiary of Merrill Lynch Insurance Group, Inc. The officers and directors of Merrill Lynch Life, both individually and as a group, own less than one percent of the outstanding shares of common stock of Merrill Lynch & Co., Inc.

Officers who are not directors but report to the President are:

<S>	NAME	<C>	OFFICE HELD
	Deborah J. Adler	Vice President & Actuary	
	Robert M. Bordeman	Vice President	
	Michael P. Cogswell	Vice President & Senior Counsel	
	Eileen Dyson	Vice President	
	Peter P. Massa	Vice President	
	Shelley K. Parker	Vice President	
	Julia Raven	Vice President	
	Frederick Steele	Vice President	
	Thomas J. Thatcher	Vice President	
	Denis Wuestman	Vice President	

The principal occupations of these officers for the past five years are as follows:

Ms. Adler has been with Merrill Lynch Life since May 1992. From August 1988 to May 1992, she was Assistant Vice President and Actuary of Monarch Life Insurance Company.

Mr. Bordeman has been with Merrill Lynch Life since November 1990. From February 1988 to November 1990, he was the Corporate Controller of Blue Cross of California.

Mr. Cogswell has been with Merrill Lynch Life since November 1990. From April 1987 to November 1990, he was Assistant Counsel at UNUM Life Insurance Company.

Ms. Dyson has been with Merrill Lynch Life since July 1990. Prior to July 1990, she held the position of Vice President and Manager of Tandem Financial Group, Inc.

Mr. Massa has been with Merrill Lynch Life since July 1991. From July 1980 to February 1994, he held various positions with Merrill Lynch & Co., Inc.

Ms. Parker has been with Merrill Lynch Life since May 1992. From March 1989 to May 1992, she was an attorney for Monarch Life Insurance Company.

Ms. Raven has been with Merrill Lynch Life since September 1990. Prior to September 1990, she was the Controller of Diversified Financial Services at Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Mr. Steele has been with Merrill Lynch Life since March 1993. Prior to March 1993, he was Director, Treasury of Blue Cross of California.

Mr. Thatcher has been with Merrill Lynch Life since July 1989. Prior to July 1989, he was a Vice President with Family Life Insurance Company.

Mr. Wuestman has been with Merrill Lynch Life since \_\_\_\_\_ 1990. Prior to \_\_\_\_\_ 1990, he was Assistant Vice President of Merrill Lynch Life Agency, Inc.

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#### SERVICES ARRANGEMENT

Merrill Lynch Life and its parent, Merrill Lynch Insurance Group, Inc. ("MLIG") are parties to a service agreement pursuant to which MLIG has agreed to provide certain data processing, legal, actuarial, management, advertising and other services to Merrill Lynch Life, including services related to the Separate Account and the Contracts. Expenses incurred by MLIG in relation to this service agreement are reimbursed by Merrill Lynch Life on an allocated cost basis. Charges billed to Merrill Lynch Life by MLIG pursuant to the agreement were \$ million for the year ended December 31, 1993.

#### STATE REGULATION

Merrill Lynch Life is subject to the laws of the State of Arkansas and to the regulations of the Arkansas Insurance Department. It is also subject to the insurance laws and regulations of all jurisdictions in which it is licensed to do business.

An annual statement in the prescribed form is filed with the insurance departments of jurisdictions where Merrill Lynch Life does business disclosing

the Company's operations for the preceding year and its financial condition as of the end of that year. Insurance department regulation includes periodic examination to verify Contract liabilities and reserves and to determine solvency and compliance with all insurance laws and regulations. Merrill Lynch Life's books and accounts are subject to insurance department review at all times. A full examination of Merrill Lynch Life's operations is conducted periodically by the Arkansas Insurance Department and under the auspices of the National Association of Insurance Commissioners.

#### LEGAL PROCEEDINGS

There are no legal proceedings to which the Separate Account is a party or to which the assets of the Separate Account are subject. Merrill Lynch Life and Merrill Lynch, Pierce, Fenner & Smith Incorporated are engaged in various kinds of routine litigation that, in the Company's judgment, is not material to Merrill Lynch Life's total assets or to Merrill Lynch, Pierce, Fenner & Smith Incorporated. No litigation relates to the Separate Account.

#### EXPERTS

The financial statements of Merrill Lynch Life for the three years ended December 31, 1993 and of the Separate Account at December 31, 1993, included in this Prospectus have been audited by Deloitte & Touche, independent auditors, as stated in their reports appearing herein, and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing. Deloitte & Touche's principal business address is 1633 Broadway, New York, New York 10019-6754.

Actuarial matters included in this Prospectus have been examined by Joseph E. Crowne, F.S.A., Chief Actuary and Chief Financial Officer of Merrill Lynch Life, as stated in his opinion filed as an exhibit to the registration statement.

