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Company Ratings Sectio~

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ANNUITY & LIFE INSURANCE SHOPPER

Publication of United States Annuities **July -Aug. 1991 (v. 6, n.4)**

MOST COMPETITIVE RATES FOR

- **Terminal Funding Annuities**
- **Immediate and Deferred Annuities**
- **GICs and Funding Agreements**
- **Renewable Term Life Insurance**
- **Structured Settlement Annuities**

INSURANCE COMPANIES RATINGS

Rating opinions are based on factors such as an insurance company's ability to pay its claims, quality of its investments, and its ability to withstand economic downturns. The four analytical rating services presented are A.M. Best's (which rates 1,300 companies on a scale of A+ to NA-7); Standard & Poor's (450 companies, AAA to C); Moody's (72 companies, Aaa to C); and Weiss Research (1,750 companies, A+ to F). Agencies' assessments of the same company may differ. Analysts may disagree, for instance, about how much is too much when it comes to junk bonds, bad mortgages or foreclosed real estate. Keep in mind, too, that most insurance companies farm out some of the risk of their policies to other companies through reinsurance agreements. This is especially true for smaller companies (with assets less than $1 Billion), where reinsurance ceded can be as high as 60% to 80%. When this is the case, a company's rating may not be valid. However, for larger companies, reinsurance only averages about 4% of assets. You may also call or write to your state's department of insurance for information on the solvency of an insurer doing business in your state.

Company Legal Name	State Dom.	Admitted Assets	A.M.Best's (Date/FinSz)	S&P Rating (DatePubl'd)	Moody's Rating (DatePubl'd)	Weiss Rating (DatePubl'd)	NIG% JunkBnds
Aetna LIC	CT	$ 52.34B	A+ (8/90 XV)	AA+ (4/91)	Aaa (6/90)	C+ (1/91)	2.8%
Alex. Ham. LIC of Amer.	MI	$ 3.84B	A+ (8/90 VIII)	AA (4/91)	nr	C (3/91)	12.9%
Allstate LIC	IL	$ 14.82B	A+ (8/90 XI)	AAA (4/91)	Aa1 (8/90)	B (3/91)	10.1%
American Crown LIC	NY	$ 0.03B	NA-3 (8/90 III)	AA (4/91)	nr	SE+ (3/91)	0.0%
American Investors LIC	KS	$ 1.54B	A (8/90 VII)	nr	nr	D+ (4/91)	22.5%
American LIC	DE	$ 6.11B	NA-4 (8/90 X)	AAA (4/91)	nr	C (3/91)	1.5%
Amer. Mayflower LIC/NY	NY	$ 0.30B	A+ (8/90 VI)	nr	nr	B- (2/91)	1.3%
American Mutual LIC	IA	$ 0.87B	A+ (8/90 VIII)	nr	nr	C- (2/91)	9.0%
American Pioneer LIC	FL	$ 0.06B	B+ (8/90 IV)	nr	nr	SC (11/90)	0.0%
Bankers Secur. LI Soc.	NY	$ 0.51B	A (8/90 VI)	A+ (4/91)	nr	B (3/91)	3.9%
Bankers United Life Assur.	IA	$ 0.64B	A (8/90 VCI)	AA+ (4/91)	nr	C+ (3/91)	8.2%
Canada Life Assur. Co.	CNDA	$ 11.00B	A+ (8/90 XI)	AAA (4/91)	nr	nr	na
Canada Life of NY	NY	$ 0.14B	A (8/90 V)	AAA (4/91)	nr	SC (3/91)	4.6%
Central Life Assur. Co.	IA	$ 2.20B	A+ (8/90 VIII)	A (4/91)	nr	C- (2/91)	13.5%
Colon.Penn Annuity/LIC	DE	$ 0.12B	A+ (8/90 V)	nr	nr	SC (3/91)	5.9%
Comm. Union LIC of Amer.	DE	$ 0.55B	A+ (8/90 VI)	nr	nr	A- (2/91)	4.3%
Commonwealth LIC	KY	$ 4.59B	A+ (8/90 IX)	AAA (4/91)	Aa3 (4/91)	B+ (3/91)	2.8%
Confederation LIC	CNDA	$ 15.67B	A+ (8/90 XI)	AAA (4/91)	nr	nr	na
Connecticut General LIC	CT	$ 37.41B	A+ (8/90 XIV)	AAA (4/91)	Aaa (7/90)	C+ (3/91)	8.2%
Connecticut Mutual LIC	CT	$ 11.13B	A+ (8/90 X)	AA- (4/91)	Aa2 (8/90)	C (3/91)	6.4%

(Continued on page 15)

nr / na -- Not assigned rating by Moody's, S&P, or Weiss Research. Insurance companies must pay $17,000 to $25,000 a year to be rated by S&P, Moody's, and some of the other rating agencies, many insurers therefore decline to be graded. While Weiss Research, Inc. does not charge insurers to be rated, it only grades U.S.-domiciled companies (not Canadian carriers).

Company Legal Name -- Insurance companies are listed according to legally registered names. Many companies are part of a larger group affiliation which may include subsidiaries with similar sounding names. These affiliates may not be legally bound to cover each others' claims and each separate entity may have a different credit quality rating.

State Dom. -- State of Domicile refers to the state which has primary regulatory responsibility for the insurance company listed. It may differ from the location of the company's corporate headquarters. Most companies are licensed to do business in all 50 states. Some state guaranty funds only protect policyholders of companies **domiciled** (not just licensed) in that state.

Admitted Assets is the dollar value of all assets reported in a company's statutory annual statement for 1990 and admitted or accepted by state regulators. In addition to invested assets, these include such items as amounts receivable and separate account assets.

Date Published -- The date rating was first published in ANNUITY & LIFE INSURANCE SHOPPER. This is usually one to two months after date the new rating was assigned by the agency.

NIG% (Non-investment Grade Percent) lists a company's exposure to "Junk Bonds" as a percent of its Invested Assets and provides an indication of risk due to bond portfolio losses. In 1990, the National Association of Insurance Commissioners ("NAIC") implemented new classifications, designating bonds as high-, medium-, or low-grade. These categories do not specify investment vs. non-investment grade. Generally, the medium- and low-grade bonds are viewed as non-investment grade, so for our purposes here those bonds rated BB or lower by either S&P or Moody's or those considered to be of equivalent quality by the NAIC are included in the NIG% figure. NIG% is calculated by dividing the company's holdings in "Junk Bonds" by the total dollar value of a company's investment portfolio as reported in its statutory annual statement for 1990. Note, invested assets is not necessarily the same as Admitted Assets. (Source: Weiss Research Inc., Low Quality Bond Holdings of U.S. Insurance Companies, May, 1991.)

ANNUITY SHOPPER makes no representations regarding, nor is to be held liable in any way for, the accuracy, reliability or timeliness of any of these ratings.

IMMEDIATE ANNUITIES

Single Premium Immediate Annuities (SPIAs) are purchased by a single deposit with income usually commencing soon thereafter. In its simplest form--the Straight Life or Non-refund annuity--payments are guaranteed over the lifetime of one person. This form of annuity insures against outliving one's financial resources and is an important instrument in planning for retirement. Given a fixed deposit, the monthly payments that derive from a Straight Life annuity are always greater than those derived from other forms of immediate annuity, since with a single life annuity the income ends with the last regular payment preceding the annuitant's death. There are times when other forms are better suited for a particular situation, such as: (1) when the income needs to be guaranteed over the lifetimes of two or more annuitants (Joint and Survivor annuity); or (2) when a provision is added such that if the annuitant(s) die(s) before the end of a specified period (e.g. 5 or 10 years or more) payments continue to a designated beneficiary (Certain Period and Continuous annuity); or (3) when the annuitant dies before the total amount received equals the premium deposit, payments continue to a named beneficiary (Refund annuity). In these situations the monthly income is reduced from the Straight Life amount to pay for the added coverage. Also, while this may sound paradoxical, an immediate annuity may be structured to have a deferred commencement date, as in the case of terminal funding annuities for terminated vested employees. These hybrid "deferred" SPIAs, however, cannot usually be surrendered for cash value at a deferred date, as is the case with typical SPDAs contract (see SPDA section below).

The principal advantages of an SPIA are its (1) Simplicity -- the annuitant does not have to manage his investments, watch markets, report interest or dividends, or compete against professional investors; (2) Security -- the annuity provides stable lifetime income which can never be outlived (annuities provide unbeatable financial security by guaranteeing income for a specified period no matter what the economic conditions); (3) High Returns -- the interest rates used by insurance companies to calculate SPIA income are generally higher than CD or Treasury rates, and since part of the principal is returned with each payment, greater amounts are received than would be provided by interest alone; (4) Preferred Tax Treatment -- only the portion attributable to interest represents taxable income (the bulk of the payments are nontaxable return of principal); (5) Avoidance of Probate -- if life or period certion option is selected; (6) Safety of Principal -- funds are guaranteed by assets of insurer and not subject to the fluctuations of financial markets; and (7) No sales or administrative charges.

SPIAs can provide income in these situations: (1) Retirement from Service; (2) Terminal Funding or Pension Terminations (including deferred commencements); (3) Retired Life Buyouts; (4) Structured Settlements for Personal Injury, Estate or Divorce cases; (5) Professional Sports Contracts; and (6) Credit Enhancement and Loan Guarantee Transactions.

Table 1 presents the monthly income purchased with each $1,000 of premium on different forms of SPIA, using sex-distinct or unisex rates, as appropriate. Quotes assume first payment one month after the date of issue and include all fees and commissions, but not state premium taxes, if applicable. These rates were in effect during the survey period of June 5 thru June 9, 1991.

