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FILER

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II

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Business Address
800 SCUDDERS MILLS RD
C/O TANDEM INSURANCE GROUP INC
PLAINSBORO NJ 08536
6092821429

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 13, 1994

REGISTRATION NO. 33-43058

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

POST EFFECTIVE AMENDMENT NO. 4
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 LIFE VARIABLE LIFE SEPARATE ACCOUNT II
(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 AND 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:

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SUTHERLAND, ASBILL & BRENNAN
1275 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004-2404

It is proposed that this filing will become effective (check appropriate box)
/ / immediately upon filing pursuant to paragraph (b)

/ / on (date) pursuant to paragraph (b)

/X/ 60 days after filing pursuant to paragraph (a)
/ / on (date) 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.

MERRILL LYNCH LIFE VARIABLE LIFE
SEPARATE ACCOUNT II

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

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PROSPECTUS

Single Premium Variable Life Insurance Policy

This prospectus ("Prospectus") is for a single premium variable life insurance policy issued by Merrill Lynch Life Insurance Company (the "Insurance Company" or "We"), a subsidiary of Merrill Lynch & Co., Inc. The policy permits you, as the policyowner, to make additional payments subject to certain restrictions.

Until the end of the "free look" period, your single premium will be placed in the division investing in the Money Reserve Portfolio. After the "free look" period, your investment base may be allocated among up to any five investment divisions. Each division is part of Merrill Lynch Life Variable Life Separate Account II (the "Separate Account"), a separate investment account of the Insurance Company. The investments available through the divisions include 10 mutual fund portfolios of the Merrill Lynch Series Fund, Inc. ("Series Fund"), seven mutual fund portfolios of the Merrill Lynch Variable Series Funds, Inc. ("Variable Series Funds") and 20 unit investment trusts in The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities (collectively the "Trusts" and individually, a "Trust"). Under our current rules, you may change the allocation of your investment base as many times as you wish.

The policy provides life insurance coverage on the insured. We guarantee that the coverage will remain in force for life, or for a shorter time depending on the face amount selected for a given single premium. During this guarantee period, we may terminate the policy only if the policy debt exceeds certain policy values. After the guarantee period, the policy will remain in force as long as there is not excessive policy debt and as long as the policy's net cash surrender value is sufficient to cover the charges due.

While the policy is in force, the death benefit may vary to reflect the policy's investment results but will never be less than the current face amount.

You may turn in the policy for its net cash surrender value while the insured is still living. The net cash surrender value will vary with the investment results of the policy. We don't guarantee any minimum.

It may not be advantageous to replace existing insurance with the policy. Within certain limits, you may return the policy or exchange it for life insurance with benefits that do not vary with the investment results of a separate account.

If you make certain changes to your policy, including additional payments, it may be treated as a "modified endowment contract" under Federal tax law. If the policy is a modified endowment contract, any loan, partial withdrawal or surrender may result in adverse tax consequences and/or penalties. See "Tax Considerations", page 28.

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.

PLEASE READ THIS PROSPECTUS AND KEEP IT FOR FUTURE REFERENCE. IT IS NOT VALID UNLESS 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.

Issued by:	Administered at:
Merrill Lynch Life Insurance Company	Service Center
	P.O. Box 9025

Plainsboro, New Jersey 08536 Springfield, Massachusetts 01102-9025

Distributed by:
Merrill Lynch Pierce, Fenner & Smith Incorporated ("MLPF&S")
Plainsboro, New Jersey 08536

Date: July __, 1994

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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.

SUMMARY OF THE POLICY

PURPOSE OF THE POLICY

A single premium variable life policy offers a choice of investments and an opportunity for the policy's investment base, net cash surrender value and death benefit to grow based on investment results.

We don't promise that your policy values will increase. Depending on the policy's investment results, the investment base and net cash surrender value may increase or decrease on any day and the death benefit may increase or decrease on any policy processing date. As the policyowner, you bear the investment risk. We do guarantee to keep the policy in force during the guarantee period as long as the policy debt does not exceed certain policy values (see "Interest", page 18).

AVAILABILITY

We can issue a policy for an insured up to age 75. The minimum single premium is $5,000 for an insured under age 20 and $10,000 for an insured age 20 and over or, if less, for all ages the single premium required to purchase a face amount of at least $100,000. (The policy won't be available to insure residents of certain municipalities in Kentucky where premium taxes in excess of a certain level are imposed.)

THE INVESTMENT DIVISIONS

Your single premium submitted with your application will automatically be placed in the division of the Separate Account investing in the Money Reserve Portfolio. After the "free look" period, you may choose to invest in up to 5 of the 37 investment divisions in the Separate Account available for new allocations (see "Changing Your Investment Base Allocation", page 13). Ten divisions invest exclusively in shares of designated mutual fund portfolios of the Merrill Lynch Series Fund, Inc. ("Series Fund"). Seven investment divisions invest exclusively in shares of designated mutual fund portfolios of the Merrill Lynch Variable Series Funds, Inc. ("Variable Series Funds"). Each mutual fund portfolio has a different investment objective. The other 20 divisions invest in units of designated unit investment trusts in The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities (the "Trusts").

HOW THE DEATH BENEFIT VARIES

The death benefit may increase or decrease on each policy processing date depending on your policy's investment results. It equals the policy's face amount or variable insurance amount, whichever is larger.

HOW THE INVESTMENT BASE VARIES

Your policy's investment base is the amount available for investment at any time. On the policy date (usually the business day next following the receipt of your single premium at the Service Center), the investment base is equal to the single premium. Afterwards, it varies daily based on investment performance. You bear the risk of poor performance and you receive the benefits from favorable investment performance.

NET CASH SURRENDER VALUE AND CASH SURRENDER VALUE

On a policy anniversary your policy's net cash surrender value equals your investment base minus any deferred policy loading. The net cash surrender value varies daily based on investment performance. We don't guarantee any minimum.

For purposes of certain computations under the policy, we use the policy's cash surrender value. It is calculated by adding the amount of any policy debt to the net cash surrender value.

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

You may return your policy within ten days after receiving it or, if required by your state, within the later of the ten days and 45 days from the date the application is executed ("free look" period). We will refund the premium paid without interest.

You may also exchange this policy within 18 months for a policy with benefits that do not vary with the investment results of a separate account.

HOW DEATH BENEFIT AND CASH SURRENDER VALUE INCREASES ARE TAXED

The death benefit should be fully excludable from the beneficiary's gross income for Federal income tax purposes, according to Section 101(a)(1) of the Internal Revenue Code. You won't be taxed on any increase in cash surrender value while the policy remains in force. For a discussion of the tax issues associated with the policy, see "Tax Considerations" on page 28.

CHARGES TO YOUR INVESTMENT BASE

We invest the entire amount of your single premium and any additional payments in the Separate Account. We then deduct certain charges from your investment base on policy processing dates (see "Charges Deducted From Your Investment Base", page 15). The charges deducted are as follows:

DEFERRED POLICY LOADING equals 7.0% of the single premium and any additional payments received in the first year. It consists of a sales load of 4.0%, a first year administrative expense of .5% and a state and local premium tax charge of 2.5%. (The sales load and first year administrative charge may be reduced if cumulative premiums are sufficiently high to reach certain breakpoints.) The deferred policy loading for any additional payment received after the first policy year equals 6.5%. It consists of a sales load of 4.0% and a state and local premium tax charge of 2.5%. Although chargeable to the single premium and any additional payments, the amount of the deferred policy loading is initially advanced to the Separate Account as part of your investment base and then deducted in equal installments on the ten policy anniversaries following the date we receive and accept the payment. The amount deducted from the investment base as of the policy anniversary will equal .70% of the single premium and any additional payments received in the first policy year and .65% for any additional payments received after the first policy year. We deduct the balance of the deferred policy loading in determining your net cash surrender value.

REALLOCATION CHARGES are deducted on policy processing dates if you change your investment base allocation more than five times per policy year (see "Reallocation Charges", page 16).

MORTALITY COSTS are deducted on all policy processing dates after the policy date (see "Mortality Cost", page 16).

We may reduce certain charges to your investment base in group or sponsored arrangements (see "Group or Sponsored Arrangements", page 27).

NET LOAN COST is deducted on your policy anniversary if there has been any policy debt outstanding. It equals a maximum .75% of the debt per year for the first ten policy years and .60% thereafter.

UNDERWRITING AND THE COST OF PROVIDING INSURANCE
Underwriting is the process by which we evaluate the risk of providing life insurance on the insured. We use two methods of underwriting:

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

The amount of your single premium and the age of the insured determine whether we will do underwriting on a simplified or medical basis. For a discussion of premium and age limits, see "Who May be Covered By a Policy" on page 10.

If we use the simplified underwriting method, we incur extra insurance risk because we have less information about the insured. We therefore use guaranteed maximum mortality rates based on the 1980 CET Mortality Table which was designed to take this type of extra insurance risk into account.

If we use the para-medical or medical underwriting method, we gather more information about the insured. Because we have additional information we therefore have less insurance risk for insureds we evaluate under this method. We use guaranteed maximum mortality rates based on the 1980 CSO Mortality Table for this method.

The maximum guaranteed mortality rates we may charge using the 1980 CET Table are equivalent to 130% of the 1980 CSO Table for male ages 38 and above and female ages 41 and above. At younger ages, the rates vary from 130% of the 1980 CSO Table to 212% at ages where the 1980 CSO rates are the lowest.

The mortality rates we use currently for insureds in the non-smoker simplified underwriting class are equal to or less than the 1980 CSO Table.

To the extent the 1980 CET Table is considered substandard we would in effect be charging you a substandard mortality cost, even if the insured was healthy, to the extent (a) we ever increased the current mortality rates above the 1980 CSO Table for those insureds in the non-smoker simplified underwriting class or (b) the insured is underwritten under the simplified method but is not in the non-smoker class (see "Mortality Cost", page 16).

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OTHER CHARGES AND FEES

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", page 36 and "Charges to Variable Series Funds Assets", page 36).

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

- an asset charge deducted from all divisions to cover mortality and expense risks and guaranteed benefits risk which is currently equivalent to a maximum effective rate of .60% annually at the beginning of the year; and

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

ASSUMPTION OF PREVIOUSLY ISSUED POLICIES AND SUBSEQUENT MERGER

The policies were originally issued by Monarch Life Insurance Company ("Monarch"). On November 14, 1990, Monarch, the Insurance Company and certain other Merrill Lynch insurance companies entered into an indemnity

reinsurance and assumption agreement (the "Assumption Agreement"). Under the Assumption Agreement, Tandem Insurance Group, Inc. ("Tandem"), one of the Merrill Lynch insurance companies, acquired, on an assumption reinsurance basis, certain of the variable life insurance policies issued by Monarch through its Variable Account A, including the policies ("reinsured policies") described in this prospectus. On October 1, 1991, Tandem was merged with and into the Insurance Company (the "merger"), which thereby succeeded to all of Tandem's liabilities and obligations. Thus, the Insurance Company has all the liabilities and obligations under the reinsured policies. All further payments made under the reinsured policies will be made directly to or by the Insurance Company.

As the owner of a reinsured policy, you have the same rights and values under your policy as you did before the reinsurance or merger transaction. However, you will look to the Insurance Company instead of to Monarch or Tandem to fulfill the terms of your policy. Pursuant to the Assumption Agreement, all of the assets of Monarch's Variable Account A relating to the reinsured policies were transferred to Tandem and allocated to the Separate Account. By virtue of the merger, the Separate Account became a separate account of the Insurance Company.

THIS SUMMARY IS INTENDED TO PROVIDE ONLY A VERY BRIEF OVERVIEW OF THE MORE SIGNIFICANT ASPECTS OF THE POLICY. THE POLICY TOGETHER WITH ITS ATTACHED APPLICATION CONSTITUTES THE ENTIRE AGREEMENT BETWEEN YOU AND US AND SHOULD BE RETAINED.

FOR THE DEFINITION OF CERTAIN TERMS USED IN THIS PROSPECTUS, SEE "IMPORTANT TERMS" ON PAGE 7.

IMPORTANT TERMS

ATTAINED AGE.................. is the issue age of the insured plus the number of full years since the policy date.

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

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 policy debt and less any overdue charges.

DEFERRED POLICY LOADING....... is chargeable to the single premium and any additional payments. However, we advance the amount of the charge to the Separate Account as part of your investment base. We then take back these funds in equal installments on the next ten policy anniversaries following the date we receive and accept your payment.

FACE AMOUNT................... is the minimum death benefit as long as the policy remains in force. Additional payments may increase your face amount.

GUARANTEE PERIOD.............. is the time we guarantee that the policy will remain in force regardless of investment experience unless the policy debt exceeds certain policy values. It is the period that a comparable fixed life policy (same face amount, single premium, guaranteed mortality table and loading) would remain in force if credited with 4% interest per year.

INVESTMENT BASE............... is the amount available under your policy for investment in the Separate Account at any time. Your investment base is the sum of the amounts invested in each of the divisions you have selected.

ISSUE AGE..................... is the insured's age as of the insured's birthday nearest the policy date.

NET CASH SURRENDER VALUE........................ is the amount you would receive on any day should you decide to cancel your policy. It is equal to the investment base less the deferred policy loading and less a pro-rata portion of the charges not yet deducted.

NET SINGLE PREMIUM FACTOR....................... is the factor used in the calculation of the variable insurance amount on policy processing dates. It is based on the insured's underwriting class, sex and attained age and is designed to make the policy meet the guidelines of what constitutes a life insurance policy under the Internal Revenue Code.

POLICY DATE................... is used to determine policy processing dates, policy years and policy anniversaries. It is usually the business day next following the receipt of the single premium at the Service Center.

POLICY DEBT................... is the outstanding loan on a policy plus accrued interest.

POLICY PROCESSING DATES....... are the policy date and the first day of each policy quarter thereafter. Policy processing dates after the policy date are the days when we deduct certain charges from your investment base and redetermine the death benefit.

POLICY PROCESSING PERIOD...... is the period between consecutive policy processing dates.

TABULAR VALUE................. is equal to the cash surrender value for a comparable fixed life policy with the same face amount, single premium, loading and guarantee period. It is the value we use to limit your mortality cost deductions as well as our right to cancel your policy during the guarantee period. The tabular value is zero after the guarantee period.

VARIABLE INSURANCE AMOUNT....................... is determined on each policy processing date. It is the cash surrender value multiplied by the net single premium factor.

FACTS ABOUT THE INSURANCE COMPANY AND THE SEPARATE ACCOUNT

THE INSURANCE COMPANY AND MLPF&S

The Insurance Company 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. We are an indirect wholly owned subsidiary of Merrill Lynch & Co., Inc. We are authorized to sell life insurance and annuities in 49 states, Guam, the U.S. Virgin Islands and the District of Columbia. We are authorized to offer variable life insurance and variable annuities in most jurisdictions.

MLPF&S is also 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 us and is the principal underwriter of our variable life policies issued through the Separate Account. We retain MLPF&S to provide services relating to the policies under a Distribution Agreement. Administrative services for the policies are provided at the service center (the "Service Center"), P.O. Box 9025, Springfield, Massachusetts 01102-9025.

THE INSURANCE COMPANY'S SEPARATE ACCOUNT

The Separate Account is a separate investment account established by Tandem on November 19, 1990, and acquired by the Insurance Company on October 1, 1991 by virtue of the merger. (See "Assumption of Previously Issued Policies and Subsequent Merger", page 5.) We use it to support our variable life policies and for other purposes permitted by applicable laws and regulations. Its assets are kept separate from our general account and any other separate accounts we may have.

We own all the assets in the Separate Account. As required, the assets in the Separate Account are at least equal to the reserves and other liabilities of the Separate Account. These assets, to the extent of the reserves and liabilities of the Separate Account, may not be charged with liabilities from any other business we conduct. However, if the assets exceed the required reserves and other liabilities, we may transfer the excess to our general account.

There are currently 37 investment divisions in the Separate Account available for new allocations. Ten invest in shares of a specific portfolio of the Series Fund. Seven invest in shares of a specific portfolio of the Variable Series Funds. Twenty invest in units of a specific Trust.

You will find complete information about the Series Fund, Variable Series Funds and the Trusts, including the risks associated with each portfolio, in the accompanying Prospectuses. You should read them with this Prospectus.

THE SERIES FUND

The investment objectives of the various portfolios in the Series Fund 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.

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", page 36).

THE VARIABLE SERIES FUNDS

Seven of the 18 mutual fund portfolios in the Variable Series Funds are currently available through the Separate Account. The investment objectives of these seven 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.

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 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 a non-U.S. 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. For purposes of its investment objective, the Fund considers countries having smaller capital markets to be all countries other than the four countries having the largest equity market capitalizations. Currently, these four countries are Japan, the United Kingdom, the United States, and Germany.

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 0.75% 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.

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", page 36.)

THE 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 Trust units before maturity varies more than it would if the Trusts contained interest-bearing U.S. Treasury securities of comparable maturities.

The fixed investment portfolios of the Trusts 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.

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

MLPF&S is sponsor for the Trusts. The sponsor will sell units of the Trusts to the Separate Account and has agreed to repurchase units when we need to sell them to pay benefits and make reallocations. We pay the sponsor a fee for these transactions and are reimbursed through the trust charge assessed to the divisions investing in the Trusts (see "Charges to Divisions Investing in the Trusts", page 17).

FACTS ABOUT THE POLICY

WHO MAY BE COVERED BY A POLICY

We can issue a policy for an insured up to age 75. We use the insured's age as of the insured's birthday nearest the policy date. (We call this the insured's issue age.) The insured must also meet our underwriting requirements.

We use two methods of underwriting:

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

The single premium and the age of the insured determine whether we will do underwriting on a simplified or medical basis. The maximum premium we will underwrite on a simplified basis is $25,000 for insureds through age 14, $50,000 for insureds age 15 through 29, $75,000 for insureds age 30 through 39, $100,000 for insureds age 40 through 49 and $150,000 for insureds age 50 through 75. However, if you select the maximum face amount (see "Selecting the Face Amount", below), we may take the net amount at risk (see "Mortality Cost", page 16) into account in determining the method of underwriting.

We assign insureds to underwriting classes which determine the mortality rates we will use in calculating mortality cost deductions and which determine the guaranteed mortality rates used in calculating net single premium factors and guarantee periods. In assigning insureds to underwriting classes, we distinguish between those insureds underwritten on a simplified basis and those on a para-medical or medical basis. Under both the simplified and medical underwriting methods, policies may be issued on insureds either in the standard or non-smoker underwriting class. Policies 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 16.

PREMIUMS

You purchase a face amount of insurance coverage with a single premium payment. You may make additional payments subject to certain restrictions (see "Making Additional Payments", page 12). The minimum single premium is $5,000 for an insured under age 20 and $10,000 for an insured age 20 and over or, if less, for all ages the single premium required to purchase a face amount of at least $100,000. We may reduce the minimum single premium requirements for certain group or sponsored arrangements (see "Group or Sponsored Arrangements", page 27).

SELECTING THE FACE AMOUNT

You may select the face amount for a given premium within the following limits:

- The minimum face amount is the amount which will give you a guarantee period for the whole of life.
- The maximum face amount is the amount which will give you the minimum guarantee period we require for the insured's age, sex and underwriting class.

As the face amount is increased for a given single premium, the guarantee period becomes shorter and the mortality costs in the early policy years are larger to cover the increased amounts of insurance.

<TABLE>
<CAPTION>

TABLE OF ILLUSTRATIVE FACE AMOUNTS FOR $10,000 SINGLE PREMIUM STANDARD-SIMPLIFIED ISSUE

ISSUE AGE	GUARANTEE PERIOD FOR LIFE		MINIMUM GUARANTEE PERIOD	
	MALE	FEMALE	MALE	FEMALE
<S>	<C>	<C>	<C>	<C>
35	$33,389	$38,906	$166,773	$209,875
45	$24,424	$28,497	$ 90,736	$126,292
55	$18,386	$21,346	$ 49,162	$ 78,522
65	$14,447	$16,308	$ 27,801	$ 44,723

</TABLE>

GUARANTEE PERIOD

The guarantee period is the time we guarantee that the policy will remain in force regardless of investment experience unless the policy debt exceeds certain policy values. It is for the insured's life or for a shorter period depending on the face amount selected for a given single premium. The guarantee period is based on the guaranteed maximum mortality rates in the policy, the deferred policy loading and a 4% interest assumption. This means that for a given premium 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.

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MAKING ADDITIONAL PAYMENTS

After the end of the "free look" period, you may make an additional payment any time you choose up to four times a policy year. (In the state of Kentucky no additional payments can be made until after the first policy year.) We may require satisfactory evidence of insurability before we accept your payment if

the payment increases the net amount at risk under the policy (see "Mortality Cost", page 16) or if the guarantee period at the time of the payment is one year or less. The minimum additional payment we will accept is $1,000.

If your additional payment requires evidence of insurability, we will place that payment in the division investing in the Money Reserve Portfolio on the business day next following receipt at the Service Center. Once the underwriting is completed and we accept your payment, the amount applicable to the additional payment in the division investing in the Money Reserve Portfolio will be allocated either according to your instructions or, if no instructions have been received, proportionately to your investment base in your investment divisions.

If your additional payment doesn't require evidence of insurability, on the date we receive and accept the payment we'll:

- increase your investment base by the amount of the payment; and
- increase the deferred policy loading (see "Deferred Policy Loading", page 15).

Currently, any additional payment not requiring evidence of insurability will be accepted the day it is received. If your additional payment requires evidence of insurability, it will be reflected in your policy values as described above, effective the next business day after the payment was received at the Service Center.

If there is a loan outstanding on your policy, unless you tell us otherwise, we will treat any payment by you as a loan repayment, not as an additional payment.

As of the policy processing date on or next following the date we receive and accept the additional payment, your variable insurance amount will reflect the additional payment (see "Variable Insurance Amount", page 19). As of such date, we'll also increase either your guarantee period or face amount or both. If your guarantee period prior to any additional payments is less than for life, payments will first be used to extend your guarantee period to the whole of life. Any excess amounts or subsequent additional payments will be used to increase your policy's face amount. The amount of this increase is determined by taking the additional payment or any excess amount, deducting the applicable deferred policy loading, bringing the result up at an annual rate of 4% interest from the date we receive and accept the additional payment to the next policy processing date, and then multiplying by the applicable net single premium factor. If the additional payment is received and accepted on a policy processing date, the payment minus the deferred policy loading is multiplied by the applicable net single premium factor.

If the insured dies after an additional payment is received and accepted and before the next policy processing date, we'll pay the beneficiary the larger of:

- the amount of the death benefit calculated as of the prior policy processing date plus the amount of the additional payment; and

- the cash surrender value as of the date we received and accepted the additional payment multiplied by the net single premium factor as of such date (see "Net Single Premium Factor", page 19).

The amount paid to the beneficiary will be reduced by the amount of any policy debt and any overdue charges if the policy is in a grace period.

GUARANTEE OF INSURABILITY RIDER
This rider gives you guaranteed options to make certain of the additional payments as described above without evidence of insurability. It is available only to insureds in a standard or non-smoker underwriting class. We will limit the amount of the payments under the rider. While the rider is in effect you will have a guaranteed option on each of your first five policy anniversaries. Subject to evidence of insurability and a maximum age requirement, you may also extend the guaranteed options to include your next five policy anniversaries.

To exercise an option we must receive the additional payment while the insured is alive and within 30 days before or after your policy anniversary. If you don't exercise an option you will forfeit any remaining options and the rider will end.

INVESTMENT BASE

Your investment base is the amount available for investment at any time. It's the sum of the amounts invested in each of the Separate Account divisions. We adjust your investment base daily to reflect the divisions' investment performance (see "Net Rate of Return for an Investment Division", page 33).

Certain charges and policy loans directly decrease your investment base. Loan repayments and additional payments increase it. You may elect in writing from which investment divisions you want loans taken and to which divisions you want repayments and additional payments added. If you don't make such an election, we allocate increases and decreases proportionately to the investment base in your investment divisions. (For the special rules on additional payments which require evidence of insurability, see "Making Additional Payments", page 12.)

INVESTMENT BASE ALLOCATION DURING THE "FREE LOOK" PERIOD
Under our current rules, we will place your single premium submitted with your application in the division investing in the Money Reserve Portfolio. Your application sets forth this designation. We won't make an allocation change during the "free look" period.

CHANGING YOUR INVESTMENT BASE ALLOCATION

After the "free look" period, your investment base can be allocated among up to any five divisions. Currently, you may change the allocation of your investment base as often as you choose. However, we may at some point in the future limit the number of changes permitted but not to less than five per policy year. We will notify you if we do so. We will assess a charge for each allocation change in excess of five per policy year (see "Reallocation Charges", page 16).

In order to change your investment base allocation, you must call or write the Service Center. If your "free look" period has expired, we will make the change as soon as we receive your request. You can give allocation requests during the "free look" period and the allocation will be made immediately following the end of the "free look" period (see "Some Administrative Procedures", page 24).

TRUST ALLOCATIONS
We'll notify you 30 days before a Trust you've invested in matures. You must tell us in writing at least seven days before the maturity date how to reinvest your funds in the division investing in that Trust. If we don't hear from you, we'll move your investment base in that division to the division investing in

the Money Reserve Portfolio. An allocation on a trust maturity date won't be considered a change in the allocation of the investment base for purposes of calculating the charge for any allocation changes over five in each policy year.

Units of a specific Trust may no longer be available when we receive your request for allocation. Should this occur, we will notify you immediately so that you may change your request.

ALLOCATION TO THE DIVISION INVESTING IN THE NATURAL RESOURCES PORTFOLIO
Shares of the Natural Resources Portfolio may not be available when we receive your request for allocation. Should this occur, we will notify you immediately so that you may change your request.

CHARGES DEDUCTED FROM YOUR INVESTMENT BASE

The charges described below are deducted from your investment base. We also deduct certain asset and trust charges daily from the investment results of each division in the Separate Account in determining the net rate of return. Currently, the asset and trust charges are equivalent to .60% and .34% annually at the beginning of the year (see "Charges to the Separate Account", page 16).

DEFERRED POLICY LOADING
We invest 100% of your single premium and any additional payments you may make. Chargeable to the single premium and any additional payments is an amount called the deferred policy loading. This charge consists of a sales load, a first year administrative expense (not assessed against additional payments received after the first policy year) and a state and local premium tax charge.

The sales load, equal to a maximum of 4.0% of the single premium and any additional payments, compensates us for sales expenses. The first year administrative expense, equal to a maximum of .5% of the single premium and any additional payments received in the first policy year, compensates us for the expenses associated with issuing the policies. We do not expect to make a profit from this expense. The sales load and first year administrative expense may be reduced if cumulative premiums are sufficiently high to reach certain breakpoints and in certain group or sponsored arrangements as described on page 27. We anticipate that the sales load charge may be insufficient to cover our distribution expenses. Any shortfall will be made up from our general account which may include amounts derived from mortality gains and risk charges.

The state and local premium tax charge, equal to 2.5% of your single premium and any additional payments, compensates us for state and local premium taxes we must pay when we accept a premium. Premium taxes vary from state to state. The 2.5% rate is the minimum rate we expect to pay on premiums from all states.

Although chargeable to your single premium and to any additional payments, we advance the amount of the deferred policy loading to the Separate Account as part of your investment base. We then take back the loading in equal installments on the ten policy anniversaries following the date we receive and accept your payment. In determining your policy's net cash surrender value, we subtract the balance of the deferred policy loading from your investment base.

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

MORTALITY COST

We deduct a mortality cost from your investment base on each processing date after the policy date. This charge compensates us for the cost of providing life insurance coverage for the insured. We base it on the underwriting class we assign to the insured, the insured's sex and attained age and the policy's net amount at risk (except in Montana and Massachusetts, see "Legal Considerations for Employers", page 27).