#### LEGAL MATTERS

The organization of the Company, its authority to issue the Contract, and the validity of the form of the Contract have been passed upon by Barry G. Skolnick, Merrill Lynch Life's Senior Vice President and General Counsel. Sutherland, Asbill & Brennan of Washington, D.C. has provided advice on certain matters relating to federal securities laws.

#### REGISTRATION STATEMENTS

Registration statements have been filed with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Company Act of 1940 that relate to the Contract and its investment options. This Prospectus does not contain all of the information in the registration statements as permitted by Securities and Exchange Commission regulations. The omitted information can be obtained from the Securities and Exchange Commission's principal office in Washington, D.C., upon payment of a prescribed fee.

#### FINANCIAL STATEMENTS

The financial statements of Merrill Lynch Life, included herein, should be distinguished from the financial statements of the Separate Account and should be considered only as bearing upon the ability of Merrill Lynch Life to meet its obligations under the Contracts.

Subject to the terms and conditions of Section 15(d) of the Securities Exchange Act of 1934, the undersigned Registrant hereby undertakes to file with the Securities and Exchange Commission such supplementary and periodic information, documents and reports as may be prescribed by any rule or regulation of the Commission heretofore or hereafter duly adopted pursuant to authority conferred in that section.

#### RULE 484 UNDERTAKING

The Insurance Company's By-Laws provide, in Article VI, Section 1, 2, 3 and 4 as follows:

SECTION 1. ACTIONS OTHER THAN BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer or employee of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 2. ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer or employee of the Corporation, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other Court shall deem proper.

SECTION 3. RIGHT TO INDEMNIFICATION. To the extent that a director, officer or employee of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

SECTION 4. DETERMINATION OF RIGHT TO INDEMNIFICATION. Any indemnification under Sections 1 and 2 of this Article (unless ordered by a Court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article. Such determination shall be made (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the



stockholders.

Any persons serving as an officer, director or trustee of a corporation, trust, or other enterprise, including the Registrant, at the request of Merrill Lynch are entitled to indemnification from Merrill Lynch, to the fullest extent authorized or permitted by law, for liabilities with respect to actions taken or omitted by such persons in any capacity in which such persons serve Merrill Lynch or such other corporation, trust, or other enterprise. Any action initiated by any such person for which indemnification is provided shall be approved by the Board of Directors of Merrill Lynch prior to such initiation.

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#### DIRECTORS' AND OFFICERS' INSURANCE

Merrill Lynch has purchased from Corporate Officers' and Directors' Assurance Company directors' and officers' liability insurance policies which cover, in addition to the indemnification described above, liabilities for which indemnification is not provided under the By-Laws. The Company will pay an allocable portion of the insurance premium paid by Merrill Lynch with respect to such insurance policies.

#### ARKANSAS BUSINESS CORPORATION LAW

In addition, Section 4-26-814 of the Arkansas Business Corporation Law generally provides that a corporation has the power to indemnify a director or officer of the corporation, or a person serving at the request of the corporation as a director or officer of another corporation or other enterprise against any judgments, amounts paid in settlement, and reasonably incurred expenses in a civil or criminal action or proceeding if the director or officer acted in good faith in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation (or, in the case of a criminal action or proceeding, if he or she in addition had no reasonable cause to believe that his or her conduct was unlawful).

Insofar as indemnification for liability arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

#### REPRESENTATIONS PURSUANT TO RULE 6E-3(T)

This filing is made pursuant to Rule 6e-3(T) under the Investment Company Act of 1940.

Registrant elects to be governed by Rule 6e-3(T)(b)(13)(i)(B) under the Investment Company Act of 1940 with respect to the policies described in the Prospectus.

Registrant makes the following representations:

- (1) Section 6e-3(T)(b)(13)(iii)(F) has been relied upon.

(2) The level of the mortality and expense risk and guaranteed benefits risk charge is within the range of industry practice for comparable flexible or scheduled contracts.

(3) Registrant has concluded that there is a reasonable likelihood that the distribution financing arrangement of the Separate Account will benefit the Separate Account and policyowners and will keep and make available to the Commission on request a memorandum setting forth the basis for this representation.

(4) The Separate Account will invest only in management investment companies which have undertaken to have a board of directors, a majority of whom are not interested persons of the company, formulate and approve any plan under Rule 12b-1 to finance distribution expenses.

The methodology used to support the representation made in paragraph (2) above is based on an analysis of the mortality and expense risk and guaranteed benefits risk charge contained in other variable life insurance contracts. Registrant undertakes to keep and make available to the Commission on request the documents used to support the representation in paragraph (2) above.

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CONTENTS OF REGISTRATION STATEMENT

This Registration Statement comprises the following papers and documents:

The facing sheet.

The prospectus consisting of 52 pages.

Undertaking to File Reports.

Rule 484 Undertaking.

Representations Pursuant to Rule 6e-3(T).

The signatures.

Written Consents of the Following Persons:

(a) Barry G. Skolnick, Esq.