Table 1. Single Premium Immediate Annuities

Reporting Companies	ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY Male 65 Life	Fem. 65 Life	Unisex 65 Life	Male 70 Life	Fem. 70 Life	Unisex 70 Life	Unisex 65 10C&C	Pd. Cert. 10Yr.Only	M65 F60 J&50%S
Ministers Life (qnq)	$ 9.92	$ 8.56	$ 9.65	$ 11.40	$ 9.47	$ 11.01	$ 8.84	-	$ 9.10
#Security Mutual (qnq)	$ 9.67	$ 8.41	-	$ 11.15	$ 9.51	-	-	-	$ 8.31
#Reliance Stand (qnq)	$ 9.52	$ 8.67	$ 9.19	$ 10.72	$ 9.69	$ 10.10	$ 8.72	-	-
Kansas City (nq)	$ 9.41	$ 8.60	$ 9.41	$ 10.61	$ 9.47	$ 10.61	$ 8.86	$ 11.66	$ 7.82
Aetna (q)	-	-	$ 9.14	-	-	$ 10.29	$ 8.69	$ 12.03	-
#Transamerica (q)	$ 9.28	$ 8.45	$ 8.90	$ 10.45	$ 9.26	$ 9.89	$ 8.41	$ 10.55	$ 7.37
Shelby Life (qnq)	$ 9.23	$ 8.48	-	$ 10.35	$ 9.31	-	-	$ 11.99	-
Minn. Mutual (qnq)	$ 9.23	$ 8.34	$ 8.34	$ 10.50	$ 9.22	$ 9.22	$ 8.05	$ 11.49	$ 8.15
Nat'l Heritage (qnq)	$ 9.21	$ 8.42	-	$ 10.36	$ 9.29	-	-	$ 11.99	$ 8.46
#Canada Life (qnq)	$ 9.21	$ 8.43	$ 8.43	$ 10.28	$ 9.25	$ 9.25	$ 8.21	$ 11.75	$ 8.25
Great American (qnq)	$ 9.20	$ 8.36	$ 8.36	$ 10.41	$ 9.39	$ 9.39	-	$ 10.80	$ 8.39
#Manulife (qnq)	$ 9.18	$ 8.15	$ 8.66	$ 10.42	$ 8.97	$ 9.68	$ 8.26	$ 11.51	$ 8.08
#Presidential (qnq)	$ 9.16	$ 8.39	$ 8.39	$ 10.29	$ 9.25	$ 9.25	$ 8.15	$ 11.78	$ 8.18
WM/Empire Life (qnq)	$ 9.15	$ 8.30	$ 8.73	$ 10.40	$ 9.23	$ 9.82	$ 8.32	$ 11.51	$ 8.08

(Continued on page 8)

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

ANNUITY RATES AND QUOTATIONS: ANNUITY SHOPPER obtained the rates, premium calculations, and contract specifications in this issue from the insurance companies who responded to our bimonthly survey. We make no representations regarding the accuracy of these quotes nor do we evaluate the financial conditions of nor make any endorsement for the products of any company reported herein. Companies not listed in ANNUITY SHOPPER did not respond to our survey request.

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PLAN TERMINATION & TERMINAL FUNDING ANNUITIES

Single Premium Group Annuities (SPGAs), also known as Terminal Funding, Single-Shot or Buyout contracts, guarantee the benefits of a pension plan's retired, active or deferred vested participants. SPGAs are usually employed in situations which require that accrued benefits be "settled" with commercial annuities. These include pensions plans which are terminating, ongoing plans locking in high rates as an investment, FASB 87-88 settlements, and plant closings due to mergers or acquisitions. An SPGA may reduce a pension plan's annual administration costs, reduce its unfunded liability, or increase the reversion available from an overfunded plan.

SPGAs frequently credit a higher rate than the actuarial interest rate a plan may be using for valuing benefits. To maximize this rate differential a plan sponsor must either himself monitor each insurance company's SPGA rates or delegate that function to an experienced SPGA consultant. Constant surveillance is necessary to catch the changes in pricing among competing carriers, which often occurs overnight as general market conditions change and as each company moves closer to achieving its short term profit and/or premium-sales objectives. It is not uncommon that at different times during the year SPGA quotes from the same company may vary by as much as 30%!

United States Annuities can help a plan sponsor or consultant obtain the best SPGAs for his terminating or ongoing plan. We represent more than 25 carriers in this market--companies with the highest "AAA" and "A+" ratings. Our knowledge of the special underwriting considerations that are of particular importance to the insurance companies allows us to make sure that your plan is not rejected simply because no one was available to answer questions of a routine or, sometimes, technical nature. Our ability to effectively manage the flow of critical information helps you obtain the best contract available to fit the needs of your plan.

We work directly with those major insurance companies our research has determined to be competitive in these markets. While our efforts are directed at providing annuities at the lowest cost, consideration is also given to the quality of services and financial strength the insurance company offers. We also provide you with the means of maintaining continual contact with your insurance company representatives from the time quotes are presented to you through the follow-up period after the final contract and all certificates have been delivered. If you have special needs on how the contract is to be serviced after the takeover, we will negotiate with the insurers to cover these requirements and, depending on their nature, to make certain than no additional costs are imposed.

When soliciting SPGAs on your behalf, you can have us attend to some or all of the following steps. You dictate our level of involvement:

SETTING OBJECTIVES AND PROTECTING PLAN ASSETS

In consultation with the Plan sponsor and/or enrolled actuary, objectives are set for the cost of the annuities, contract provisions, liquidity of the funds, and proposed purchase and takeover dates. Market values of assets available for transfer to the insurance company are determined to insure that they are sufficient to cover the estimated cost of annuities. A bond portfolio hedging strategy may be employed to protect the assets until the final distribution is made. (During periods of declining interest rates, the present value or cost of annuities generally increases. In the absence of a defensive investment strategy, significant erosion of assets may occur.)

PREPARING THE BID SPECIFICATIONS AND DATA LISTINGS

We market your plan by submitting specifications and data to those carriers best suited to underwrite your liability. The presentation of complete specifications and clean data (especially on diskette or mag tape) reassures the carriers that everything is "in order" and serves as an extra inducement, not only for them to accept the case for pricing, but also to calculate the annuity premiums using their

PLAN TERMINATION & TERMINAL FUNDING ANNUITIES, cont'd

most competitive cost factors. With respect to preparing these documents, you may contract with us to (a) assist with the creation of the census data files, (b) review the Plan Document to suggest which provisions should be included, and (c) negotiate the level of assistance provided by the insurance company to bring about a timely distribution of benefit payments, annuity certificates, and so forth.

MANAGING THE COMPETITIVE BIDDING PROCESS

Through close and ongoing communication with the insurers who agreed to bid on your plan, we are assured that it is being priced correctly and that premium calculations are returned to us on a timely basis. Once the interested carriers begin their underwriting process, we reduce your burden of having to answer redundant questions from numerous carriers by acting as your go-between. We provide the insurers with the additional information they request to keep premium costs at the lowest possible level. By properly communicating plan needs, we can encourage the insurers to reduce risk premiums and not price plan provisions on an overly conservative basis. We also keep you informed of the insurers' responses throughout the initial bidding period.

In the weeks before the winning bid is selected, we provide written proposals from the insurers describing the plan provisions and benefits they have agreed to cover. These proposals are carefully reviewed by the plan actuary and any revisions to the specs or other considerations that could influence the decision-making process are addressed.

ANNUITY PURCHASE / WIRE TRANSFER / DECISION DAY

On the day the final quotes are due, we may move to the offices of the decision maker to coordinate the final bidding process. The insurance companies are instructed to submit their bids before noon of that day. The quotations are matched to the previously agreed control numbers. When all the initial bids have been received, the runner-up insurers are invited to revise their quotes downward to the lowest possible figure. Soon after, the plan sponsor is in a position to accept the most favorable bid. We assist in preparing the letter of commitment which indicates the agreement to purchase the annuities at the quoted price. The premium or deposit amount is wired to the winning company to "lock in" the quote. We can assist with the wire transfer transaction to assure the proper delivery of funds to the carrier, with timely confirmation back to respective parties.

TAKEOVER PROCEDURE / CONTRACT ISSUANCE

In virtually all groups that involve a substantial number of participants, minor corrections to the census and/or benefit amounts may occur after an agreement to purchase the annuities has been reached. These changes are audited to assure that all attendant premium adjustments are priced on the same rate basis as the original quote. We review the Master Group Contract, checking it against the bidding and proposal letter specifications, citing any application changes and forwarding them to the plan sponsor or actuary for review. We may also assist the plan sponsor in verifying the correctness of the individual annuity certificates once issued.

HOW TO OBTAIN GROUP ANNUITY QUOTES

USA's combination of specialized marketing expertise and annuity-tracking database makes us your best source for group annuity contracts. Simply mail or fax (908-521-5113) the plan specifications and census data and we'll prepare documents for quoting by the carriers. We can provide this service on either a commission or fee basis. Simply call our toll-free number 1-800-872-6684 and we'll discuss details with you. We invite your inquiries. Call today.

Table 1. Single Premium Immediate Annuities (Continued from page 4)