To determine the mortality cost, we multiply the current mortality rate by the policy'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 policy processing date, between the death benefit and the cash surrender value.

Current mortality rates may be equal to or less than the guaranteed mortality rates depending on the insured's underwriting class, sex and attained age. We guarantee that the current mortality rates will never exceed the maximum guaranteed rates shown in your policy. For insureds age 20 and over, current mortality rates distinguish between insureds in a smoker (standard) underwriting class and insureds in a non-smoker underwriting class. We use the 1980 Commissioners Standard Ordinary Mortality Table (CSO Table) for policies underwritten on a medical basis and the 1980 Commissioners Extended Term Mortality Table (CET Table) for policies underwritten on a simplified basis to determine these maximum rates if the policies are issued on insureds in a standard or non-smoker underwriting class. For policies issued on a substandard basis we use a multiple of the 1980 CSO Table.

Because we do less underwriting under the simplified underwriting method, the guaranteed maximum mortality rates are higher for the simplified classes than for the medical underwriting classes. The current mortality rates for the simplified classes may be higher than the guaranteed rates for the medical classes depending on the age and sex of the insured. However, for the non-smoker simplified underwriting class, current mortality rates are equal to or less than the guaranteed rates for the medical underwriting classes.

During the period between processing dates, your net cash surrender value takes the mortality cost into account on a pro-rated basis.

MAXIMUM MORTALITY COST. During the guarantee period we will limit the deduction for mortality cost if investment results are unfavorable. We do this by substituting in our calculation the tabular value for the cash surrender value in determining the net amount at risk and by multiplying by the guaranteed maximum mortality rate. We will deduct this alternate amount from your investment base when it is less than the mortality cost we would have otherwise deducted.

REALLOCATION CHARGES

Reallocation charges are deducted on policy processing dates if you change your investment base allocation more than five times per policy year. The

charge equals $25.00 for each allocation change made during a policy processing period, which exceeds five for the policy year. We do not expect to make a profit from these charges.

NET LOAN COST

The net loan cost is explained below under "Policy Loans".

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CHARGES TO THE SEPARATE ACCOUNT

We deduct an asset charge from each division of the Separate Account to cover our mortality, expense and guaranteed benefits risks. We make the charge each day. The total amount of this charge is computed at a maximum effective annual rate of .60% at the beginning of the year. We will realize a gain from this charge to the extent it is not needed to provide for benefits and expenses under the policies.

The mortality risk assumed is the risk that insureds as a group will live for a shorter time than our actuarial tables predict. As a result, we would be paying more in death benefits than we planned.

The expense risk assumed is the risk that it will cost us more to issue and administer the policies than we expect.

The guaranteed benefits risks are related to potentially unfavorable investment results. One risk is that the policy's net cash surrender value cannot cover the charges due during the guarantee period. The other risk is that we may have to limit the deduction for mortality cost (see "Maximum Mortality Cost", page 16).

CHARGES TO DIVISIONS INVESTING IN THE TRUSTS

We assess a daily trust charge against the assets of each division investing in the Trusts. This charge reimburses us for the transaction charge we pay 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 for us.

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NET CASH SURRENDER VALUE

Your policy's net cash surrender value fluctuates daily with the investment results of the investment divisions you select. We don't guarantee any minimum. On a policy processing date which is also your policy anniversary, the net cash surrender value equals:

- the policy's investment base on that date;

- minus the balance of the deferred policy loading (see "Deferred Policy Loading", page 15).

If the date of calculation is not a policy processing date, we also subtract a pro-rata mortality cost. And, if there is any existing policy debt, we will also subtract a pro-rata net loan cost on dates other than the policy anniversary.

CANCELLING TO RECEIVE NET CASH SURRENDER VALUE

You may cancel your policy at any time while the insured is living and receive the policy's net cash surrender value. Your request to cancel must be in writing in a form satisfactory to us. All rights to death benefits will end on the date the written request is sent to us. The net cash surrender value will be determined upon our receipt of the written request at the Service Center. You may elect to receive this amount either in a single payment or under one or more Income Plans (see "Income Plans", page 26

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POLICY LOANS

You may use your policy as collateral to borrow funds from us. The minimum loan we will make is $1,000 unless you're borrowing to pay the premium on another variable life insurance policy issued by the Insurance Company. In that case, you may borrow the exact amount required even if it's less than $1,000. You 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 policy debt, if less.

When you take a loan, we transfer an amount equal to the amount you borrowed out of your investment divisions and hold it as collateral in our general account. You may tell us in writing which investment divisions you want borrowed amounts taken from and which divisions should receive repayments. If you don't, we'll take the borrowed amounts proportionately from and make repayments proportionately to your investment divisions.

EFFECT ON DEATH BENEFIT AND CASH SURRENDER VALUE

Whether or not you repay a policy loan, taking a loan will have a permanent effect on your cash surrender value and may have a permanent effect on your death benefit. This is because the collateral for your loan doesn't 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 policy to lapse sooner than if no loan had been taken.

LOAN VALUE

The loan value of your policy equals:

- 75% of the policy's cash surrender value during the first three years; or
- 90% of the policy's cash surrender value after the first three years.

The cash surrender value is the net cash surrender value plus any policy debt.

In certain states the loan value may differ from that above for particular years. Also, certain states won't permit us to impose a minimum on the amount you can borrow or repay.

The maximum amount you can borrow at any time is the difference between the loan value and the policy debt (the outstanding loan plus accrued interest). When additional amounts are borrowed they are added to the policy debt in determining the amount of your new loan.

INTEREST

While a policy loan is outstanding, we'll charge you interest of 4.75% annually. Interest accrues each day and payments are due at the end of each policy year. If you don't pay the interest when due, we add it to your loan. Interest paid on a policy loan is not tax-deductible.

The amount held in our general account as collateral for your loan earns interest at a minimum of 4.0% annually for the first ten policy years and 4.15% thereafter.

NET LOAN COST

On each policy anniversary, we reduce your 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 add that amount to the amount held in the general account as collateral for the loan. For the first ten policy years this equals .75% of the policy debt on the previous policy anniversary taking into account any loans and repayments since then. After the first ten policy years, the net loan cost equals .60%.

Between policy anniversaries, your policy's net cash surrender value is reduced by this charge on a pro-rated basis.

CANCELLATION DUE TO EXCESS DEBT

If your policy debt exceeds the larger of the cash surrender value and the tabular value, we'll mail a notice of our intent to cancel the policy, specifying

the minimum repayment amount. If we do not receive that amount within 61 days after we mail the notice, we will cancel the policy. Depending upon investment performance of the divisions and the amounts borrowed, loans may cause the policy to lapse. If the policy lapses with a loan outstanding, adverse tax consequences may result (see "Tax Considerations", page 28.

DEATH BENEFIT PROCEEDS

We will pay the death benefit proceeds to the beneficiary when we receive all information needed to make the payment, including due proof of the insured's death.

AMOUNT OF DEATH BENEFIT PROCEEDS

The policy's death benefit proceeds equal:

- the death benefit, which is the larger of the current face amount and the variable insurance amount; less
- any policy debt; and less
- any overdue charges if the policy is in a grace period (see "When Your Guarantee Period is Less Than for Life", page 20).

The values above are those as of the date of death. The death benefit will never be less than the amount required to keep the policy qualified as life insurance under Federal income tax laws.

The amount paid on death will be greater when an additional payment has been received and accepted during a policy processing period and the insured dies prior to the next policy processing date (see "Making Additional Payments", page 12).

VARIABLE INSURANCE AMOUNT

We determine the variable insurance amount on each policy processing date by:

- calculating the cash surrender value; and

- multiplying by the net single premium factor (explained below).

The variable insurance amount changes only on a policy processing date. It will never be less than required by Federal income tax law.

NET SINGLE PREMIUM FACTOR

The net single premium factor is based on the insured's sex, underwriting class and attained age on the policy processing date. It decreases as the insured's age increases. As a result, the variable insurance amount will decrease in relationship to the policy's cash surrender value. 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 is included in the policy.

TABLE OF ILLUSTRATIVE NET SINGLE PREMIUM FACTORS ON POLICY ANNIVERSARIES

STANDARD-SIMPLIFIED ISSUE			STANDARD-MEDICAL ISSUE		
ATTAINED AGE	MALE	FEMALE	ATTAINED AGE	MALE	FEMALE
5	8.61444	10.08769	5	10.26605	12.37298
15	6.45795	7.65253	15	7.41158	8.96292
25	4.89803	5.70908	25	5.50384	6.48170
35	3.59024	4.18342	35	3.97197	4.64894
45	2.62620	3.06419	45	2.87749	3.36465
55	1.97694	2.29528	55	2.14058	2.48940
65	1.55349	1.75357	65	1.65786	1.87562
75	1.28954	1.38615	75	1.35394	1.45952
85	1.14214	1.17173	85	1.18029	1.21265

PAYMENT OF DEATH BENEFIT PROCEEDS

We will usually pay the death benefit proceeds to the beneficiary within seven days after we receive all the information we need to process the payment. We may delay payment if the policy is being contested or under the circumstances described in "Using Your Policy", page 23 and "Other Policy Provisions", page 25. If we do delay payment, we 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 (see "Income Plans", page 26).

POLICY GUARANTEES

Although your policy values depend on the investment results of the investment divisions you've selected and the amount of net cash surrender value is not guaranteed, the policy does provide the following guarantees.

GUARANTEE PERIOD

We guarantee that the policy will stay in force for the insured's life, or for a shorter guarantee period depending on the face amount selected for a given premium. We won't cancel the policy during the guarantee period unless the policy debt exceeds certain policy values (see "Interest", page 18). We'll hold a reserve in our general account to support this guarantee.

MORTALITY COST

Each policy issued on a standard basis guarantees maximum mortality rates based on the 1980 CSO Table for policies underwritten on a medical basis and the 1980 CET Table for policies underwritten on a simplified basis. For policies issued on a substandard basis we use a multiple of the 1980 CSO Table. We may use current rates that are equal to or less than these rates, but never greater. In addition, we limit the mortality cost if investment results are unfavorable (see "Maximum Mortality Cost", page 16). In effect, during the guarantee period you will not be charged for mortality costs that are greater than those for a comparable fixed policy based on 4% interest and the same guaranteed mortality rates.

YOUR POLICY'S TABULAR VALUE

When we issue your policy, its tabular value equals the cash surrender value. From then on, the tabular value equals the cash surrender value for a comparable fixed life policy with the same face amount and guarantee period, based on 4% interest and the guaranteed mortality table. After the guarantee period the tabular value is zero. The tabular value is used to limit the mortality cost deduction as well as our right to cancel your policy during the guarantee period.

OTHER AMOUNTS DEDUCTED FROM INVESTMENT BASE

There are currently no charges for administrative expenses beyond the first year and we won't impose any in the future. The loan charge will never exceed a maximum of .75% of the policy debt per year for the first ten policy years and .60% thereafter.

AMOUNTS DEDUCTED FROM THE SEPARATE ACCOUNT

The amount of these deductions is limited and can't be increased above the maximums shown in "Charges to the Separate Account" on page 16.

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WHEN YOUR GUARANTEE PERIOD IS LESS THAN FOR LIFE

After the end of the guarantee period, we may cancel your policy if the net cash surrender value on a policy processing date won't cover the charges due (see "Charges Deducted from Your Investment Base", page 15).

We will notify you before cancelling your policy. You'll have 61 days to pay us three times the charges due on the policy processing date when your net cash surrender value became insufficient. (In certain states the amount of the required

payment may differ.) We will cancel your policy at the end of this grace period if we have not received your payment. Any excess of the payment above the overdue charges will be treated as an additional payment.

REINSTATING YOUR POLICY

If we cancel your policy, you may reinstate it while the insured is still living if:

- you request the reinstatement within three years after the end of the grace period;
- we receive satisfactory evidence of insurability; and
- you make a premium payment which is sufficient to give you a guarantee period of at least five years from the effective date of the reinstated policy.

We will treat your premium payment as an additional payment requiring underwriting (see "Making Additional Payments", page 12).

Your reinstated policy will be effective on the policy processing date on or next following the date we approve your reinstatement application.

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

You may cancel your policy during your "free look" period. In most states it is ten days after you receive it. In some states, however, it is the later of the ten days and 45 days from the date the application is executed. If you decide to cancel, you may mail or deliver the policy to us or to the registered representative who sold it to you. We will refund the premium paid without interest. If you cancel, we may require that you wait six months before applying to us again.

SPECIAL CANCELLATION RIGHT FOR CORPORATE PURCHASERS
Corporations that purchase one or more policies at the same time with an aggregate single premium of $250,000 or more, where the investment base has at all times been allocated to the division investing in the Money Reserve Portfolio and where no additional payments have been made nor policy loans taken, may cancel the policy(ies) and receive the greater of the premium paid without interest and the net cash surrender value.

EXCHANGING YOUR POLICY
You may exchange this policy for a policy with benefits that do not vary with the investment results of a separate account. You must request this in writing within 18 months of the issue date of your policy. You also must return the original policy.

The new policy will have the same owner and beneficiary as those of your original policy 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 policy. Any policy debt will be carried over to the new policy.

We won't ask for evidence of insurability.

REPORTS TO POLICYOWNERS

After the end of each policy quarter you'll receive a statement of the allocation of your investment base, death benefit, net cash surrender value, any policy debt and, if there has been a change, your current face amount and guarantee period. All figures will be as of the first day of the current policy quarter. The statement will show the amounts deducted from or added to the investment base during the policy quarter. We will project your policy's value at a net rate of return of 8% and based on this value tell you when the policy will terminate unless additional payments are made. It will also include any other information that may be currently required by the state insurance department of the jurisdiction in which this policy is delivered.

Policyowners will receive confirmation of all financial transactions. Such confirmations will show the price per unit of each of the policyowner's investment divisions, the number of units a policyowner 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", page 33). The sum of the values in each investment division is a policyowner's investment base.

You will also receive semiannual reports containing a financial statement for the Separate Account and a list of portfolio securities of the Series Fund and the Variable Series Funds, as required by the Investment Company Act of 1940.

SINGLE PREMIUM IMMEDIATE ANNUITY RIDER

If it's allowed in your state, you may add a single premium immediate annuity rider (SPIAR) to your policy. This rider would provide you with a fixed income for a period of ten years. If you are the insured and you die before the period ends, we'll pay the rider value in a lump sum to the beneficiary under the policy. For tax purposes, this payment won't be considered part of the life insurance death benefit.

If you surrender the rider before the end of the period, we'll pay you the rider value over five years or apply it to a lifetime income for you, as you choose.

If you are not the insured and you die before the income period ends, we'll pay the remaining payments to the new owner.

If you change the owner of the policy, we will change the owner of the SPIAR to the new owner of the policy.

If the policy ends because the insured dies (where you are not the insured), because we terminate the policy, or because you've cancelled it for its net cash surrender value, we'll continue the annuity under the same terms but under a separate written agreement. Or you can choose one of the options available upon surrender of the rider.

The rider won't have any effect on your policy's loan value.

The reserves for this rider will be held in our general account.

Pledging, assigning or gifting a policy with a SPIAR may have tax consequences to you. You are advised to consult your tax advisor prior to effecting an assignment, pledge or gift of such a policy. For a discussion of the tax issues associated with use of a SPIAR, see "Tax Considerations", page 28.

MORE ABOUT THE POLICY

USING YOUR POLICY

OWNERSHIP

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

If you, the policyowner, are not also the insured, you may want to name a contingent owner. If you die before the insured, the contingent owner will own your interest in the policy and have all your rights. If you don't name a contingent owner, your estate will own your interest in the policy at your death.

If there is more than one policyowner, we 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 code as well as the policy number. One policyowner must be designated, in writing, to receive all notices, correspondence and tax reporting to which policyowners are entitled under the policy.

CHANGING THE OWNER

During your lifetime, you have the right to transfer ownership of the policy. The new owner will have all rights and options described in the policy. The change will be effective as of the day the notice is signed, but will not affect any payment made or action taken by us before receipt of the notice of the change at the Service Center.

ASSIGNING THE POLICY AS COLLATERAL

You may assign this policy as collateral security for a loan or other obligation. This does not change the ownership. However, your rights and any beneficiary's rights are subject to the terms of the assignment.

You must give us satisfactory written notice at the Service Center in order to make or release an assignment. We are not responsible for the validity of any assignment.

NAMING BENEFICIARIES

We'll pay the primary beneficiary the proceeds of this policy on the insured's death. If the primary beneficiary has died, we pay the contingent beneficiary. If no contingent beneficiary is living, we pay the insured's estate.

You may name more than one person as primary or contingent beneficiaries. We'll pay proceeds in equal shares to the surviving beneficiary unless the beneficiary designation provides otherwise.

You have 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 you exercise certain rights and options under this policy. If you change the beneficiary the change will take effect as of the day the notice is signed, but will not affect any payment made or action taken by us before receipt of the notice of the change at the Service Center.

CHANGING THE INSURED
Subject to certain requirements, you may request that we change the insured under a policy. To do so, we must receive a written request from you and the proposed new insured. We will also require evidence of insurability for the proposed new insured. If the request for change is approved, the insurance on the new insured will take effect on the policy processing date on or next following the date of approval, provided the new insured is still living.

The policy 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 policy date).
- The guaranteed maximum mortality rates will be those in effect on the policy date for the new insured's issue age, sex and underwriting class.
- A charge for changing the insured will be deducted from the policy's investment base on the effective date. The charge will equal $1.50 per $1,000 of face amount with a minimum of $200 and a maximum of $1,500.
- The policy'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 and underwriting class. We will also determine a new variable insurance amount.

MATURITY PROCEEDS
The maturity date is the policy anniversary nearest the insured's 100th birthday. On the maturity date, we'll pay you the net cash surrender value provided the insured is still living.

HOW WE MAKE PAYMENTS
We'll usually pay death benefit proceeds, net cash surrender value on cancellation and loans within seven days after the Service Center receives all the information needed to process the payment.

However, we may delay payment if it isn't practical for us to value or dispose of Trust units or Series Fund shares or Variable Series Funds shares because:

- the New York Stock Exchange is closed for other than a regular holiday or weekend; or
- trading is restricted; or
- an emergency exists according to Securities and Exchange Commission ("SEC") rules.

We may also delay payment if an SEC order allows us to in order to protect our policyowners.

SOME ADMINISTRATIVE PROCEDURES

Described below are certain of our administrative procedures. We reserve the right to modify them from time to time or to eliminate them. For administrative and tax purposes, we may from time to time require specific forms be completed in order to accomplish certain transactions, including surrenders.

SIGNATURE GUARANTEES
In order for you to make certain policy transactions and changes, we require that your signature be guaranteed. Your signature can only be guaranteed by a national bank

or trust company (not a savings bank or federal savings and loan association), a member bank of the Federal Reserve System or a member firm of a national securities exchange.

Currently, your signature must be guaranteed on:
- WRITTEN requests for cash surrenders, policy loans and reallocations of investment base;
- the form required for change in owner designation; and
- phone authorization forms if not submitted with your application.

YOUR PERSONAL IDENTIFICATION CODE

We will send you a four digit personal identification code shortly after your policy is placed in force and before the end of the "free look" period. You need to give us this number when you call us at the Service Center to get information about your policy, to make a policy loan (if an authorization is on file), or to make other requests. Your personal identification code will be accompanied by a notice reminding you that your investment base is in the division investing in the Money Reserve Portfolio and that you may change this allocation by calling or writing the Service Center (see "Changing Your Investment Base Allocation", page 14).

REALLOCATING YOUR INVESTMENT BASE
You can reallocate your investment base either in writing in a form satisfactory to us or by phone. If you do it by phone, you must tell us your personal identification code as well as your policy number. We will give you a confirmation number over the phone and then follow up in writing.

REQUESTING A POLICY LOAN
A loan may be requested in writing or, if all required forms are on file with us, by phone. Once we have the authorization, you can call the Service Center, give us your policy number, name and personal identification code, and then tell us how much you want to borrow and from which divisions the loan should be transferred. We will wire the funds to your account at the financial institution named on your authorization. We will usually wire the funds within two working days of receipt of the request.

TELEPHONE REQUESTS
A telephone request for a policy loan 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. The Insurance Company reserves the right to change or discontinue the telephone transfer procedures.

OTHER POLICY PROVISIONS

IN CASE OF ERRORS ON THE APPLICATION
If an age or sex given in the application is wrong, it could mean that the face amount, guarantee period, or any other policy benefit is wrong. We'll pay what the premium would have bought for the correct age or sex assuming the same guarantee period.

INCONTESTIBILITY
We rely on statements made in the applications. Legally, they are considered representations, not warranties. We can contest the validity of a policy if any material misstatements are made in the initial application. We 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.

We won't contest the validity of a policy after it has been in effect during the insured's lifetime for two years from the date of issue. Nor will we contest any amount of death benefit attributable to an additional payment after such death benefit has been in effect during the insured's lifetime for two years from the date we received and accepted the payment.

PAYMENT IN CASE OF SUICIDE

If the insured commits suicide within two years from this policy's issue date, we'll pay only a limited death benefit. The benefit will be equal to the premium paid. If the insured commits suicide within two years of any date we receive and accept an additional payment, any amount of death benefit which wouldn't be payable except for the fact that the additional payment was made will be limited to the amount of the additional payment. The death benefit we will pay will be reduced by any policy debt.

POLICY CHANGES -- APPLICABLE TAX LAW

For you to receive the tax treatment accorded to life insurance under Federal income tax law, your policy must qualify initially and continue to qualify as life insurance under the Internal Revenue Code or successor law. Therefore, to assure this qualification, we have reserved the right to defer acceptance of or to return any additional payments that would cause the policy to fail to qualify as life insurance under applicable tax law as interpreted by us. Further, we reserve the right to make changes in the policy or its riders or to make distributions from the policy to the extent we find it necessary to continue to qualify your policy as life insurance. Any such changes will apply uniformly to all policies that are affected and you will be given advance written notice of such changes.

DIVIDENDS

Our variable life insurance policies are non-participating. This means that they don't provide for dividends. Investment results under these variable life policies are reflected in benefits.

STATE VARIATIONS

Certain policy features are subject to state variation. You should read your policy carefully to determine whether any variations apply in the state in which the policy was issued.

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INCOME PLANS

We offer several income plans to provide for payment of the death benefit proceeds to the beneficiary. You 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 such beneficiary to one or more of the plans. You may also choose one or more income plans on cancelling the policy for its net cash surrender value. Our approval is needed for any plan where any income payments would be less than $100. Payments under these plans do not depend on the investment results of a separate account.

Income plans are:

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.

INCOME FOR A FIXED PERIOD

Payments are made in equal installments for up to 30 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.

INTEREST PAYMENT

Amounts are left on deposit with us to earn interest of at least 3% per year.

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, we make full payments. If one dies, we make payments at two-thirds of the full amount. 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, we may reduce the sales load, the first-year administrative expense, the mortality cost and the minimum premium and we may modify our underwriting classifications.

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

Our costs for sales, administration and mortality generally vary with the size and stability of the group and the reasons the policies are purchased, among other factors. We take all these factors into account when reducing charges. To qualify for reduced charges, a group or sponsored arrangement must meet certain requirements, including our requirements for size and number of years in existence. Group or sponsored arrangements that have been set up solely to buy policies or that have been in existence less than six months will not qualify for reduced charges.

We'll make any reductions according to our rules in effect when an application for a policy or additional payment is approved. Our current rules call for reductions resulting in a sales load of not more than 3% of the premium.

We may change these rules from time to time. However, reductions in charges will not discriminate unfairly against any person.

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 that case, the Court applied its decision only to benefits derived from contributions made on or after August 1, 1983. Subsequent decisions of lower Federal courts indicate that in other factual circumstances the Title VII prohibition of sex-distinct benefits may apply to contributions made before that date. In addition, legislative, regulatory or decisional authority of some states may prohibit use of sex-distinct mortality tables under certain circumstances.

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

The states of Montana and Massachusetts prohibit the use of actuarial tables that distinguish between men and women in determining premiums and policy benefits for policies issued on the life of its residents. Therefore, policies offered by this prospectus to insure residents of Montana and Massachusetts will have premiums and benefits which are based on actuarial tables that do not differentiate on the basis of sex.

SELLING THE POLICIES

The Insurance Company retains MLPF&S under a distribution agreement to act as principal underwriter for the policies described in this prospectus as well as other policies issued through the separate account. MLPF&S also is principal underwriter (distributor) for other registered investment companies, including other separate accounts of the Insurance Company and an affiliated insurance company. It is registered with the SEC as a broker-dealer and is a member of the National Association of Securities Dealers.

The Insurance Company has companion sales agreements with MLPF&S and various Merrill Lynch Life Agencies. Under these agreements, applications for the policies are solicited by financial consultants of MLPF&S. The financial consultants are authorized under applicable state regulations to sell variable life insurance as insurance agents.

The maximum commission as a percentage of a premium payable to qualified registered representatives will, in no event, exceed 3.5%. In addition, the organizations described above will also receive override payments and may be reimbursed under MLPF&S's expense reimbursement allowance program for portions of expenses incurred.

The total amounts paid under the distribution and sales agreements for the Separate Account for the years ended December 31, 1991, December 31, 1992 and December 31, 1993 were $1,185,775, $673,788 and $915,429, respectively.

ADMINISTRATIVE SERVICES The Insurance Company 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 the Insurance Company, including services related to the Separate Account and the policies. Expenses incurred by MLIG in relation to this service agreement are reimbursed by the Insurance Company on an allocated cost basis. Charges billed to the Insurance Company by MLIG pursuant to the agreement were $55.9 million for the year ended December 31, 1993.

TAX CONSIDERATIONS

DEFINITION OF LIFE INSURANCE

In order to qualify as a life insurance contract for Federal tax purposes, this policy must meet the definition of a life insurance contract which is set forth in Section 7702 of the Internal Revenue Code. The Section 7702 definition can be met if a life insurance policy 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 policy offered by this prospectus is not directly addressed by Section 7702 or the proposed regulations issued

thereunder. The presence of these innovative policy 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 this policy.

Nevertheless, we believe that the policy offered by this prospectus 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 Internal Revenue Code; and
- the policyowner should not be considered in constructive receipt of the policy's cash surrender value, including any increases, until actual cancellation of the policy.

We have reserved the right to make changes in this policy if such changes are deemed necessary to assure its qualification as a life insurance contract for tax purposes (see "Policy Changes -- Applicable Tax Law", page 26).

DIVERSIFICATION

Section 817(h) of the Internal Revenue 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 and the Variable Series Funds, intends to comply with these requirements. Although we don't control the Series Fund or the Variable Series Funds, we intend 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 diversification regulations, the Treasury Department stated that it anticipates the issuance of regulations or rulings prescribing the circumstances in which a policyowner's control of the investments of a separate account may cause the policyowner, rather than the insurance company, to be treated as the owner of the assets in the account. If the policyowner is considered the owner of the assets of the Separate Account, income and gains from the account would be included in the policyowner's gross income.

The ownership rights under this policy are similar to, but different in certain respects from, those described by the IRS in rulings in which it determined that the policyowners were not owners of separate account assets. For example, the owner of this policy has additional flexibility in allocating premiums and cash values. These differences could result in the policyowner being treated as the owner of the assets of the Separate Account. In addition, the Insurance Company does not know what standards will be set forth in the regulations or rulings which the Treasury has stated it expects to be issued. We therefore reserve the right to modify this policy as necessary to attempt to prevent the policyowner from being considered the owner of the assets of the Separate Account.

POLICY LOANS

Under current law policy loans are considered indebtedness of a policyowner and no part of a loan constitutes income to an owner. However, any interest paid on policy loans for single premium policies will not be tax-deductible.

TAX TREATMENT OF POLICY LOANS AND OTHER DISTRIBUTIONS

Federal Tax Laws establishes a new class of life insurance policies 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 premiums that can be paid into a contract each year in the first seven contract years in order to avoid modified endowment contract treatment.

