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ANNUITY & LIFE INSURANCE SHOPPER

July - Sept. 1994 (vol.9, no.3)

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**ANNUITY & LIFE
INSURANCE SHOPPER**

**July - Sep. 1994
Volume 9, Number 3**

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ANNUITY & LIFE INSURANCE SHOPPER helps you sort through the mysteries behind the different types of annuities. We report the current rates, account performance and features of many of the top contracts plus the financial rankings of more than 250 companies.

If you are well-versed in annuities, you will probably want to start with our "News and Views" or "Update" sections at the front of the magazine. There you'll find our latest survey results on interest rates and policy performance. If you are a novice, may we suggest you begin by reading "All About Annuities" in the back of the magazine (p.54) and then proceed to the "Update" sections up front.

Research on the strength of annuity issuers can be found in the section titled "Insurance Company Ratings". We list data from the main rating agencies; A.M.Best, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. Also shown is each company's surplus level, junk bonds, and problem real estate.

If you'd like to reach us, please call 800-872-6684. We welcome your comments and suggestions. Our brokerage representatives are also available to help you find the right annuity.

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The Right Combination:

Selecting the Owner, Annuitant, and Beneficiary For a Nonqualified Deferred Annuity

Life insurance agents and buyers are often puzzled by the possible owner, annuitant, and beneficiary combinations to be named in writing a nonqualified deferred annuity. The annuity application must be completed carefully to assure that the buyer's goals are satisfied because the various choices lead to different consequences--both tax and non-tax-wise.

Selecting an owner: The owner of a nonqualified deferred annuity is the person with total control of the contract prior to the annuitant's death. During the annuitant's lifetime and before the maturity date, the owner may transfer policy ownership, change the beneficiary, make partial withdrawals, or completely surrender the contract for its cash value. Distributions during the annuitant's life are taxed to the owner; the 10% penalty tax before age 59 1/2 is based on the owner's age.

In most instances, the owner should be one person--the person whose money buys the contract. Other forms of ownership may be desirable in limited circumstances.

Joint ownership: Joint ownership was more common in the past than today. Previously, a parent, age 50, might buy a deferred annuity with a child, age 25, as the joint owner and annuitant. The parent set the maturity date at the annuitant's 85th birthday. The child owned the contract after the parent's death and income tax deferral of up to 60 years was possible.

The Tax Reform Act of 1986 amended Internal Revenue Code (IRC) Section 72(s)(1) to require annuity contracts be distributed upon the death of any owner. The contract must be annuitized within one year of death, or totally distributed within five years. The law effectively disallows long periods of tax deferral through joint ownership arrangements.

Joint ownership was also used to assure a surviving spouse could continue the contract if desired. Today, joint ownership isn't necessary to achieve this goal; IRC Section 72(s)(3) enables a surviving spouse beneficiary to continue a contract whether or not jointly owned.

Some people suggest joint ownership between a parent and child assures the child access to the money in case Mom or Dad needs the annuity to pay nursing home or medical expenses. Not only may there be adverse income tax consequences to such an arrangement, but there's a superior alternative: make Mom or Dad the sole owner, but give the child a power of attorney.

Tax consequences of joint ownership: A misconception about joint annuity ownership is that it's similar to an "either-or" bank account. These are bank accounts in which a party, such as a parent, establishes the account and arranges the signature card so that either the parent or a child may write checks against the account. A completed gift occurs when, if ever, the child actually makes a withdrawal.

A joint annuity is not treated this way. Instead, it's a joint tenancy with right of survivorship. The arrangement has many ramifications. Signatures of both owners are required to make a policy change or accomplish a partial or total surrender. Distribution checks are payable jointly, for example to John and Mary Jones. Two 1099 forms are sent, one to each joint owner for one-half of the total distribution.

A parent and a child may not recognize the potential tax problem with joint ownership. Assume a parent buys an annuity as joint owner with the child, viewing the arrangement as a way to pass property to the child outside probate at the parent's death. Later, financial events require a partial or total surrender. Although the money is intended for the parent's use, the child pays tax on one-half the distribution, and if under age 59 1/2 will pay the 10% penalty tax.