Reporting Companies	Male 65 Life	Fem. 65 Life	Unisex 65 Life	Male 70 Life	Fem. 70 Life	Unisex 70 Life	Unisex 65 10C&C	Pd. Cert. 10Yr.Only	M65 F60 J&50%S
#First Colony (qnq)	$ 9.12	$ 8.35	-	$ 10.22	$ 9.17	-	-	$ 11.59	$ 8.15
Equit.LifeAssur. (qnq)	$ 9.09	$ 8.18	$ 8.58	$ 10.17	$ 9.05	$ 9.53	$ 8.23	-	$ 8.04
#Ohio National (qnq)	$ 9.06	$ 8.24	$ 8.32	$ 10.22	$ 9.11	$ 9.22	$ 8.05	$ 11.53	$ 8.03
Life/Southwest (qnq)	$ 9.03	$ 8.32	$ 8.75	$ 10.07	$ 9.09	$ 9.68	$ 8.38	$ 11.51	$ 7.98
#Penn Mutual (qnq)	$ 9.01	$ 8.16	$ 8.85	$ 10.02	$ 8.97	$ 10.02	$ 8.42	$ 11.66	$ 7.99
#Jackson Nat'l (qnq)	$ 9.00	$ 8.24	$ 8.55	$ 10.12	$ 9.08	$ 9.49	$ 8.23	$ 11.67	$ 8.04
#Commer. Union (qnq)	$ 8.99	$ 8.25	$ 8.59	$ 10.07	$ 9.06	$ 9.51	$ 8.25	$ 11.41	$ 8.05
Security Conn (q)	$ 8.97	$ 8.22	$ 8.42	$ 10.09	$ 9.05	$ 9.31	$ 8.13	$ 11.53	$ 8.03
UnitedCos.L. (qnq)	$ 8.97	$ 8.05	-	$ 10.10	$ 8.78	-	-	$ 11.79	$ 8.20
United Pacific (qnq)	$ 8.95	$ 8.13	-	$ 10.08	$ 8.94	-	-	$ 11.53	$ 8.00
MONY (qnq)	$ 8.91	$ 8.10	$ 8.16	$ 9.98	$ 8.93	$ 8.93	$ 7.95	-	-
Amer. Investors (qnq)	$ 8.85	$ 8.11	$ 8.48	$ 9.94	$ 8.93	$ 9.44	$ 8.15	$ 11.32	$ 8.12
Western Nat'l (qnq)	$ 8.81	$ 8.07	-	$ 9.89	$ 8.89	-	-	$ 11.42	$ 7.88
Standard Insur (qnq)	$ 8.80	$ 8.03	$ 8.21	$ 9.89	$ 8.81	$ 9.06	$ 7.96	$ 11.63	$ 7.87
Sunlife Canada (qnq)	$ 8.80	$ 8.15	$ 8.53	$ 9.84	$ 8.96	$ 9.47	$ 8.20	$ 11.42	$ 7.90
State Life (qnq)	$ 8.78	$ 8.05	-	$ 9.85	$ 8.85	-	-	$ 11.27	$ 8.09
#Prudential (qnq)	$ 8.78	$ 7.97	$ 8.35	$ 9.94	$ 8.83	$ 9.33	-	$ 11.27	$ 7.79
Colonial Penn (qnq)	$ 8.74	$ 7.96	-	$ 9.86	$ 8.78	-	-	$ 11.94	$ 8.74
USG Annuity/Life (qnq)	$ 8.74	$ 7.82	$ 7.82	$ 9.98	$ 8.72	$ 8.72	$ 7.56	$ 11.55	$ 7.86
Lincoln Ben. (qnq)	$ 8.69	$ 7.93	$ 8.06	$ 9.80	$ 8.77	$ 8.94	$ 7.80	$ 11.16	$ 7.73
#Metropolitan Life (qnq)	$ 8.65	$ 7.94	$ 8.20	$ 9.66	$ 8.66	$ 9.02	$ 7.92	$ 11.22	$ 7.80
Keyport Life (qnq)	$ 8.63	$ 7.91	$ 8.27	$ 9.65	$ 8.70	$ 9.18	$ 7.98	$ 11.48	$ 7.86
General Svcs (qnq)	$ 8.53	$ 7.85	$ 8.17	$ 9.47	$ 8.54	$ 8.97	$ 7.91	$ 11.42	$ 7.71
New York Life (qnq)	$ 8.47	$ 7.63	$ 8.03	$ 9.67	$ 8.52	$ 9.06	$ 7.68	$ 11.33	-
Finan. Benefit (qnq)	$ 8.41	$ 7.63	-	$ 9.49	$ 8.43	-	-	$ 10.78	$ 7.65
Federal Kemper (qnq)	$ 8.33	$ 7.49	$ 7.49	$ 9.46	$ 8.29	$ 8.29	$ 7.31	$ 10.98	$ 7.36

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

DEFERRED ANNUITIES

Deferred Annuities are accumulation contracts providing cash value buildup on a tax-deferred basis. We report on Single Premium Deferred Annuities (SPDAs), which accept a one-time investment of principal and credit interest at a declared rate (this rate can remain constant for periods ranging anywhere from a calendar quarter to as much as ten years but is guaranteed to stay above a "floor" rate of about 4%), and Flexible Premium Deferred Annuities (FPAs), which have all the features of SPDAs with the added flexibility that they accept multiple deposits over the life of the contract. In general, FPAs have lower interest-rate guarantees and more severe surrender penalties than SPDAs.

At the end of the deferral period, both SPDAs and FPAs are designed to provide retirement income paid to an annuitant each month for the rest of his or her life. At that point, the portion of the monthly income attributable to the accrued interest is taxed. This is the normal situation for which single premium deferred annuities were designed. These contracts can also be used for Qualified "rollover" funds, generally a lump sum distribution from a Qualified Pension Plan prior to retirement.

Tables 2 through 6 begin with the name of the insurance company and the policy name of the contract described, since some companies issue more than one contract for each product category. The next category shows the minimum and maximum issue ages for non-qualified annuities, since age limits for qualified contracts are governed by IRS regulations and thus do not vary among different companies.

The Initial Crediting Interest Rates and the length of time for which this rate is guaranteed are shown next. Note that most companies compound interest on a "day of deposit" to "day of withdrawal" basis. Also, nearly all companies guarantee a Floor or Minimum Interest Rate over the life of the contract (independently of any "Bailout" rates). Bail-out, or escape, rates are rates which go into effect after the initial yield guarantee period has ended. Generally, if these new rates are below the fixed bailout trigger rate, the policyholder may withdraw all his funds without surrender penalties.

Expense charges for each contract fall into three categories: Front End Loading, Maintenance Fees and Surrender Fees or Charges. Very few contracts have any front end charges; those that do generally have no other charges. Some contracts charge an annual maintenance fee while almost all contracts impose surrender charges. Surrender fees are company-imposed charges for annual withdrawals in excess of any permitted free annual withdrawal corridor (usually 10% of the accumulated cash value). As a rule, the surrender charges disappear within 5-10 years after the contract is issued, and will be waived entirely if the contract's accumulation values are converted into lifetime monthly income payments.

Monthly Income per $1,000 for Male Age 65 for Life (ie., Settlement Option) shows the current and guaranteed "purchase rates per $1,000 of account value" formula used to convert the accumulated cash to monthly income at retirement.

The cash accumulation figures in Tables 2 thru 6 are based either on a single deposit of $100,000 (for SPDAs and CoAs) or 20 annual deposits of $10,000 each (for FPAs) by a 45 year-old male who annuitizes his contract on a Life Only monthly income after twenty years (age 65). Quotes include all fees and commissions but not state premium taxes, if applicable. These rates were in effect during the survey period of June 5 thru June 9, 1991.

Table 2. Single Premium Deferred Annuities (With Bailout)

Reporting Companies	Policy Name	Issue Ages	Initial Credit/ Floor%	Yield Guarantee Period	Bail-out Escape Rate	Surrender Fees/Year 1	Surrender Fees/Year 7	Proj.20 Yr Cash Accum Curr Rate	Mo.Income/$1,000 Male 65Life Only Curr.	Guar.
Amer. Investors (qnq)	SPDA-1	0-80	8.85%/d	1/14/93	6.35%	10%	4%	$545,216	$ 9.22	$6.69
Finan. Bene. (qnq)	Accumulator	0-80	8.75%/d	1 Year	6.75%	15%	7%	$535,285	$ 7.22	$6.69
#Transamerica (q)	Bonus One	0-70	8.65%/c	1 Year	6.64%	9%	3%	$440,856	$ 9.28	$5.57
Phila. Life (qnq)	All American	0-80	8.60%/d	1 Year	7.60%	14%	7%	$520,710	$ 8.01	$5.99
Mass. General (qnq)	General	0-80	8.60%/d	1 Year	7.60%	14%	7%	$520,710	$ 8.01	$5.99
Amer.Pioneer LIC (qnq)	SPA-5	0-85	8.55%/f	1 Cal.Yr.	7.05%	5%	0%	$515,937	$ 5.34	$1.62
#Ohio Nat'l (qnq)	Choice II	0-80	8.20%/d	1 Year	7.19%	6%	0%	$483,666	$ 9.37	$6.87
Shelby Life (qnq)	SPDA	0-80	8.20%/d	3 Years	6.20%	10%	4%	$483,666	$10.06	$6.59
Lincoln Ben. (qnq)	Opportun.II	0-99	8.12%/e	1 Year	7.00%	7%	4%	$476,393	$ 9.05	$6.42
United Cos. LIC (qnq)	Max1/10	0-75	8.05%/d	1 Year	7.30%	6%	4%	$470,430	$ 8.97	$6.86
#Presidential (qnq)	SPDA I	0-85	8.05%/g	1 Year	6.05%	7%	1%	$470,430	$ 9.16	$4.96
Secur. Conn (qnq)	SPDA-1	0-85	7.85%/g	1 Year	6.85%	7%	0%	$453,318	$ 8.99	$6.68
Standard (qnq)	FPA	0-80	7.75%/c	-	5.75%	7%	3%	$444,985	$ 9.19	$7.27
Kansas City (qnq)	SDDA	0-80	7.75%/e	12/31/93	6.25%	7%	2%	$466,096	$ 9.41	$6.77
#Reliance Std (qnq)	SPDA	0-80	7.75%/e	12/31/91	6.25%	10%	4%	$444,985	$ 9.52	$8.96
First Colony (qnq)	SPDA	0-80	7.70%/d	1 Year	7.25%	7%	0%	$440,874	$ 9.31	$6.10
Life/Southwest (qnq)	SPA 1	0-80	7.50%/d	1/15/93	6.50%	7%	0%	$424,785	$ 9.14	$6.18
Colon.Penn (qnq)	LifePlannerI	0-80	7.40%/b	1 Year	6.40%	7%	3%	$416,852	$ 8.30	$4.99
Equitable Var.(qnq)	EVLIPLAN II	0-79	7.25%/d	5 Years	6.00%	6%	1%	$405,458	$ 9.27	$6.92
Federal Kemper (qnq)	Pro 2	0-84	7.20%/e	2 Cal.Yrs	7.20%	7%	0%	$443,830	$ 8.26	$6.61
USG Annuity/Life (qnq)	SPA-I	0-85	7.00%/e	1 Year	7.00%	5%	0%	$386,969	$ 9.43	$6.10

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

Table 3. Single Premium Deferred Annuities (With No Bailout)