Loans from, as well as collateral assignments of, modified endowment contracts will be treated as distributions to the policyowner. All pre-death distributions (including loans and collateral assignments) from these policies will be included in gross income on an income first basis to the extent of any income in the policy immediately before the distribution.

The law also imposes a 10% penalty tax on pre-death distributions (including loans, collateral assignments and 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 beneficiary.

These provisions apply to policies entered into on or after June 21, 1988. However, a policy that is not originally classified as a modified endowment contract can become so classified if a material change is made in the policy 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. Certain changes made to your policy may cause it to become subject to these provisions. We believe that these changes include your contractual right to make certain additional premium payments. You may choose not to exercise this right in order to preserve your policy's current tax treatment.

If you do preserve your policy's current tax treatment, policy loans will be considered your indebtedness and no part of a policy loan will constitute income to you. However, a lapse of a policy with an outstanding loan will result in the treatment of the loan cancellation (including the accrued interest) as a distribution under the policy and may be taxable. Pre-death distributions will generally not be included in gross income to the extent that the amount received does not exceed your investment in the policy.

Any policy received in exchange for a modified endowment contract is considered a modified endowment contract.

If there is any borrowing against your policy, whether a modified endowment contract or not, the interest paid on loans is not tax deductible.

AGGREGATION OF MODIFIED ENDOWMENT CONTRACTS
In the case of a pre-death distribution (including loans, collateral assignments and surrenders) from a policy that is treated as a modified endowment contract, a special "aggregation" requirement may apply for purposes of determining the amount of the "income on the contract." Specifically, if the Insurance Company or any of its affiliates issue to the same policyowner more than one modified endowment contract during 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 such 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 policy, 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 the Insurance Company 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 the Insurance Company, the remaining income in the annuity rider will be taxed just as in the case of life insurance policies.

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 an assignment, gift or pledge, no income will be recognized to the policyowners or beneficiary.

The SPIAR does not exist independently of a policy.

Accordingly, there are tax consequences if a policy with a SPIAR is assigned, transferred by gift, or pledged. An owner of a policy with a SPIAR is advised to consult a tax advisor prior to effecting an assignment, gift or pledge of the policy.

OTHER TRANSACTIONS

Changing the owner or the insured may have tax consequences. Exchanging this policy for another involving the same insured will have no tax consequences if there is no policy debt and no cash or other property is received, according to Section 1035(a)(1) of the Internal Revenue Code.

OTHER TAXES

Federal estate and state and local estate, inheritance and other taxes depend upon your or the beneficiary's specific situation.

OWNERSHIP OF POLICIES BY NON-NATURAL PERSONS. The above discussion of the tax consequences arising from the purchase, ownership, and transfer of a policy has assumed that the owner of the policy 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 as policy loans. Further, organizations purchasing policies covering the life of an individual who is an officer or employee of, or is financially interested in, the taxpayer's trade or business, may be unable to deduct all or a portion of the interest or premiums paid with respect to such policies. Such organizations should obtain tax advice prior to the acquisition of a policy and also before entering into any subsequent changes to or transactions under the Policy.

Merrill Lynch Life does not make any guarantee regarding the tax status of any policy or any transaction regarding the policy.

THE ABOVE DISCUSSION IS NOT INTENDED AS TAX ADVICE. FOR TAX ADVICE YOU SHOULD CONSULT A COMPETENT TAX ADVISOR. ALTHOUGH OUR TAX DISCUSSION IS BASED ON OUR UNDERSTANDING OF FEDERAL INCOME TAX LAWS AS THEY ARE CURRENTLY INTERPRETED, WE CAN'T GUARANTEE THAT THOSE LAWS OR INTERPRETATIONS WILL REMAIN UNCHANGED.

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THE INSURANCE COMPANY'S INCOME TAXES

FEDERAL INCOME TAXES

We don't expect to incur any Federal income tax liability that would be chargeable to the Separate Account. As a result, no charges for Federal income taxes are currently deducted from the Separate Account.

Changes in Federal tax treatment of variable life insurance or in the Insurance Company's tax status may mean that we will have to pay Federal income taxes chargeable to the Separate Account in the future. If we make a charge for taxes, we expect to accumulate it daily and transfer it from each investment division and into the general account monthly. We would keep any investment earnings on any tax charges accumulated in an investment division.

Tax charges, if they were imposed, won't apply to policies issued in connection with qualified pension arrangements.

STATE AND LOCAL INCOME TAXES

Under current laws, we may incur state and local income taxes (in addition to premium taxes) in several states, although these taxes are not significant. If the amount of these taxes changes substantially, we may make charges to the Separate Account.

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REINSURANCE

We intend to reinsure some of the risks we assume under the policies.

MORE ABOUT THE SEPARATE ACCOUNT AND ITS DIVISIONS

ABOUT THE SEPARATE ACCOUNT

The Separate Account is registered with the SEC under the Investment Company Act of 1940 as an investment company. This registration does not involve any SEC supervision of our management or the management of the Separate Account. The Separate Account is also governed by the laws of the State of Arkansas, our state of domicile.

CHANGES WITHIN THE SEPARATE ACCOUNT

We may from time to time make additional investment divisions available to you. These divisions will invest in investment portfolios we find suitable for the policies. We also have 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 our judgment, a portfolio no longer suits the purposes of the policies. This may happen due to a change in laws or regulations, or a change in a portfolio's investment objectives or restrictions, or because the portfolio is no longer available for investment, or for some other reason. We would get prior approval from the insurance department of our state of domicile before making such a substitution. This approval process is on file with the insurance department of the jurisdiction in which this policy is delivered. We would also get prior approval from the SEC and any other required approvals before making such a substitution.

We reserve the right to transfer assets of the Separate Account, which we determine to be associated with the class of policies to which your policy belongs, to another separate account.

When permitted by law, we reserve 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 policyowners, or other persons who have voting rights as to the Separate Account; and
- combine the Separate Account with other separate accounts.

RIGHT TO EXCHANGE POLICY

Policyowners may exchange their policies for a policy with benefits that do not vary with the investment results of a Separate Account if:

- there is a change in an investment adviser of any portfolio; or
- there is a material change in the investment objectives or restrictions of any portfolio in which the investment divisions invest.

We will notify you if there is any such change. You will be able to exchange your policy within 60 days after our notice or the effective date of the change, whichever is later. No evidence of insurability is required on exchange.

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 policyowner by the Insurance Company). 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. The Insurance Company 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 we consider any dividends or capital gains distributions declared by the Series Fund or the Variable Series Funds.

For divisions investing in the Trusts, units of each Trust will be valued at the sponsor's repurchase price, as explained in the prospectus for the 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. We redeem shares to pay benefits and make reallocations. Any dividend or capital gain distribution will be reinvested at net asset value in shares of the same portfolio.

VOTING RIGHTS

We will vote Series Fund and Variable Series Funds shares according to your instructions. However, if the Investment Company Act of 1940 or any related regulations should change, or if interpretations of it or related regulations should change, and we decide that we're permitted to vote the shares of the Series Fund or the Variable Series Funds in our own right, we may decide to do so.

We determine the number of shares that you have in an investment division by dividing a policy's investment base in that division by the net asset value of one share of the portfolio. Fractional votes will be counted.

We will determine the number of shares you can instruct us to vote 90 days or less before the Series Fund or Variable Series Funds meeting. We will ask you for voting instructions by mail at least 14 days before the meeting.

If we don't get your instructions in time, we'll vote the shares in the same proportion as the instructions received for all policies (including those received from other types of policies we issue through the Separate Account) in that investment division. We'll also vote shares we hold in the Separate Account which are not attributable to policyowners in the same proportion.

Under certain circumstances, we 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.

We may also disregard instructions to vote for changes initiated by an owner in the investment policy or the investment adviser if we disapprove of the proposed changes. We would disapprove a proposed change only if it was:

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

If we disregard voting instructions, we'll include a summary of our actions in the next semiannual report.

RESOLVING MATERIAL CONFLICTS

Shares of the Series Fund are available for investment by other Merrill Lynch insurance companies and Monarch. 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 our Separate Account and one or more separate accounts of the other insurance companies 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 differences in voting instructions from our policyowners and those of the other insurance companies, or for other reasons. We will monitor events so we can identify how to respond to such conflicts. If such a conflict occurs, we may be required to eliminate one or more 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, we will take the action which we believe necessary to protect our policyowners.

THE TRUSTS

THE 20 TRUSTS:

<TABLE>
<CAPTION>

Trust	Maturity Date
<C>	<S>
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	February 15, 2004

</TABLE>

<TABLE>
<CAPTION>

Trust	Maturity Date
2005	February 15, 2005
<C>	<S>
2006	February 15, 2006
2007	February 15, 2007
2008	February 15, 2008
2009	February 15, 2009
2010	February 15, 2010

2011	February 15, 2011
2013	February 15, 2013
2014	February 15, 2014

</TABLE>

TARGETED RATE OF RETURN TO MATURITY

From time to time, we may calculate a targeted rate of return to maturity for an investment division investing in a Trust. Because the underlying securities in the Trusts will grow to their face value on the maturity date, it is possible to determine a compound rate of growth to maturity for the Trust units. But because the units are held in the Separate Account the asset charges described in "Charges to the Separate Account" on page 16, must be taken into account in determining a net return. The net rate of return to maturity depends on the compound rate of growth adjusted for these charges. It does not, however, represent the actual return on a premium we might receive under the policy on that date, since it does not reflect the charges deducted from a policy's investment base described in "Charges Deducted from Your Investment Base" on page 15.

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

- ---

CHARGES TO SERIES FUND ASSETS

The Series Fund incurs operating expenses and pays a monthly advisory fee to Merrill Lynch Asset Management, Inc. ("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.

Under a reimbursement agreement, the Series Fund will be reimbursed so that ordinary expenses of the portfolios (which includes the monthly advisory fee) do not exceed .50% of the average daily net assets.

MLAM has agreed that if any portfolio's aggregate ordinary expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) 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.

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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%, .60% and

1.00% 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 commissions and extraordinary expenses, 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.

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

The tables on pages 40 through 44 demonstrate the way in which your policy works. The tables are based on the following ages, face amounts, premiums and guarantee periods.

1. The illustration on page 40 is for a policy issued to a male age five in the standard-simplified underwriting class with a single premium of $5,000, a face amount of $40,057 and a guarantee period for life.

2. The illustration on page 41 is for a policy issued to a male age forty in the standard-simplified underwriting class with a single premium of $10,000, a face amount of $28,477 and a guarantee period for life.

3. The illustration on page 42 is for a policy issued to a male age fifty-five in the standard-simplified underwriting class with a single premium of $10,000, a face amount of $18,386 and a guarantee period for life.

4. The illustration on page 43 is for a policy issued to a female age sixty-five in the standard-simplified underwriting class with a single premium of $10,000, a face amount of $16,308 and a guarantee period for life.

5. The illustration on page 44 is for a policy issued to a male age forty in the standard-simplified underwriting class with a single premium of $10,000, a face amount of $123,712 and a guarantee period of 15 years. This illustration also demonstrates the effects of additional payments.

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%, 4%, 8% and 12%.

The death benefit, investment base and cash surrender value for your policy would be different from those shown if the actual rates of return averaged 0%, 4%, 8% and 12% over a period of years, but also fluctuated above or below those averages for individual policy years.

The amounts shown for the death benefit, investment base and cash surrender value as of the end of each policy year take into account the daily charge for mortality, expense and guaranteed benefits risks in the Separate Account equivalent to an effective annual charge of .60% at the beginning of the year.

The amounts shown in the tables also assume an additional charge of .490%. This charge assumes that investment base is allocated equally among all investment divisions and is based on the 1993 expenses (including the 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. These reimbursements amounted to .01% and .09%, respectively, of the average daily net assets of these portfolios. (See "Charges to the Series Fund Assets" on page 36.) The actual charge under a policy will depend on the actual allocation of your investment base and may be higher or lower depending on how your investment base is allocated.

Taking into account the .60% charge for mortality, expense and guaranteed benefits risks in the Separate Account and the .490% charge described above, the gross annual rates of investment return of 0%, 4%, 8% and 12% correspond to net annual rates of -1.09%, 2.89%, 6.86% and 10.84%, 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 Insurance Company income tax charges that may be attributable to the Separate Account in the future. In order to produce after tax returns of 0%, 4%, 8% and 12%, the portfolio would have to earn a sufficient amount in excess of 0% or 4% or 8% or 12% to cover any tax charges.

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

We'll furnish upon request a personalized illustration reflecting the proposed insured's age, face amount and the premium amounts requested. The illustration will also use current mortality rates and will assume that the proposed insured is in a standard underwriting class.

SINGLE PREMIUM VARIABLE LIFE INSURANCE POLICY

MALE ISSUE AGE 5

$5,000 SINGLE PREMIUM FOR STANDARD-SIMPLIFIED UNDERWRITING RISK

FACE AMOUNT: $40,057 GUARANTEE PERIOD: FOR LIFE

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>
<CAPTION>

POLICY YEAR	PAYMENTS (1)	TOTAL PREMIUMS PAID PLUS INTEREST AT 5% AS OF END OF YEAR	END OF YEAR DEATH BENEFIT (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%

<S>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	$5,000	$ 5,250	$40,057	$40,057	41,365	43,017
2..................	0	5,513	40,057	40,057	42,683	46,132
3..................	0	5,788	40,057	40,057	44,014	49,415
4..................	0	6,078	40,057	40,057	45,359	52,878
5..................	0	6,381	40,057	40,057	46,719	56,535
6..................	0	6,700	40,057	40,057	48,096	60,400
7..................	0	7,036	40,057	40,057	49,491	64,489
8..................	0	7,387	40,057	40,057	50,907	68,819
9..................	0	7,757	40,057	40,057	52,345	73,408
10..................	0	8,144	40,057	40,057	53,806	78,274
15..................	0	10,395	40,057	40,057	61,662	107,736
20 (age 25)..........	0	13,266	40,057	40,057	70,663	148,279
30 (age 35)..........	0	21,610	40,057	40,057	92,779	280,744
60 (age 65)..........	0	93,396	40,057	40,057	210,139	1,908,291

</TABLE>

<TABLE>
<CAPTION>

	END OF YEAR INVESTMENT BASE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF				END OF YEAR CASH SURRENDER VALUE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF			
POLICY YEAR	0%	4%	8%	12%	0%	4%	8%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	$4,853	$ 5,051	$ 5,248	$ 5,445	$4,538	$ 4,736	$ 4,933	$ 5,130
2..................	4,709	5,104	5,512	5,935	4,429	4,824	5,232	5,655
3..................	4,568	5,161	5,795	6,476	4,323	4,916	5,550	6,231
4..................	4,430	5,221	6,097	7,073	4,220	5,011	5,887	6,863
5..................	4,295	5,285	6,420	7,732	4,120	5,110	6,245	7,557
6..................	4,162	5,351	6,763	8,458	4,022	5,211	6,623	8,318
7..................	4,030	5,417	7,127	9,255	3,925	5,312	7,022	9,150
8..................	3,896	5,483	7,511	10,129	3,826	5,413	7,441	10,059
9..................	3,758	5,545	7,912	11,082	3,723	5,510	7,877	11,047
10..................	3,617	5,604	8,332	12,121	3,617	5,604	8,332	12,121
15..................	3,035	6,035	10,943	19,119	3,035	6,035	10,943	19,119
20 (age 25)..........	2,457	6,500	14,427	30,273	2,457	6,500	14,427	30,273
30 (age 35)..........	1,464	7,744	25,842	78,196	1,464	7,744	25,842	78,196
60 (age 65)..........	0	9,148	135,269	1,228,390	0	9,148	135,269	1,228,390

<FN>
- --------------------------
(1) All payments are illustrated as if made at the beginning of the policy year.
(2) Assumes no policy 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 DEEMED A REPRESENTATION OF PAST OR FUTURE INVESTMENT RATES OF RETURN. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE SHOWN AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS MADE BY AN OWNER, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE FOR A POLICY WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 4%, 8% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL POLICY YEARS. NO REPRESENTATIONS CAN BE MADE BY THE INSURANCE COMPANY OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

SINGLE PREMIUM VARIABLE LIFE INSURANCE POLICY

MALE ISSUE AGE 40

$10,000 SINGLE PREMIUM FOR STANDARD-SIMPLIFIED UNDERWRITING RISK

FACE AMOUNT: $28,477 GUARANTEE PERIOD: FOR LIFE

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>
<CAPTION>

	TOTAL PREMIUMS	END OF YEAR DEATH BENEFIT (2) ASSUMING HYPOTHETICAL GROSS

POLICY YEAR	PAYMENTS (1)	PAID PLUS INTEREST AT 5% AS OF END OF YEAR	ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	$10,000	$10,500	$28,477	$28,477	$29,405	$ 30,579
2..................	0	11,025	28,477	28,477	30,341	32,790
3..................	0	11,576	28,477	28,477	31,286	35,121
4..................	0	12,155	28,477	28,477	32,240	37,580
5..................	0	12,763	28,477	28,477	33,206	40,176
6..................	0	13,401	28,477	28,477	34,184	42,922
7..................	0	14,071	28,477	28,477	35,175	45,827
8..................	0	14,775	28,477	28,477	36,181	48,904
9..................	0	15,513	28,477	28,477	37,203	52,164
10..................	0	16,289	28,477	28,477	38,241	55,622
15..................	0	20,789	28,477	28,477	43,824	76,557
20 (age 60)..........	0	26,533	28,477	28,477	50,226	105,389
25 (age 65)..........	0	33,864	28,477	28,477	57,568	146,107
30 (age 70)..........	0	43,219	28,477	28,477	65,989	199,840

</TABLE>

<TABLE>
<CAPTION>

POLICY YEAR	END OF YEAR INVESTMENT BASE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%	END OF YEAR CASH SURRENDER VALUE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	9,747	10,143	10,539	10,934	9,117	9,513	9,909	10,304
2..................	9,491	10,285	11,106	11,957	8,931	9,725	10,546	11,397
3..................	9,232	10,425	11,703	13,078	8,742	9,935	11,213	12,588
4..................	8,970	10,564	12,332	14,305	8,550	10,144	11,912	13,885
5..................	8,705	10,700	12,994	15,648	8,355	10,350	12,644	15,298
6..................	8,436	10,833	13,690	17,118	8,156	10,553	13,410	16,838
7..................	8,164	10,964	14,422	18,725	7,954	10,754	14,212	18,515
8..................	7,889	11,092	15,191	20,484	7,749	10,952	15,051	20,344
9..................	7,610	11,218	16,002	22,409	7,540	11,148	15,932	22,339
10..................	7,326	11,339	16,852	24,512	7,326	11,339	16,852	24,512
15..................	6,166	12,232	22,168	38,725	6,166	12,232	22,168	38,725
20 (age 60)..........	4,786	12,952	28,828	60,489	4,786	12,952	28,828	60,489
25 (age 65)..........	3,145	13,418	37,057	93,407	3,145	13,418	37,057	93,407
30 (age 70)..........	1,165	13,487	46,963	142,221	1,165	13,487	46,963	142,221

<FN>

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(1) All payments are illustrated as if made at the beginning of the policy year.

(2) Assumes no policy 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 DEEMED A REPRESENTATION OF PAST OR FUTURE INVESTMENT RATES OF RETURN. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE SHOWN AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS MADE BY AN OWNER, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE FOR A POLICY WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 4%, 8% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL POLICY YEARS. NO REPRESENTATIONS CAN BE MADE BY THE INSURANCE COMPANY OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

SINGLE PREMIUM VARIABLE LIFE INSURANCE POLICY

MALE ISSUE AGE 55

$10,000 SINGLE PREMIUM FOR STANDARD-SIMPLIFIED UNDERWRITING RISK

FACE AMOUNT: $18,386 GUARANTEE PERIOD: FOR LIFE

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>
<CAPTION>

POLICY YEAR	PAYMENTS (1)	TOTAL PREMIUM PAID PLUS INTEREST AT 5% AS OF END OF YEAR	END OF YEAR DEATH BENEFIT (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
1..................	$10,000	$10,500	$18,386	$18,386	$18,986	$ 19,744
2..................	0	11,025	18,386	18,386	19,591	21,175
3..................	0	11,576	18,386	18,386	20,203	22,684
4..................	0	12,155	18,386	18,386	20,821	24,275
5..................	0	12,763	18,386	18,386	21,447	25,957
6..................	0	13,401	18,386	18,386	22,081	27,735
7..................	0	14,071	18,386	18,386	22,723	29,617
8..................	0	14,775	18,386	18,386	23,375	31,610
9..................	0	15,513	18,386	18,386	24,037	33,723
10 (age 65)..........	0	16,289	18,386	18,386	24,709	35,962
15..................	0	20,789	18,386	18,386	28,324	49,527
20 (age 75)..........	0	26,533	18,386	18,386	32,470	68,224
30 (age 85)..........	0	43,219	18,386	18,386	42,688	129,560

</TABLE>

<TABLE>
<CAPTION>

POLICY YEAR	END OF YEAR INVESTMENT BASE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%	END OF YEAR CASH SURRENDER VALUE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
1..................	9,698	10,094	10,488	10,882	9,068	9,464	9,858	10,252
2..................	9,392	10,183	10,998	11,841	8,832	9,623	10,438	11,281
3..................	9,081	10,266	11,529	12,884	8,591	9,776	11,039	12,394
4..................	8,766	10,344	12,082	14,017	8,346	9,924	11,662	13,597
5..................	8,446	10,416	12,660	15,248	8,095	10,066	12,310	14,898
6..................	8,121	10,482	13,261	16,586	7,841	10,202	12,981	16,306
7..................	7,791	10,540	13,887	18,036	7,581	10,330	13,677	17,826
8..................	7,455	10,590	14,536	19,608	7,315	10,450	14,396	19,468
9..................	7,111	10,630	15,209	21,310	7,041	10,560	15,139	21,240
10 (age 65)..........	6,760	10,660	15,906	23,149	6,760	10,660	15,906	23,149
15..................	5,229	11,010	20,157	35,247	5,229	11,010	20,157	35,247
20 (age 75)..........	3,471	11,074	25,180	52,905	3,471	11,074	25,180	52,905
30 (age 85)..........	0	9,971	37,375	113,436	0	9,971	37,375	113,436

<FN>

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(1) All payments are illustrated as if made at the beginning of the policy year.

(2) Assumes no policy 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 DEEMED A REPRESENTATION OF PAST OR FUTURE INVESTMENT RATES OF RETURN. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE SHOWN AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS MADE BY AN OWNER, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE FOR A POLICY WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 4%, 8% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL POLICY YEARS. NO REPRESENTATIONS CAN BE MADE BY THE INSURANCE COMPANY OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

SINGLE PREMIUM VARIABLE LIFE INSURANCE POLICY

FEMALE ISSUE AGE 65

$10,000 SINGLE PREMIUM FOR STANDARD-SIMPLIFIED UNDERWRITING RISK

FACE AMOUNT: $16,308   GUARANTEE PERIOD: FOR LIFE

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>

<CAPTION>

POLICY YEAR	PAYMENTS (1)	TOTAL PREMIUM PAID PLUS INTEREST AT 5% AS OF END OF YEAR	END OF YEAR DEATH BENEFIT (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	$10,000	$10,500	$16,308	$16,308	$16,841	$17,514
2..................	0	11,025	16,308	16,308	17,378	18,783
3..................	0	11,576	16,308	16,308	17,921	20,122
4..................	0	12,155	16,308	16,308	18,470	21,535
5..................	0	12,763	16,308	16,308	19,025	23,027
6..................	0	13,401	16,308	16,308	19,587	24,605
7..................	0	14,071	16,308	16,308	20,157	26,275
8..................	0	14,775	16,308	16,308	20,736	28,043
9..................	0	15,513	16,308	16,308	21,323	29,917
10 (age 75)..........	0	16,289	16,308	16,308	21,920	31,905
15..................	0	20,789	16,308	16,308	25,127	43,944
20 (age 85)..........	0	26,533	16,308	16,308	28,808	60,543

</TABLE>

<TABLE>
<CAPTION>

POLICY YEAR	END OF YEAR INVESTMENT BASE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%	END OF YEAR CASH SURRENDER VALUE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	$9,689	$10,085	$10,479	$10,872	$9,059	$ 9,455	$ 9,849	$10,242
2..................	9,374	10,164	10,978	11,820	8,814	9,604	10,418	11,260
3..................	9,055	10,238	11,498	12,850	8,565	9,748	11,008	12,360
4..................	8,733	10,309	12,042	13,971	8,313	9,889	11,622	13,551
5..................	8,409	10,375	12,611	15,190	8,059	10,025	12,261	14,840
6..................	8,082	10,437	13,206	16,517	7,802	10,157	12,926	16,237
7..................	7,751	10,492	13,825	17,957	7,541	10,282	13,615	17,747
8..................	7,413	10,538	14,468	19,517	7,273	10,398	14,328	19,377
9..................	7,066	10,574	15,131	21,202	6,996	10,504	15,061	21,132
10 (age 75)..........	6,708	10,595	15,813	23,017	6,708	10,595	15,813	23,017
15..................	5,105	10,853	19,900	34,802	5,105	10,853	19,900	34,802
20 (age 85)..........	3,235	10,763	24,586	51,670	3,235	10,763	24,586	51,670

<FN>

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(1) All payments are illustrated as if made at the beginning of the policy year.

(2) Assumes no policy 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 DEEMED A REPRESENTATION OF PAST OR FUTURE INVESTMENT RATES OF RETURN. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE SHOWN AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS MADE BY AN OWNER, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE FOR A POLICY WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 4%, 8% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL POLICY YEARS. NO REPRESENTATIONS CAN BE MADE BY THE INSURANCE COMPANY OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

SINGLE PREMIUM VARIABLE LIFE INSURANCE POLICY

MALE ISSUE AGE 40

$10,000 SINGLE PREMIUM FOR STANDARD-SIMPLIFIED UNDERWRITING RISK

FACE AMOUNT: $123,712 GUARANTEE PERIOD AT ISSUE: 15 YEARS

BASED ON MAXIMUM MORTALITY CHARGES

<TABLE>
<CAPTION>

END OF POLICY YEAR	PAYMENTS (1)	TOTAL PREMIUMS PAID PLUS INTEREST AT 5%	END OF YEAR DEATH BENEFIT (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	$10,000	$ 10,500	$123,712	$123,712	$123,712	$123,712
2..................	1,500	12,600	123,712	123,712	123,712	123,712
3..................	1,500	14,805	123,712	123,712	123,712	123,712
4..................	1,500	17,120	123,712	123,712	123,712	123,712
5..................	1,500	19,551	123,712	123,712	123,712	123,712
6..................	1,500	22,104	123,712	123,712	123,712	123,712
7..................	1,500	24,784	123,712	123,712	123,712	123,712
8..................	1,500	27,598	123,712	123,712	123,712	123,712
9..................	1,500	30,553	123,712	123,712	123,712	123,712
10..................	1,500	33,656	123,712	123,712	123,712	123,712
15..................	1,500	51,657	123,712	123,712	123,712	140,799
20 (age 60)..........	1,500	74,632	123,712	123,712	123,712	210,568
25 (age 65)..........	1,500	103,954	123,712	123,712	134,710	304,753
30 (age 70)..........	0	132,675	*	123,712	154,568	419,967

</TABLE>

<TABLE>
<CAPTION>

END OF POLICY YEAR	END OF YEAR INVESTMENT BASE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%	END OF YEAR CASH SURRENDER VALUE (2) ASSUMING HYPOTHETICAL GROSS ANNUAL INVESTMENT RETURN OF 0%	4%	8%	12%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1..................	$ 9,372	$ 9,763	$ 10,155	$ 10,547	$ 8,742	$ 9,133	$ 9,525	$ 9,917
2..................	10,189	11,016	11,877	12,770	9,541	10,368	11,229	12,122
3..................	10,952	12,260	13,674	15,194	10,296	11,604	13,018	14,538
4..................	11,659	13,491	15,548	17,837	11,005	12,837	14,894	17,183
5..................	12,307	14,707	17,503	20,724	11,664	14,064	16,860	20,082
6..................	12,894	15,903	19,540	23,881	12,273	15,281	18,919	23,259
7..................	13,423	17,080	21,670	27,341	12,832	16,490	21,080	26,750
8..................	13,890	18,235	23,897	31,139	13,340	17,686	23,348	30,589
9..................	14,298	19,369	26,231	35,318	13,799	18,870	25,732	34,819
10..................	14,637	20,471	28,670	39,918	14,198	20,032	28,232	39,479
15..................	15,591	25,746	43,178	71,659	15,153	25,307	42,739	71,221
20 (age 60)..........	14,158	29,275	61,912	121,296	13,719	26,836	61,474	120,857
25 (age 65)..........	9,303	29,533	87,153	196,612	8,864	29,095	86,714	196,173
30 (age 70)..........	*	13,815	110,099	298,976	*	13,717	110,002	298,879

<FN>

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(1) All payments are illustrated as if made at the beginning of the policy year.