(b) Joseph E. Crowne, F.S.A. (To be filed by Amendment)

(c) Sutherland, Asbill & Brennan (To be filed by Amendment)

(d) Deloitte & Touche, Independent Certified Public Accountants (To be filed by Amendment)

The following Exhibits:

<S>	<C>	<C>	<C>	<C>
1.A.	(1)			Resolution of the Board of Directors of Merrill Lynch Life Insurance Company establishing the Separate Account (Incorporated by Reference to Registrant's Form S-6 Registration No. 33-41829 Filed July 24, 1991)
	(2)			Not applicable
	(3)	(a)		Form of Distribution Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-55472 Filed April 26, 1993)
		(b)		Form of Amended Sales Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch Life Agency Inc. (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-55472 Filed April 26, 1993)
		(c)		Schedules of Sales Commissions. See Exhibit A(3)(b)
		(d)		Indemnity Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch Life Agency, Inc. (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-55472 Filed April 26, 1993)
	(4)			Not applicable

- (5) (a) (1) Flexible Premium Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)
- (2) Flexible Premium Joint and Last Survivor Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)
- (b) (1) Backdating Endorsement (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)
- (2) (a) Guarantee of Insurability Rider for Flexible Premium Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)
- (b) Guarantee of Insurability Rider for Flexible Premium Joint and Last Survivor Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)
- (3) (a) Single Premium Immediate Annuity Rider for Flexible Premium Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)

</TABLE>

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- | <S> | <C> | <C>   | <C> | <C> |
|-----|-----|---|-----|-----|
|     | (b) | Single Premium Immediate Annuity Rider for Flexible Premium Joint and Last Survivor Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)                                     |     |     |
|     | (4) | Flexible Premium Joint and Last Survivor Partial Withdrawal Rider for use with Flexible Premium Joint and Last Survivor Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992) |     |     |
|     | (5) | Flexible Premium Partial Withdrawal Rider for use with Flexible Premium Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)   |     |     |
|     | (6) | Change of Insured Rider for use with Flexible Premium Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)   |     |     |
| (6) | (a) | Articles of Amendment, Restatement, and Redomestication of the Articles of Incorporation of Merrill Lynch Life Insurance Company (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)                       |     |     |
|     | (b) | Amended and Restated By-Laws of Merrill Lynch Life Insurance Company (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)   |     |     |
| (7) |     | Not applicable  |     |     |
| (8) | (a) | Form of Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch Series Fund, Inc. (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-55472 Filed April 26, 1993)   |     |     |
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|     | (d) | Form of Participation Agreement among Merrill Lynch Life Insurance Company, ML Life Insurance Company of New York and Monarch Life Insurance Company (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)   |     |     |
|     | (e) | Management agreement between Merrill Lynch Life Insurance Company and Merrill Lynch Asset Management, Inc. (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-55472 Filed April 26, 1993)   |     |     |
| (9) |     | Service Agreement among Merrill Lynch Insurance Group, Inc., Family Life Insurance Company and Merrill Lynch Life Insurance Company (Incorporated by  |     |     |

Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)

- (10) (a) Variable Life Insurance Application (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)
- (b) Variable Life Insurance Supplemental Application 1 (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)

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- | <S>  | <C> | <C> | <C> | <C>   |
|------|-----|-----|-----|---|
|      | (c) |     |     | Application for Additional Payment for Variable Life Insurance (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992) |
|      | (d) |     |     | Application for Reinstatement (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)                                  |
| (11) |     |     |     | Memorandum describing Merrill Lynch Life Insurance Company's Issuance, Transfer and Redemption Procedures   |
| 2.   |     |     |     | See Exhibit 1.A.(5)   |
| 3.   |     |     |     | Opinion and Consent of Barry G. Skolnick, Esq. as to the legality of the securities being registered  |
| 4.   |     |     |     | Not applicable  |
| 5.   |     |     |     | Not applicable  |
| 6.   |     |     |     | Opinion and Consent of Joseph E. Crowne, F.S.A. as to actuarial matters pertaining to the securities being registered (To be filed by Amendment)  |
| 7.   | (a) |     |     | Power of Attorney of Joseph E. Crowne (Incorporated by Reference to Registrant's Post-Effective Amendment No. 2 to Form S-6 Registration No. 33-55472 Filed March 1, 1994)                          |
|      | (b) |     |     | Power of Attorney of David E. Dunford (Incorporated by Reference to Registrant's Post-Effective Amendment No. 2 to Form S-6 Registration No. 33-55472 Filed March 1, 1994)                          |
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| 8.   | (a) |     |     | Written Consent of Barry G. Skolnick, Esq. (See Exhibit 3)  |
|      | (b) |     |     | Written Consent of Joseph E. Crowne, F.S.A. (See Exhibit 6)   |
|      | (c) |     |     | Written Consent of Sutherland, Asbill & Brennan (To be filed by Amendment)  |
|      | (d) |     |     | Written Consent of Deloitte & Touche, independent certified public accountants (To be filed by Amendment)   |

</TABLE>

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#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant, Merrill Lynch Variable Life Separate Account, has duly caused this Post-Effective Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the City of Plainsboro and the State of New Jersey, on the \_\_\_ day of February, 1994.

