

MEMO# 9015

June 27, 1997

MONEY MARKET FUND PORTFOLIO INSURANCE MEETING

June 27, 1997 TO: BOARD OF GOVERNORS No. 41-97 PRIMARY CONTACTS - MONEY MARKET FUNDS No. 2-97 PRIMARY CONTACTS - MEMBER COMPLEX No. 43-97 RE: MONEY MARKET FUND PORTFOLIO INSURANCE MEETING

As you know, ICI Mutual, the mutual fund industrys captive insurance company, has been engaged in studies to determine whether to create a facility to offer money market fund portfolio insurance. In February, the Institute and ICI Mutual surveyed their members to gauge interest in such a product. Over 65% of the responding complexes representing approximately 50% of the total money market fund assets indicated that they were interested in money market fund default insurance. After careful consideration, including review of the survey results and numerous discussions with fund groups and portfolio managers, management of ICI Mutual recommended and the Board of Directors of ICI Mutual approved the development of money market fund default insurance and authorized ICI Mutual to enter into an agreement with an appropriate partner to issue such insurance. The insurance, which will provide coverage for defaults of money market fund portfolio securities and similar events, will be available in approximately one month. A meeting will be held on July 22, 1997 at 10:30 a.m. in the David Silver Conference Room at the Investment Company Institute to discuss and answer questions regarding the default insurance. If you or a representative would like to attend, please fax the attached form to Arletta Mitchell at 202/326-5373 by July 15, 1997. Matthew P. Fink, President David Silver, President Investment Company Institute ICI Mutual Insurance Company Name Firm Please fax this form to Arletta Mitchell at 202/326-5373 by July 15, 1997. uuu U I will attend the Money Market Fund Portfolio Insurance Meeting on July 22, 1997. U I will not be in attendance. uuu

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