(2) Assumes no policy loan has been made.

* Additional payment will be required to prevent policy termination.

</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 DEEMED A REPRESENTATION OF PAST OR FUTURE INVESTMENT RATES OF RETURN. ACTUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE SHOWN AND WILL DEPEND ON A NUMBER OF FACTORS, INCLUDING THE INVESTMENT ALLOCATIONS MADE BY AN OWNER, PREVAILING INTEREST RATES AND RATES OF INFLATION. THE DEATH BENEFIT, INVESTMENT BASE AND CASH SURRENDER VALUE FOR A POLICY WOULD BE DIFFERENT FROM THOSE SHOWN IF THE ACTUAL GROSS RATES OF RETURN AVERAGED 0%, 4%, 8% AND 12% OVER A PERIOD OF YEARS, BUT ALSO FLUCTUATED ABOVE OR BELOW THOSE AVERAGES FOR INDIVIDUAL POLICY YEARS. NO REPRESENTATIONS CAN BE MADE BY THE INSURANCE COMPANY OR THE SERIES FUND OR THE VARIABLE SERIES FUNDS OR THE TRUSTS THAT THESE HYPOTHETICAL RATES OF RETURN CAN BE ACHIEVED FOR ANY ONE YEAR OR SUSTAINED OVER ANY PERIOD OF TIME.

- --

MORE ABOUT THE INSURANCE COMPANY

- --

MANAGEMENT

The Insurance Company's directors and executive officers and their positions with the Insurance Company are as follows:

<TABLE>
<CAPTION>

NAME	POSITION HELD
<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, General Counsel and Secretary
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 Insurance Company's indirect parent, Merrill Lynch & Co., Inc. The principal positions of the Insurance Company's directors and executive officers for the past five years are listed below:

Mr. Vespa joined the Insurance Company in January 1994. Since February 1994, he has held the position of Senior Vice President of Merrill Lynch, Pierce, Fenner & Smith Incorporated. 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 the Insurance Company in June 1991. From January 1989 to May 1991, he was a Principal with Coopers & Lybrand.

Mr. Skolnick joined the Insurance Company 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 Incorporated. Prior to May 1992, he held the position of Senior Counsel of Merrill Lynch & Co., Inc.

Mr. Dunford joined the Insurance Company 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 the Insurance Company in December 1990. He joined Merrill Lynch, Pierce, Fenner & Smith Incorporated in August 1988.

Mr. Jones joined the Insurance Company 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 was Chairman of the Board, President, and Chief Executive Officer of the Insurance Company. From January 1992 to June 1992, he was a First Vice President of Merrill Lynch, Pierce, Fenner & Smith. From January 1991 to January 1992, he was a District Director of Merrill Lynch, Pierce, Fenner & Smith. Prior to January 1991, he was a Senior Resident Vice President of Merrill Lynch, Pierce, Fenner & Smith.

Mr. Boucher joined the Insurance Company 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 the Insurance Company 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 the Insurance Company, both individually and as a group, own less than one percent of the outstanding shares of common stock of Merrill Lynch & Co., Inc.

STATE REGULATION

We're regulated and supervised by the Insurance Department of the State of Arkansas (the "Insurance Department"). A detailed financial statement in the prescribed form (the "Annual Statement") is filed with the Insurance Department each year covering our operations for the preceding year and our financial condition as of the end of that year. Regulation by the Insurance Department includes periodic examination to determine contract liabilities and reserves so that the Insurance Department may certify that these items are correct. Our books and accounts are subject to review by the Insurance Department at all times. A full examination of our operations is conducted periodically by the Insurance Department and under the asupices of the National Association of Insurance Commissioners. We're also subject to the insurance laws and regulations of all jurisdictions where we do business. The variable life insurance policies offered by this Prospectus have been approved by the Insurance Department of the State of Arkansas and in other jurisdictions.

REGISTRATION STATEMENT

We have filed a Registration Statement under the Securities Act 1933 with the SEC relating to the offering described in this Prospectus. This Prospectus does not include all the information in the Registration Statement. We have omitted certain portions according to SEC rules. You may obtain the omitted information from the SEC's main office in Washington, D.C. by paying the SEC's prescribed fees.

LEGAL PROCEEDINGS

As an insurance company, we are ordinarily involved in various kinds of routine litigation that in our judgment is not of material importance in relation to our total assets.

LEGAL MATTERS

The legal validity of the policies described in this Prospectus has been passed on by Barry G. Skolnick, Senior Vice President and General Counsel of the Insurance Company.

EXPERTS

The financial statements of the Insurance Company and of the Separate Account as of December 31, 1993 and 1992 and for each of the three years in the period ended December 31, 1993, included in this Prospectus have been audited by Deloitte & Touche, independent auditors, as stated in their reports appearing herein, and have been so 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 the Insurance Company, as stated in his opinion filed as an exhibit to the Registration Statement.

FINANCIAL STATEMENTS

The financial statements of the Insurance Company, included herein, should be distinguished from the financial statements of the Separate Account and should be considered only as bearing upon the ability of the Insurance Company to meet its obligations under the policies.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Merrill Lynch Life Insurance Company:

We have audited the accompanying statements of net assets of Merrill Lynch Life Variable Life Separate Account II (the "Account") as of December 31, 1993 and 1992 and the related statements of earnings and changes in net assets for the periods presented. These financial statements are the responsibility of the management of Merrill Lynch Life Insurance Company. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of mutual fund securities owned at December 31, 1993, by correspondence with the funds' transfer agent. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Account at December 31, 1993 and 1992 and the results of its operations and the changes in its net assets for the periods presented in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules included herein are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/S/Deloitte & Touche
February 16, 1994

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENT OF NET ASSETS AT DECEMBER 31, 1993

<TABLE>
<CAPTION>

ASSETS	Cost	Shares	Market Value
<S>	<C>	<C>	<C>
Investment in Merrill Lynch Series Fund, Inc. (Note B):			
Money Reserve Portfolio	$ 438,620,196	438,620,196	$ 438,620,196
Intermediate Government Bond Portfolio	225,959,405	20,018,543	240,622,883
Long-Term Corporate Bond Portfolio	103,655,972	8,931,873	112,452,283
Capital Stock Portfolio	151,482,415	6,809,310	175,203,541
Growth Stock Portfolio	88,155,753	3,830,058	94,410,938
Multiple Strategy Portfolio	829,095,746	52,292,504	1,037,483,285
High Yield Portfolio	69,832,521	7,581,705	73,390,906
Natural Resources Portfolio	16,129,714	2,056,848	15,488,063
Global Strategy Portfolio	135,975,097	9,592,777	147,920,617
Balanced Portfolio	64,564,635	4,909,122	71,771,360
	2,123,471,454		2,407,364,072
Investment in Unit Investment Trusts (Note B)			
Stripped ("Zero") U.S. Treasury Securities, Series A through J:			
1994 Trust	62,986,919	81,409,995	79,709,340
1995 Trust	52,960,936	73,746,561	68,448,608
1996 Trust	33,778,238	48,745,804	44,524,905
1997 Trust	34,057,844	52,573,315	45,577,384
1998 Trust	35,089,417	59,029,626	48,094,979
1999 Trust	7,212,640	12,421,349	9,510,406
2000 Trust	8,593,935	15,320,843	11,042,804
2001 Trust	33,981,499	74,204,915	50,089,802
2002 Trust	2,397,933	4,647,270	2,915,976
2003 Trust	29,384,656	79,780,617	45,038,552
2005 Trust	12,105,242	34,041,819	17,311,286
2006 Trust	2,634,025	7,925,496	3,799,721
2007 Trust	6,828,414	23,661,566	10,529,634
2008 Trust	15,539,545	59,558,078	24,081,713
2009 Trust	6,618,415	26,421,930	9,895,277
2010 Trust	5,998,497	17,860,268	6,173,580
2011 Trust	2,787,358	9,956,141	3,207,669
2013 Trust	807,575	2,844,127	783,101
	353,763,088		480,734,737

	Cost		Market Value
Total Invested Assets	$ 2,477,234,542		2,888,098,809
Receivable from Merrill Lynch Series Funds, Inc.			1,852,080
Total Assets			2,889,950,889
LIABILITIES			
Payable to Merrill Lynch Life Insurance Company			17,166,480
Total Liabilities			17,166,480
Net Assets			$ 2,872,784,409

</TABLE>
See Notes to Financial Statements

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENT OF NET ASSETS AT DECEMBER 31, 1992

<TABLE>
<CAPTION>

ASSETS	Cost	Shares	Market Value
<S>	<C>	<C>	<C>
Investment in Merrill Lynch Series Fund, Inc. (Note B)			
Money Reserve Portfolio	$ 532,816,891	532,816,891	$ 532,816,891
Intermediate Government Bond Portfolio	216,476,904	19,399,757	227,947,144
Long-Term Corporate Bond Portfolio	99,175,827	8,717,133	105,215,800
Capital Stock Portfolio	143,618,668	6,846,999	158,987,321
Growth Stock Portfolio	96,913,977	4,421,717	106,032,779
Multiple Strategy Portfolio	795,954,774	50,870,792	951,283,808
High Yield Portfolio	46,526,428	5,500,896	50,058,150
Natural Resources Portfolio	6,477,894	940,404	6,592,232
Global Strategy Portfolio	40,824,909	3,192,857	42,241,493
Balanced Portfolio	41,033,051	3,281,293	44,953,712
	2,019,819,323		2,226,129,330
Investment in Unit Investment Trusts (Note B)			
Stripped ("Zero") U.S. Treasury Securities, Series A through I:			
1993 Trust	37,496,592	45,151,587	43,849,867
1994 Trust	73,007,266	94,902,123	88,430,747
1995 Trust	59,097,885	83,324,361	72,221,390
1996 Trust	38,557,674	56,538,287	47,827,999
1997 Trust	38,829,628	60,874,945	48,005,982
1998 Trust	40,419,621	69,519,190	50,865,106
1999 Trust	7,845,057	14,074,909	9,523,928
2000 Trust	9,075,236	17,247,118	10,837,744
2001 Trust	38,096,844	84,771,958	49,149,934
2002 Trust	2,165,476	4,340,973	2,300,412
2003 Trust	33,509,411	94,023,008	44,143,802
2005 Trust	12,222,817	36,926,531	15,420,519
2006 Trust	2,925,230	9,278,844	3,607,800
2007 Trust	8,261,131	30,221,293	10,807,437
2008 Trust	19,946,021	80,157,890	25,967,950
2009 Trust	8,077,790	33,633,739	10,049,425
2010 Trust	6,489,168	25,948,098	7,105,368
2011 Trust	2,675,216	11,186,062	2,838,128
	438,698,063		542,953,538
Total Invested Assets	$ 2,458,517,386		2,769,082,868
Receivable from Merrill Lynch Series Funds, Inc.			1,168,229
Total Assets			2,770,251,097
LIABILITIES			
Payable to Merrill Lynch Life Insurance Company			18,995,996
Total Liabilities			18,995,996
Net Assets			$ 2,751,255,101

</TABLE>
See Notes to Financial Statements

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY

STATEMENT OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 and 1991

	1993	1992	1991
Reinvested Dividends	$ 157,524,630	$ 78,117,694	$ 133,875,282
Net Gain:			
Realized	77,222,781	55,204,908	27,512,318
Unrealized	100,298,797	11,977,660	298,587,822
Investment Earnings	335,046,208	145,300,262	459,975,422
Mortality and Expense Charges (Note C)	(17,816,608)	(17,216,984)	(16,812,719)
Transaction Charges (Note D)	(1,822,452)	(1,859,668)	(2,066,645)
Net Earnings	315,407,148	126,223,610	441,096,058
Capital Shares Transactions:			
Transfers of Net Premiums	13,356,961	15,870,188	19,594,863
Transfers of Policy Loading, Net	(14,938,127)	(21,375,095)	(23,616,907)
Transfers Due to Deaths	(25,399,159)	(23,583,884)	(16,282,859)
Transfers Due to Other Terminations	(66,518,195)	(80,167,617)	(156,876,94)
Transfers Due to Policy Loans	(62,711,054)	(97,684,959)	(91,688,506)
Transfers of Cost of Insurance	(34,885,568)	(33,436,957)	(29,220,826)
Transfers of Loan Processing Charges	(2,784,789)	(2,224,380)	(1,559,790)
Transfers of Shares from Assumption Reinsurance, Net	2,091	(557,174)	2,726,746,278
Increase in Net Assets	121,529,308	(116,936,268)	2,868,191,369
Net Assets Beginning Balance	2,751,255,101	2,868,191,369	0
Net Assets Ending Balance	$ 2,872,784,409	$ 2,751,255,101	$ 2,868,191,369

See Notes to Financial Statements

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY

Notes to Financial Statements
December 31, 1993

Note - A Merrill Lynch Life Variable Life Separate Account II ("Account"), a separate account of Merrill Lynch Life Insurance Company ("Merrill Lynch Life") was established by a board of directors resolution on November 19, 1990 and is governed by Arkansas State Insurance Law. The Account is a registered unit investment trust under the Investment Company Act of 1940 and consists of twenty-eight investment divisions (twenty-nine during the year). Ten of the divisions invest in the securities of a single mutual fund portfolio of the Merrill Lynch Series Fund, Inc. ("Series Fund"). The portfolios of the Series Fund have varying investment objectives relative to growth of capital and income. The Series Fund receives investment advice from Merrill Lynch Asset Management, L.P. for a fee at an effective annual rate of .50% of the first $250 million of net assets of the Series Fund with declining rates to .30% of such assets over $800 million. Eighteen of the divisions (nineteen during the year) invest in the securities of a single trust of the Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities, Series A through J. Each trust of the Series consists of Stripped Treasury Securities with a fixed maturity date and a Treasury Note deposited to provide income to pay expenses of the trust.

On various dates during 1991 Tandem Insurance Group, Inc. ("Tandem Insurance") an indirect wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("Merrill") and an affiliate assumed substantially all variable life policies issued by Monarch Life Insurance Company ("Monarch Life") and sold through the Merrill retail network. On October 1, 1991, Tandem Insurance was merged with and into Merrill Lynch Life. References in these financial statements and notes to financial statements to Merrill Lynch Life in addition refers to Tandem Insurance. This merger has been accounted for as a combination of entities under common control. The Account's financial statements are reported on a historical basis.

The Account was formed by Merrill Lynch Life, an indirect wholly-owned subsidiary of Merrill to support Merrill Lynch Life's operations respecting certain variable life insurance contracts ("Contracts"). The assets of the Account are the property of Merrill Lynch Life. The portion of the Account's assets applicable to the Contracts are not chargeable with liabilities arising out of any other business Merrill Lynch Life may conduct.

The change in net assets maintained in the Account provides the basis for the periodic determination of the amount of increased or decreased benefits under the Contracts.

The net assets may not be less than the amount required under Arkansas State Insurance Law to provide for death benefits (without regard to the minimum death benefit guarantee) and other Contract benefits.

Note - B The significant accounting policies of the Account are as follows:

* Investments are made in the divisions and are valued at the net asset values of the respective Portfolios.

* Transactions are recorded on the trade date.

* Income from dividends is recognized on the ex-dividend date. All dividends are automatically reinvested.

* Realized gains and losses on the sales of investments are computed on the first in first out method.

* The operations of the Account are included in the Federal income tax return of Merrill Lynch Life. Under the provisions of the Contracts, Merrill Lynch Life has the right to charge the Account for any Federal income tax attributable to the Account. No charge is currently being made against the Account for income tax, since under current tax law, Merrill Lynch Life pays no tax on investment income and capital gains reflected in variable life insurance policy reserves. However, Merrill Lynch Life retains the right to charge for any Federal income tax incurred which is attributable to the Account if the law is changed. Charges for state and local taxes, if any, attributable to the Account may also be made.

Note - C Merrill Lynch Life assumes mortality and expense risks related to the operations of the Account and will deduct a daily charge from the assets of the Account to cover these risks. The daily charges vary by Contract form and are equal to a rate of .50% to .90% (on an annual basis) of the net assets for Contract owners.

Merrill Lynch Life makes certain deductions from each premium. For certain Contracts, the deductions are made before the premium is allocated to the Account. For other Contracts, the deductions are taken in equal installments on the first through the tenth Contract anniversaries. The deductions are for (1) premiums for optional benefits (2) additional premiums for extra mortality risks, (3) sales load, (4) administrative expenses, (5) state premium taxes and (6) a risk charge for the guaranteed minimum death benefit.

In addition, the cost of providing life insurance coverage will be deducted only on processing dates. This cost will vary dependant upon the insured's underwriting class, sex (except where unisex rates are required by state law), attained age of each insured and the Contract's net amount at risk.

Note - D Merrill Lynch Life pays all Transaction Charges to Merrill Lynch, Pierce, Fenner & Smith Inc., sponsor of the unit investment trusts, on the sale of Series A through J Unit Investment Trust units to the Account and deducts a daily asset charge against the assets of each trust for the reimbursement of these transaction charges. The assets charge is equivalent to an effective annual rate of .34% (annually at the beginning of the year) of net assets for Contract owners.

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	Divisions Investing In			
	Money Reserve Portfolio	Intermediate Government Bond Portfolio	Long-Term Corporate Bond Portfolio	Capital Stock Portfolio
<S>	<C>	<C>	<C>	<C>
Reinvested Dividends	$ 14,579,642	$ 19,756,552	$ 8,906,432	$ 8,483,704
Net Gain (Loss):				
Realized	0	2,368,600	2,037,165	9,255,863
Unrealized	0	3,193,238	2,756,338	8,352,474
Investment Earnings	14,579,642	25,318,390	13,699,935	26,092,041

Mortality and Expense Charges (Note C)	(3,235,134)	(1,481,978)	(729,699)	(1,049,934)
Transaction Charges (Note D)	0	0	0	0
Net Earnings	11,344,508	23,836,412	12,970,236	25,042,107
Capital Shares Transactions:				
Transfers of Net Premiums	3,244,129	664,464	410,338	1,613,438
Transfers of Policy Loading, Net	(3,804,574)	(1,150,420)	(535,370)	(746,736)
Transfers Due to Deaths	(5,579,687)	(1,567,950)	(1,132,049)	(1,441,652)
Transfers Due to Other Terminations	(25,788,859)	(3,398,749)	(1,564,718)	(2,886,981)
Transfers Due to Policy Loans	(17,840,370)	(5,444,951)	(2,352,782)	(2,723,453)
Transfers of Cost of Insurance	(6,469,103)	(3,032,428)	(1,480,593)	(2,071,101)
Transfers of Loan Processing Charges	(582,722)	(215,248)	(120,170)	(148,107)
Transfers of Shares from Assumption Reinsurance, Net	0	0	0	(9,251)
Transfers Among Investment Divisions	(46,276,980)	3,170,917	990,311	(674,380)
Increase (Decrease) in Net Assets	(91,753,658)	12,862,047	7,185,203	15,953,884
Net Assets Beginning Balance	526,438,460	226,628,332	104,702,393	158,603,030
Net Assets Ending Balance	$ 434,684,802	$ 239,490,379	$ 111,887,596	$ 174,556,914

</TABLE>

<TABLE>
<CAPTION>

<S>	<C> Growth Stock Portfolio	<C> Multiple Strategy Portfolio	<C> High Yield Portfolio	<C> Natural Resources Portfolio
Reinvested Dividends	$ 5,665,091	$ 87,413,712	$ 6,392,554	$ 294,435
Net Gain (Loss):				
Realized	5,031,894	12,104,149	3,761,965	994,165
Unrealized	(2,863,617)	53,058,504	26,663	(755,989)
Investment Earnings	7,833,368	152,576,365	10,181,182	532,611
Mortality and Expense Charges (Note C)	(662,670)	(5,971,729)	(400,671)	(73,112)
Transaction Charges (Note D)	0	0	0	0
Net Earnings	7,170,698	146,604,636	9,780,511	459,499
Capital Shares Transactions:				
Transfers of Net Premiums	1,156,863	3,314,727	170,174	107,007
Transfers of Policy Loading, Net	(527,407)	(4,743,076)	(305,484)	(62,087)
Transfers Due to Deaths	(424,081)	(9,386,175)	(269,656)	(19,504)
Transfers Due to Other Terminations	(2,765,551)	(19,554,318)	(481,749)	(143,466)
Transfers Due to Policy Loans	(425,398)	(20,329,642)	(848,315)	(333,844)
Transfers of Cost of Insurance	(1,212,545)	(11,614,386)	(773,730)	(133,409)
Transfers of Loan Processing Charges	(119,166)	(936,321)	(83,586)	(9,751)
Transfers of Shares from Assumption Reinsurance, Net	0	0	0	(5,990)
Transfers Among Investment Divisions	(14,943,118)	3,152,807	16,183,411	8,982,492
Increase (Decrease) in Net Assets	(12,089,705)	86,508,252	23,371,576	8,840,947
Net Assets Beginning Balance	105,940,870	945,906,570	49,468,427	6,564,031
Net Assets Ending Balance	$ 93,851,165	$ 1,032,414,822	$ 72,840,003	$ 15,404,978

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1993

<TABLE>
<CAPTION>

	Divisions Investing In			
<S>	<C> Global Strategy Portfolio	<C> Balanced Portfolio	<C> 1993 Trust	<C> 1994 Trust

Reinvested Dividends	$ 2,776,280	$ 3,256,228	$ 0	$ 0
Net Gain (Loss):				
Realized	2,181,371	718,355	7,600,757	2,947,880
Unrealized	10,528,938	3,286,065	(6,353,275)	1,298,940
Investment Earnings	15,486,589	7,260,648	1,247,482	4,246,820
Mortality and Expense Charges (Note C)	(504,473)	(383,357)	(221,901)	(508,606)
Transaction Charges (Note D)	0	0	(118,827)	(286,599)
Net Earnings	14,982,116	6,877,291	906,754	3,451,615
Capital Shares Transactions:				
Transfers of Net Premiums	883,491	946,132	21,992	23,935
Transfers of Policy Loading, Net	(268,321)	(247,293)	(277,995)	(370,852)
Transfers Due to Deaths	(182,566)	(192,062)	(459,218)	(644,926)
Transfers Due to Other Terminations	(762,976)	(530,808)	(1,517,138)	(1,493,290)
Transfers Due to Policy Loans	(617,005)	(1,179,288)	(1,344,280)	(1,442,272)
Transfers of Cost of Insurance	(965,449)	(728,980)	(491,114)	(1,148,711)
Transfers of Loan Processing Charges	(76,146)	(56,909)	(21,391)	(50,783)
Transfers of Shares from Assumption Reinsurance, Net	0	0	0	0
Transfers Among Investment Divisions	92,899,773	21,494,125	(40,428,502)	(6,937,701)
Increase (Decrease) in Net Assets	105,892,917	26,382,208	(43,610,892)	(8,612,985)
Net Assets Beginning Balance	42,026,750	45,006,299	43,610,892	87,973,500
Net Assets Ending Balance	$ 147,919,667	$ 71,388,507	$ 0	$ 79,360,515

</TABLE>

<TABLE>
<CAPTION>

<S>	<C> 1995 Trust	<C> 1996 Trust	<C> 1997 Trust	<C> 1998 Trust
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	2,531,808	2,210,012	2,210,676	2,994,693
Unrealized	2,364,168	1,476,343	2,343,186	2,560,078
Investment Earnings	4,895,976	3,686,355	4,553,862	5,554,771
Mortality and Expense Charges (Note C)	(419,735)	(285,506)	(296,476)	(316,125)
Transaction Charges (Note D)	(239,987)	(159,486)	(159,716)	(172,825)
Net Earnings	4,236,254	3,241,363	4,097,670	5,065,821
Capital Shares Transactions:				
Transfers of Net Premiums	30,144	115,040	53,460	69,848
Transfers of Policy Loading, Net	(335,217)	(227,076)	(230,677)	(240,503)
Transfers Due to Deaths	(470,755)	(257,684)	(356,746)	(852,485)
Transfers Due to Other Terminations	(1,583,904)	(777,122)	(892,523)	(696,428)
Transfers Due to Policy Loans	(526,706)	(1,254,579)	(700,428)	(1,135,551)
Transfers of Cost of Insurance	(918,171)	(526,125)	(516,461)	(582,580)
Transfers of Loan Processing Charges	(62,879)	(37,166)	(39,762)	(44,413)
Transfers of Shares from Assumption Reinsurance, Net	0	0	0	0
Transfers Among Investment Divisions	(4,037,538)	(3,570,145)	(3,812,833)	(4,276,293)
Increase (Decrease) in Net Assets	(3,668,772)	(3,293,494)	(2,398,300)	(2,692,584)
Net Assets Beginning Balance	71,771,752	47,580,295	47,743,574	50,542,096
Net Assets Ending Balance	$ 68,102,980	$ 44,286,801	$ 45,345,274	$ 47,849,512

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1993

<TABLE>
<CAPTION>

Divisions Investing In

<S> <C> <C> <C> <C>

	1999 Trust	2000 Trust	2001 Trust	2002 Trust
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	625,244	863,965	2,818,246	88,089
Unrealized	618,895	686,361	5,055,214	383,108
383,108				
Investment Earnings	1,244,139	1,550,326	7,873,460	471,197
Mortality and Expense Charges (Note C)	(64,753)	(69,214)	(325,829)	(18,118)
Transaction Charges (Note D)	(33,994)	(38,396)	(174,748)	(9,812)
Net Earnings	1,145,392	1,442,716	7,372,883	443,267
Capital Shares Transactions:				
Transfers of Net Premiums	38,088	23,917	157,512	24,031
Transfers of Policy Loading, Net	(46,671)	(45,190)	(233,056)	(11,613)
Transfers Due to Deaths	(58,665)	(135,087)	(578,022)	0
Transfers Due to Other Terminations	(110,441)	(43,082)	(278,181)	(6,472)
Transfers Due to Policy Loans	(83,801)	(1,006,945)	(622,795)	(33,626)
Transfers of Cost of Insurance	(99,900)	(119,952)	(567,843)	(37,523)
Transfers of Loan Processing Charges	(5,080)	(6,601)	(59,429)	(2,780)
Transfers of Shares from Assumption Reinsurance, Net	0	0	0	0
Transfers Among Investment Divisions	(791,329)	95,520	(4,245,238)	237,399
Increase (Decrease) in Net Assets	(12,407)	205,296	945,831	612,683
Net Assets Beginning Balance	9,474,383	10,782,807	48,896,335	2,288,723
Net Assets Ending Balance	$ 9,461,976	$ 10,988,103	$ 49,842,166	$ 2,901,406