MERRILL LYNCH VARIABLE LIFE SEPARATE ACCOUNT  
 (Registrant)  
 By: MERRILL LYNCH LIFE INSURANCE COMPANY  
 (Depositor)

<TABLE>  
 <S>

<C>

Attest: /s/ SHELLEY K. PARKER By: /s/ BARRY G. SKOLNICK

-----  
 Shelley K. Parker  
 Vice President

-----  
 Barry G. Skolnick  
 Senior Vice President

</TABLE>

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 2 to the Registration Statement has been signed below by the following persons in the capacities indicated on February , 1994.

<TABLE>  
 <CAPTION>

SIGNATURE

TITLE

<S>

<C>

\*

-----  
 Chairman of the Board, President, and Chief  
 Executive Officer

-----  
 Anthony J. Vespa

\*

-----  
 Director, Senior Vice President, Chief Financial  
 Officer, Chief Actuary, and Treasurer

-----  
 Joseph E. Crowne

\*

-----  
 Director, Senior Vice President, and Chief  
 Investment Officer

-----  
 David M. Dunford

\*

-----  
 Director and Senior Vice President

-----  
 John C.R. Hele

\*

-----  
 Director

-----  
 Allen N. Jones

\*By: /s/ BARRY G. SKOLNICK

-----  
 In his own capacity as Director, Senior Vice  
 President, and General Counsel and as  
 Attorney-In-Fact

-----  
 Barry G. Skolnick

</TABLE>

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EXHIBIT INDEX

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- |      |         |   |
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| 1.A. | (1)     | Resolution of the Board of Directors of Merrill Lynch Life Insurance Company establishing the Separate Account (Incorporated by Reference to Registrant's Form S-6 Registration No. 33-41829 Filed July 24, 1991)   |
|      | (2)     | Not applicable  |
|      | (3) (a) | Form of Distribution Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-55472 Filed April 26, 1993) |
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|      | (c)     | Schedules of Sales Commissions. See Exhibit A(3)(b)   |
|      | (d)     | Indemnity Agreement between Merrill Lynch Life Insurance Company and Merrill  |

Lynch Life Agency, Inc. (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-55472 Filed April 26, 1993)

(4) Not applicable

(5) (a) (1) Flexible Premium Variable Life Insurance Policy (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form S-6 Registration No. 33-41829 Filed April 16, 1992)

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	(7)			Not applicable
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- (11) Memorandum describing Merrill Lynch Life Insurance Company's Issuance, Transfer and Redemption Procedures

2. See Exhibit 1.A.(5)

</TABLE>

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<TABLE>

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- 3. Opinion and Consent of Barry G. Skolnick, Esq. as to the legality of the securities being registered
- 4. Not applicable
- 5. Not applicable
- 6. Opinion and Consent of Joseph E. Crowne, F.S.A. as to actuarial matters pertaining to the securities being registered (To be filed by Amendment)
- 7. (a) Power of Attorney of Joseph E. Crowne (Incorporated by Reference to Registrant's Post-Effective Amendment No. 2 to Form S-6 Registration No. 33-55472 Filed March 1, 1994)
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- (d) Written Consent of Deloitte & Touche, independent certified public accountants (To be filed by Amendment)

</TABLE>

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Merrill Lynch Life Insurance  
Company

Administrative Offices  
800 Scudders Mill Road  
Plainsboro, New Jersey 08536  
Writer's Direct Dial  
609 282

[LOGO]

February 23, 1994

Board of Directors  
Merrill Lynch Life Insurance Company  
800 Scudders Mill Road  
Plainsboro, New Jersey 08536

To the Board of Directors:

In my capacity as General Counsel of Merrill Lynch Life Insurance Company (the "Company"), I have supervised the establishment of the Merrill Lynch Variable Life Separate Account (the "Account"), by the Board of Directors of the Company as a separate account for assets applicable to certain flexible premium variable life insurance contracts (the "Contracts") issued by the Company pursuant to the provisions of Section 23-81-402 of the Insurance Laws of the State of Arkansas. Moreover, I have supervised the preparation of Post-Effective Amendment No. 2 to the Registration Statement on Form S-6 (the "Registration Statement") (File No. 33-41829) filed by the Company and the Account with the Securities and Exchange Commission under the Securities Act of 1933, for the registration of the Contracts to be issued with respect to the Account.