Reporting Companies	Policy Name	Issue Ages	Initial Credit%/ Floor%	Yield Guarantee Period	Surrender Fees/Year 1	Surrender Fees/Year 7	Proj. 20 Yr. Cash Accum Curr.Rate	Mo. Income/$1,000 Male 65 Life Only Curr.	Guar.
Kennesaw Life (qnq)	Pass Thru	0-99	11.05%/d	1 Mo.	10%	4%	$813,526	$9.13	-
Amer.Pioneer (qnq)	SPA-5	0-85	9.05%/f	1 Cal.Yr.	5%	0%	$565,605	$5.85	$1.62
Finan. Bene. (qnq)	Champion	0-80	9.00%/d	1 Year	15%	7%	$560,441	$7.22	$6.69
Nat'l Heritage (qnq)	Capital Bldr	0-85	8.95%/d	1 Year	16%	0%	$513,325	$9.21	$6.72
Great Amer. (qnq)	SP 10-2	18-80	8.75%/d	-	10%	4%	$535,285	$9.67	$7.07
Gen. Svcs (qnq)	Direct Recog	1-80	8.51%/d	3 Years	10%	4%	$544,539	$8.56	-
#Jackson Nat'l (qnq)	Max Plan	0-80	8.50%/f	1 Cal Yr.	6%	0%	$512,038	$9.00	$7.99
Lincoln Bene. (qnq)	Opportun II	0-99	8.50%/g	1 Year	7%	4%	-	$9.05	$6.42
#Presidential (qnq)	SPDA NBO	0-85	8.35%/g	1 Year	7%	1%	$497,254	$9.16	$4.71
#Transamerica (q)	Merit-SP	0-65	8.35%/c	1 Year	9%	5%	$471,737	$9.28	$5.57
United Pacific (qnq)	Prosper. 1	0-75	8.30%/d	1 Year	7%	0%	$491,526	$8.95	$6.68
United Cos. (qnq)	Max Saver	0-75	8.25%/d	1 Year	8%	0%	$488,155	$8.97	$6.86
Kemper Invest. (qnq)	Choice	-	8.25%/d	1 Year	7%	3%	$488,155	$8.65	$7.07
Amer. Investors (qnq)	SPDA-VII	0-80	8.25%/d	1 Year	10%	4%	$488,155	$9.22	$6.69
Colon.Penn (qnq)	Life Planner	0-80	8.25%/b	1 Year	7%	3%	$470,155	$8.30	$4.99
Secur.Conn (qnq)	SPDA-1	0-85	8.10%/f	1 Year	7%	0%	$474,803	$8.99	$6.68
Minn. Mutual (qnq)	SEC OPT 3	18-85	8.05%/d	3 Years	10%	4%	$441,883	$9.22	$5.54
State Life (qnq)	Flex Ann I	0-85	8.00%/e	1 Year	7%	1%	$466,101	$9.42	$6.81
Sunlife Can (qnq)	Regatta	0-80	7.75%/d	7 Years	6%	3%	$444,985	$9.28	$6.68
Life/Southwest (qnq)	SPA 1	0-80	7.75%/d	1/15/93	7%	0%	$444,985	$9.14	$6.18
Western Nat'l (qnq)	SPDA +II	0-90	7.75%/d	1 Year	7%	0%	$444,985	$9.28	$7.07
MONY (qnq)	SPDA	0-75	7.75%/e	1 Year	7%	1%	$444,985	$8.79	$5.64
EquitableVar. (qnq)	EVLIPLAN II	0-79	7.75%/d	1 Year	6%	1%	$444,985	$9.27	$6.92
#CanadaLife (qnq)	Security One	0-80	7.65%/d	1 Year	7%	2%	$436,798	$9.24	-
Comm.Union (qnq)	Maximizer I	0-85	7.60%/e	1 Year	6%	0%	$432,758	$9.56	$6.53
Federal Kemper (qnq)	PRO 2	0-84	7.60%/e	1/15/93	7%	0%	$478,153	$8.26	$6.61
USG Annuity/Life (qnq)	SPA-I	0-85	7.60%/e	1 Year	5%	0%	$432,758	$9.43	$6.10
#ManuLife (qnq)	Ledger Acct	0-70	7.50%/d	5 Years	8%	2%	$424,785	$9.18	$4.07
#Penn Mutual (qnq)	Diversif. II	0-85	7.50%/d	7 Years	7%	1%	$424,785	$9.01	$6.30
#Metropolitan (qnq)	Max-One	0-85	7.50%/b	1 Year	7%	1%	$424,785	$9.04	$2.11
N.Amer.Life/Cas.(qnq)	Pass Thru	0-99	7.50%/d	5 Years	10%	4%	$424,785	$9.13	-

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

Table 4. Single Premium Certificates of Annuity (No. Load - No Surrender Charges on Anniversary Date)

Reporting Companies	Policy Name	Issue Age	Initial Credited Rate	Yield Guarantee Period	Penalty for Non-Anniversary Surrender by Year 1	2	3	4	5
Gen.Svcs. (qnq)	Dir.Recog.	1+	8.63%	1 Year	0%	0%	0%	0%	0%
Amer. Pioneer (qnq)	SPA-1	0-85	8.30%	1 Cal.Yr.	5%	4%	3%	2%	1%
MONY (qnq)	Guarantee	0-75	7.80%	10 Years	no surrender except at 10th ann.				
#Jackson Nat'l (qnq)	Ann.Renew.	0+	7.50%	1 Year	5%	4%	3%	2%	1%
#Manulife (qnq)	SPDA-II	0-80	7.25%	5 Years	no surrender except at 5th ann.				
Kemper Invest.(qnq)	Renuity	0-85	7.15%	3 Years	3%	3%	3%	3%	3%
#Metropolitan (qnq)	AssetAccum.	0-85	7.00%	5 Years	7%	7%	7%	7%	7%
Colon. Penn (nq)	CD Annuity	18-85	7.00%	1 Year	3.5%	3.5%	3.5%	3.5%	3.5
Linc.Bene.(qnq)	Tactician	0-99	6.75%	1 Year	interest since last anniversary				
#Ohio Nat'l (qnq)	CD-Annuity	0-80	6.00%	1 Year	1%	1%	1%	1%	1%

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

Table 5. Flexible Premium Deferred Annuities (With Bailout)

Reporting Companies	Policy Name	Issue Ages	Initial Credit/ Floor%	Yield Guarantee Period	Bail-out Escape Rate	Surrender Fees/Year 1	7	Proj.20 Yr Cash Accum Curr Rate	Mo.Income/$1,000 Male 65Life Only Curr.	Guar.
Standard (qnq)	FPA	0-80	7.75%/c	-	5.75%	7%	3%	$479,641	$9.19	$7.27
#Transamerica (q)	Flex-Pac	0-64	7.70%/c	1 Cal.Yr.	6.69%	13%	7%	$440,800	$9.28	$7.09
#Prudential (qnq)	Discovery	0-80	7.00%/c	3 Yrs.	6.00%	7%	0%	$443,038	$8.70	$5.73

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

Table 6. Flexible Premium Deferred Annuities (With no Bailout)

Reporting Companies	Policy Name	Issue Ages	Initial Credit%/ Floor%	Yield Guarantee Period	Surrender Fees/Year 1	7	Proj.20Yr Cash Accum Curr.Rate	Mo. Income/$1,000 Male 65 Life Only Curr.	Guar.
Great Amer. (q)	TSA-IV	18-65	9.00%/d	none	10%	0%	$557,645	$9.67	$6.68
Nat'l Heritage (qnq)	CapRetAccum	0-85	8.95%/d	1 Year	16%	10%	$525,103	$9.21	$6.72
Life S'thwest(qnq)	Flex 3000	0-80	8.60%/e	1 Year	7%	1%	$475,489	$9.14	$6.18
Amer. Pioneer (qnq)	FPA-5	0-85	8.55%/f	1 Cal.Yr.	5%	0%	-	$10.61	$4.24
Gen.Svcs (qnq)	Dir.Recog.	1-80	8.51%/d	3 Years	10%	4%	$535,294	$8.56	-
#Jackson Nat'l (qnq)	Flex I	0-70	8.50%/b	1 Cal.Yr.	12%	3%	$525,746	$9.00	$7.99
#Ohio Nat'l (qnq)	Prime I	0-75	8.50%/d	1 Cal.Yr.	7.8%	7.8%	$523,439	$9.37	$6.87
Reliance Std (qnq)	FPDA II	0-70	8.50%/e	1 Cal.Yr.	7%	7%	$524,890	$ 9.52	$8.96
Shelby Life (qnq)	Annuity Plus	0-85	8.50%/d	1 Year	8%	2%	$523,579	$10.06	$6.59
Linc.Bene. (qnq)	Futurist I	0-99	8.32%/f	none	7%	7%	$513,756	$9.05	$6.42
Amer.Investors (qnq)	FPDA-I	0-65	8.25%/f	none	13%	6%	$509,307	$9.22	$6.69
Kansas City (q)	Ret.Contr.	0-70	8.25%/d	2 Cal.Yrs.	15%	9%	$533,231	$9.41	$6.77
Western Nat'l (q)	FPDA Plus II	0-90	8.05%/d	none	8%	2%	$497,205	$9.28	$7.07
State Life (qnq)	Flex.Ann I	0-85	8.00%/e	1 Year	7%	1%	$491,321	$9.43	$6.81
Equitable (qnq)	EQUIVEST	0-79	8.00%/d	1 Qtr.	6%	5%	$494,229	$9.27	$6.77
#Presidential (qnq)	FPDA	0-85	8.00%/g	1 Cal.Yr.	7%	4%	$494,229	$9.16	$5.82
United Cos.(qnq)	Capital Bldr	0-75	7.90%/c	-	8%	2%	$488,336	$8.97	$6.86
Kemper Invest. (qnq)	All Savers	0-85	7.75%/e	2 Years	6%	1%	$479,641	$8.50	$6.97
Sunlife Canada (qnq)	Compass G	0-80	7.70%/d	7 Years	6%	1%	$476,780	$9.28	$6.52
USG Annuity/Life (qnq)	Flex I	0-85	7.60%/e	1 Year	5%	0%	$471,116	$9.43	$6.10
WM Life (qnq)	FPA	0-85	7.50%/b	1 Year	8.1%	2.7%	$465,525	$9.44	$6.77
Empire Life (qnq)	FPA	0-85	7.50%/b	1 Year	8.1%	2.7%	$465,525	$9.44	$6.77
#Manulife (qnq)	Ledger Acct.	0-70	7.50%/d	5 Years	8%	2%	$465,297	$9.18	$4.50
Fed Kemper (qnq)	Pro 1	0-84	7.50%/e	2 Cal.Yrs.	8%	0%	$514,357	$8.26	$6.61
#Penn Mutual (qnq)	Diversif. II	0-85	7.50%/d	7 Years	7%	2.5%	$465,525	$9.01	$6.30
Comm.Union (qnq)	Maximizer II	0-85	7.35%/d	1 Year	9%	0%	$457,276	$9.56	$6.53
Metropolitan (qnq)	Growth +	0-85	7.00%/b	1 Year	7%	1%	$437,751	$9.04	$3.00
#Prudential (qnq)	FIP	0-80	6.80%/c	1 Year	8%	2%	$432,672	$8.72	$5.73

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

STRUCTURED SETTLEMENT ANNUITIES

Periodic payment annuities, commonly known as structured settlements, are a popular means of providing compensation to personal injury and tort victims that offer significant advantages to all parties concerned. The greatest benefits accrue to the plaintiff, since the IRS code excludes from gross income any damages he receives through such a settlement annuity on account of personal injuries or sickness. For such a settlement to be valid, however, the method of funding cannot be part of the agreement, and the annuity cannot be obtained at the election of the plaintiff, since either of these conditions might constitute constructive receipt. Additionally, the inherent flexibility of annuities provides life-long security for the plaintiff, lower costs to the insurance company or defendant who pays the damages, and the tax benefits to plaintiff attorneys by allowing receipt of fees over an extended period of time.