</TABLE>
<TABLE>
<CAPTION>

<S> <C> <C> <C> <C>

	2003 Trust	2005 Trust	2006 Trust	2007 Trust
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	3,582,928	1,234,406	348,296	1,360,880
Unrealized	5,019,505	2,008,342	483,127	1,154,914
Investment Earnings	8,602,433	3,242,748	831,423	2,515,794
Mortality and Expense Charges (Note C)	(287,455)	(103,227)	(27,829)	(71,351)
Transaction Charges (Note D)	(158,308)	(57,414)	(13,328)	(38,431)
Net Earnings	8,156,670	3,082,107	790,266	2,406,012
Capital Shares Transactions:				
Transfers of Net Premiums	75,547	22,035	12,663	2,105
Transfers of Policy Loading, Net	(177,031)	(64,933)	(22,622)	(40,889)
Transfers Due to Deaths	(134,868)	(59,006)	0	(157,848)
Transfers Due to Other Terminations	(505,225)	(118,556)	(78,723)	(179,374)
Transfers Due to Policy Loans	(539,543)	(79,214)	(105,193)	(360,953)
Transfers of Cost of Insurance	(478,519)	(178,631)	(43,120)	(127,078)
Transfers of Loan Processing Charges	(34,708)	(10,141)	(4,227)	(6,469)
Transfers of Shares from Assumption Reinsurance, Net	0	0	0	0
Transfers Among Investment Divisions	(5,463,264)	(708,013)	(357,722)	(1,810,743)
Increase (Decrease) in Net Assets	899,059	1,885,648	191,322	(275,237)
Net Assets Beginning Balance	43,914,851	15,340,588	3,589,009	10,751,148
Net Assets Ending Balance	$ 44,813,910	$ 17,226,236	$ 3,780,331	$ 10,475,911

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1993

<TABLE>
<CAPTION>

	Divisions Investing In		
	2008 Trust	2009 Trust	2010 Trust
<S>	<C>	<C>	<C>
Reinvested Dividends	$ 0	$ 0	$ 0
Net Gain (Loss):			
Realized	3,557,489	1,137,602	2,093,934
Unrealized	2,520,239	1,305,227	(441,116)
Investment Earnings	6,077,728	2,442,829	1,652,818
Mortality and Expense Charges (Note C)	(170,845)	(69,964)	(45,688)
Transaction Charges (Note D)	(90,609)	(35,465)	(22,783)
Net Earnings	5,816,274	2,337,400	1,584,347
Capital Shares Transactions:			
Transfers of Net Premiums	53,137	51,618	70,774
Transfers of Policy Loading, Net	(125,814)	(41,754)	(38,843)
Transfers Due to Deaths	(909,544)	(27,469)	(101,454)
Transfers Due to Other Terminations	(256,678)	(163,074)	(1,851)
Transfers Due to Policy Loans	(990,614)	(330,661)	(21,361)
Transfers of Cost of Insurance	(322,908)	(121,041)	(81,977)
Transfers of Loan Processing Charges	(32,008)	(8,178)	(5,672)
Transfers of Shares from Assumption Reinsurance, Net	17,332	0	0
Transfers Among Investment Divisions	(5,118,459)	(1,847,994)	(2,330,052)
Increase (Decrease) in Net Assets	(1,869,282)	(151,153)	(926,089)
Net Assets Beginning Balance	25,814,557	10,001,748	7,070,268
Net Assets Ending Balance	$ 23,945,275	$ 9,850,595	$ 6,144,179

</TABLE>

<TABLE>
<CAPTION>

	2011 Trust	2013 Trust	Total
<S>	<C>	<C>	<C>
Reinvested Dividends	$ 0	$ 0	$ 157,524,630
Net Gain (Loss):			
Realized	512,543	49,806	77,222,781
Unrealized	257,400	(24,473)	100,298,797
Investment Earnings	769,943	25,333	335,046,208
Mortality and Expense Charges (Note C)	(19,623)	(1,606)	(17,816,608)
Transaction Charges (Note D)	(10,835)	(889)	(1,822,452)
Net Earnings	739,485	22,838	315,407,148
Capital Shares Transactions:			
Transfers of Net Premiums	352	0	13,356,961
Transfers of Policy Loading, Net	(14,956)	(1,667)	(14,938,127)
Transfers Due to Deaths	0	0	(25,399,159)
Transfers Due to Other Terminations	82,576	(20,534)	(66,518,195)
Transfers Due to Policy Loans	19,147	(56,631)	(62,711,054)
Transfers of Cost of Insurance	(38,852)	(3,338)	(34,885,568)
Transfers of Loan Processing Charges	(4,862)	(114)	(2,784,789)
Transfers of Shares from Assumption Reinsurance, Net	0	0	2,091
Transfers Among Investment Divisions	(415,002)	838,551	0
Increase (Decrease) in Net Assets	367,888	779,105	121,529,308
Net Assets Beginning Balance	2,823,413	0	2,751,255,101
Net Assets Ending Balance	$ 3,191,301	$ 779,105	$ 2,872,784,409

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II

MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1992

Divisions Investing In

	Money Reserve Portfolio	Intermediate Government Bond Portfolio	Long-Term Corporate Bond Portfolio	Capital Stock Portfolio
Reinvested Dividends	$ 22,006,017	$ 15,890,139	$ 8,024,792	$ 4,338,858
Net Gain (Loss):				
Realized	0	1,689,998	1,273,535	3,168,830
Unrealized	0	(2,226,297)	(1,195,461)	(3,597,985)
Investment Earnings	22,006,017	15,353,840	8,102,866	3,909,703
Mortality and Expense Charges (Note C)	(3,929,324)	(1,363,780)	(657,773)	(914,528)
Transaction Charges (Note D)	0	0	0	0
Net Earnings	18,076,693	13,990,060	7,445,093	2,995,175
Capital Shares Transactions:				
Transfers of Net Premiums	5,467,801	836,687	376,705	1,549,160
Transfers of Policy Loading, Net	(6,930,695)	(1,562,142)	(714,760)	(926,057)
Transfers Due to Deaths	(7,815,127)	(2,006,749)	(1,415,186)	(1,055,715)
Transfers Due to Other Terminations	(32,425,439)	(5,051,648)	(2,062,193)	(3,690,645)
Transfers Due to Policy Loans	(31,693,789)	(6,033,996)	(3,086,307)	(4,189,413)
Transfers of Cost of Insurance	(7,228,700)	(2,838,314)	(1,332,568)	(1,897,482)
Transfers of Loan Processing Charges	(602,385)	(155,901)	(80,489)	(107,816)
Transfers of Shares from Assumption Reinsurance, Net	(107,209)	(45,866)	(21,171)	(31,990)
Transfers Among Investment Divisions	(70,853,737)	12,147,255	2,603,164	30,369,948
Increase (Decrease) in Net Assets	(134,112,587)	9,279,386	1,712,288	23,015,165
Net Assets Beginning Balance	660,551,047	217,348,946	102,990,105	135,587,865
Net Assets Ending Balance	$ 526,438,460	$ 226,628,332	$ 104,702,393	$ 158,603,030

	Growth Stock Portfolio	Multiple Strategy Portfolio	High Yield Portfolio	Natural Resources Portfolio
Reinvested Dividends	$ 15,890,139	$ 8,024,792	$ 4,338,858	$ 461,367
Net Gain (Loss):				
Realized	6,100,529	9,219,951	4,160,760	(290,834)
Unrealized	(3,507,907)	9,785,832	(915,428)	315,376
Investment Earnings	3,053,989	39,431,027	8,421,286	131,514
Mortality and Expense Charges (Note C)	(568,453)	(5,652,221)	(292,987)	(44,158)
Transaction Charges (Note D)	0	0	0	0
Net Earnings	2,485,536	33,778,806	8,128,299	87,356
Capital Shares Transactions:				
Transfers of Net Premiums	1,187,051	3,842,605	96,505	93,559
Transfers of Policy Loading, Net	(624,624)	(6,187,450)	(352,368)	(49,921)
Transfers Due to Deaths	(498,231)	(6,130,130)	(171,610)	(32,925)
Transfers Due to Other Terminations	(1,946,570)	(18,535,334)	(913,904)	(129,655)
Transfers Due to Policy Loans	(4,517,451)	(24,006,432)	(1,638,098)	(365,526)
Transfers of Cost of Insurance	(1,159,032)	(10,959,496)	(608,235)	(85,457)
Transfers of Loan Processing Charges	(85,558)	(756,898)	(60,550)	(5,148)
Transfers of Shares from Assumption Reinsurance, Net	(21,335)	(191,410)	(10,072)	(1,326)
Transfers Among Investment Divisions	25,655,951	29,925,062	7,320,604	712,036

Increase (Decrease) in Net Assets	20,475,737	779,323	11,790,571	222,993
Net Assets Beginning Balance	85,465,133	945,127,247	37,677,856	6,341,038
Net Assets Ending Balance	$ 105,940,870	$ 945,906,570	$ 49,468,427	$ 6,564,031

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1992

<TABLE>
<CAPTION>

	Divisions Investing In			
	Global Strategy Portfolio	Balanced Portfolio	1992 Trust	1993 Trust
<S>	<C>	<C>	<C>	<C>
Reinvested Dividends	$ 617,279	$ 1,071,072	$ 0	$ 0
Net Gain (Loss):				
Realized	521,975	550,190	5,335,630	928,963
Unrealized	(228,462)	1,012,077	(4,534,655)	1,514,319
Investment Earnings	910,792	2,633,339	800,975	2,443,282
Mortality and Expense Charges (Note C)	(209,795)	(235,318)	(27,039)	(269,634)
Transaction Charges (Note D)	0	0	(8,060)	(149,809)
Net Earnings	700,997	2,398,021	765,876	2,023,839
Capital Shares Transactions:				
Transfers of Net Premiums	479,919	802,264	2,607	135,013
Transfers of Policy Loading, Net	(204,029)	(243,889)	(172,438)	(285,539)
Transfers Due to Deaths	(47,596)	(409,842)	(163,829)	(99,880)
Transfers Due to Other Terminations	(655,634)	(1,783,976)	(1,166,098)	(845,239)
Transfers Due to Policy Loans	(684,504)	(1,240,184)	(759,943)	(1,584,357)
Transfers of Cost of Insurance	(508,996)	(552,102)	(5,679)	(564,168)
Transfers of Loan Processing Charges	(25,160)	(24,185)	(10,565)	(26,407)
Transfers of Shares from Assumption Reinsurance, Net	(8,500)	(9,045)	0	(8,823)
Transfers Among Investment Divisions	20,769,227	15,587,010	(56,216,376)	(573,047)
Increase (Decrease) in Net Assets	19,815,724	14,524,072	(57,726,445)	(1,828,608)
Net Assets Beginning Balance	22,211,026	30,482,227	57,726,445	45,439,500
Net Assets Ending Balance	$ 42,026,750	$ 45,006,299	$ 0	$ 43,610,892

</TABLE>

<TABLE>
<CAPTION>

	1994 Trust	1995 Trust	1996 Trust	1997 Trust
<S>	<C>	<C>	<C>	<C>
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	2,610,315	2,271,387	1,257,415	1,947,415
Unrealized	2,824,333	3,032,629	2,122,761	1,601,238
Investment Earnings	5,434,648	5,304,016	3,380,176	3,548,653
Mortality and Expense Charges (Note C)	(542,689)	(422,591)	(287,864)	(301,352)
Transaction Charges (Note D)	(311,741)	(243,949)	(162,967)	(163,582)
Net Earnings	4,580,218	4,637,476	2,929,345	3,083,719
Capital Shares Transactions:				
Transfers of Net Premiums	36,436	36,083	144,662	66,161
Transfers of Policy Loading, Net	(538,242)	(437,466)	(298,255)	(331,375)
Transfers Due to Deaths	(1,188,327)	(493,318)	(207,470)	(668,603)
Transfers Due to Other Terminations	(2,318,390)	(969,030)	(935,793)	(1,386,805)

Transfers Due to Policy Loans	(2,612,556)	(3,641,307)	(1,549,436)	(1,693,110)
Transfers of Cost of Insurance	(1,126,608)	(879,003)	(499,474)	(523,572)
Transfers of Loan Processing Charges	(36,820)	(38,786)	(25,756)	(38,097)
Transfers of Shares from Assumption Reinsurance, Net	(17,793)	(14,532)	(9,624)	(9,659)
Transfers Among Investment Divisions	(5,548,921)	1,676,118	(1,887,019)	636,185
Increase (Decrease) in Net Assets	(8,771,003)	(123,765)	(2,338,820)	(865,156)
Net Assets Beginning Balance	96,744,503	71,895,517	49,919,115	48,608,730
Net Assets Ending Balance	$ 87,973,500	$ 71,771,752	$ 47,580,295	$ 47,743,574

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1992

<TABLE>
<CAPTION>

	Divisions Investing In			
	1998 Trust	1999 Trust	2000 Trust	2001 Trust
<S>	<C>	<C>	<C>	<C>
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	1,978,460	432,160	364,216	3,025,840
Unrealized	2,037,056	294,364	477,824	1,364,039
Investment Earnings	4,015,516	726,524	842,040	4,389,879
Mortality and Expense Charges (Note C)	(314,764)	(59,160)	(53,013)	(314,326)
Transaction Charges (Note D)	(173,236)	(30,899)	(31,129)	(171,279)
Net Earnings	3,527,516	636,465	757,898	3,904,274
Capital Shares Transactions:				
Transfers of Net Premiums	56,447	43,518	32,138	203,026
Transfers of Policy Loading, Net	(337,509)	(65,263)	(52,380)	(311,440)
Transfers Due to Deaths	(161,616)	(93,762)	0	(302,479)
Transfers Due to Other Terminations	(1,484,947)	(593,025)	(55,143)	(1,065,449)
Transfers Due to Policy Loans	(1,444,388)	(273,479)	(79,069)	(1,187,536)
Transfers of Cost of Insurance	(561,265)	(98,893)	(121,427)	(533,551)
Transfers of Loan Processing Charges	(30,546)	(2,415)	(2,249)	(39,568)
Transfers of Shares from Assumption Reinsurance, Net	(10,235)	(1,916)	(2,181)	(9,890)
Transfers Among Investment Divisions	(1,432,887)	728,991	2,378,824	(4,544,704)
Increase (Decrease) in Net Assets	(1,879,430)	280,221	2,856,411	(3,887,317)
Net Assets Beginning Balance	52,421,526	9,194,162	7,926,396	52,783,652
Net Assets Ending Balance	$ 50,542,096	$ 9,474,383	$ 10,782,807	$ 48,896,335

</TABLE>

<TABLE>
<CAPTION>

	2002 Trust	2003 Trust	2005 Trust	2006 Trust
<S>	<C>	<C>	<C>	<C>
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	26,071	1,696,939	916,369	409,732
Unrealized	134,936	2,086,310	377,163	(76,345)
Investment Earnings	161,007	3,783,249	1,293,532	333,387
Mortality and Expense Charges (Note C)	(6,635)	(260,338)	(87,309)	(23,692)
Transaction Charges (Note D)	(3,841)	(145,216)	(48,886)	(12,819)
Net Earnings	150,531	3,377,695	1,157,337	296,876

Capital Shares Transactions:				
Transfers of Net Premiums	14,905	71,711	21,711	10,019
Transfers of Policy Loading, Net	(7,161)	(237,175)	(99,944)	(25,382)
Transfers Due to Deaths	0	(156,811)	(93,821)	(37,825)
Transfers Due to Other Terminations	0	(360,248)	(476,523)	(93,906)
Transfers Due to Policy Loans	(15,563)	(1,616,928)	(738,270)	(594,690)
Transfers of Cost of Insurance	(26,869)	(448,917)	(166,413)	(46,811)
Transfers of Loan Processing Charges	(1,900)	(24,874)	(2,428)	(2,428)
Transfers of Shares from Assumption Reinsurance, Net	(463)	(8,882)	(3,103)	(726)
Transfers Among Investment Divisions	2,175,243	(1,712,942)	1,378,399	(11,118)
Increase (Decrease) in Net Assets	2,288,723	(1,117,371)	976,945	(505,991)
Net Assets Beginning Balance	0	45,032,222	14,363,643	4,095,000
Net Assets Ending Balance	$ 2,288,723	$ 43,914,851	$ 15,340,588	$ 3,589,009

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1992

<TABLE>
<CAPTION>

	Divisions Investing In		
	2007 Trust	2008 Trust	2009 Trust
<S>	<C>	<C>	<C>
Reinvested Dividends	$ 0	$ 0	$ 0
Net Gain (Loss):			
Realized	705,402	2,107,671	983,782
Unrealized	192,789	(81,117)	(35,465)
Investment Earnings	898,191	2,026,554	948,317
Mortality and Expense Charges (Note C)	(69,051)	(165,156)	(74,239)
Transaction Charges (Note D)	(37,814)	(89,573)	(37,842)
Net Earnings	791,326	1,771,825	836,236
Capital Shares Transactions:			
Transfers of Net Premiums	5,203	83,901	99,978
Transfers of Policy Loading, Net	(65,817)	(168,104)	(78,759)
Transfers Due to Deaths	(59,083)	(140,781)	(23,234)
Transfers Due to Other Terminations	(201,485)	(651,093)	(240,905)
Transfers Due to Policy Loans	(489,246)	(790,756)	(793,779)
Transfers of Cost of Insurance	(125,522)	(291,092)	(134,265)
Transfers of Loan Processing Charges	(6,334)	(23,545)	(231)
Transfers of Shares from Assumption Reinsurance, Net	(2,175)	(5,225)	(2,022)
Transfers Among Investment Divisions	(1,342,447)	(6,613,529)	(2,020,575)
Increase (Decrease) in Net Assets	(1,495,580)	(6,828,399)	(2,357,556)
Net Assets Beginning Balance	12,246,728	32,642,956	12,359,304
Net Assets Ending Balance	$ 10,751,148	$ 25,814,557	$ 10,001,748

</TABLE>

<TABLE>
<CAPTION>

	2010 Trust	2011 Trust	Total
<S>	<C>	<C>	<C>
Reinvested Dividends	$ 0	$ 0	$ 78,117,694
Net Gain (Loss):			
Realized	1,514,943	297,264	55,204,908
Unrealized	(904,726)	108,462	11,977,660

Investment Earnings	610,217	405,726	145,300,262
Mortality and Expense Charges (Note C)	(52,895)	(16,900)	(17,216,984)
Transaction Charges (Note D)	(28,100)	(8,926)	(1,859,668)
Net Earnings	529,222	379,900	126,223,610
Capital Shares Transactions:			
Transfers of Net Premiums	69,763	4,650	15,870,188
Transfers of Policy Loading, Net	(46,551)	(20,360)	(21,375,095)
Transfers Due to Deaths	(109,934)	0	(23,583,884)
Transfers Due to Other Terminations	(47,970)	(80,570)	(80,167,617)
Transfers Due to Policy Loans	(272,172)	(92,674)	(97,684,959)
Transfers of Cost of Insurance	(82,858)	(30,188)	(33,436,957)
Transfers of Loan Processing Charges	(4,311)	(3,030)	(2,224,380)
Transfers of Shares from Assumption Reinsurance, Net	(1,430)	(571)	(557,174)
Transfers Among Investment Divisions	(3,250,604)	1,943,889	0
Increase (Decrease) in Net Assets	(3,216,845)	2,101,046	(116,936,268)
Net Assets Beginning Balance	10,287,113	722,367	2,868,191,369
Net Assets Ending Balance	$ 7,070,268	$ 2,823,413	$ 2,751,255,101

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1991

<TABLE>
<CAPTION>

	Divisions Investing In			
	Money Reserve Portfolio	Intermediate Government Bond Portfolio	Long-term Corporate Bond Portfolio	Capital Stock Portfolio
<S>	<C>	<C>	<C>	<C>
Reinvested Dividends	$ 42,494,243	$ 15,386,857	$ 8,179,650	$ 8,408,677
Net Gain (Loss):				
Realized	0	188,847	267,826	1,583,293
Unrealized	0	13,696,538	7,235,434	18,966,638
Investment Earnings	42,494,243	29,272,242	15,682,910	28,958,608
Mortality and Expense Charges (Note C)	(4,565,285)	(1,191,403)	(601,344)	(705,268)
Transaction Charges (Note D)	0	0	0	0
Net Earnings	37,928,958	28,080,839	15,081,566	28,253,340
Capital Shares Transactions:				
Transfers of Net Premiums	9,977,575	862,153	363,578	1,183,556
Transfers of Policy Loading, Net	(7,528,208)	(1,710,127)	(822,327)	(789,341)
Transfers Due to Deaths	(6,087,555)	(2,398,586)	(625,538)	(714,735)
Transfers Due to Other Terminations	(65,822,275)	(9,463,351)	(7,025,439)	(3,497,651)
Transfers Due to Policy Loans	(25,610,053)	(5,664,253)	(3,646,753)	(3,812,241)
Transfers of Cost of Insurance	(8,295,550)	(2,161,182)	(1,119,526)	(1,209,561)
Transfers of Loan Processing Charges	(438,288)	(114,187)	(50,662)	(66,229)
Transfers of Shares from Assumption Reinsurance, Net	751,546,719	194,199,831	95,098,320	95,033,713
Transfers Among Investment Divisions	(25,120,276)	15,717,809	5,736,886	21,207,014
Increase (Decrease) in Net Assets	660,551,047	217,348,946	102,990,105	135,587,865
Net Assets Beginning Balance	0	0	0	0
Net Assets Ending Balance	$ 660,551,047	$ 217,348,946	$ 102,990,105	$ 135,587,865

</TABLE>

<TABLE>
<CAPTION>

	Growth Stock	Multiple Strategy	High Yield	Natural Resources

<S>	Portfolio <C>	Portfolio <C>	Portfolio <C>	Portfolio <C>
Reinvested Dividends	$ 813,465	$ 51,053,482	$ 4,402,876	$ 256,267
Net Gain (Loss):				
Realized	8,126,665	4,685,648	1,744,896	106,710
Unrealized	12,626,710	145,543,202	4,447,150	(201,038)
Investment Earnings	21,566,840	201,282,332	10,594,922	161,939
Mortality and Expense Charges (Note C)	(368,368)	(5,181,740)	(213,252)	(41,989)
Transaction Charges (Note D)	0	0	0	0
Net Earnings	21,198,472	196,100,592	10,381,670	119,950
Capital Shares Transactions:				
Transfers of Net Premiums	644,068	3,434,521	60,027	74,369
Transfers of Policy Loading, Net	(437,584)	(6,927,708)	(331,430)	(56,776)
Transfers Due to Deaths	(184,659)	(3,648,907)	(241,601)	(11,316)
Transfers Due to Other Terminations	(2,387,823)	(36,493,347)	(1,750,095)	(273,439)
Transfers Due to Policy Loans	(848,497)	(30,274,645)	(1,198,475)	(189,115)
Transfers of Cost of Insurance	(576,751)	(8,663,613)	(363,547)	(77,119)
Transfers of Loan Processing Charges	(31,773)	(545,539)	(34,323)	(5,233)
Transfers of Shares from Assumption				
Reinsurance, Net	36,035,780	831,507,604	30,462,867	8,112,975
Transfers Among Investment Divisions	32,053,900	638,289	692,763	(1,353,258)
Increase (Decrease) in Net Assets	85,465,133	945,127,247	37,677,856	6,341,038
Net Assets Beginning Balance	0	0	0	0
Net Assets Ending Balance	$ 85,465,133	$ 945,127,247	$ 37,677,856	$ 6,341,038

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1991

<TABLE>
<CAPTION>

Divisions Investing In

<S>	Global Strategy Portfolio <C>	Balanced Portfolio <C>	1991 Trust <C>	1992 Trust <C>
Reinvested Dividends	$ 1,261,845	$ 1,617,920	$ 0	$ 0
Net Gain (Loss):				
Realized	176,901	241,945	1,225,015	521,959
Unrealized	1,645,045	2,908,584	0	4,534,655
Investment Earnings	3,083,791	4,768,449	1,225,015	5,056,614
Mortality and Expense Charges (Note C)	(121,955)	(160,519)	(113,269)	(359,206)
Transaction Charges(Note D)	0	0	(64,292)	(202,210)
Net Earnings	2,961,836	4,607,930	1,047,454	4,495,198
Capital Shares Transactions:				
Transfers of Net Premiums	319,716	695,016	5,106	42,984
Transfers of Policy Loading, Net	(148,835)	(226,125)	(250,217)	(497,575)
Transfers Due to Deaths	(115,941)	(52,595)	(267,588)	(152,778)
Transfers Due to Other Terminations	(999,077)	(2,010,069)	(2,808,344)	(2,989,438)
Transfers Due to Policy Loans	(605,337)	(1,042,695)	(708,861)	(2,138,660)
Transfers of Cost of Insurance	(224,429)	(285,377)	(216,033)	(666,304)
Transfers of Loan Processing Charges	(11,963)	(15,490)	(7,207)	(20,006)
Transfers of Shares from Assumption	0	0	0	0
Reinsurance, Net	15,844,427	23,629,619	32,384,805	62,276,724
Transfers Among Investment Divisions	5,190,629	5,182,013	(29,179,115)	(2,623,700)
Increase (Decrease) in Net Assets	22,211,026	30,482,227	0	57,726,445
Net Assets Beginning Balance	0	0	0	0
Net Assets Ending Balance	$ 22,211,026	$ 30,482,227	$ 0	$ 57,726,445

</TABLE>

<TABLE>
<CAPTION>

<S>	1993 Trust <C>	1994 Trust <C>	1995 Trust <C>	1996 Trust <C>
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	281,081	(531,800)	(392,415)	(266,487)
Unrealized	4,838,957	(309,583)	(229,286)	(151,327)
Investment Earnings	5,120,038	13,204,197	10,702,058	7,425,040
Mortality and Expense Charges (Note C)	(252,309)	(531,800)	(392,415)	(266,487)
Transaction Charges(Note D)	(142,530)	(309,583)	(229,286)	(151,327)
Net Earnings	4,725,199	12,362,814	10,080,357	7,007,226
Capital Shares Transactions:				
Transfers of Net Premiums	137,008	54,808	35,841	231,538
Transfers of Policy Loading, Net	(366,292)	(602,188)	(473,264)	(339,276)
Transfers Due to Deaths	(58,198)	(560,714)	(68,903)	(101,746)
Transfers Due to Other Terminations	(2,211,211)	(3,415,258)	(2,355,488)	(1,709,676)
Transfers Due to Policy Loans	(1,723,749)	(1,819,893)	(1,516,801)	(1,621,600)
Transfers of Cost of Insurance	(473,730)	(995,239)	(690,150)	(416,590)
Transfers of Loan Processing Charges	(13,067)	(33,994)	(22,889)	(7,931)
Transfers of Shares from Assumption Reinsurance, Net	42,272,777	92,245,651	67,275,247	43,188,437
Transfers Among Investment Divisions	3,150,763	(491,484)	(368,433)	3,688,733
Increase (Decrease) in Net Assets	45,439,500	96,744,503	71,895,517	49,919,115
Net Assets Beginning Balance	0	0	0	0
Net Assets Ending Balance	$ 45,439,500	$ 96,744,503	$ 71,895,517	$ 49,919,115