I have made such examination of the law and examined such corporate records and such other documents as in my judgment are necessary and appropriate to enable me to render the following opinion that:

1. The Company has been duly organized under the laws of the State of Arkansas and is a validly existing corporation.
2. The Account is duly created and validly existing as a separate account pursuant to the aforesaid provisions of Arkansas law.
3. The assets in the Account equal to the reserves and other contract liabilities with respect to the Account will not be chargeable with liabilities arising out of any other business the Company may conduct.
4. The Contracts have been duly authorized by the Company and constitute legal, validly issued and binding obligations of the Company in accordance with their terms.



I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of my name under the caption "Legal Matters" in the Prospectus contained in the Registration Statement.

Very truly yours,

/s/ Barry G. Skolnick  
Barry G. Skolnick  
Senior Vice President and General  
Counsel

Description of Merrill Lynch Life Insurance Company's  
Issuance, Transfer and Redemption Procedures  
for Contracts Pursuant to

Rule 6e-3(T) (b) (12) (iii)

This document sets forth the administrative procedures that will be followed by Merrill Lynch Life Insurance Company ("Merrill Lynch Life") in connection with the issuance of certain of its flexible premium variable life insurance contracts ("Contracts") issued through Merrill Lynch Variable Life Separate Account ("Separate Account"), the transfer of assets held under the Contracts, and the redemption by owners of their interests in said Contracts.

PROCEDURES RELATING TO ISSUANCE AND PURCHASE OF THE CONTRACTS

A. TERM COST STRUCTURE, PAYMENTS AND UNDERWRITING STANDARDS

The term cost charges for Merrill Lynch Life's Contract will not be the same for all contract owners. Insurance is based on the principle of pooling and distribution of mortality risks which assumes that each owner is charged a cost of insurance commensurate with the insured's mortality risk as actuarially determined, reflecting factors such as age, sex, health, and occupation. A uniform term cost for all insureds would discriminate unfairly in favor of those insureds representing greater risks. Although there will be no uniform term costs for all insureds, for a given face amount and guarantee period there will be a uniform term cost schedule for all insureds of the same issue age, sex and underwriting classification. Similarly, the face amount that a

contract owner can purchase with an initial payment will also vary to reflect factors similar to those that affect term cost charges.

The Contract is a variable life insurance contract providing coverage on an insured named under the Contract and payable upon the death of the insured. The Contract is also available to provide insurance coverage on the lives of two insureds ("joint insureds") with a death benefit payable upon the death of the last surviving insured. The Contract provides for life insurance coverage which is guaranteed to remain in force for the "guarantee period." Each payment will extend the guarantee period until such time as the contract owner has a guarantee period for life. The Contract will not be canceled during the guarantee period unless the debt exceeds certain contract values. After the guarantee period, the Contract will remain in force as long as there is not excessive debt and as long as the Contract's cash surrender value is sufficient to cover the charges due.

The owner may select the face amount, within limits. These limits are based in part on the payment and the payment plan selected. The minimum face amount is the amount that would satisfy the 7-pay test under Federal tax law or, if greater, the face amount that would give a guarantee period for the whole of life assuming all payments are made under the plan. For a given initial payment and face amount the guarantee period is based on the guaranteed maximum cost of insurance rates in the Contract, the deferred contract loading and a 4% interest assumption. Thus for a given initial payment and face amount different insureds will have different guarantee periods depending on their age, sex and underwriting class.

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The Contract will be offered and sold pursuant to an established mortality structure and underwriting standards in accordance with state insurance laws. Where state insurance laws prohibit the use of actuarial tables that distinguish between men and women in determining premiums and contract benefits for their insured residents, Merrill Lynch Life will comply. In addition, the payment to be made by an owner will be specified in the Contract.

#### B. APPLICATION AND PAYMENT PROCESSING

When a completed application is received, Merrill Lynch Life will follow certain insurance underwriting (i.e., evaluation of risks) procedures designed to determine whether the proposed insured is insurable. This process may require that further information be provided by the proposed insured before a determination can be made. Merrill Lynch Life uses two methods of underwriting, simplified underwriting and para-medical or medical underwriting. Insureds in a standard classification will have their maximum cost of insurance rates based on the 1980 CSO mortality table. For insureds in a substandard underwriting class, Merrill Lynch Life will use a multiple of these tables. During the underwriting process, Merrill Lynch Life may, however, provide temporary life insurance coverage, the death benefit of which shall not exceed \$250,000, until coverage begins under the Contract, provided the premium has been paid.

The date on which a Contract is issued is referred to as the issue date. The issue date represents the commencement of the suicide and contestable periods for purposes of the Contracts. The

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initial payment will be credited to the Separate Account and the investment base will begin to vary with investment experience on the business day next following

receipt of the initial payment at the Merrill Lynch Life's Variable Life Service Center (the "Service Center"), which is generally the contract date.