Joint ownership also may cause adverse gift and estate consequences. If a party purchases a joint annuity and contributes the entire premium, there's a taxable gift of one-half of the premium to the other owner. At the first owner's death, the contract's entire value will be included in the gross estate unless it's proved the survivor contributed to the contract. A special rule applies to married couples; one-half of the value is included in the estate of the first owner to die regardless of actual contribution.

(cont'd)

(Right Combination, *cont'd*)

A recommendation and a caution: We recommend joint ownership be avoided in most cases; it no longer is effective in the case of parent-child arrangements, nor necessary in the case of married couples.

If the buyer insists on joint ownership, the agent should make sure the contract language is appropriate for joint ownership. Some annuity contracts don't address the joint ownership issue. On the death of an owner other than the annuitant, the new owner is either the annuitant or beneficiary. The contract should state specifically that the surviving joint owner continues as the contract owner on the owner's death.

Non-natural owners: Sometimes the prospect wants the annuity owned by a "non-natural owner," for example, a corporation or trust. Under IRC Section 72(u), the contract loses its tax deferral if it's owned by a non-natural person. The credited interest is reported as taxable income to the owner each year. On the other hand, an annuity held by a trust as agent for a natural person is considered as owned by a natural person and therefore retains its tax-deferred status.

Ownership by a living trust: A living trust may own a non-qualified annuity, but we don't recommend it to a married couple. As described above, if one spouse is the annuity owner and the other spouse the beneficiary, the beneficiary spouse may continue to defer taxation of the credited interest upon the owner spouse's death. If the policy is owned by a living trust, immediate taxation of the interest or

other earnings usually can't be avoided.

Ownership by a minor: Often, a parent or grandparent wants to purchase an annuity for a child's education with the minor child as owner. The transaction must accord with the applicable state's Uniform Gift to Minors Act (UGMA) or Uniform Transfers to Minors Act (UTMA). An adult custodian is chosen; the ownership designation is "Emily Dickinson, custodian for Tommy Jones under the Alabama Uniform Transfers to Minors Act." Although the owner is an adult custodian, the child's Social Security number is used. The annuitant is the child and the beneficiary is the child's estate.

Contingent ownership: The selection of a contingent owner is important if the owner is not the annuitant. The death of an annuitant causes the immediate maturity of the contract. The annuity ceases to exist; all that is left is the death proceeds payable to the beneficiary.

Conversely, when the owner dies but the annuitant still lives, the contract continues, but with a new owner. If an owner dies before the annuity starting date, IRC Section 72(s) requires the contract be distributed within five years. This five-year distribution rule doesn't apply if the spouse is the new owner.

The policy language should be read carefully regarding the contingent owner. Some annuities allow a contingent owner and provide, in the absence of a contingent owner designation, that the new owner will be the deceased owner's estate. Other contracts provide that either the annuitant or designated

beneficiary becomes the new owner on the owner's death. A few policies name two beneficiaries--a beneficiary who succeeds to ownership in case of death of the owner before the annuitant, and a second beneficiary who receives the death proceeds upon the annuitant's death.

Selecting an annuitant: The annuitant is the person who receives annuity benefits at the contract maturity date. The annuitant must be a natural person by whose life the benefits under the contract are measured. The maturity date or annuity starting date usually accords with the annuitant's age, for example, the annuitant's 85th birthday. Upon the annuitant's death, the contract matures automatically and the cash value is paid to the designated beneficiary.

The annuitant almost always should be the same person as the owner. Naming an annuitant other than the owner exposes the owner to two risks: first, the annuitant may predecease the owner, which causes contract maturity and distribution of cash value to the named beneficiary; second, the annuity benefits will be paid to the annuitant, not the owner, on the annuity starting date.

Few companies accept joint annuitants. In any event, there's no reason to use this designation.

Naming an annuitant other than the owner is justified only if the proposed owner is older than the maximum age permitted by the insurance company, say, more than 75 years old. If the proposed owner wants to own an annui-

(*cont'd*)

(Right Combination, *cont'd*)

ty, he or she must name some younger annuitant, such as a child.