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1991

<TABLE>
<CAPTION>

	Divisions Investing In			
<S>	1997 Trust <C>	1998 Trust <C>	1999 Trust <C>	2000 Trust <C>
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	308,682	370,460	74,930	160,868
Unrealized	7,575,116	8,408,428	1,384,507	1,284,684
Investment Earnings	7,883,798	8,778,888	1,459,437	1,445,552
Mortality and Expense Charges (Note C)	(277,321)	(292,460)	(48,449)	(40,804)
Transaction Charges (Note D)	(150,454)	(161,727)	(24,883)	(23,673)
Net Earnings	7,456,023	8,324,701	1,386,105	1,381,075
Capital Shares Transactions:				
Transfers of Net Premiums	72,467	91,068	426,046	33,826
Transfers of Policy Loading, Net	(323,775)	(350,446)	(16,662)	(48,372)
Transfers Due to Deaths	(41,440)	(219,704)	0	0
Transfers Due to Other Terminations	(1,577,483)	(1,707,643)	(110,274)	(229,143)
Transfers Due to Policy Loans	(1,372,804)	(1,280,234)	(176,565)	(235,446)
Transfers of Cost of Insurance	(403,071)	(480,837)	(74,545)	(67,719)
Transfers of Loan Processing Charges	(19,720)	(24,903)	(2,724)	(134)
Transfers of Shares from Assumption				

Reinsurance, Net	44,951,299	47,316,489	6,572,362	7,363,139
Transfers Among Investment Divisions	(132,766)	753,035	1,190,419	(270,830)
Increase (Decrease) in Net Assets	48,608,730	52,421,526	9,194,162	7,926,396
Net Assets Beginning Balance	0	0	0	0
Net Assets Ending Balance	$ 48,608,730	$ 52,421,526	$ 9,194,162	$ 7,926,396

</TABLE>

<TABLE>
<CAPTION>

<S>	2001 Trust <C>	2003 Trust <C>	2005 Trust <C>	2006 Trust <C>
Reinvested Dividends	$ 0	$ 0	$ 0	$ 0
Net Gain (Loss):				
Realized	651,478	778,530	363,186	156,154
Unrealized	9,689,050	8,548,081	2,820,540	758,915
Investment Earnings	10,340,528	9,326,611	3,183,726	915,069
Mortality and Expense Charges (Note C)	(297,700)	(258,243)	(83,928)	(24,553)
Transaction Charges (Note D)	(163,728)	(146,550)	(47,406)	(13,845)
Net Earnings	9,879,100	8,921,818	3,052,392	876,671
Capital Shares Transactions:				
Transfers of Net Premiums	227,270	88,531	96,471	9,617
Transfers of Policy Loading, Net	(385,411)	(318,571)	(104,635)	(27,367)
Transfers Due to Deaths	(71,823)	(261,174)	(15,487)	(32,940)
Transfers Due to Other Terminations	(1,898,611)	(1,546,345)	(850,740)	(109,393)
Transfers Due to Policy Loans	(1,285,979)	(1,536,398)	(641,929)	(134,292)
Transfers of Cost of Insurance	(447,747)	(388,972)	(142,520)	(36,448)
Transfers of Loan Processing Charges	(25,002)	(15,604)	(6,585)	(2,784)
Transfers of Shares from Assumption Reinsurance, Net	48,827,981	45,630,160	14,950,612	4,742,517
Transfers Among Investment Divisions	(2,036,126)	(5,541,223)	(1,973,936)	(1,190,581)
Increase (Decrease) in Net Assets	52,783,652	45,032,222	14,363,643	4,095,000
Net Assets Beginning Balance	0	0	0	0
Net Assets Ending Balance	$ 52,783,652	$ 45,032,222	$ 14,363,643	$ 4,095,000

</TABLE>

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
MERRILL LYNCH LIFE INSURANCE COMPANY
SUPPLEMENTAL CONSOLIDATING SCHEDULE OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1991

<TABLE>
<CAPTION>

Divisions Investing In

<S>	2007 Trust <C>	2008 Trust <C>	2009 Trust <C>
Reinvested Dividends	$ 0	$ 0	$ 0
$ 0 $ 0			
Net Gain (Loss):			
Realized	583,050	1,188,093	1,305,106
Unrealized	2,353,517	6,103,046	2,007,100
Investment Earnings	2,936,567	7,291,139	3,312,206
Mortality and Expense Charges (Note C)	(80,581)	(193,511)	(84,925)
Transaction Charges (Note D)	(44,848)	(106,911)	(47,420)
Net Earnings	2,811,138	6,990,717	3,179,861

Capital Shares Transactions:			
Transfers of Net Premiums	31,104	170,389	134,126
Transfers of Policy Loading, Net	(105,867)	(261,416)	(101,321)
Transfers Due to Deaths	(101,308)	(59,671)	(6,200)
Transfers Due to Other Terminations	(828,616)	(2,072,045)	(555,241)
Transfers Due to Policy Loans	(300,167)	(1,419,093)	(400,688)
Transfers of Cost of Insurance	(131,216)	(379,531)	(137,009)
Transfers of Loan Processing Charges	(6,546)	(24,096)	(8,249)
Transfers of Shares from Assumption Reinsurance, Net	17,386,413	35,668,829	20,622,165
Transfers Among Investment Divisions	(6,508,207)	(5,971,127)	(10,368,140)
Increase (Decrease) in Net Assets	12,246,728	32,642,956	12,359,304
Net Assets Beginning Balance	0	0	0
Net Assets Ending Balance	$ 12,246,728	$ 32,642,956	$ 12,359,304

</TABLE>

<TABLE>
<CAPTION>

<S>	2010 Trust <C>	2011 Trust <C>	Total <C>
Reinvested Dividends	0	0	133,875,282
Net Gain (Loss):			
Realized	848,220	79,068	27,512,318
Unrealized	1,520,925	54,450	298,587,822
Investment Earnings	2,369,145	133,518	459,975,422
Mortality and Expense Charges (Note C)	(61,532)	(2,103)	(16,812,719)
Transaction Charges (Note D)	(34,796)	(1,176)	(2,066,645)
Net Earnings	2,272,817	130,239	441,096,058
Capital Shares Transactions:			
Transfers of Net Premiums	92,084	0	19,594,863
Transfers of Policy Loading, Net	(62,188)	(3,603)	(23,616,907)
Transfers Due to Deaths	(181,752)	0	(16,282,859)
Transfers Due to Other Terminations	(160,728)	(18,699)	(156,876,942)
Transfers Due to Policy Loans	(475,259)	(8,024)	(91,688,506)
Transfers of Cost of Insurance	(93,192)	(3,318)	(29,220,826)
Transfers of Loan Processing Charges	(4,662)	0	(1,559,790)
Transfers of Shares from Assumption Reinsurance, Net	11,530,632	68,184	2,726,746,278
Transfers Among Investment Divisions	(2,630,639)	557,588	0
Increase (Decrease) in Net Assets	10,287,113	722,367	2,868,191,369
Net Assets Beginning Balance	0	0	0
Net Assets Ending Balance	$ 10,287,113	$ 722,367	$ 2,868,191,369

</TABLE>

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Merrill Lynch Life Insurance Company:

We have audited the accompanying balance sheets of Merrill Lynch Life Insurance Company (the "Company"), a wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc., as of December 31, 1993 and 1992, and the related statements of earnings, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1993 and 1992, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1993 the Company changed its method of accounting for certain investments in debt and equity securities to conform with Statement of Financial Accounting Standards No. 115.

/s/Deloitte & Touche

February 28, 1994

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc.)

BALANCE SHEETS
AS OF DECEMBER 31, 1993 AND 1992
(Dollars in Thousands)

<TABLE>
<CAPTION>

ASSETS	1993	1992
INVESTMENTS:		
Fixed maturity securities available for sale, at estimated fair value (amortized cost: 1993 - $5,369,236; 1992 - $334,638)	$ 5,597,359	$ 335,916
Fixed maturity securities held for trading, at estimated fair value (amortized cost: 1993 - $140,635)	144,035	0
Fixed maturity securities to be held to maturity, at amortized cost (estimated fair value: 1992 - $6,713,831)	0	6,449,981
Equity securities available for sale, at estimated fair value (cost: 1993 - $24,424; 1992 - $31,598)	24,970	33,186
Equity securities held for trading, at estimated fair value (cost 1993 - $19,694)	20,585	0
Mortgage loans on real estate	191,214	264,966
Real estate available for sale (accumulated depreciation: 1993 - $850; 1992 - $321)	29,761	12,847
Policy loans on insurance contracts	924,579	834,461
Total Investments	6,932,503	7,931,357
CASH AND CASH EQUIVALENTS	122,218	172,124
ACCRUED INVESTMENT INCOME	120,337	138,797
DEFERRED POLICY ACQUISITION COSTS	318,903	373,214
FEDERAL INCOME TAXES - DEFERRED	16,878	19,982
REINSURANCE RECEIVABLES	1,190	856
RECEIVABLES FROM AFFILIATES - NET	789	0
OTHER ASSETS	21,481	19,864
SEPARATE ACCOUNTS ASSETS	4,715,278	3,127,767
TOTAL ASSETS	$ 12,249,577	$ 11,783,961

</TABLE>

See notes to financial statements.

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDER'S EQUITY	1993	1992
LIABILITIES:		
POLICY LIABILITIES AND ACCRUALS:		
Policyholders' account balances	$ 6,691,811	$ 7,804,447
Claims and claims settlement expenses	20,295	7,565
Total policy liabilities and accruals	6,712,106	7,812,012
OTHER POLICYHOLDER FUNDS	28,768	14,637
LIABILITY FOR GUARANTY FUND ASSESSMENTS	28,083	27,104
OTHER LIABILITIES	68,165	16,790
FEDERAL INCOME TAXES - CURRENT	10,122	30,010
PAYABLE TO AFFILIATES - NET	0	2,638
SEPARATE ACCOUNTS LIABILITIES	4,715,278	3,118,296
Total Liabilities	11,562,522	11,021,487
STOCKHOLDER'S EQUITY:		
Common stock, $10 par value - 200,000 shares authorized, issued and outstanding	2,000	2,000
Additional paid-in capital	637,590	654,717
Retained earnings	47,860	102,873
Net unrealized investment gain (loss)	(395)	2,884
Total Stockholder's Equity	687,055	762,474
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 12,249,577	$ 11,783,961

</TABLE>

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(Dollars in Thousands)

<TABLE>
<CAPTION>

	1993	1992	1991
REVENUES:			
Investment revenue:			
Net investment income	$ 586,461	$ 712,739	$ 787,603
Net realized investment gains (losses)	63,052	(29,639)	(21,957)
Policy charge revenue	95,684	81,653	82,745
Total Revenues	745,197	764,753	848,391
BENEFITS AND EXPENSES:			
Interest credited to policyholders' account balances	454,671	546,979	638,984
Market value adjustment expense	30,816	6,229	1,198
Policy benefits (reinsurance recoveries: 1993 - $6,004; 1992 - $5,555; 1991 - $6,328)	17,030	12,066	9,537
Reinsurance premium ceded	12,665	12,457	12,765
Amortization of deferred policy acquisition costs	109,456	88,795	93,391
Insurance expenses and taxes	47,784	72,560	78,448
Total Benefits and Expenses	672,422	739,086	834,323

Earnings Before Federal Income Tax Provision	72,775	25,667	14,068
FEDERAL INCOME TAX PROVISION (BENEFIT):			
Current	20,112	28,549	42,919
Deferred	4,803	(19,913)	(40,459)
Total Federal Income Tax Provision	24,915	8,636	2,460
NET EARNINGS	$ 47,860	$ 17,031	$ 11,608

</TABLE>

See notes to financial statements.

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(Dollars in Thousands)

<TABLE>
<CAPTION>

<S>	Common stock <C>	Additional paid-in capital <C>	Retained earnings <C>	Net unrealized investment gain (loss) <C>	Total stockholder's equity <C>
BALANCE, JANUARY 1, 1991	$ 2,000	$ 572,321	$ 74,234	$ (103)	$ 648,452
Capital contribution		82,396			82,396
Net earnings			11,608		11,608
Net unrealized investment loss				(1,142)	(1,142)
BALANCE, DECEMBER 31, 1991	2,000	654,717	85,842	(1,245)	741,314
Net earnings			17,031		17,031
Net unrealized investment gain				4,129	4,129
BALANCE, DECEMBER 31, 1992	2,000	654,717	102,873	2,884	762,474
Dividend to Parent		(17,127)	(102,873)		(120,000)
Net earnings			47,860		47,860
Net unrealized investment loss (1)				(3,279)	(3,279)
BALANCE, DECEMBER 31, 1993	$ 2,000	$ 637,590	$ 47,860	$ (395)	$ 687,055

</TABLE>

(1) Asset gains less adjustment of policyholders' account balances and deferred policy acquisition costs (See Note 1).

See notes to financial statements.

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(Dollars in Thousands)

	1993	1992	1991
OPERATING ACTIVITIES			
Net earnings	$ 47,860	$ 17,031	$ 11,608
Adjustments to reconcile net earnings to net cash and cash equivalents provided (used) by operating activities:			
Amortization of deferred policy acquisition costs	109,456	88,795	93,391
Capitalization of policy acquisition costs	(91,189)	(39,146)	(149,440)
Depreciation and amortization	1,142	(16,033)	(25,417)
Net realized investment (gains) losses	(63,052)	29,639	21,957
Interest credited to policyholders' account balances	454,671	546,979	638,984
Provision for deferred Federal income tax	4,803	(19,913)	(40,459)
Cash and cash equivalents provided (used) by changes in operating assets and liabilities:			
Accrued investment income	18,460	6,018	(9,271)
Policy liabilities and accruals	12,730	7,775	101,521
Federal income taxes - current	(19,888)	14,955	44,782
Other policyholder funds	14,131	12,826	(25,035)
Liability for guaranty fund assessments	979	16,439	10,665
Payable to Family Life Insurance Company	0	0	(28,224)
Policy loans	(90,118)	(126,925)	(88,362)
Investment trading securities	(145,972)	0	0
Other, net	49,425	(26,296)	(30,343)
Net cash and cash equivalents provided by operating activities	303,438	512,144	526,357

(Continued)

MERRILL LYNCH LIFE INSURANCE COMPANY
(a wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(Concluded) (Dollars In Thousands)

	1993	1992	1991
INVESTING ACTIVITIES:			
Fixed maturity securities sold	571,337	1,281,705	4,005,959
Fixed maturity securities matured	2,776,992	2,206,447	746,273
Fixed maturity securities purchased	(1,866,857)	(2,806,416)	(5,142,471)
Equity securities available for sale purchased	(8,983)	(17,843)	(67,348)
Equity securities available for sale sold	6,451	44,188	20,768
Mortgage loans on real estate principal payments received	35,561	8,548	5,977
Mortgage loans on real estate acquired	(674)	(853)	(740)
Real estate available for sale purchased	0	(340)	(22,706)
Real estate available for sale sold	7,408	178	25,000
Interest rate swaps sold	0	2,302	0
Recapture of investment in Separate Accounts	29,389	0	0
Investment in Separate Accounts	(20,000)	(3,841)	0
Net cash and cash equivalents provided (used)			

by investing activities	1,530,624	714,075	(429,288)
FINANCING ACTIVITIES:			
Paid-in capital from parent	0	0	82,396
Dividend paid to parent	(120,000)	0	0
Affiliated notes payable	(3,427)	(83,200)	18,794
Policyholders' account balances:			
Deposits	814,314	217,410	436,564
Withdrawals (net of transfers to Separate Accounts)	(2,574,854)	(1,338,034)	(772,811)
Net cash and cash equivalents used by financing activities	(1,883,967)	(1,203,824)	(235,057)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(49,906)	22,395	(137,988)
CASH AND CASH EQUIVALENTS			
Beginning of year	172,124	149,729	287,717
End of year	$ 122,218	$ 172,124	$ 149,729

</TABLE>

See notes to financial statements.

MERRILL LYNCH LIFE INSURANCE COMPANY
(a wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc.)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting: Merrill Lynch Life Insurance Company (the "Company") is a wholly-owned subsidiary of Merrill Lynch Insurance Group, Inc. ("MLIG"). The Company is an indirect wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("Merrill Lynch & Co.").

The Company sells life insurance and annuity products which comprise one business segment. The primary products that the Company currently markets are immediate annuities, market value adjusted annuities, variable life insurance and variable annuities. The Company is currently licensed to sell insurance in forty-nine states, the District of Columbia, the U.S. Virgin Islands and Guam. The Company markets its products solely through the Merrill Lynch & Co. retail network.

On June 12, 1991, the Company's former parent, Family Life Insurance Company ("Family Life"), was sold to a non-affiliated entity. Immediately prior to this sale, Family Life, through a dividend, transferred its 100% ownership interest in the Company to its parent MLIG. (See Note 8).

On October 1, 1991, Tandem Insurance Group, Inc. ("Tandem"), a wholly-owned subsidiary of MLIG, was merged with and into the Company. This merger has been accounted for as a combination of entities under common control. The assets, liabilities, stockholder's equity, earnings and cash flows as presented in these financial statements are reported on a combined historical basis for all periods presented.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for stock life insurance companies.

Revenue Recognition: Revenues for the Company's interest sensitive life, interest sensitive annuity, variable life and variable annuity products consist of policy charges for the cost of insurance, deferred sales charges, policy administration charges and/or withdrawal charges assessed against policyholder account balances during the period.

Policyholders' Account Balances: Liabilities for the Company's universal life type contracts, including its life insurance and annuity products, are equal to the full accumulation value of such contracts as of the valuation date plus deficiency reserves for certain products. Interest crediting rates for the

Company's fixed rate products are as follows:

Interest sensitive life products	4.0% - 8.8%
Interest sensitive deferred annuities	2.4% - 9.0%
Immediate annuities	4.0% - 10.0%

These rates may be changed at the option of the Company, subject to minimum guarantees, after initial guaranteed rates expire.

Liabilities for unpaid claims equal the death benefit for those claims which have been reported to the Company and an estimate based upon prior experience for those claims which are unreported as of the valuation date.

Reinsurance: Effective during 1992, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 113 "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts" ("SFAS No. 113"), which requires that reinsurance receivables and prepaid reinsurance premium ceded be reported as assets. SFAS No. 113 eliminates the practice by insurance enterprises of reporting assets and liabilities relating to reinsured contracts net of the effects of reinsurance. The impact of adopting SFAS No. 113 was not material.

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured life and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under indemnity reinsurance agreements, primarily excess coverage and coinsurance agreements. On life insurance contracts which the Company is currently marketing, the maximum amount of mortality risk retained by the Company is $500,000 on a single life.

Indemnity reinsurance agreements do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company regularly evaluates the financial condition of its reinsurers so as to minimize its exposure to significant losses from reinsurer insolvencies. The Company holds collateral under reinsurance agreements in the form of letters of credit and funds withheld totaling $1,024,000 that can be drawn upon for delinquent reinsurance recoverables.

As of December 31, 1993, the Company had life insurance in-force which was ceded to other life insurance companies of $2,005,191,000.

Deferred Policy Acquisition Costs: Policy acquisition costs for life and annuity contracts are deferred and amortized based on the estimated future gross profits for each group of contracts. These future gross profit estimates are subject to periodic evaluation by the Company, with necessary revisions applied against amortization to date.

Policy acquisition costs are principally commissions and a portion of certain other expenses relating to policy acquisition, underwriting and issuance, which are primarily related to and vary with the production of new business. Certain costs and expenses reported in the statements of earnings are net of amounts deferred. Policy acquisition costs can also arise from the acquisition or reinsurance of existing in-force policies from other insurers. These costs include ceding commissions and professional fees related to the reinsurance assumed.

Included in deferred policy acquisition costs are those costs related to the acquisition by assumption reinsurance of insurance contracts from unaffiliated insurers. The deferred costs will be amortized in proportion to the future gross profits over the anticipated life of the acquired insurance contracts utilizing an interest methodology.

In December 1990, the Company entered into an assumption reinsurance agreement with a non-affiliated insurer (See Note 6). The acquisition costs relating to this agreement are being amortized over a twenty-year period using an effective interest rate of 9.01%. This reinsurance agreement provides for payment of contingent ceding commissions based upon the persistency and mortality experience of the insurance contracts assumed. Any payments made for the contingent ceding commissions will be capitalized and amortized using an identical methodology as that used for the initial acquisition costs. The following is a reconciliation of the acquisition costs for the reinsurance transaction for the three years ended December 31,:

	1993	1992	1991
		(In Thousands)	
Beginning balance	$ 150,450	$ 160,235	$ 24,294
Capitalized amounts	6,987	6,060	156,641
Interest accrued	13,136	15,401	14,071
Amortization	(30,926)	(31,246)	(34,771)
Ending balance	$ 139,647	$ 150,450	$ 160,235

The following table presents the expected amortization of these deferred acquisition costs over the next five years. The amortization may be adjusted based on periodic evaluation of the expected gross profits on the reinsured policies.

1994	$18,732,000
1995	17,840,000
1996	16,056,000
1997	12,488,000
1998	8,925,000

Investments: Effective December 31, 1993, the Company has adopted SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No. 115"). In compliance with SFAS No. 115, the Company classified its investments in fixed maturity securities and equity securities in two categories, each separately identified:

Available for sale securities include both fixed maturity and equity securities. These securities may be sold for the Company's general liquidity needs, asset/liability management strategy, credit dispositions and investment opportunities. These securities are carried at estimated fair value with unrealized gains and losses included in stockholder's equity (net of tax). If a decline in value of a security is determined by management to be other than temporary, the carrying value is adjusted to the estimated fair value at the date of this determination and recorded in the net realized investment gains (losses) caption of the statement of earnings.

Trading securities represent securities that are managed with an investment objective to maximize total return subject to the Company's quality guidelines. Investments in this portfolio will consist primarily of marketable fixed maturity and equity investments. These securities are carried at estimated fair value with unrealized gains and losses included in the statement of earnings. The debt and equity securities classified as trading securities as of December 31, 1993 were acquired in 1993 and immediately classified as trading securities in compliance with SFAS No. 60 "Accounting and Reporting by Insurance Enterprises", prior to the adoption of SFAS No. 115.

SFAS No. 115 allows fixed maturity securities to be carried at amortized cost if the Company has both the ability and positive intent to hold these securities to maturity. The Company has determined that it can not guarantee that it will not have the need or opportunity to sell any particular security in its investment holdings. As such, the Company did not utilize this classification as of December 31, 1993.

In compliance with a recent Securities and Exchange Commissions ("SEC") staff announcement, the Company has recorded certain adjustments to deferred policy acquisition costs and policyholders' account balances in conjunction with its adoption of SFAS No. 115. The SEC requires that companies adjust those assets and liabilities that would have been adjusted had the unrealized investment gains or losses from securities classified as available for sale actually been realized with corresponding credits or charges reported directly to shareholder's equity. Accordingly, deferred policy acquisition costs have

been decreased by $36,044,000 and policyholders' account balances have been increased by $193,233,000 as of December 31, 1993.

As of December 31, 1992, the Company classified its investments in fixed maturity securities as either "to be held to maturity" or "available for sale." Fixed maturity securities to be held to maturity are stated in the balance sheets at amortized cost. Fixed maturity securities available for sale are stated at estimated fair value. The net unrealized gain and loss on these securities are reflected as a component of stockholder's equity.

For fixed maturity securities, premiums are amortized to the earlier of the call or maturity date, discounts are accrued to the maturity date and interest income is accrued daily. Realized gains and losses on the sale or maturity of the investments are determined on the basis of identified cost.

Fixed maturity securities may contain securities which are considered high yield. The Company defines high yield fixed maturity securities as unsecured corporate debt obligations which do not have a rating equivalent to Standard and Poor's (or similar rating agency) BBB or higher, and are not guaranteed by an agency of the federal government. Probable losses are recognized in the period that a decline in value is determined to be other than temporary.

Mortgage loans on real estate are stated at unpaid principal balances net of valuation allowances. Such valuation allowances are based on the decline in value expected by management to be realized on in-substance foreclosures of mortgage loans and on mortgage loans which management believes may not be collectible in full. In establishing valuation allowances management considers, among other things, the estimated fair value of the underlying collateral.

The Company has previously made mortgage loans collateralized by real estate and direct investments in real estate. The return on and the ultimate recovery of these loans and investments are generally dependent on the successful operation, sale or refinancing of the real estate. In many parts of the country, current real estate markets are characterized by above-normal vacancy rates, a lack of ready sources of credit for real estate financing, reduced or declining real estate values, and similar factors.

The Company employs a system to monitor the effects of current and expected real estate market conditions and other factors when assessing the collectability of mortgage loans and the recoverability of the Company's real estate investments. When, in management's judgment, these assets are impaired, appropriate losses are recorded. Such estimates necessarily include assumptions, which may include anticipated improvements in selected market conditions for real estate, which may or may not occur. The more significant assumptions management considers involve estimates of the following: lease, absorption and sales rate; real estate values and rates of return; operating expenses; required capital improvements; inflation; and sufficiency of any collateral independent of the real estate.

Resulting from the Company's management and valuation of its mortgage loans on real estate, management believes that the carrying value approximates the fair value of these investments.

During 1993 the Financial Accounting Standards Board issued SFAS No. 114 "Accounting by Creditors for Impairment of a Loan" ("SFAS No. 114"). SFAS No. 114 requires that for impaired loans, the impairment shall be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral. Impairments of mortgage loans on real estate are established as valuation allowances and recorded to net realized investment gains (losses). SFAS No. 114 must be adopted for fiscal years beginning after December 15, 1994. The Company has decided not to early adopt this statement. The Company estimates that the impact on both financial position and earnings from adopting SFAS No. 114 would be immaterial.

Real estate available for sale, including real estate acquired in satisfaction of debt subsequent to its acquisition date, is stated at depreciated cost less valuation allowances and estimated selling costs.

Depreciation is computed using the
straight-line method over the estimated useful lives of the

properties, which generally is 40 years.

Policy loans on insurance contracts are stated at unpaid principal balances. The Company estimates the fair market value of policy loans as equal to the book value of the loans. Policy loans are fully collateralized by the account value of the associated insurance contracts, and the spread between the policy loan interest rate and the interest rate credited to the account value held as collateral is fixed.

Fair Value of Financial Instruments: Beginning in 1992, the Company adopted SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", which requires companies to report the fair value of financial instruments, for certain assets and liabilities both on and off - balance sheet.

Federal Income Taxes: The results of the operations of the Company are included in the consolidated Federal income tax return of Merrill Lynch & Co.. The Company has entered into a tax-sharing agreement with Merrill Lynch & Co. whereby the Company will calculate its current tax provision based on its operations. Under the agreement, the Company periodically remits to Merrill Lynch & Co. its current federal tax liability.

Effective the first quarter 1992, the Company adopted SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109") which requires an asset and liability method in recording income taxes on all transactions that have been recognized in the financial statements. SFAS No. 109 provides that deferred taxes be adjusted to reflect tax rates at which future tax liabilities or assets are expected to be settled or realized. Previously, the Company accounted for income taxes in accordance with SFAS No. 96, "Accounting for Income Taxes." The effect of adopting SFAS No. 109 was not material.

Separate Accounts: The Separate Accounts are established in conformity with Arkansas insurance law, the Company's domiciliary state, and under such law, if and to the extent provided under the applicable insurance contracts, assets held in the Separate Accounts equal to the reserves and other contract liabilities with respect to the Separate Accounts may not be chargeable with liabilities that arise from any other business of the Company. Separate Accounts assets may be subject to General Account claims only to the extent the value of such assets exceeds the Separate Accounts liabilities.

Assets and liabilities of the Separate Accounts, representing net deposits and accumulated net investment earnings less fees, held for the benefit of policyholders, are shown as separate captions in the balance sheets. Assets held in the Separate Accounts are carried at quoted market values.

The carrying value for Separate Accounts assets and liabilities approximates the estimated fair value of the underlying assets.

Postretirement Benefits Other Than Pensions: During the fourth quarter 1992, the Company adopted SFAS No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions" ("SFAS No. 106"). SFAS No. 106 requires the accrual of postretirement benefits (such as health care benefits) during the years an employee provides service. Prior to 1992, the cost of these benefits were expensed on a modified pay-as-you-go basis when such cost was allocated from MLIG as a component of the Company's operating expenses. The effect of adopting SFAS No. 106 was not material.