The contract date is the date used to determine processing dates, contract years and anniversaries. Processing dates are the contract date and the first day of each contract quarter thereafter. Processing dates after the contract date are the days when Merrill Lynch Life deducts certain charges from a Contract's investment base. As provided for under state insurance law, the owner, to preserve insurance age, may be permitted to backdate the Contract. In no case may the contract date be more than six months prior to the date the application was executed.

During the "free look" period the initial premium will be invested in the investment division investing in the Money Reserve Portfolio. At the end of the "free look" period, the investment base will be allocated among the investment divisions in accordance with the owner's instructions. The contract owner may select up to five of the 36 investment divisions of the Separate Account.

Once Merrill Lynch Life's preallocation procedures are available in the state in which the Contract is issued, the following process will apply to initial payments. Through the first 14 days following the in force date, the initial payment will remain in the division investing in the Money Reserve Portfolio. Thereafter, the investment base will be reallocated to the investment divisions selected by the contract owner on the application, if different. The in force date is the date when the

underwriting process is complete, the initial payment is received and outstanding contract amendments (if any) are received.

If an age or sex given in the application is wrong, the face amount or any other Contract benefit may also be wrong. Merrill Lynch Life will pay the benefit that any payment would have bought at the correct age or sex.

#### C. ADDITIONAL PAYMENTS

An owner may make additional payments (under a periodic plan or otherwise) subject to Merrill Lynch Life's rules. For joint insureds, both insureds must be alive before Merrill Lynch Life will accept an additional payment, except in certain situations as described in the prospectus for the Contract. On the date Merrill Lynch Life receives and accepts an additional payment, whether under a periodic plan or not, it will (1) increase the investment base by the amount of such payment; (2) increase the fixed base by the amount of the payment less the deferred contract loading applicable to such payment; (3) increase the deferred contract loading; and (4) reflect the payment in the calculation of the variable insurance amount. Merrill Lynch Life may in certain circumstances require additional evidence of insurability before accepting an additional payment.

Where an additional payment would not require evidence of insurability, the additional payment will be allocated among the investment divisions in accordance with the owner's instructions or, if no instructions have been received, in proportion to the investment base in each division on that date. The payment will be credited to the Contract on the date of receipt at the Service Center. On that date, Merrill Lynch Life will

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increase the investment base by the amount of the payment and increase the fixed base by the amount of the payment less the deferred contract loading applicable to such payment and reflect the payment in the variable insurance amount.

When an additional payment requires evidence of insurability, the additional payment will be invested in the investment division investing in the Money Reserve Portfolio on the next business day following receipt of the payment at the Service Center. On the day Merrill Lynch Life completes its underwriting and accepts the additional payment, the investment base applicable to the additional payment in the division investing in the Money Reserve Portfolio will be allocated among the investment divisions in accordance with the owner's instructions or if no instructions have been received in proportion to the investment base in each division on that date. Once underwriting is completed and the payment is accepted, the payment will be reflected in the investment base, fixed base and variable insurance amount as of the next business day following receipt of the payment at the Service Center.

As of the processing date on or next following the date Merrill Lynch Life receives and accepts the additional payment, Merrill Lynch Life will increase the insured's guaranteed benefits by increasing either the insured's guarantee period or face amount or both. If the guarantee period prior to the receipt and acceptance of an additional payment is less than for life, payments will first be used to extend the guarantee period. For joint insureds, if the guarantee period prior to receipt and acceptance of an additional payment is less than for the life of the last surviving insured, the payment will first be used to extend the

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guarantee period to the whole of life of the last surviving insured. Any amount in excess of that required to extend the guarantee period to the whole of life or any subsequent additional payments will be used to increase the Contract's face amount.

The contract owner may elect to make payments pursuant to a periodic

plan that complies with the 7-pay test under Federal tax law. If this is the case, and if acceptance of an additional payment would affect such compliance, Merrill Lynch Life will not accept the payment until Merrill Lynch Life has confirmed that the contract owner wants to make the payment. Pending receipt of instructions from the contract owner, Merrill Lynch Life will deposit the payment in its general account and credit it with interest until Merrill Lynch Life returns the payment to the owner or accepts the payment.

#### D. GRACE PERIOD

If the guarantee period is less than for life, a Contract may be canceled by Merrill Lynch Life after the end of the guarantee period if the cash surrender value on a processing date is negative. The Contract, however, provides for a 61-day grace period. The grace period will end 61 days after Merrill Lynch Life mails a notice to the owner stating that the Contract will be terminated.

The Contract will lapse at the end of the grace period unless Merrill Lynch Life has received payment of the charges which were due on the processing date when the cash surrender value became negative. The amount of the charges will be shown on the notice.

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During the grace period the death benefit proceeds will equal the death benefit in effect immediately prior to the grace period, reduced by any overdue charges.