Selecting a beneficiary: The beneficiary is the person who receives the annuity proceeds upon the annuitant's death. The beneficiary election usually is straightforward, without the problems associated with the ownership or annuitant designation.

With married couples, the surviving spouse almost always is the beneficiary. As explained above, this designation enables the surviving spouse to continue the contract after the owner's death.

Minor child as beneficiary: Sometimes, an annuity owner wants to name a minor child as beneficiary. An insurance company will not pay a death benefit directly to a minor child because of the risk of double liability. The policyowner may name a guardian for the child's benefit in his or her will if annuity proceeds are received by the child while a minor. Absent such will provisions, the probate or county court must appoint a guardian of the minor's property before the insurance company will pay a death benefit.

In the aftermath of a divorce, a policyowner often is concerned the ex-spouse custodial parent will get his or her hands on the child's funds. A solution, if it's available in the minor's home state, is a transfer under the Uniform Transfer to Minors Act. The policyholder names the beneficiary as follows: "Keith Thompson, provided, however, if any proceeds become payable to the beneficiary when he is a minor

as defined in the Alabama Uniform Transfers to Minors Act, such proceeds shall be paid to Emily Dickinson as custodian for such beneficiary under the Alabama Act."

Absent the availability of the Uniform Act, the annuity owner creates and names a regular trust as beneficiary, for complete assurance that the ex-spouse custodial parent doesn't get at the money.

Living trust as beneficiary: Annuity prospects may request a living trust be the beneficiary. They reason the surviving spouse controls the trust and, therefore, the spousal beneficiary rule applies.

We don't agree. The trust is not a spouse, and the annuity must be distributed when the annuitant dies. To allow the surviving spouse the choice of taking the money or keeping the annuity intact, name the spouse the primary beneficiary and the living trust the contingent beneficiary.

Here are some suggested arrangements for common annuity situations:

* Fred wants to buy an annuity and control it himself as long as he lives. At his death, he wants it to go to his wife, Wilma, if she survives him, otherwise to the children.

Solution--make Fred the owner and annuitant, Wilma the primary beneficiary, and the children the contingent beneficiaries.

* Barney and Betty want an annuity that they control jointly as long as either of them is alive, then for it to go to their children.

Solution--Make Barney and Betty joint owners. Make them joint annuitants, if available, otherwise pick either one. Make the primary beneficiary the survivor of Barney or Betty and the contingent beneficiary the children.

* Mother wants to buy an annuity and control it as long as she lives, with the remainder to go to her daughter.

Solution--Make Mother owner and annuitant, and the daughter the beneficiary. If there is concern about access to the funds if Mother becomes incapacitated, give the daughter a power of attorney.

* A 76 year-old client wants to buy an annuity, but the company won't issue an annuity on applicants older than 75.

Solution--Make the client the owner and his child the annuitant. To guard against the possibility that the child might predecease the client, make the client the primary beneficiary and the child the contingent beneficiary.

* A grandparent wants an annuity to provide for the grandchild's college education.

Solution--Purchase an annuity with the parent as custodian under the applicable UGMA or UTMA. The grandchild is the annuitant, and the grandchild's estate is the beneficiary.

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IRS Offers Further Guidance on Home Office Deductions

The Internal Revenue Service has recently issued Revenue Ruling 94-24 explaining how to apply the "relative importance" and "time" tests set forth in last year's U.S. Supreme Court decision *Commissioner v. Soliman*. These two tests are used in determining whether an office in the home is the principal place of business for purposes of Code section 280A(c)(1)(A) which allows a taxpayer to deduct expenses for the business use of the home.

In *Commissioner V. Soliman*, the U.S. Supreme Court identified two primary considerations in determining whether an office in the taxpayer's home is the taxpayer's principal place of business: (1) the relative importance of the functions performed at each business location; and (2) the amount of time spent at each location attending to business activities.