Statements of Cash Flows: For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and short-term investments with original maturities of three months or less.

The carrying amounts approximate the estimated fair value of cash and cash equivalents.

Reclassifications: To facilitate comparisons with the current year, certain amounts in the prior years have been reclassified.

NOTE 2. INVESTMENTS

The amortized cost (original cost for equity securities) less valuation allowances and estimated fair value of investments in fixed maturity securities and equity securities as of December 31 are:

<TABLE>
<CAPTION>

1993

<S>	Amortized Cost less Valuation Allowances <C>	Gross Unrealized Gains <C>	Gross Unrealized Losses <C>	Estimated Fair Value <C>
	(In Thousands)			
Fixed maturity securities available for sale:				
Corporate securities	$ 3,181,667	$ 159,233	$ 18,440	$ 3,322,460
Mortgage-backed securities	2,015,328	79,645	3,998	2,090,975
U.S. Treasury securitiesand obligations of U.S. government corporations and agencies	159,329	10,887	126	170,090
Obligations of states and political subdivisions	12,912	922	0	13,834
Total fixed maturity securities available for sale	$ 5,369,236	$ 250,687	$ 22,564	$ 5,597,359
Equity securities available for sale:				
Common stocks	$ 4,481	$ 577	$ 657	$ 4,401
Non-redeemable preferred stocks	19,943	757	131	20,569
Total equity securities available for sale	$ 24,424	$ 1,334	$ 788	$ 24,970

</TABLE>

<TABLE>
<CAPTION>

1992

<S>	Amortized Cost less Valuation Allowances <C>	Gross Unrealized Gains <C>	Gross Unrealized Losses <C>	Estimated Fair Value <C>
	(In Thousands)			
Fixed maturity securities to be held to maturity:				
Corporate securities	$ 3,052,333	$ 134,016	$ 7,721	$ 3,178,628
Mortgage-backed securities	3,292,132	141,387	5,215	3,428,304
U.S. Treasury securities and obligations of U.S. government corporations and agencies	97,976	1,798	1,396	98,378
Obligations of states and political subdivisions	7,540	981	0	8,521
Total fixed maturity securities to be held to maturity	$6,449,981	$ 278,182	$ 14,332	$ 6,713,831

</TABLE>

<TABLE>
<CAPTION>

1992

<S>	Amortized Cost less Valuation Allowances <C>	Gross Unrealized Gains <C>	Gross Unrealized Losses <C>	Estimated Fair Value <C>
	(In Thousands)			
Fixed maturity securities available for sale:				
Corporate securities	$ 134,675	$ 6,648	$ 938	$ 140,385
Mortgage-backed securities	117,248	3,316	8,337	112,227
U.S. Treasury securities and obligations of U.S. government corporations and agencies	74,109	916	560	74,465
Obligations of states and political subdivisions	8,606	233	0	8,839
Total fixed maturity securities available for sale	$ 334,638	$ 11,113	$ 9,835	$ 335,916
Equity securities available for sale:				
Common stocks	$ 12,980	$ 762	$ 0	$ 13,742

Non-redeemable preferred stocks	18,618	826	0	19,444
Total equity securities available for sale	$ 31,598	$ 1,588	$ 0	$ 33,186

</TABLE>

For publicly traded securities, the estimated fair value is determined using quoted market prices. For securities without a readily ascertainable market value, the Company has determined an estimated fair value using a discounted cash flow approach, including provision for credit risk, based upon the assumption that such securities will be held to maturity. Such estimated fair values do not necessarily represent the values for which these securities could have been sold at the dates of the balance sheets. At December 31, 1993 and 1992, respectively, securities without a readily ascertainable market value, having an amortized cost less valuation allowances of approximately $773,965,000 and $992,340,000, had an estimated fair value of approximately $819,866,000 and $1,064,915,000, respectively.

The amortized cost less valuation allowances and estimated fair value of fixed maturity securities available for sale at December 31, 1993 by contractual maturity are shown below:

<TABLE>
<CAPTION>

<S>	<C> Amortized Cost less Valuation Allowances	<C> Estimated Fair Value
	(In Thousands)	
Fixed maturity securities available for sale:		
Due in one year or less	$ 293,809	$ 299,884
Due after one year through five years	1,162,162	1,207,307
Due after five years through ten years	1,499,057	1,585,524
Due after ten years	398,880	413,669
	3,353,908	3,506,384
Mortgage-backed securities	2,015,328	2,090,975
Total fixed maturity securities available for sale	$ 5,369,236	$ 5,597,359

</TABLE>

Fixed maturity securities not due at a single maturity date have been included in the preceding table in the year of final maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The Company's investment in mortgage loans on real estate consists principally of loans collateralized by commercial real estate. The largest concentrations of commercial real estate mortgage loans are for properties located in California ($53,795,000 or 24%), Illinois ($28,294,000 or 13%) and Pennsylvania ($27,558,000 or 12%).

For the years ended December 31, 1993 and 1992, $29,555,000 and $3,126,000, respectively, of real estate was acquired in satisfaction of debt.

Net investment income arose from the following sources for the years ended December 31,:

<TABLE>
<CAPTION>

<S>	<C> 1993	<C> 1992	<C> 1991
		(In Thousands)	
Fixed maturity securities	$ 511,655	$ 652,136	$ 715,102
Equity securities	4,143	4,813	2,852
Mortgage loans on real estate	20,342	25,954	32,827
Real estate available for sale	32	1,004	310
Policy loans on insurance contracts	46,129	40,843	34,366
Other	11,135	5,924	13,015
Gross investment income	593,436	730,674	798,472
Less expenses	(6,975)	(17,935)	(10,869)

Net investment income	$ 586,461	$ 712,739	$ 787,603

</TABLE>

Net realized investment gains (losses), including changes in valuation allowances, determined by specific identification for the years ended December 31,:

<TABLE>
<CAPTION>

<S>	1993	1992 (In Thousands)	1991
Fixed maturity securities available for sale	$ 67,473	$ 15,907	$ (12,689)
Fixed maturity securities held for trading	5,562	0	0
Equity securities available for sale	22	(3,051)	(804)
Equity securities held for trading	2,587	0	0
Mortgage loans on real estate	(9,310)	(42,997)	(12,913)
Real estate available for sale	(4,733)	(1,800)	3,224
Other	1,451	2,302	1,225
Net realized investment gains (losses)	$ 63,052	$ (29,639)	$ (21,957)

</TABLE>

Valuation allowances have been established to reflect other than temporary declines in estimated fair value of the following classification of investments as of December 31,:

<TABLE>
<CAPTION>

<S>	1993	1992
	(In Thousands)	
Fixed maturity securities to be held to maturity	$ 0	$ 19,711
Fixed maturity securities available for sale	850	0
Equity securities available for sale	0	210
Mortgage loans on real estate	45,924	55,610
Real estate available for sale	20,797	5,600
	$ 67,571	$ 81,131

</TABLE>

Proceeds, gains and losses from the sale or maturity of fixed maturity securities available for sale and held to maturity for the years ended December 31,:

<TABLE>
<CAPTION>

<S>	1993	1992 (In Thousands)	1991
Proceeds	$ 3,348,329	$ 3,488,152	$ 4,752,232
Realized investment gains	71,599	51,925	88,230
Realized investment losses	4,126	25,732	91,745

</TABLE>

Approximately $4,291,000 of unrealized holding gains from investment trading securities were recorded in net realized investment gains during 1993.

The Company held investments at December 31, 1993 of $22,672,000 which have been non-income producing for the preceding twelve months.

The Company had investment securities of $28,702,000 and $19,030,000 held on deposit with insurance regulatory authorities at December 31, 1993 and 1992, respectively.

At December 31, 1992, the Company retained $9,741,000 in the Separate Accounts, including unrealized gains of $1,504,000. The investments in the Separate Accounts were for the purpose of providing original funding of certain mutual funds available as investment options to variable life and annuity policyholders. No funds were retained in the Separate Accounts at December 31, 1993.

The Company has restructured the terms of certain of its investments in fixed maturity securities and mortgage loans on real estate during 1993 and 1992. The following table provides the amortized cost less valuation allowances immediately prior to restructuring, gross interest income that would have been earned had the loans been current per their original terms ("Expected Income"), gross interest income recorded during the year ("Actual Income") and equity interests which were received in the restructuring:

<TABLE>
<CAPTION>

	1993	1992
	(In Thousands)	
<S>	<C>	<C>
Fixed maturity securities:		
Amortized cost less valuation allowances	$ 3,743	$ 13,148
Expected income	916	2,781
Actual income	103	1,011
Equity interest received	1,833	2,003
Mortgage loans on real estate:		
Amortized cost less valuation allowance	$ 79,624	$ 0
Expected income	6,859	0
Actual income	5,076	0

</TABLE>

NOTE 3. FEDERAL INCOME TAXES

The Company's operating results (excluding Tandem prior to September 30, 1991) are consolidated with those of MLIG. MLIG and the Company are included in Merrill Lynch & Co.'s consolidated Federal income tax returns. It is the policy of Merrill Lynch & Co. to allocate the tax associated with such operating results to its respective subsidiaries on a separate company basis. The Company has the intent to pay accumulated Federal income tax to MLIG upon request. For the nine months ended September 30, 1991, Tandem filed a separate Federal income tax return.

The following is a reconciliation of the provision for income taxes based on income before income taxes, computed using the Federal statutory tax rate, with the provision for income taxes for the three years ended December 31,:

<TABLE>
<CAPTION>

	1993	1992	1991
		(In Thousands)	
<S>	<C>	<C>	<C>
Provision for income taxes computed at Federal statutory rate	$ 25,471	$ 8,726	$ 4,783
Increase (decrease) in income taxes resulting from:			
Federal tax rate increase	(631)		
Recognition of prior year capital loss tax benefits			(2,219)
Other	75	(90)	(104)
Federal income tax provision	$ 24,915	$ 8,636	$ 2,460

</TABLE>

The Federal statutory rate for 1993, 1992 and 1991 was 35%, 34% and 34%, respectively.

The Company provides for deferred income taxes resulting from temporary differences which arise from recording certain transactions in different years for income tax reporting purposes than for financial reporting purposes. The sources of these differences and the tax effect of each were as follows:

<TABLE>
<CAPTION>

	1993	1992	1991
		(In Thousands)	
<S>	<C>	<C>	<C>
Deferred policy acquisition costs	$ (9,030)	$ (17,633)	$ (32,834)
Policyholders' account balances	6,433	21,301	(6,282)
Estimated liability for guaranty fund assessments	(1,066)	(2,735)	(3,626)

Investment adjustments	7,941	(21,875)	2,437
Other	525	1,029	(154)
Deferred Federal income tax provision (benefit)	$ 4,803	$ (19,913)	$ (40,459)

</TABLE>

Deferred tax assets and liabilities as of December 31, are determined as follows:

<TABLE>
<CAPTION>

	1993	1992
	(In Thousands)	
<S>	<C>	<C>
Deferred tax assets:		
Policyholders' account balances	$ 99,475	$ 105,908
Investment adjustments	19,596	27,537
Estimated liability for guaranty fund assessments	7,427	6,361
Total deferred tax asset	126,498	139,806
Deferred tax liabilities:		
Deferred policy acquisition costs	92,625	101,655
Net unrealized investment gain (loss)	(213)	1,486
Other	17,208	16,683
Total deferred tax liability	109,620	119,824
Net deferred tax asset	$ 16,878	$ 19,982

</TABLE>

The Company anticipates that all deferred tax assets will be realized, therefore no valuation allowance has been provided.

Federal income taxes paid (recovered) totaled $40,000,000, $13,594,000 and $(1,560,000) in 1993, 1992 and 1991, respectively.

NOTE 4. RELATED PARTY TRANSACTIONS

The Company and MLIG are parties to a service agreement whereby MLIG has agreed to provide certain data processing, legal, actuarial, management, advertising and other services to the Company. Expenses incurred by MLIG in relation to this service agreement are reimbursed by the Company on an allocated cost basis. Charges billed to the Company by MLIG pursuant to the agreement were $55,843,000, $63,300,000 and $78,306,000 for the years ended December 31, 1993, 1992 and 1991, respectively.

The Company and Merrill Lynch Asset Management, L.P. ("MLAM") are parties to a service agreement whereby MLAM has agreed to provide certain invested asset management to the Company. The Company pays a fee to MLAM for these services, through the MLIG service agreement.

The Company has a general agency agreement with Merrill Lynch Life Agency Inc. ("MLLA") whereby registered representatives of Merrill Lynch, Pierce, Fenner and Smith, Inc. ("MLPF&S") who are the

Company's licensed insurance agents, solicit applications for contracts to be issued by the Company. MLLA is paid commissions for the contracts sold by such agents. Commissions paid to MLLA were approximately $67,102,000, $25,158,000 and $27,974,000 for 1993, 1992 and 1991, respectively. Substantially all of these commissions were capitalized as deferred policy acquisition costs and are being amortized in accordance with the policy discussed in Note 1.

In connection with the acquisition of a block of variable life insurance business from Monarch Life Insurance Company ("Monarch Life"), the Company borrowed funds from Merrill Lynch & Co. to partially finance the transaction. As of December 31, 1991, the outstanding balance of these loans was approximately $83,200,000. These loans were repaid during 1992. Interest was calculated on these loans at LIBOR plus 150 basis points. Intercompany interest paid on these loans during 1992 and 1991 was approximately $4,025,000 and $6,300,000, respectively.

The Company and Merrill Lynch Trust Company ("ML Trust") were parties to an agreement whereby the Company retained ML Trust to hold certain invested assets upon the terms and conditions of the agreement. ML Trust was paid a fee based on its current fee schedule. This agreement was terminated during 1993.

The Company has entered into certain other marketing and administrative service agreements with affiliates in connection with the variable life and annuity policies it sells.

During 1993, 1992 and 1991, the Company allowed the recapture of certain policies previously indemnity reinsured by the Company from Family Life. Simultaneously with the recapture, the Company's affiliate, ML Life Insurance Company of New York ("ML Life"), assumption reinsured these policies. These transactions resulted in the transfer of approximately $11,900,000 $2,000,000 $19,200,000 of policy reserves during 1993, 1992 and 1991, respectively.

The fair value of the Company's payables to affiliates is estimated at carrying value. These borrowings are payable on demand and bear a variable interest rate based on LIBOR.

Total intercompany interest paid was $737,000, $5,409,000 and $8,567,000 for 1993, 1992 and 1991, respectively.

NOTE 5. STOCKHOLDER'S EQUITY AND STATUTORY REGULATIONS

On December 20, 1993, the Company paid a $44,988,000 ordinary dividend and a $75,012,000 extraordinary dividend to MLIG. The Company received approval from the Arkansas Insurance Commissioner prior to the declaration and payment of the extraordinary dividend.

At December 31, 1993 and 1992, approximately $37,221,000 and $44,988,000, respectively, of retained earnings was available for distribution to the Company's stockholder. Statutory capital and surplus at December 31, 1993 and 1992, was $374,209,000 and $451,888,000, respectively.

During 1991, MLIG contributed capital to the Company of $82,396,000. The contribution was made to support the underwriting of additional insurance premiums and deposits. No contributions were received during 1993 and 1992.

Applicable insurance department regulations require that the Company report its accounts in accordance with statutory accounting practices. Statutory accounting practices primarily differ from the principles utilized in these financial statements by charging policy acquisition costs to expense as incurred, establishing future policy benefit reserves using different actuarial assumptions, not providing for deferred taxes and valuing securities on a different basis. The Company's statutory net income for the years ended December 31, 1993, 1992 and 1991 was $45,604,000, $60,140,000 and $65,771,000, respectively.

The National Association of Insurance Commissioners ("NAIC") has developed and implemented effective December 31, 1993, the Risk Based Capital ("RBC") adequacy monitoring system. The RBC calculates the amount of adjusted capital which a life insurance company should have based upon that company's risk profile. The NAIC has established four different levels of regulatory action with respect to the RBC adequacy monitoring system. Each of these levels may be triggered if an insurer's total adjusted capital is less than a corresponding level of RBC. These levels are as follows:

For companies with capital levels which are below 100% of the basic RBC level (company action level) calculated for that company, the company must submit to the domiciliary insurance commissioner, and implement, an approved plan to increase adjusted capital to at least 100% of the basic RBC.

For companies with capital levels which are below 75% of the basic RBC level calculated for that company, the company must submit to an examination by the domiciliary insurance department and as a result of the findings of the examination, corrective orders may be issued.

For companies with capital levels which are below 50% of the basic RBC level (authorized control level) calculated for that company, the domiciliary insurance commissioner will have the authority to place the company into conservatorship or liquidation.

For companies with capital levels which are below 35% of the basic RBC level calculated for that company, the domiciliary insurance commissioner will be required to place the company into conservatorship or liquidation.

As of December 31, 1993, based on the RBC formula, the Company's total adjusted capital level was 279% of the basic RBC level.

NOTE 6. REINSURANCE AGREEMENTS

On December 28, 1990, the Company entered into an indemnity reinsurance agreement with Family Life, in which the Company 100% coinsured substantially all of Family Life's general account interest-sensitive life and annuity business, and modified coinsured all of the separate account variable annuity business. As of December 31, 1993, substantially all of this business has been assumption reinsured by the Company and an affiliate.

On December 31, 1990, the Company and an affiliate entered into a 100% reinsurance agreement with respect to all variable life policies issued by Monarch Life and sold through the Merrill Lynch & Co. retail network. As a result of the indemnity provisions of the agreement, the Company became obligated to reimburse Monarch Life for its net amount at risk with regard to the reinsured policies. At the date of acquisition, assets of approximately $553,000,000 supporting general account reserves, on a statutory accounting basis, were transferred from Monarch Life to the Company. This agreement provides for contingent ceding commission payments to Monarch Life dependent upon the lapse rate during the five years ending in 1995 and mortality experience during the ten years ending in 2000. To date, the Company has paid approximately $225,900,000 to Monarch Life under the terms of the agreement. As of December 31, 1993, the Company has accrued $7,673,000 for such payments.

On various dates during 1992 and 1991, the Company and an affiliate assumption reinsured substantially all such policies, wherever permitted by appropriate regulatory authorities. Upon assumption, the policy liabilities and the underlying assets of approximately $2,625,000,000 were transferred to the Merrill Lynch Life Variable Life Separate Account II. As a result of the assumptions, the Company became directly obligated to the policyholders, rather than to Monarch Life. Certain contract owners of the reinsured policies elected to remain with Monarch Life as permitted under certain

state insurance laws. Assets and liabilities of those policies not assumption reinsured by the Company or its affiliate have remained with Monarch Life. The Company and its affiliate have indemnified Monarch Life against its net amount at risk on such policies. As of December 31, 1993, approximately 10 life insurance policies with $1,499,000 life insurance in force remain under the indemnity provisions of the reinsurance agreement.

During 1992, the Company, and its affiliates, entered into an agreement with Monarch Life for the purchase, transfer or assignment of certain services and assets owned, licensed or leased by Monarch Life. Additionally, the Company along with its affiliates were allowed to actively solicit the employment of individuals employed by Monarch Life, who are required to service the Company's and its affiliates' variable life insurance policies and Monarch Life's variable life insurance policies. In consideration of this, the Company and its affiliate, ML Life, transferred title to Monarch Life certain telecommunications equipment owned by Merrill Lynch Insurance Group Services, Inc., an affiliate of the Company, with a net book value of $1,753,000. The Company agreed to service Monarch Life's variable life insurance policies for a period of five years at an annual rate of $100 per policy. Monarch Life has an option to terminate the service agreement upon proper notification.

NOTE 7. INTEREST RATE SWAP CONTRACTS

The Company enters into interest rate swap contracts for the purpose of minimizing exposure to fluctuations in interest rates of specific assets held. The notional amount of such swaps outstanding at December 31, 1993 and 1992 was approximately $155,082,000 and $197,024,000 respectively. The average unexpired term at December 31, 1993 and 1992 was 3.2 and 3.5 years, respectively.

The current amount at risk, on a present value basis, of terminating or replacing at current market rates all outstanding matched swaps in a loss position at December 31, 1993 and 1992 was $0 and $0, respectively. During 1992 and 1991, a net investment gain of approximately $2,302,000 and $4,750,000, respectively, was recorded in connection with interest rate swap activity. The Company did not realize net investment gains (losses) from interest rate swap activity during 1993.

During 1993, 1992 and 1991, the Company did not enter into unmatched interest rate swap arrangements and did not act as an intermediary or broker in interest rate swaps.

Estimated fair values for the Company's interest rate swaps are based on broker quotes. At December 31, 1993 and 1992, the estimated fair value for these contracts was $4,317,000 and $10,551,000, respectively.

NOTE 8. SALE OF FAMILY LIFE INSURANCE COMPANY

On June 12, 1991, MLIG sold Family Life to a non-affiliated entity. Prior to closing, MLIG transferred to affiliates of Family Life, to the extent permitted by law, all assets and liabilities of Family Life that were not related to Family Life's mortgage protection life insurance business. Certain life insurance and annuity products sold through the retail network of Merrill Lynch & Co. and underwritten by Family Life have been or will be assumption reinsured by the Company or its affiliate in those jurisdictions in which the Company or its affiliate has the authority to do so. (See Note 6)

NOTE 9. COMMITMENTS AND CONTINGENCIES

State insurance laws generally require that all life insurers who are licensed to transact business within a state become members of the state's life insurance guaranty association. These associations have been established for the protection of policyholders from loss (within specified limits) as a result of the insolvency of an insurer. At the time an insolvency occurs, the guaranty association assesses the remaining members of the association an amount sufficient to satisfy the insolvent insurer's policyholder obligations (within specified limits). During 1991, and to a lesser extent 1992, there were certain highly

publicized life insurance insolvencies. The Company has utilized public information to estimate what future assessments it will incur as a result of these insolvencies. At December 31, 1993 and 1992, the Company had accrued an estimated liability for future guaranty fund assessments of $28,083,000 and $27,104,000, respectively. The Company regularly monitors public information regarding insurer insolvencies and will adjust its estimated liability where appropriate.

In the normal course of business, the Company is subject to various claims and assessments. Management believes the settlement of these matters would not have a material effect on the financial position or results of operations of the Company.

* * * * * *

PART II. OTHER INFORMATION
UNDERTAKING TO FILE REPORTS

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

Merrill Lynch Life Insurance Company's By-Laws provide, in Article VI, 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 attorneys' 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 & Co., Inc. are entitled to indemnification from Merrill Lynch & Co. Inc., 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 & Co., Inc. 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 & Co., Inc. prior to such initiation.

DIRECTORS' AND OFFICERS' INSURANCE

Merrill Lynch & Co., Inc. 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 & Co., Inc. with respect to such insurance policy.

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 judgements, 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 policies. Registrant undertakes to keep and make available to the Commission on request the documents used to support the representation in paragraph (2) above.

CONTENTS OF REGISTRATION STATEMENT

This Registration Statement comprises the following papers and documents:

The facing sheet.

The Prospectus consisting of 84 pages.

The undertaking to file reports.

Rule 484 Undertaking.

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

The signatures.

Written Consents of the following persons:

1. Barry G. Skolnick, Esq.

2. Joseph E. Crowne, F.S.A.

3. Deloitte & Touche, Independent Certified Public Accountants

The following exhibits:

3. Opinion and Consent of Barry G. Skolnick, Esq.

6. Opinion and Consent of Joseph E. Crowne, F.S.A.

<TABLE>
<C> <S> <C>

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 Deloitte & Touche, Independent Certified Public Accountants.
   (e) Form of Participation Agreement Between Merrill Lynch Variable Series Funds, Inc., Merrill Lynch Life Insurance Company, ML Life Insurance Company of New York and Family Life Insurance Company.
   (d) Service Agreement among Merrill Lynch Life Insurance Company, Family Life Insurance Company and Merrill Lynch Insurance Group, Inc.

9. Memorandum describing Merrill Lynch Life Insurance Company's Issuance, Transfer and Redemption Procedures.

11.
</TABLE>

SIGNATURES

As required by the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, Merrill Lynch Life Variable Life Separate Account II, has caused this Post-Effective Amendment No. 4 to the Registration Statement to be signed on its behalf, in the City of Plainsboro and the State of New Jersey, on the 13th day of May, 1994.

MERRILL LYNCH LIFE VARIABLE LIFE SEPARATE ACCOUNT II
(Registrant)

By: MERRILL LYNCH LIFE INSURANCE COMPANY
(Depositor)

Attest: /s/ TERRY L. RAPP	By: /s/ BARRY G. SKOLNICK
Terry L. Rapp	Barry G. Skolnick
Assistant Secretary	Senior Vice President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 4 to the Registration Statement has been signed below by the following persons in the capacities indicated on May 13, 1994.

SIGNATURE	TITLE
* 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
* David M. Dunford	Director, Senior Vice President and Chief Investment Officer
* John C.R. Hele	Director and Senior Vice President
* Allen N. Jones	Director
/s/ BARRY G. SKOLNICK Barry G. Skolnick	* In his own capacity as Director, Senior Vice President and General Counsel and as Attorney-In-Fact

EXHIBIT INDEX

<TABLE>
<S> <C> <C> <C> <C>

1.A. (1) Resolutions of the Board of Directors of Merrill Lynch Life Insurance Company establishing the Separate Account. Incorporated by reference to the Registration Statement filed by the Registrant on Form S-6 (File No. 33-43058).
(2) Not applicable.
(3) Distributing Contracts.
(a) Distribution Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Incorporated by reference to the Pre-Effective Amendment No. 1 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(b) Amended Sales Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch Life Agency, Inc. Incorporated by reference to the Pre-Effective Amendment No. 1 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(c) Schedule of Sales Commissions. See Exhibit A (3)(b).

(4) Not applicable.

(5) (a) Modified Single Premium Variable Life Insurance Policy. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b1) Guarantee of Insurability Rider. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b2) Death Benefit Proceeds Rider. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b3) Single Premium Immediate Annuity Rider. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b4) Change of Insured Rider. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b5) Partial Withdrawal Rider. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b6) Special Allocation Rider. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b7) Backdating Endorsement. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (b8) Additional Payment Endorsement. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(5) (c) Certificate of Assumption. Incorporated by reference to Pre-Effective Amendment No. 1 to Tandem Insurance Group, Inc. Registration Statement on Form S-6 (File No. 33-37941).

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(5) (d) Company Name Change Endorsement. Incorporated by reference to Post-Effective Amendment No. 3 to Tandem Insurance Group, Inc. Registration Statement on Form S-6 (File No. 33-37941).

(6) (a) Articles of Amendment, Restatement, and Redomestication of the Articles of Incorporation of Merrill Lynch Life Insurance Company. Incorporated by reference to the Registration Statement filed by the Registrant on Form S-6 (File No. 33-43058).

(b) Amended and Restated By-Laws of Merrill Lynch Life Insurance Company. Incorporated by reference to the Registration Statement filed by the Registrant on Form S-6 (File No. 33-43058).

(7) Not applicable.

(8) (a) Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch Series Fund, Inc. Incorporated by reference to the Pre-Effective Amendment No. 1 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(b) Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch Funds Distributor, Inc. Incorporated by reference to the Pre-Effective Amendment No. 1 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(c) Agreement between Merrill Lynch Life Insurance Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated. Incorporated by reference to the Pre-Effective Amendment No. 1 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(d) Participation Agreement among Merrill Lynch Life Insurance Company, ML Life Insurance Company of New York, and Monarch Life Insurance Company. Incorporated by Reference to Post-Effective Amendment No. 3 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(e) Form of Participation Agreement Between Merrill Lynch Variable Series Funds, Inc., Merrill Lynch Life Insurance Company, ML Life Insurance Company of New York and Family Life Insurance Company.