#### E. REINSTATEMENT

A Contract that is canceled by Merrill Lynch Life may be reinstated while the insured is still living. For joint insureds, an owner may reinstate the Contract only if neither insured has died between the date Merrill Lynch Life terminated the Contract and the effective date of the reinstatement. The Contract will be reinstated if, within three years after the end of the grace period, Merrill Lynch Life receives from the Contract's owner (a) an application to reinstate the Contract; (b) satisfactory evidence of insurability; and (c) a reinstatement payment. The reinstatement payment is the minimum payment for which Merrill Lynch Life would then issue a contract for the minimum guarantee period with the same face amount as the original contract, based on the insured's attained age and underwriting class as of the effective date of the reinstated Contract.

The reinstated Contract will be effective on the processing date on or next following the date Merrill Lynch Life approves the reinstatement application.

#### F. REPAYMENT OF LOAN

A loan or any part of a loan under Merrill Lynch Life's Contracts may be repaid while the insured is living and the Contract is in force. Upon repayment of a loan, a transfer will be made from Merrill Lynch Life's general account to

the Separate Account in an amount equal to the amount repaid. An owner may

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designate the investment division to which the repayment will be made, otherwise the repayment will be allocated in proportion to the investment base in each division as of the date of the repayment.

G. CHANGING THE FACE AMOUNT

After the first contract year an owner may request a change in the face amount of the Contract without making an additional payment. The effective date of the change will be the next processing date following the receipt and acceptance of the written request, provided Merrill Lynch Life receives it at the Service Center at least seven days before such processing date. A change in face amount is not permitted if the attained age of the insured is over 80. The minimum change in face amount Merrill Lynch Life will make is \$10,000 and an owner may request only one change per contract year. A change in face amount may affect the mortality cost deduction. For joint insureds, both insureds must be alive before Merrill Lynch Life will increase the face amount of the Contract. To decrease the face amount, either insured must be alive.

i. INCREASING THE FACE AMOUNT

To increase the face amount of the Contract, Merrill Lynch Life may require satisfactory evidence of insurability. When Merrill Lynch Life increases the face amount, it will decrease the guarantee period. The maximum increase in face amount is the amount which will give the minimum guarantee period for which Merrill Lynch Life would issue a contract at the time of the request based on the insured's attained age.

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ii. DECREASING THE FACE AMOUNT

When Merrill Lynch Life decreases the face amount of the Contract, it will increase the guarantee period. The maximum decrease in face amount is the amount which would result in the minimum face amount for which Merrill Lynch Life would issue a contract at the time of the request based on the insured's attained age, sex and underwriting class. Merrill Lynch Life won't permit a decrease in face amount below the amount required to keep the Contract qualified as life insurance under Federal income tax laws.

iii. DETERMINING THE NEW GUARANTEE PERIOD

As of the effective date of any change, Merrill Lynch Life takes the fixed base as of such date and, based on the attained age and sex of the insured and the new face amount of the Contract, redetermines the guarantee period. Merrill Lynch Life uses a 4.0% interest assumption and the guaranteed maximum cost of insurance rates in the calculations.

## II. TRANSFERS AMONG INVESTMENT DIVISIONS

The Separate Account currently has 36 investment divisions, ten of which invest in corresponding portfolios of the Merrill Lynch Series Fund, Inc. (the "Series Fund"), six of which invest in shares of a specific portfolio of the Merrill Lynch Variable Series Funds, Inc. (the "Variable Series Funds") and 20 of which invest in The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities ("Zero Trusts"). The Series Fund and the Variable Series Funds are registered under the Investment Company Act of 1940, each as an open-end, investment company. The Zero Trusts are registered under the Investment Company Act of 1940 as unit

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investment trusts. The owner may transfer among the investment divisions as often as he or she chooses. Allocations can be made to as many as five divisions at any time.

## III. REDEMPTION PROCEDURES; SURRENDER AND RELATED TRANSACTIONS

### A. SURRENDER FOR NET CASH SURRENDER VALUE

An owner of a Contract may surrender the Contract for its net cash surrender value at any time while the insured is living. The surrender is effective on the date the contract owner transmits the written request and the Contract to Merrill Lynch Life. Merrill Lynch Life will pay the net cash surrender value based on the next computed value after a request and Contract are received at the Service Center. The net cash surrender value will usually be paid within seven days after receipt of the Contract and a signed request for surrender at Merrill Lynch Life's Service Center.

The net cash surrender value on the contract date equals the investment base less the deferred contract loading.

The net cash surrender value on each subsequent processing date which is also an anniversary equals the investment base, less the balance of the deferred contract loading not yet deducted. On a processing date other than an anniversary Merrill Lynch Life also subtracts a pro-rata net loan cost if there is any debt.

On a date during a processing period, the net cash surrender value equals the investment base less the balance of the deferred contract loading, less the



PRO RATA mortality cost since the last processing date and, if there is any debt, less any pro rata net loan cost.

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Merrill Lynch Life will make the payment of the net cash surrender value out of its general account and, at the same time, transfer assets from the Separate Account to its general account in an amount equal to the investment base (applicable to the Contract) held in the Separate Account.