The following quotations represent the total premium amount required to guarantee $1,000 of monthly life income, assuming a 0% or 3% per annum cost of living admustment (COLA). Quotes assume (1) normal life expectancy (i.e plaintiff's injury is not life impairing), (2) that the cost of any third-part assignment is extra, and (3) that the first payment date is one month after the date of issue. All fees and commissions but not state premium taxes, if applicable, are included. These rates were in effect during the survey period of June 5 thru June 9, 1991.

Table 7. Structured Settlement Annuities

Reporting Companies	ISSUE AGES AND FORMS OF ANNUITY Male 15 0% COLA	Male 50 0% COLA	Male 15 3% COLA	Male 50 3% COLA	Fem. 15 0% COLA	Fem. 50 0% COLA	Fem. 15 3% COLA	Fem. 50 3% COLA	Add'l Cost Assignment
#Presidential	$148,226	$119,962	$227,079	$156,764	$151,347	$130,020	$237,681	$176,014	$100
Comm.Union	$152,198	$127,068	$237,255	$168,099	$154,201	$135,398	$245,292	$185,341	$500
WM/Empire	$158,113	$136,572	$243,602	$186,884	$159,319	$143,878	$248,078	$201,562	-
Standard	$159,269	$136,082	$256,728	$185,146	$161,034	$143,015	$265,048	$199,718	$500
SunlifeCan	$162,338	$139,470	-	-	$163,399	$145,138	-	-	-
Ohio Nat'l	$168,700	$138,274	$306,677	$194,234	$171,256	$146,659	$322,496	$214,034	-

See end Table 8 for legend and notes. # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.

GICS & INSURED FINANCIAL GUARANTEES

GICs (Guaranteed Interest or Investment Contracts) and GFAs (Guaranteed Funding Agreements) are an integral part of many qualified and non-qualified plans' investment portfolios. They provide the highest rates of return and lowest market volatility of any fixed-income asset. GICs are backed by the general account assets of the insurance companies, who in turn employ immunization strategies to match the duration of their assets with their GIC/GFA obligations.

While each GIC/GFA contract is negotiated individually to meet the specific needs of the buyer, the following brief description covers nearly all the different types of GICs currently in use: (1) Bullet Deposit contracts effectively compete with CDs of similar durations. Bullets provide a current interest rate guarantee on a one-time deposit for a specified maturity period (1 to 10 years). (2) Window or Flexible or Recurring Deposit contracts are similar to bullets except that they provide a current interest rate guarantee which covers all deposits received over a 12-month period. These instruments are attractive for employee contributions in 401(k) plans. (3) Benefit Responsive contracts provide interest accumulation (as with "bullets") and scheduled or non-scheduled withdrawals to meet a plan's or contractholder's cash flow needs. The rates in Table 8 are for Bullet GICs in qualified plan situations; they are also quoted net of expenses and with no commission fees.

Table 8. Bullet GICs

Reporting Companies	Date of Quote	$100,000 Deposit Compound 3 Yr	7 Yr	Simple 3 Yr	7 Yr	$1,000,000 Deposit Compound 3 Yr	7 Yr	Simple 3 Yr	7 Yr	$5,000,000 Deposit Compound 3 Yr	7 Yr	Simple 3 Yr	7 Yr
#Ohio Nat'l (qnq)	06/13	7.71%	8.88%	7.64%	8.67%	8.01%	9.18%	7.94%	8.97%	8.01%	9.18%	7.94%	8.97%
#Reliance Std (qnq)	06/27	7.60%	8.76%	7.53%	8.72%	7.97%	8.99%	7.97%	9.01%	8.00%	9.01%	8.00%	9.03%
Transam. (q)	06/11	-	8.51%	-	8.52%	-	8.81%	-	8.82%	-	8.85%	-	8.87%
N'wstrn Nat'l (q)	06/05	-	-	-	-	7.73%	8.77%	7.68%	8.60%	7.87%	8.90%	7.82%	8.75%
Penn Mutual (qnq)	06/10	7.36%	8.57%	7.27%	8.46%	7.79%	8.93%	7.70%	8.82%	7.82%	8.95%	7.73%	8.84%
Hartford (qnq)	06/05	7.29%	8.58%	7.13%	8.30%	7.54%	8.83%	7.38%	8.55%	7.54%	8.83%	7.38%	8.55%

COLA = Cost of Living Adjustment # Companies represented by ANNUITY SHOPPER (US Annuities) Brokerage Services.
qnq= available for qual. and non-qual. funds; q = qualified funds only
Floor Rate <Next to Credited Rate>: a=2.50%; b=3.00%; c=3.50%; d=4.00%; de=4.25%; e=4.50%; f=5.00%; g=5.50%; h=6.00%

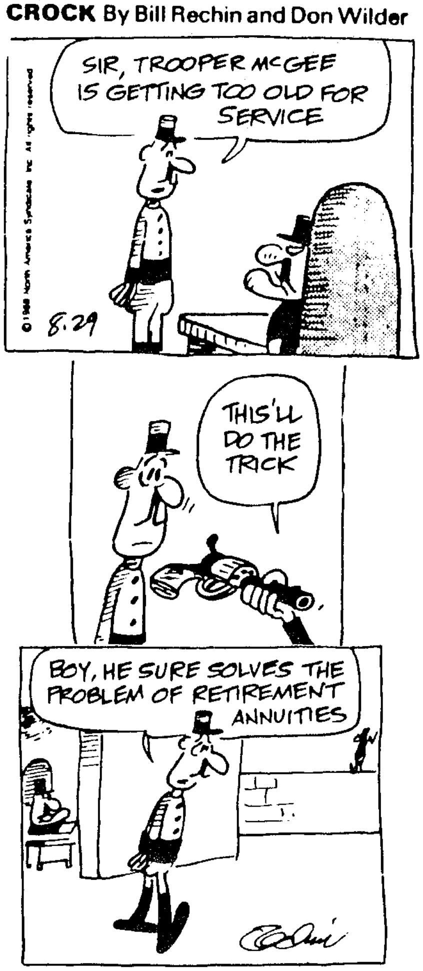
YEARLY RENEWABLE TERM LIFE INSURANCE

The premiums illustrated below assume a male and female, each 35 years old and a non-smoker, purchase a yearly renewable term policy with a face amount of $250,000, and renew it every year for twenty years. Premiums are paid annually and include all costs and commissions. The column "Total Cost age 35-45" shows the aggregate cost for that ten year period.

Table 9. Yearly Renewable Term Life Insurance

		Male, non-smoker				Female, non-smoker			
Company	Policy Name	Age 35	Age 45	Age 54	Total Cost Age 35-45	Age 35	Age 45	Age 54	Total Cost Age 35-45
MONY	YRT 89	$ 288	$ 403	$ 870	$3,277	$ 253	$ 340	$ 673	$2,810
#Metropolitan LIC	One Year Term	$ 298	$ 475	$ 957	$3,610	$ 253	$ 405	$ 638	$3,133
John Hancock	Ind.Prem. YRT	$ 305	$ 533	$1,060	$3,690	$ 233	$ 293	$ 908	$2,323
Equitable Life	Term II	$ 300	$ 525	$1,015	$3,748	$ 275	$ 488	$ 915	$3,443
Guardian	YRT	$ 318	$ 522	$1,053	$3,871	$ 288	$ 448	$ 782	$3,447
Central Life	YRT-100	$ 265	$ 750	$1,585	$3,898	$ 260	$ 558	$1,053	$3,218
Northwestern Mutual	Term to age 70	$ 336	$ 522	$1,049	$3,934	$ 298	$ 438	$ 851	$3,408
#Penn Mutual	ART 98	$ 230	$1,008	$2,605	$4,430	$ 213	$ 900	$2,463	$3,953
#Reliance Std. LIC	Ann.Ren. Term	$ 340	$ 570	$1,125	$4,253	$ 298	$ 428	$ 713	$3,510
#Prudential	AIPT to 95	$ 318	$ 666	$1,203	$4,663	$ 276	$ 471	$ 713	$3,658
Aetna Life & Casualty	Flexterm	$ 363	$ 688	$1,463	$4,745	$ 340	$ 508	$1,118	$3,853
#Franklin LIC	Challenger 90	$ 265	$ 850	$1,948	$5,033	$ 258	$ 695	$1,418	$4,315
New York Life	Inc.Prem. Term	$ 243	$ 995	$1,980	$5,216	$ 243	$ 780	$1,593	$4,335
Conn. General LIC	Flex.Prem. ART	$ 550	$ 945	$1,455	$7,058	$ 508	$ 795	$1,268	$6,165