(9) (a) Amended form of terminated Service Agreement between Merrill Lynch Life Insurance Company and Monarch Life Insurance Company. Incorporated by reference to Post-Effective Amendment No. 1 to

Tandem Insurance Group, Inc. Registration Statement on Form S-6 (File No. 33-37941).

(b) Board Resolution for Merger and Combination of Accounts. Incorporated by reference to Post-Effective Amendment No. 3 to Tandem Insurance Group, Inc. Registration Statement on Form S-6 (File No. 33-37941).

(c) Plan and Agreement of Merger between Tandem Insurance Group, Inc. and Merrill Lynch Life Insurance Company. Incorporated by reference to the Registration Statement filed by the Registrant on Form S-6 (File 33-43058).

(d) Service Agreement among Merrill Lynch Life Insurance Company, Family Life Insurance Company and Merrill Lynch Insurance Group, Inc.

(10) Application form for Modified Single Premium Variable Life Insurance Policy. Incorporated by reference to the Registration Statement filed on Form S-6 for Variable Account A of Monarch Life Insurance Company (File No. 33-457).

(11) Memorandum describing Merrill Lynch Life Insurance Company's Issuance, Transfer and Redemption Procedures.

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2. See 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.

7. (a) Power of Attorney of Joseph E. Crowne (Incorporated by Reference to Post-Effective Amendment No. 2 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(b) Power of Attorney of David E. Dunford (Incorporated by Reference to Post-Effective Amendment No. 2 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(c) Power of Attorney of John C.R. Hele (Incorporated by Reference to Post-Effective Amendment No. 2 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(d) Power of Attorney of Allen N. Jones (Incorporated by Reference to Post-Effective Amendment No. 2 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(e) Power of Attorney of Barry G. Skolnick (Incorporated by Reference to Post-Effective Amendment No. 2 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

(f) Power of Attorney of Anthony J. Vespa (Incorporated by Reference to Post-Effective Amendment No. 2 to the Registration Statement filed by Merrill Lynch Variable Life Separate Account on Form S-6 (File No. 33-55472).

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 Deloitte & Touche, Certified Public Accountants.

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PRIME PLAN V

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PROSPECTUSES FOR:

- Single Premium Variable Life Insurance Policies Issued by Merrill Lynch Life Insurance Company
- Merrill Lynch Series Fund, Inc.
- Merrill Lynch Variable Series Funds, Inc.
- The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities

[LOGO]

May 13, 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 Life Variable Life Separate Account II (the "Account"), by the Board of Directors of the Company as a separate account for assets applicable to certain variable life insurance policies (the "Policies") 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. 4 to the Registration Statement on Form S-6 (as so amended, the "Registration Statement") (File No. 33-43058) filed by the Company and the Account with the Securities and Exchange Commission under the Securities Act of 1933, for the registration of the Policies 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 Policies 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

[LOGO]

May 13, 1994

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

To The Board of Directors:

This opinion is furnished in connection with the filing of the Post-Effective Amendment No. 4 to the Registration Statement on Form S-6 (as so amended, the "Registration Statement") (File No. 33-43058) which covers premiums received under the single premium variable life insurance policies ("Policies" or "Policy") issued by Merrill Lynch Life Insurance Company (the "Company").

The Prospectus included in the Registration Statement describes Policies which are issued by the Company. The Policy forms were reviewed under my direction, and I am familiar with the Registration Statement and Exhibits thereto. In my opinion:

1. Using the interest rate and mortality tables guaranteed in the Policy, current mortality rates cannot be established at levels such that the "sales load," as defined in paragraph (c)(4) of Rule 6(e)-2 under the Investment Company Act of 1940, would exceed 9 percent of any payment.

2. The illustrations of death benefits, investment base, cash surrender values and accumulated premiums included in the Registration Statement for the Policy and based on the assumptions stated in the illustrations, are consistent with the provision of the Policy. The rate structure of the Policies has not been designed so as to make the relationship between premiums and benefits, as shown in the illustrations, appear more favorable to a prospective purchaser of a Policy for the ages and sexes shown, than to prospective purchasers of a Policy for other ages and sex.

3. The table of illustrative net single premium factors included in the "Death Benefit" section is consistent with the provisions of the Policies.

I hereby consent to the use of this opinion as an exhibit to the Registration Statement and to the use of my name relating to actuarial matters under the heading "Experts" in the Prospectus.

Very truly yours,

/s/ Joseph E. Crowne

Joseph E. Crowne, FSA
Senior Vice President and
Chief Financial Officer

Exhibit 8(c)

INDEPENDENT AUDITORS' REPORT

We consent to the use in this Post-Effective Amendment No. 4 to Registration Statement No. 33-43058 of Merrill Lynch Life Variable Separate Account II on Form S-6 of our reports on (i) Merrill Lynch Life Insurance Company dated February 28, 1994, and (ii) Merrill Lynch Life Variable Life Separate Account II dated February 16, 1994, appearing in the Prospectus, which is a part of such Registration Statement and to the reference to us under the heading "Experts" in such Prospectus.

New York, New York
May 13, 1994

PARTICIPATION AGREEMENT

THIS AGREEMENT is made by and among Merrill Lynch Variable Series Funds, Inc. (the "Fund"), Merrill Lynch Life Insurance Company, an insurance company organized under the laws of the State of Arkansas, ML Life Insurance Company of New York, an insurance company organized under the laws of the State of New York, Family Life Insurance Company, an insurance company organized under the laws of the State of Washington, -----------------, - ------------------, (collectively, the "Participating Insurance Companies") and separate accounts of the Participating Insurance Companies that currently invest or in the future will invest in the Fund (such separate accounts being referred to herein as the "Separate Accounts").

WHEREAS, the Fund is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (the "1940 Act") as an open-end diversified investment management company; and

WHEREAS, the Fund is organized as a series fund, currently with fourteen portfolios; and

WHEREAS, the Fund was organized as a funding vehicle for variable annuity contracts; and

WHEREAS, the Participating Insurance Companies are desirous of having the Fund serve as one of the funding vehicles for their respective variable annuity contracts and/or variable life insurance contracts issued through the Separate Accounts.

NOW, THEREFORE, and in consideration of the mutual covenants herein contained, it is hereby agreed by and among the Participating Insurance Companies as follows:

1. Each Participating Insurance Company shall designate an individual to monitor for the occurrence of any event which may give rise to the existence of any material irreconcilable conflict between the interests of the participants of all Separate Accounts investing in the Fund, and to advise each other Participating Insurance Company and the Board of Directors of the Fund (the "Board"), if any such event shall occur. Such an event may include (but will not necessarily be limited to): (a) an action by any state insurance regulatory authority; (b) a change in applicable federal or state insurance, tax, or securities laws or regulations, or public ruling, private letter ruling, no action or interpretive letter, or any similar action by insurance, tax or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of any portfolio are being managed; or (e) a decision by a Participating Insurance Company to disregard the voting instructions of its contract owners.

2. (a) If a Participating Insurance Company shall have advised the other Participating Insurance Companies of the occurrence of an event which may give rise to a material irreconcilable conflict as provided in paragraph 1 above, the Participating Insurance Companies shall consult with each other in a good faith effort (i) to determine whether such event gives rise to such a conflict and, (ii) if it does, to attempt to resolve such conflict within a reasonable period of time without resort to the provisions of paragraph 2(b) of this Agreement.

(b) If the Participating Insurance Companies are unable to resolve a conflict through consultation as provided in paragraph 2(a), and if any Participating Insurance Company determines that such conflict is a material irreconcilable conflict:

(i) if the event giving rise to the conflict involves the inability, for state insurance regulatory or any other reason, of one or more of the Participating Insurance Companies to invest in the Fund or one of its portfolios unless the investment adviser or principal underwriter of the Fund or such portfolio is changed, then such Participating Insurance Company or Companies shall withdraw their investments from the Fund or such portfolio within a reasonable period of time; provided, however, that if such Participating Insurance Company or Companies own a majority of the then outstanding shares of the Fund or such portfolio, the Participating Insurance Companies will advise the Board that the agreement with the investment adviser or principal underwriter, as the case may be, for the Fund or such portfolio is to be terminated and that the Participating Insurance Companies intend to vote their shares in the Fund to effect such termination (and if the Board does not then terminate such agreement, the Participating Insurance Companies shall recommend to their respective contract owners that the shares in the Fund be voted to effect such termination); and

(ii) if the event giving rise to the conflict involves a need to change the investment policy of the Fund or one of its portfolios so that one or more of the participating insurance companies may continue to invest in the Fund or such portfolio, the participating insurance companies agree to advise the Board of Directors of the Fund of the changes in the investment policies of the Fund or such portfolio that must be effected so as to permit all of the participating insurance companies to continue to invest in the Fund or such portfolio (and if required to effect such change, the participating insurance companies will recommend to their respective contract owners that the shares in the Fund be voted to effect such change).

(c) The Participating Insurance Company which, pursuant to paragraph 1 of this Agreement, initially advises of an event which may give rise to a conflict shall also advise the Board as to whether such event in fact gave rise to a conflict and, if so, the action taken by the Participating Insurance Companies pursuant to paragraph 2 of this Agreement to resolve such conflict.

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3. If, as provided in paragraph 2(b) of this Agreement, it is determined by the Participating Insurance Companies that a material irreconcilable conflict exists and that one or more of the Participating Insurance Companies must withdraw their assets from the Fund or one of its portfolios (or if a Participating Insurance Company determines that it should withdraw its assets from the Fund so as to avoid a material irreconcilable conflict), such Company or Companies shall take whatever steps are necessary to effect such withdrawal within a reasonable period of time, up to and including: (a) withdrawing the assets allocable to some or all of the Separate Accounts from the Fund or any portfolio and reinvesting such assets in a different investment medium (including another portfolio of the Fund) or submitting the question of whether such withdrawal should be implemented to a vote of all affected participants and, as appropriate, withdrawing the assets of any particular group (i.e., contract owners of one or more Participating Insurance Companies) that votes in favor of such withdrawal, or offering to the affected participants the option of making such a change; and (b) establishing a new registered management investment company or management separate account. No charge or penalty will be imposed on contract owners directly or indirectly as a result of such a withdrawal. In no event will the Fund or the investment adviser of the Fund be required to establish a new funding medium for any variable insurance contract. No Participating Insurance Company will be required to establish a new funding medium for any variable insurance contract. No Participating Insurance Company will be required to establish a new funding medium for any variable insurance contract if an offer to do so has been declined by vote of a majority of participants materially adversely affected by the material irreconcilable conflict.

4. The Participating Insurance Companies acknowledge to

the Fund that prospectus disclosure regarding potential risks of mixed and shared funding permitted by this Agreement may be appropriate.

5. The Fund will file with its books and records all reports received by the Board concerning potential or existing conflicts, and the means by which it is proposed that any conflicts be resolved, will note the receipt of such reports in the minutes of meetings of the Board and will make such reports available to the Securities and Exchange Commission (the "Commission") upon request.

6. Each of the Participating Insurance Companies agrees that any action taken by it under this Agreement, including any action in identifying and resolving any material conflicts of interest, will be carried out with a view only to the interest of its contract owners participating in the Fund.

7. Each Participating Insurance Company shall provide pass-through voting privileges to all of its contract owners so long as the Commission continues to interpret the 1940 Act to require such pass-through voting privileges for variable insurance

contract owners. Each Participating Insurance Company shall be responsible for assuring that its Separate Accounts calculate voting privileges in a manner consistent with the other Participating Insurance Companies. It is a condition of this Agreement that each Participating Insurance Company will vote shares, for which it has not received voting instructions as well as shares attributable to it, in the same proportion as it votes shares for which it has received instructions.

8. This Agreement shall terminate automatically in the event of its assignment, unless made with the written consent of each party.

9. This Agreement shall be subject to the provisions of the 1940 Act and the rules and regulations thereunder, including any exemptive relief therefrom and the orders of the Commission setting forth such relief.

Executed this day of , 1994.

MERRILL LYNCH LIFE INSURANCE COMPANY

By

Name:
Title:

ML LIFE INSURANCE COMPANY OF NEW YORK

By

Name:
Title:

FAMILY LIFE INSURANCE COMPANY

By

Name:
Title:

MERRILL LYNCH VARIABLE SERIES FUNDS, INC.

By

Name:
Title:

By

Name:
Title:

SERVICE AGREEMENT
BETWEEN
MERRILL LYNCH INSURANCE GROUP, INC.,
FAMILY LIFE INSURANCE COMPANY
AND
MERRILL LYNCH LIFE INSURANCE COMPANY

This Service Agreement is entered into as of the 29th day of November, 1990 between Family Life Insurance Company, a Washington Corporation ("FLIC"), Merrill Lynch Life Insurance Company, a Washington corporation ("MLLIC") and Merrill Lynch Insurance Group, Inc., a Delaware corporation, for itself and for its affiliates other than FLIC and MLLIC ("MLIG").

W I T N E S S E T H:

WHEREAS, FLIC is a wholly-owned subsidiary of MLIG, and MLLIC is a wholly-owned subsidiary of FLIC, and

WHEREAS, each party to this Agreement desires to utilize certain services to be provided by the other parties in carrying out certain of their respective corporate functions, and

WHEREAS, each party is willing to furnish, or cause its affiliates to furnish, such services on the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties do hereby mutually agree as follows, effective as to FLIC and MLLIC respectively, only so long as it is an affiliate of MLIG:

1. Each party will provide or contract or arrange with any of its affiliates for the providing of, as available, services as listed in Exhibit I hereto, if and to the extent requested by the other. Exhibit I may be modified from time to time by agreement between the parties.

2. For services provided, the service recipient agrees to pay the service provider:

(a) the amounts as may be specified in one or more Schedules, pertaining to particular categories of services, as may be executed by the parties and attached to and incorporated into this Agreement; or

(b) if not so specified, to pay those charges (direct and indirect) and expenses incurred by the service provider which, as reasonably determined by the service provider and demonstrated to the reasonable satisfaction of service recipient, reflect actual cost of such services to the service provider, provided that

(1) charges and expenses for personnel shall be based on a reasonable allocation of the time spent on service recipient matters relative to time spent on other matters;

(2) charges and expenses for property or other services shall be based on a reasonable allocation of the proportion of and period of time such property or services is utilized for service recipient matters relative to that utilized for other matters, and;

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(3) no charges or expenses shall exceed those charged by the service provider in the relevant market for comparable personnel, property or services as the case may be.

After the end of each month, the service provider will send the service recipient a bill covering service charges and expenses which have been incurred, or the amount of which has been ascertained, during such month, and the service recipient will pay for such charges and expenses upon receipt of the bill.

3. The book, accounts and records of MLIG, its affiliates providing services hereunder, FLIC and MLLIC as to all transactions hereunder shall be maintained so as to clearly and accurately disclose the nature and details of the transactions, including such accounting information as is necessary to support the reasonableness of the charges, expenses or fees hereunder. The service recipient shall have the right, at its own expense, and at any reasonable time, to make an audit of the services rendered and the amounts charged therefor.

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4. The term of this Agreement shall commence as of the date hereinabove indicated and continue until December 31, 1990, and thereafter shall be deemed to be renewed automatically, upon the same terms and conditions, for successive periods of one year each, until any party, at least 60 days prior to the expiration of the original term or of any extended term, shall give written notice to the other parties of its intention not to renew the Agreement, provided that, notwithstanding the foregoing, electronic data processing services will be made available to the service recipient for up to six months following any such termination, if the service recipient shall so request.

5. It is understood that (a) MLIG, any of its affiliates or subsidiaries, will invest for their own account and may act as investment advisor for others and that MLIG or such others or persons or organizations affiliated with MLIG could have investment interests adverse to the interests of FLIC or MLLIC in the same or related investments; (b) MLIG is not obligated to make available to FLIC or MLLIC any particular investment opportunity which comes to MLIG or its subsidiaries or affiliates, regardless or whether such opportunity is consistent with the investment policies of FLIC or MLLIC; and (c) FLIC and MLLIC shall retain full control over their respective investment activities, and MLIG or any of its affiliates or subsidiaries shall have no power or authority by virtue of this Agreement, whether as agent or otherwise, to obligate or commit FLIC or MLLIC for the acquisition or disposition of any investment.

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6. All differences between MLIG, FLIC and MLLIC on which agreement cannot be reached will be decided by arbitration. The arbitrators will interpret this Agreement in accordance with the usual business practices, rather than strict technicalities or rule of law. Three arbitrators will

decide any differences. They must be officers of life insurance companies other than the parties to this agreement, their parents, subsidiaries and affiliates. One of the arbitrators is to be appointed by service provider and one by the service recipient, and these two will select a third. If the two are unable to agree on a third, the choice will be left to the President of the American Council of Life Insurance or its successor organization. The arbitrators' decision will be by majority vote and no appeal will be taken from it. The costs of the arbitration will be borne by the losing party unless the arbitrators decide otherwise.

7. No assignment of this Agreement shall be made by any party without the consent of the other parties.

8. Subject to the foregoing Clause 7, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

9. This Agreement shall supersede that Management Services Agreement between FLIC and MLLIC dated April 28, 1986.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

MERRILL LYNCH INSURANCE GROUP, INC.

By: /s/ Thomas H. Patrick

FAMILY LIFE INSURANCE COMPANY

By: /s/ James W. Grace

MERRILL LYNCH LIFE INSURANCE COMPANY

By: /s/ James W. Grace

EXHIBIT I

To Service Agreement
Between MLIG, FLIC and MLLIC

Personnel, Property and Services (except as provided under separate agreements or Schedules):

1. Accounting and auditing.
2. Actuarial.
3. Administration.
4. Advertising, marketing and public relations.
5. Claims (pursuant to the service recipient's guidelines and subject to final approval by the service recipient).
6. Corporate Secretary.
7. Development of software programs.
8. Electronic date processing.
9. Financial and cash advice or management.
10. Investment advisory or management.
11. Legal.
12. Office and general supplies.
13. Payroll services.
14. Personnel.
15. Premium billing and collection.
16. Printing.
17. Product design and development.
18. Regulatory filings and reports.
19. Storage.
20. Underwriting (pursuant to the service recipient's guidelines and subject to final approval by the service recipient).

AMENDMENT
to
SERVICE AGREEMENT
between
MERRILL LYNCH INSURANCE GROUP, INC.
and
MERRILL LYNCH LIFE INSURANCE COMPANY

The above referenced Agreement is amended as follows:

1. MLLIC shall have ultimate control of and responsibility for any functions delegated to the service provider under this Agreement.

2. MLLIC shall have the right to terminate this Agreement in the event the service provider does not perform services delegated to it to the satisfaction of MLLIC.

3. Section (a) of Clause 2 of the Agreement shall be deleted. In Section (b) of Clause 2:

   (i) the following words shall be deleted "(b) if not so specified, to pay."

(ii) the word "reflect," shall be deleted and the word "represent," shall be added in its place.

4. Item 10 of Exhibit 1 is amended to read as follows:
Investment advisory or management (pursuant to the service recipient's guidelines and subject to final approval by the service recipient).

IN WITNESS WHEREOF, the parties hereto have dully executed this Agreement as of the 25 day of February, 1993.

MERRILL LYNCH LIFE INSURANCE COMPANY

By: /s/ Sandra K. Kelly

MERRILL LYNCH INSURANCE GROUP, INC.

By: /s/ Robert M. Bordeman

Exhibit 11

DESCRIPTION OF MERRILL LYNCH LIFE INSURANCE COMPANY'S
ISSUANCE, TRANSFER AND REDEMPTION PROCEDURES
FOR POLICIES 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 its Single Premium Variable Life Insurance Policies ("Policies") issued through Merrill Lynch Life Variable Life Separate Account II ("Separate Account"), the transfer of assets held under the Policies, and the redemption by owners of their interests in said Policies.

1. PROCEDURES RELATING TO ISSUANCE AND PURCHASE OF THE POLICIES

A. TERM COST STRUCTURE, PREMIUMS AND UNDERWRITING STANDARDS

The term cost charges for Merrill Lynch Life's Policy will not be the same for all policy 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 policy owner can purchase with a single premium will also vary to reflect factors similar to those that affect term cost charges.

The Policy provides for guaranteed life insurance coverage which will remain in force for life, or for a shorter time, if elected. The Policy will not be canceled during the guarantee period unless the policy debt exceeds certain policy values. After the guarantee period, the Policy will remain in force as long as there is not excessive policy debt and the Policy's cash surrender value is sufficient to cover the charges due.

The owner may select the face amount for a given premium within the following limits: 1) the minimum face amount is the amount which will give a guarantee period for the whole of life; 2) the maximum face amount is the amount which will give the minimum guarantee period we will require. For a given single premium and face amount the guarantee period is based on the guaranteed maximum mortality rates in the Policy, the deferred policy loading and a 4% interest assumption.

The Policy 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 policy benefits for their insured residents, Merrill Lynch Life will comply. The prospectus specifies face amounts for a given premium for illustrative ages. In addition, the premium to be paid by an owner will be specified in the Policy.

B. APPLICATION AND PREMIUM 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 paramedical or medical underwriting. Insureds in a standard medical classification will have their maximum mortality rates based on the 1980 CSO mortality table. For insureds underwritten on a simplified basis, Merrill Lynch Life will use the 1980 CET mortality table to calculate mortality cost. For insureds in a substandard underwriting class, Merrill Lynch Life will use a multiple of those tables. During the underwriting process, Merrill Lynch Life may, however, provide temporary life insurance coverage, the death benefit of which shall not exceed $100,000, until coverage begins under the Policy, provided the premium has been paid.

The date on which a Policy 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 Policies. The single premium 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 single premium at the Policies' Service Center (the "Service Center"), which is generally the policy date.

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

Currently 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. Merrill Lynch Life may from time to time change the division(s) where the investment base may be allocated during the "free look" period.

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

C. ADDITIONAL PAYMENTS

An owner may make additional payments subject to Merrill Lynch Life's rules. 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 Policy on the date of receipt at the Service Center. On that date, Merrill Lynch Life will increase the investment base by the amount of the payment and increase the deferred policy loading.

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 Company. 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 and deferred policy loading as of the next business day following receipt of the payment at the Service Center. As of the policy processing date on or next following the date Merrill Lynch Life receives and accepts any additional payment, Merrill Lynch Life will reflect the payment in the variable insurance amount and increase the Policy's guaranteed benefits by increasing either the Policy's 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 payments will be used to increase the Policy's face amount.

If the insured dies after an additional payment is made and before the next policy processing date, Merrill Lynch Life will pay the beneficiary the larger of (a) the death benefit calculated as of the policy processing period plus the additional payment and (b) the cash surrender value as of the date it receives and accepts the additional payment (including the payment) multiplied by the net single premium factor for such date. The amount paid will be reduced by any policy debt and overdue charges if the Policy is in the grace period and will be increased by any amounts due from riders.

D. GRACE PERIOD

If the guarantee period is less than for life, a Policy may be canceled by Merrill Lynch Life after the end of the guarantee period if the net cash surrender value on a policy processing date cannot support the charges due. The Policy, 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 it may terminate the Policy because of insufficient cash surrender value.

The Policy will lapse at the end of the grace period unless Merrill Lynch Life receives payment of the grace amount during that time. The grace amount will be shown

on the notice. 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 Policy that is canceled by Merrill Lynch Life may be reinstated while the insured is still living. The Policy will be reinstated if, within three years after the end of the grace period, Merrill Lynch Life receives from the Policy's owner, (a) an application to reinstate the Policy; (b) satisfactory evidence of insurability; and (c) a premium payment which is sufficient to give the Policy a guarantee period after reinstatement of at least five years from the effective date of the reinstatement.

The face amount will be the same as that in effect at the time the Policy was canceled. The reinstatement will be effective on the policy processing date on or next following the date Merrill Lynch Life approved the reinstatement application.

F. REPAYMENT OF LOAN

A loan or any part of a loan under Merrill Lynch Life's Policies may be repaid while the insured is living and the Policy is in force. Upon repayment of a policy 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. The owner may designate the investment

divisions 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.

II. TRANSFERS AMONG INVESTMENT DIVISIONS

The Separate Account currently has 37 investment divisions, 20 of which invest in a corresponding series of the Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities (the "Trust"), ten of which invest in shares of a corresponding fund of the Merrill Lynch Series Fund, Inc. ("Series Fund") and seven of which invest in shares of a corresponding fund of the Merrill Lynch Variable Series Funds, Inc. ("Variable Series Funds"). The Trust is registered under the Investment Company Act of 1940 as a unit investment trust. The Series Fund and the Variable Series Funds are each registered under the Investment Company Act of 1940 as an open-end, investment company. The owner may transfer among the investment divisions up to five times a year. 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 Policy may surrender the Policy for its net cash surrender value at any time while the insured is living. The surrender is effective on the date the policy holder transmits the request and the Policy to Merrill Lynch Life. Merrill Lynch Life will pay the net cash surrender value based on the next computed value after the request and

Policy are received at the Service Center. The net cash surrender value will usually be paid within seven days after receipt of the Policy and a signed request for surrender at the Service Center.

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

The net cash surrender value on each subsequent policy processing date equals the total investment base, less the balance of any deferred policy loading. On a policy processing date other than a policy anniversary Merrill Lynch Life also subtracts any pro rata net loan cost if there is any policy debt.

On any date during a policy processing period the net cash surrender value equals the total investment base less any pro rata net loan cost if there is any policy debt, less the balance of any deferred policy loading, less the pro rata mortality cost since the last policy processing date.

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 Policy) held in the Separate Account.

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

B. DEATH CLAIMS

Merrill Lynch Life will pay a death benefit to the beneficiary within seven days after receipt at the Service Center of the Policy, due proof of death of the insured, and all other requirements necessary to make payment.

Death benefit proceeds equal the sum of the death benefit which is the larger of the current face amount and the variable insurance amount, less any policy debt and less any overdue charges if the Policy is in a grace period. On each policy processing date, Merrill Lynch Life will determine the variable insurance amount to take into account the investment experience of the designated investment divisions since the previous policy processing date. The variable insurance amount is determined by multiplying the cash surrender value by the net single premium factor. The variable insurance amount determined on the policy processing date will remain the same until the next policy processing date. The death benefit will never be less than the amount required to keep the Policy 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. The amount payable also reflects interest from the date of the death to the date of payment.

Merrill Lynch Life will pay the death benefit out of its general account and, at the same time, will transfer the investment base (applicable to the Policy) 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 Policy.

C. POLICY LOAN

The owner may borrow an amount equal to the difference between the loan value and the policy debt. The loan value of the policy equals 75% of a Policy's cash surrender value during policy years 1 through 3 and 90% thereafter. The cash surrender value for this purpose will be the cash surrender value computed on the date a proper request for a loan is received by Merrill Lynch Life. Payment of the loan from Merrill Lynch Life's general account will be made to the policy owner within seven days of receipt of the request. Interest accrues daily at an effective annual rate of 4.75% compounded annually. The smallest loan will generally be for $1,000. With a proper written 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 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 for the first ten policy years at an effective annual rate of 4%, and at an effective annual rate of 4.15% thereafter. Therefore, taking a loan will have a permanent effect on a Policy's cash surrender value and may have a permanent effect on the death benefit whether or not repaid in whole or in part.

The amount of any outstanding loan plus loan interest is subtracted from the death benefit proceeds or the cash surrender value when calculating net cash surrender value.

Whenever the then outstanding loans plus accrued loan interest exceeds the larger of the cash surrender value and the tabular value, the Policy terminates 61 days after notice has been mailed by Merrill Lynch Life to the owner and any assignee of record at their last known addresses, unless a repayment of the amount in excess of the cash surrender value is made within that period.

D. EXCHANGING THE POLICY

An owner may exchange the Policy for a fixed policy issued by Merrill Lynch Life 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 Policy within 18 months of the issue date of the Policy. The new policy will have the same owner and

beneficiary as the original Policy on the date of exchange. It will also have the same issue age, issue date, face amount, benefit riders, cash surrender value and underwriting class as the original Policy.