In lieu of receiving the net cash surrender value in a single sum upon surrender of a Contract, the owner may elect to apply the net cash surrender value to one or more of the Income Plans described in the Contract. The Income Plans are subject to the restrictions and limitations set forth in the Contract.

#### B. DEATH CLAIMS

Merrill Lynch Life will usually pay the death benefit proceeds to the beneficiary within seven days after receipt at its Service Center of the Contract, due proof of death of the insured, and all other requirements necessary to make payment. For joint insureds, Merrill Lynch Life must receive proof of the last surviving insured's death, which must include proof of death for both insureds.

Death benefit proceeds equal the death benefit, which is the larger of the current face amount and the variable insurance amount, less any debt. During the grace period, the death benefit proceeds will equal the death benefit in effect immediately prior to the grace period, reduced by any overdue charges. Merrill Lynch Life will determine the variable insurance amount daily to take into account the investment experience of the designated investment divisions. The variable insurance amount is determined by multiplying the cash surrender value by the net single premium

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factor. The death benefit will never be less than the amount required to keep the Contract qualified as life insurance under Federal income tax laws. The proceeds payable to the beneficiary will also be adjusted to reflect any amounts due from riders. Where required by law, the amount payable also reflects interest from the date of death to the date of payment.

Merrill Lynch Life will make payment of the death benefit proceeds out of its general account and, at the same time, will transfer the investment base (applicable to the Contract) out of the Separate Account to the general account. In lieu of payment of the death benefit in a single sum, one or more Income

Plans may be elected as described in the Contract.

### C. CONTRACT LOAN

The owner may borrow an amount equal to the difference between the loan value and the debt. The loan value of the contract equals 90% of a Contract's cash surrender value. The cash surrender value for this purpose will be the net cash surrender value plus any debt. Payment of the loan from Merrill Lynch Life's general account will usually be made to the owner within seven days of receipt of the request. Interest accrues daily at an effective annual rate of 6.0% compounded annually. The smallest loan will be for \$1,000. With a proper request to Merrill Lynch Life, an owner may designate the divisions from which the loan amounts will be transferred. When a loan is taken out, a portion of the investment base equal to the loan is transferred from the Separate Account to Merrill Lynch Life's general account. Unless designated otherwise by the owner, loans will be allocated among the investment

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divisions of the Separate Account based upon the investment base in each investment division as of the date the loans are made. The amount maintained in the general account will not be credited with the return earned by the Separate Account during the period the loan is outstanding. Instead, interest will be credited daily at an effective annual rate of at least 4%. Therefore, taking a loan will have a permanent effect on a Contract's cash surrender value and may have a permanent effect on the death benefit whether or not repaid in whole or in part.

The Contract defines a "target loan amount" of the investment base, plus prior loans not repaid, plus withdrawals taken, less payments made. Interest will be credited daily on the target loan amount at an effective annual rate that is higher than the rate credited to amounts above the target loan amount.

### D. PARTIAL WITHDRAWALS

After the fifteenth contract year, an owner may take partial withdrawals of payments made under the Contract by sending a written form satisfactory to Merrill Lynch Life. The withdrawal is effective on the date the Service Center receives the request. One partial withdrawal may be taken each contract year. The maximum amount of each partial withdrawal is set forth below.

CONTRACT YEAR	MAXIMUM
16	25% of payments made
17	50%
18	75%
19+	100%

As of the processing date on or next following the effective date of the partial withdrawal, the period for which guaranteed coverage is provided will be reduced. The period will be redetermined as follows: (1) the fixed base is calculated as of such date, and (2) based on the contract year, the face amount of the Contract at the time of the partial withdrawal and the amount of the partial withdrawal, Merrill Lynch Life will redetermine the period for which that fixed based can support the face amount.

The fixed base is equal to the cash surrender value on the contract date. Thereafter, it is calculated exactly like the cash surrender value except that the calculation substitutes 4% for the net rate of return and the guaranteed maximum cost of insurance for the current cost of insurance and does not take into account loans and repayments. The fixed base is used to make certain computations under the Contract and is equivalent to the cash surrender value for a comparable fixed benefit contract with the same face amount and guarantee period.

#### E. EXCHANGING THE CONTRACT

An owner may exchange the Contract for a fixed contract with benefits that do not vary with the investment results of a separate account provided Merrill Lynch Life receives the owner's request to exchange and the original Contract within 18 months of the issue date of the Contract. The new contract will have the same owner and beneficiary as the original Contract on the date of the exchange. It will also have the same issue age, issue date, face amount, cash surrender value, benefit riders, and underwriting class as the original Contract. For joint insureds, the Contract

may be exchanged for a joint and last survivor contract with benefits that do not vary with the investment results of a separate account. The new contract will have the same owner and beneficiary as the original Contract and it will have the same issue age and underwriting classes as the original Contract.