CROCK By Bill Rechin and Don Wilder



LIFE & HEALTH INSURANCE GUARANTY ASSOCIATIONS

Most states have guaranty funds to help pay claims of financially impaired or insolvent insurance carriers. Coverage is for individual policyholders and their beneficiaries; and often extends to persons insured under group policies. Most associations limit their protection to policyholders who are **residents** of their own state ("R" under Coverage). It does not matter where the policyowner's beneficiaries live. Other states protect all the policyholders of an **insurance company** domiciled in their state; extending coverage without regard to the state in which policyholders reside ("I" under Coverage). Association laws also differ as to amount of coverage. Typically, states protect life insurance death benefits to $300,000, cash values to $100,000, and $100,000 in present value of annuity benefits. Often there is an additional limit of $300,000 for all benefits combined, per policyholder. There are many other issues, too numerous to describe here, which determine the type and extent of coverage available. Consult your state insurance department for details. Another source is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA, 13873 Park Center Road, Suite 329, Herndon, VA 22071). NOLHGA provided the information summarized below:

		LIABILITY LIMITS				
State	Coverage	Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	Insurance Commissioners' Phone Numbers
Alabama	**I**	**$300K**	-	**$100K**	-	**(205) 269-3554**
Alaska	R	$300K	$300K	$100K	$100K	(907) 465-2515
Arizona	**I**	**$300K**	-	**$100K**	**$100K**	**(602) 255-5400**
Arkansas	R	$300K	$100K	$100K	$100K	(501) 371-1325
California	**R**	**$250K**	**$250K**	**$100K**	**$100K**	**(213) 736-2551**
Colorado	R	$300K	$300K	$100K	$100K	(303) 866-6400
Connecticut	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(203) 566-5275**
Delaware	R	$300K	-	$100K	-	(302) 739-4251
Dist. of Col.	**N**	-	-	-	-	**(202) 727-8000**
Florida	R	$300K	-	$100K	-	(904) 488-3440
Georgia	**R**	**$300K**	-	**$100K**	-	**(404) 656-2056**
Hawaii	R	$300K	$300K	$100K	$100K	(808) 586-2790
Idaho	**R**	**$300K**	-	**$100K**	-	**(208) 334-2250**
Illinois	R	$300K	$300K	$100K	$100K	(217) 782-4515
Indiana	**R**	**$300K**	-	**$100K**	-	**(317) 232-2385**
Iowa	R	$300K	-	$100K	-	(515) 281-5705
Kansas	**R**	**$200K**	**$100K**	**$100K**	**$100K**	**(913) 296-3071**
Kentucky	R	-	$300K	$100K	$100K	(502) 564-3630
Louisiana	**N**	-	-	-	-	**(504) 342-5900**
Maine	R	$300K	-	$100K	-	(207) 582-8707
Maryland	**R**		**all contractual obligations**			**(301) 333-6300**
Massachusetts	R	$300K	$300K	$100K	$100K	(617) 727-3333
Michigan	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(517) 373-9273**
Minnesota	R	$300K	-	$100K	-	(612) 296-6907
Mississippi	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(601) 359-3569**
Missouri	R	$300K	$300K	$100K	$100K	(314) 751-4126
Montana	**R**	-	**$300K**	-	-	**(406) 444-2040**
Nebraska	R	$300K	$300K	$100K	$100K	(402) 471-2201
Nevada	**I**	**$300K**	-	**$100K**	-	**(702) 687-4270**
New Hampshire	I	$300K	-	$100K	-	(603) 271-2261
New Jersey	**N**	-	-	-	-	**(609) 292-5363**
New Mexico	I	$300K	-	$100K	-	(505) 827-4535
New York	**R**	**$500K**	-	-	-	**(212) 602-0492**
North Carolina	I	$300K	-	-	-	(919) 733-7343
North Dakota	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(701) 224-2440**
Ohio	R	$300K	$300K	$100K	$100K	(614) 644-2658
Oklahoma	**R**	**$300K**	**$300K**	**$100K**	**$300K**	**(405) 521-2828**
Oregon	I	$300K	-	$100K	-	(503) 378-4271
Pennsylvania	**I**	**$300K**	-	**$100K**	-	**(717) 787-5173**
Puerto Rico	I	-	$300K	-	-	(809) 722-8686
Rhode Island	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(401) 277-2246**
South Carolina	I	$300K	-	-	-	(803) 737-6117
South Dakota	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(605) 773-3563**
Tennessee	R	$300K	$300K	$100K	$100K	(615) 741-2241
Texas	**R**	**$300K**	**$300K**	**$100K**	**$100K**	**(512) 463-6464**
Utah	R	$300K	$300K	$100K	$100K	(801) 530-6400
Vermont	**I**	-	**$300K**	-	-	**(802) 828-3301**
Virginia	R	$300K	-	$100K	-	(804) 786-3741
Washington	**R**	**$500K**	**$500K**	-	**$500K**	**(206) 753-7301**
West Virginia	R	-	$300K	-	-	(304) 348-3386
Wisconsin	**I**	**$300K**	-	-	-	**(608) 266-0102**
Wyoming	R	$300K	$300K	$100K	$100K	(307) 777-7401

Coverage:

R (Residents Only) means that the state's guaranty fund covers only its own residents, regardless of where the failed insurer is domiciled. Some of these states (the ones that adopted relevant language in the 1987 version of the NAIC Model Act) also provide coverage to nonresidents under special conditions. Many states have not adopted this language.

I (Domiciled Insurers Only) means that the state's guaranty associations covers a failed company only if it is domiciled in that state. If the insurer is domiciled there, then the guaranty fund will meet the claims of policy holders in all 50 states.

N (No Coverage) means that the state currently does not have any life or health insurance guaranty association.

Liability Limits:

Aggregate Benefits This coverage applies to the aggregate benefits for all lines of insurance.

Death Benefits Maximum liability with respect to any one life.

Cash Values Maximum liability for cash or withdrawal value of life insurance.

PV of Annuities Maximum liability for the present value of an annuity contract.

INSURANCE COMPANIES RATINGS (cont'd)

Company Legal Name	State Dom.	Admitted Assets	A.M.Best's (Date/FinSz)	S&P Rating (DatePubl'd)	Moody's Rating (DatePubl'd)	Weiss Rating (DatePubl'd)	NIG% JunkBnds
Continental Assur. Co.	IL	$ 9.89B	A+ (8/90 XI)	AA+ (4/91)	Aa1 (8/90)	A- (3/91)	4.6%
Crown LIC	CNDA	$ 7.22B	A+ (8/90 X)	AA (4/91)	A1 (12/90)	nr	na
Empire LIC	NE	$ 0.01B	NA-3 (8/90 III)	nr	nr	SD+ (11/90)	0.0%
Equit.Life Assur.Soc./U.S.	NY	$ 50.30B	A+ (8/90 XV)	A (4/91)	A3 (10/90)	D+ (1/91)	7.7%
Equit. Var. LIC	NY	$ 9.53B	A (8/90 X)	A (4/91)	A3 (10/90)	D+ (1/91)	9.1%
Equity Nat'l LIC	GA	$ 0.07B	A+ (8/90 VI)	AA+ (4/91)	nr	C (3/91)	1.0%
Fed. Kemper Life Assur.	IL	$ 2.38B	A (8/90 VIII)	nr	Aa3 (10/90)	C+ (2/91)	22.5%
Fidelity Bankers LIC	VA	$ 4.07B	under state supervision				
Fidelity & Guar. LIC	MD	$ 4.43B	A (8/90 IX)	BBB+ (4/91)	Baa1 (7/90)	C- (3/91)	13.0%
First Capital LIC	CA	$ 4.46B	under state supervision				
First Colony LIC	VA	$ 4.45B	A+ (8/90 IX)	AA+ (4/91)	nr	B+ (2/91)	7.1%
First Transamerica LIC	NY	$ 0.09B	NA-3 (8/90 IV)	AA+ (4/91)	nr	SC- (3/91)	0.0%
Franklin LIC	IL	$ 4.59B	A+ (8/90 X)	nr	Aa2 (6/90)	B (1/91)	3.5%
General American LIC	MO	$ 6.05B	A+ (8/90 IX)	AA (4/91)	Aa3 (8/90)	C+ (3/91)	3.9%
General Services LIC	IA	$ 0.62B	NA-3 (8/90 IX)	AA+ (4/91)	nr	SC- (2/91)	9.6%
Golden Rule Ins. Co.	IL	$ 0.52B	A (8/90 VII)	nr	nr	D+ (2/91)	6.0%
Great American LIC	OH	$ 3.78B	A+ (8/90 VIII)	nr	nr	C- (2/91)	12.3%
Great Southern LIC	TX	$ 0.69B	A (8/90 VIII)	A (4/91)	nr	B- (3/91)	1.4%
Great-West Life Assur. Co.	CNDA	$ 15.81B	A+ (8/90 XIII)	AAA (4/91)	Aa1 (2/91)	nr	na
Guardian LIC of Amer	NY	$ 6.16B	A+ (8/90 X)	AAA (4/91)	Aaa (5/90)	B (3/91)	3.5%
Hartford LIC	CT	$ 11.62B	A+ (8/90 VIII)	AAA (4/91)	Aa2 (7/90)	A- (1/91)	0.0%
Home LIC	NY	$ 4.41B	A+ (8/90 VIII)	A+ (4/91)	A1 (7/90)	C (3/91)	6.0%
IDS LIC	MN	$ 15.58B	A+ (8/90 IX)	nr	Aa1 (12/90)	B- (3/91)	8.2%
Integrity LIC	AZ	$ 1.33B	NA-3 (8/90 VII)	AA- (4/91)	nr	E+ (3/91)	14.9%
Jackson Nat'l LIC	MI	$ 10.60B	A+ (8/90 IX)	nr	nr	C- (1/91)	19.3%
Jefferson Pilot LIC	NC	$ 3.93B	A+ (8/90 XII)	AAA (6/91)	nr	A+ (3/91)	1.8%
John Hancock Mutual LIC	MA	$ 33.75B	A+ (8/90 XIV)	AAA (4/91)	Aaa (1/91)	C (3/91)	6.3%
Kansas City LIC	MO	$ 1.59B	A+ (8/90 III)	nr	nr	B+ (2/91)	1.3%
Kemper Investors LIC	IL	$ 6.07B	A (8/90 VIII)	nr	Aa3 (10/90)	D (4/91)	22.4%
Kentucky Central LIC	KY	$ 1.32B	A (8/90 VII)	A (4/91)	nr	C (3/91)	4.1%
Keyport LIC	RI	$ 7.34B	A+ (8/90 XV)	nr	nr	C+ (1/91)	11.1%
Liberty Nat'l LIC	AL	$ 2.20B	A+ (8/90 IX)	AAA (4/91)	nr	B+ (3/91)	2.1%
Life Ins.Co./S'west	TX	$ 0.98B	A+ (8/90 VI)	nr	nr	B (2/91)	6.1%
Life Ins.Co./Virginia	VA	$ 4.82B	A+ (8/90 IX)	AA (4/91)	Aa3 (3/90)	B- (3/91)	3.7%
Life Investors Ins. Co./Amer.	IA	$ 2.21B	A+ (8/90 VIII)	AA+ (4/91)	nr	C+ ((3/91)	8.5%
Lincoln Benefit LIC	NE	$ 0.09B	A+r (8/90 IX)	AAA (4/91)	nr	B (2/91)	0.0%
Lincoln Nat'l LIC	IN	$ 18.79B	A+ (8/90 XI)	AA+ (4/91)	Aa3 (7/90)	B+ (3/91)	4.2%
Manufacturers LIC	CNDA	$ 22.10B	A+ (8/90 XIV)	AAA (4/91)	nr	nr	na
Mass. Mutual LIC	MA	$ 27.23B	A+ (8/90 XIII)	AAA (4/91)	Aaa (8/90)	B+ (3/91)	6.6%
Metropolitan LIC	NY	$103.23B	A+ (8/90 XV)	AAA (4/91)	Aaa (8/89)	B+ (1/91)	2.9%
Ministers Life	MN	$ 0.22B	A (8/90 V)	nr	nr	SB- (11/90)	11.0%
Minnesota Mutual LIC	MN	$ 5.45B	A+ (8/90 VIII)	AAA (4/91)	Aa1 (8/90)	C+ (1/91)	7.5%
Monarch LIC	MA	$ 4.48B	under state supervision				
Mutual of Amer. LIC	NY	$ 4.96B	A+ (8/90 IX)	AA (4/91)	Aa2 (9/90)	B (3/91)	1.3%
Mutual Benefit LIC	NJ	$ 13.48B	A+ (8/90 X)	AA+ (4/91)	A3 (6/90)	C (3/91)	3.2%
Mutual Life Assur./Can.	CNDA	$ 11.17B	NA-4 (8/90 XII)	AAA (4/91)	nr	nr	na
MONY (Mutual LIC/NY)	NY	$ 18.00B	A+ (8/90 X)	AA- (4/91)	A2 (1/90)	C (3/91)	9.7%
Nat'l Heritage LIC	DE	$ 0.06B	NA-3 (8/90 III)	nr	nr	SC (11/90)	5.4%
Nat'l Home Life Assur.	MO	$ 5.33B	A+ (8/90 VIII)	AA (4/91)	nr	B+ (2/91)	2.1%
Nat'l Integrity LIC	NY	$ 0.43B	NA-3 (8/90 V)	AA- (4/91)	nr	SD+ (3/91)	26.8%
National LIC	VT	$ 4.04B	A- (8/90 IV)	A+ (4/91)	nr	B- (3/91)	4.3%
Nationwide LIC	OH	$ 12.34B	A+ (8/90 X)	AAA (4/91)	Aaa (7/90)	B- (1/91)	2.7%
New England Mutual LIC	MA	$ 17.12B	A+ (8/90 XV)	AA+ (4/91)	Aa1 (8/90)	C (3/91)	6.2%
New York LIC	NY	$ 39.88B	A+ (8/90 XV)	AAA (4/91)	Aaa (7/90)	B+ (3/91)	3.5%
N W Life Assur./Can.	CNDA	$ 0.40B	A (8/90 VI)	nr	nr	nr	na
Northbrook LIC	IL	$ 0.45B	A+r (8/90 XI)	AAA (4/91)	nr	C+ (3/91)	na
N'western Mutual LIC	WI	$ 31.38B	A+ (8/90 XV)	AAA (4/91)	Aaa (10/90)	B+ (3/91)	3.8%
N'western Nat'l LIC	MN	$ 4.91B	A+ (8/90 IX)	AA+ (4/91)	A1 (6/90)	C- (1/91)	16.9%
Ohio Nat'l LIC	OH	$ 2.64B	A+ (8/90 VIII)	nr	Aa2 (8/90)	B- (2/91)	4.4%
Pacific Fidelity LIC	CA	$ 1.08B	A (8/90 VII)	AA+ (4/91)	nr	C+ (3/91)	9.3%
Pacific Mutual LIC	CA	$ 9.78B	A+ (8/90 IX)	AAA (4/91)	Aa2 (8/90)	B- (3/91)	4.8%
Penn Mutual LIC	PA	$ 5.76B	A+ (8/90 IX)	A+ (4/91)	A1 (6/90)	C+ (1/91)	5.1%
Peoples Security LIC	NC	$ 3.05B	A+ (8/90 VIII)	AAA (4/91)	Aa3 (4/91)	B- (3/91)	2.0%
Philadelphia LIC	PA	$ 1.33B	A (8/90 VIII)	nr	nr	C (1/91)	20.4%

INSURANCE COMPANIES RATINGS (cont'd)

Company Legal Name	State Dom.	Admitted Assets	A.M.Best's (Date/FinSz)	S&P Rating (DatePubl'd)	Moody's Rating (DatePubl'd)	Weiss Rating (DatePubl'd)	NIG% JunkBnds
Phoenix Mutual LIC	CT	$ 6.39B	A+ (8/90 IX)	AA+ (4/91)	Aa1 (8/90)	C (3/91)	4.3%
Presidential LIC	NY	$ 2.34B	A (8/90 VIII)	BBB- (4/91)	Ba1 (5/90)	D+ (4/91)	56.0%
Principal Mutual LIC	IA	$ 27.54B	A+ (8/90 XV)	AAA (4/91)	Aaa (7/90)	C+ (1/91)	9.2%
Protective LIC	AL	$ 1.89B	A+ (8/90 VIII)	AA (4/91)	nr	B+ (3/91)	4.1%
Provident LIC	ND	$ 0.18B	A (8/90 V)	A+ (4/91)	nr	SB (3/91)	3.9%
Provident Nat'l Assur. Co.	TN	$ 7.91B	A (8/90 VIII)	AA+ (4/91)	Aa1 (11/89)	C+ (3/91)	2.4%
Prudential Ins.Co./Amer.	NJ	$133.46B	A+ (8/90 XV)	AAA (4/91)	Aaa (1/90)	B (1/91)	9.9%
Reliance Standard LIC	IL	$ 1.56B	A (8/90 VIII)	A- (4/91)	nr	C+ (2/91)	10.2%
SAFECO LIC	WA	$ 5.37B	A+ (8/90 V)	nr	Aa2 (5/90)	B- (1/91)	9.9%
Secur. Conn. LIC	CT	$ 0.89B	A+ (8/90 VII)	nr	nr	B (2/91)	6.6%
Secur. Mutual LIC/NY	NY	$ 0.89B	A (8/90 VI)	AA- (4/91)	nr	C+ (2/91)	3.6%
Shelby LIC	OH	$ 0.08B	B+ (8/90 IV)	nr	nr	nr	na
S'western LIC	TX	$ 1.35B	A+c (8/90 VII)	A- (4/91)	Baa2 (4/91)	C (2/91)	3.5%
Standard Insur. Co.	OR	$ 2.13B	A+ (8/90 VIII)	nr	nr	B- (2/91)	0.8%
State Farm LIC	IL	$ 12.13B	A+ (8/90 XIII)	AAA (4/91)	Aaa (7/90)	A+ (3/91)	1.2%
State LIC	IN	$ 0.21B	A (8/90 V)	nr	nr	SB- (11/90)	2.3%
State Mutual L Assur/Amer.	MA	$ 5.61B	A+ (8/90 IX)	AA+ (5/91)	Aa1 (8/90)	C- (3/91)	8.6%
Sun LIC/Amer.	MD	$ 5.20B	A+ (8/90 VIII)	AA (4/91)	A1 (10/90)	B- (1/91)	14.4%
Sun Financial (Canada)	CNDA	$ 25.00B	A+ (8/90 IX)	AAA (4/91)	nr	nr	na
Surety LIC	UT	$ 0.07B	A+ (8/90 XI)	AAA (4/91)	nr	B (3/91)	1.7%
TIAA of Amer.	NY	$ 49.89B	A+ (8/90 XV)	AAA (4/91)	Aaa (4/91)	B- (3/91)	8.2%
Transam. Life & Ann. Co.	CA	$ 8.43B	A- (8/90 XII)	AA+ (4/91)	Aa3 (10/90)	C (1/91)	6.1%
Travelers LIC	CT	$ 1.05B	A (8/90 VII)	A+ (4/91)	nr	C+ (3/91)	5.6%
Union Central LIC	OH	$ 3.08B	A (8/90 VIII)	A (4/91)	nr	C- (3/91)	2.9%
Union Labor LIC	MD	$ 1.92B	B+ (8/90 VII)	BBB (4/91)	nr	D+ (3/91)	2.0%
United Cos. LIC	LA	$ 1.08B	A (8/90 VII)	nr	nr	C+ (11/90)	7.6%
United Olympic LIC	WA	$ 0.83B	A+ (8/90 VI)	A+ (4/91)	nr	C+ (3/91)	2.3%
United of Omaha	NE	$ 4.37B	A+ (8/90 IX)	nr	Aa2 (10/90)	B (3/91)	3.4%
United Pacific LIC	WA	$ 5.55B	A+ (8/90 IX)	BBB+ (4/91)	Baa2 (6/91)	D+ (4/91)	32.9%
UNUM LIC	ME	$ 4.48B	A+ (8/90 X)	AA+ (4/91)	Aa1	C+ (3/91)	3.6%
USG Ann./Life Co.	OK	$ 1.57B	A+ (8/90 VII)	AA- (4/91)	A1 (8/90)	C- (3/91)	14.0%
Variable Ann. LIC	TX	$ 12.46B	A+ (8/90 IX)	AA+ (4/91)	Aa2 (4/91)	B (3/91)	1.9%
Volunteer State LIC	TN	$ 0.54B	A+ (8/90 VII)	AA+ (4/91)	nr	B+ (3/91)	2.0%
WM (Wash. Mutual) LIC	AZ	$ 0.32B	NA-3 (8/90 IX)	nr	nr	SD+ (11/90)	0.3%
Wash. Nat'l Ins. Co.	IL	$ 1.71B	A+ (8/90 VIII)	nr	nr	B+ (2/91)	8.8%
Wash. Square LIC	PA	$ 0.34B	A (8/90 V)	nr	nr	SC (11/90)	9.4%
Western LIC	MN	$ 0.88B	A+ (8/90 VII)	nr	nr	B- (2/91)	0.3%
Western Nat'l LIC	TX	$ 4.37B	A+ (8/90 III)	A- (4/91)	A3 (4/89)	B (2/91)	5.1%
Xerox Finan. Svcs. LIC	MO	$ 2.79B	NA-3 (8/90 VII)	A (4/91)	A2 (2/91)	C- (3/91)	11.1%

A. M. BEST's Ratings

A. M. Best Co. has been assigning an alphabetic rating scale to insurance companies since 1976. Best's evaluates a company's **Relative Financial Strength** and overall performance in comparison with others. Best's ratings should not be taken as a warranty of an insurer's current or future ability to meet its contractual obligations. (Contact: A. M. Best Company, Oldwick, New Jersey, 08858.)

A. M. Best's rating scale uses nine letter grades ranging from A+ (Superior), the highest, to C- (Fair), the lowest. The letter grade can also have a modifier that qualifies it (see table below). The A+ highest rating is based on a company's favorable comparison of profitability, leverage, and liquidity with industry norms; favorable experience from mortality, lapses, and expenses; quality and diversification of investment portfolio; strong policy reserves and a surplus to risk ratio that is above that for the average life insurance company. Also examined are the amount and soundness of its reinsurance and the competence and experience of management.

In addition to its alphabetical scale, Best's assigns a Financial Size (**Fin. Sz.**) category to each company based on its level of Adjusted Policyholder's Surplus. There are fifteen size categories numbered from I to XV, with the largest category, XV, for companies with surplus of $2.0 billion or more.

BEST'S RATINGS

A+	Superior
A and A-	Excellent
B+	Very Good
B and B-	Good
C+	Fairly Good
C and C-	Fair

BEST'S RATINGS NOT ASSIGNED CLASSIFICATIONS

NA-1 Special Data Collector (P/C only)	NA-6 Reinsured by Unrated Reinsurer
NA-2 Less than Minimum Size	NA-7 Below Minimum Standards
NA-3 Insufficient Experience	NA-8 Incomplete Financial Information
NA-4 Rating Procedure Inapplicable	NA-9 Company Request
NA-5 Significant Change	NA-10 Under State Supervision

BEST'S RATING MODIFIERS

p - Pooled Rating	c - Contingent Rating	g - Group Rating (P/C only)
r - Reinsured Rating	x - Revised Rating	s - Consolidated Rating (P/C only)
e - Parent Rating	w - Watch List	q - Qualified Rating (P/C only)

STANDARD AND POOR's Ratings

Standard and Poor's, which began rating insurance companies in the mid 1980s, assesses a company's **Claims-Paying Ability**--that is, its financial capacity to meet its insurance obligations. S&P forms its opinion by examining industry-specific risk, management factors, operating performance and capitalization. Industry-specific risk addresses the inherent risk in and diversity of the insurance business being underwritten. Management factors include how management defines its corporate strategy and the effectiveness of its operations and financial controls. Operating performance focuses on a company's trend for current and future earnings. For capitalization, S&P looks at the company's capital structure, its ability to raise capital, liquidity, and cash flow. (Contact: Standard and Poor's, 25 Broadway, New York, NY 10004.)

S&P's Scale uses a letter grade scale that ranges from AAA (highest) to D (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, CC, C, D). The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within those grades. "AAA" Claims-paying ability represents a company's extremely strong capacity to honor its obligations and to remain so over a long period of time. "AAA" companys offer **superior** financial security on both an absolute and relative basis. They possess the highest safety and have an overwhelming capacity to meet policyholder obligations.

MOODY's Ratings

Moody's Insurance **Financial Strength Ratings** are opinions of the relative strength or weakness of insurance companies. Specifically, they summarize the likelihood that a company will be able to meet its senior policyholder obligations. Moody's considers both quantitative and qualitative factors in the following areas: product lines, industry competitive positions, markets, distribution systems, organizational structure, earnings trends and profitability, performance and quality of investments, asset/liability management and liquidity, surplus position relative to risk profile and affiliated companies. A very important part of the evaluation is understanding management's philosophy and the company's strategic direction. The rating, therefore, involves judgments about the future and includes assessments on how management and companies will respond to worst case scenarios. (Contact: Moody's Investors Service, 99 Church Street, New York, NY 10007.)

Moody's uses a letter grade scale that ranges from Aaa ("Exceptional") for the highest rating to C ("Lowest") for the least favorable rating (ie., Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C). For classes Aa to B, Moody adds a numerical modifier, from 1 (at high end of category) to 3 (at the lower end) to indicate the approximate ranking of a company in the particular classification. Insurance companies rated Aaa offer exceptional financial security. While the financial strength of these companies is likely to change, such changes are most unlikely to impair their fundamentally strong position.

WEISS' Ratings

Weiss Research, Inc. a recent entrant in the insurance rating business, began offering its **Safety Index Rating** in 1990. Weiss analyzes a company's future ability to pay its claims under difficult economic conditions when the potential for liquidity problems is increased. The most important indicators used are risk-adjusted capital ratios, which evaluate a company's exposure to investment, liquidity, and insurance risk in relation to the capital that the company has to cover those risks during periods of average and severe recession. (Contact: Weiss Research, Inc.; P.O. Box 2923; West Palm Beach, FL 33402.)

The Weiss Safety Index scale ranges from A to F (see details below). Weiss' rating standards are generally more conservative than those used by other agencies. To achieve a top rating, a company must be adequately prepared to withstand the worst-case scenario, without impairing its current operations. It must also achieve an acceptable level in all five components of the Safety Index rating: equity, investment safety, profitability, leverage, and size. A company that has a very weak investment component but does well in all other categories would still rate poorly. This means that companies rated less than B can remain viable provided the economic environment remains relatively stable. A detailed description of Weiss' rating scale follows:

A — **Excellent.** This company offers excellent financial security. It has maintained a conservative stance in its investment strategies business operations and underwriting commitments. While the financial position of any company is subject to change, we that has the resources necessary to deal with severe economic conditions.

B — **Good.** This company offers good financial security and has the resources to deal with a variety of adverse economic conditions. However, in the event of a severe recession or major financial crisis, we feel that this assessment should be reviewed to make sure that the firm is still maintaining adequate financial strength.

Important note: Carriers with a B+ rating are included in our Recommended List because they have met almost all of the requirements for an A rating.

C — **Fair.** This company offers fair financial security and is currently stable. But during an economic downturn or other financial pressures, we feel it may encounter difficulties in maintaing its financial stability.

D — **Weak.** This company currently demonstrates what we consider to be significant weaknesses which could negatively impact policyholders. In an unfavorable economic environment, these weaknesses could be magnified.

E — **Very Weak.** This company currently demonstrates what we consider to be significant weaknesses and has also failed some of the basic tests that we use to identify fiscal stability. Therefore, even in a favorable economic environment, it is our opinion that policyholders could incur significant risks.

F — **Failed.** Companies under the supervision of state insurance commissioners.

+/- — The **plus sign** is an indication that, with new data, there is a modest possibility that this company could be upgraded. The **minus sign** is an indication that, with new data, there is a modest possibility that this company could be downgraded. The A+ rating is an exception since no higher grade exists.

S — The S prefix indicates a smaller sized company with less that $25 million in capital and surplus, but does not reduce or diminish the letter grades A through E. The S is simply a reminder that consumers may want to limit the size of their policy with this company so that the policy's maximum benefits do not exceed 1% of the company's capital and surplus.

U — **Unrated.** This symbol indicates that a company has total assets of less than $1 million and, therefore, does not meet the minimum size requirement to receive a rating.

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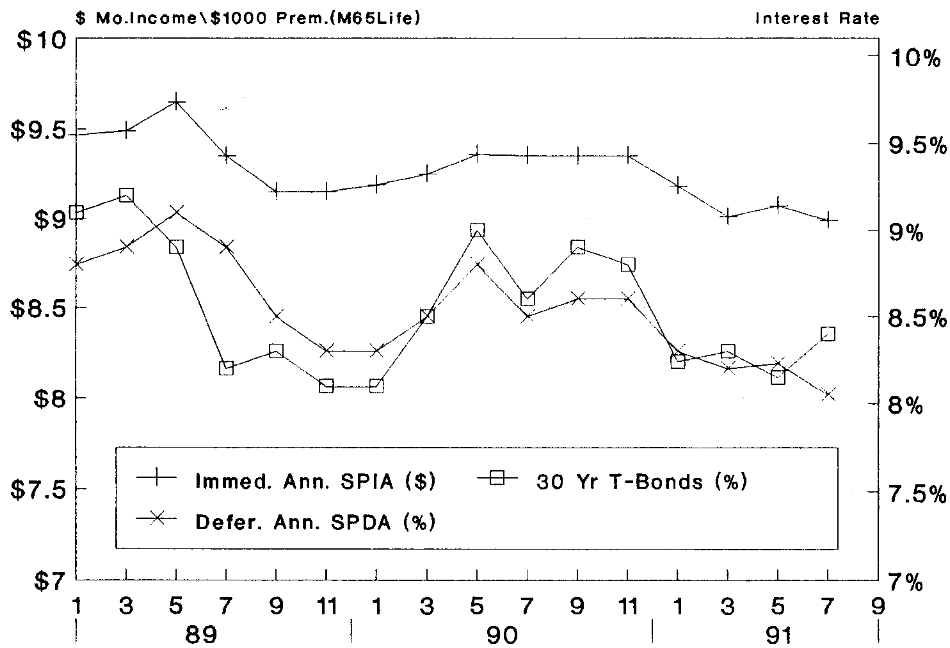

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