Following the Supreme Court's analysis in *Soliman*, the Service will first apply the "relative importance" test, comparing the activities performed at each business location. If the relative importance test does not provide a definitive answer (which may occur according to the Service in situations where the taxpayer delivers services or goods to customers both at the office in the taxpayer's home and elsewhere), the Service will then apply the "time" test, comparing the amount of time spent at each business location.

The Supreme Court noted in the *Soliman* decision and the Service reiterates in Revenue

Ruling 94-24 that in some cases the application of the two tests may result in a determination that there is no principal place of business for purposes of the Code. The Supreme Court noted that the courts and the IRS should not have to strain to conclude that a home office is a principal place of business simply because no other location qualifies. The home office does not become the taxpayer's principal place of business by default. In such a case, there is no principal place of business, and the taxpayer cannot deduct expenses for the business use of the home.

Revenue Ruling 94-24 offers four examples illustrating how the Service will apply the *Soliman* tests. The home office in each example is used regularly and exclusively for the taxpayer's trade or business. The result given by the Service follows each example.

Situation 1. Al is a self-employed plumber who installs and repairs plumbing in customers' homes and offices. Al spends approximately 40 hours a week at these customer locations, with approximately 10 hours per week spent in an office in Al's home talking with customers on the telephone, deciding what supplies to order, and reviewing the books of the business. Al also employs Ed, a full-time unrelated employee, in that office to perform administrative services such as answering the telephone, scheduling appointments, ordering supplies, keeping books.

Result. The essence of Al's trade or business as a plumber

requires him to perform services and deliver goods at the homes or offices of customers. The telephone activities, supply ordering and bookkeeping review that he performs at his home office, although essential, are less important and take less time than service calls to customers. Therefore, Al's office in the home is not the principal place of business and Al cannot deduct expenses for the business use of the home. The fact that Ed, Al's employee, performs administrative activities at Al's home office does not alter this result.

Situation 2. Bob is employed as a teacher. Bob is required to teach and meet with students at the school, and to grade papers and tests. In addition to a small shared office at the school, Bob maintains a home office for use in class preparation and for grading papers and tests. Bob spends approximately 25 hours per week at the school, with an additional 30 to 35 hours in his home office.

Result. The essence of Bob's trade or business as a teacher requires him to teach and meet with students at the school. The class preparation and grading of papers and tests that Bob performs at the home office, although essential and more time consuming, are less important than Bob's activities at the school. Therefore, Bob's office in the home is not his principal place of business, and he cannot deduct expenses for the business use of the home. Because Bob's office in the home is not a principal place of business, it is not necessary
(cont'd)

(Home Office, *cont'd*)

to determine whether Bob maintains the office for the convenience of his employer.

Situation 3. Carol is a self-employed author who uses a home office to write. Carol spends 30 to 35 hours per week in the home office writing. Carol also spends another 10 to 15 hours a week at other locations conducting research, meeting publishers and attending promotional events.

Result. The essence of Carol's trade or business as an author is writing. Her research, meetings with publishers, and attendance at promotional events, although essential, are less important and take less time than her writings. Therefore, Carol's office in the home is her principal place of business, and she can deduct expenses for the business use of the home.

Situation 4. Debra is a self-employed retailer of costume jewelry. She orders the jewelry from wholesalers and sells it at craft shows, on consignment and through mail orders. Debra spends approximately 25 hours per week in her home filling and shipping mail orders, ordering supplies and keeping the books. Debra also spends approximately 15 hours a week at craft shows and consignment sale locations. She generates a substantial amount of income from each type of sales activity.

Result. The essence of Debra's trade or business as a retailer of costume jewelry requires that she sell jewelry to customers. Debra does this at craft shows, at consignment shops, and through catalog orders filled from the office in her home. Debra generates substan-

tial income from the sales made at each of these locations. Because the most important activities of Debra's business, sales to customers, are performed in more than one location, her principal place of business cannot be determined definitively based on a comparison of the relative importance of the activities performed at her home office and at other business locations. In this circumstance, the time spent on business activities at each business location assumes particular significance. Debra spends approximately 25 hours per week in the home office filling and shipping mail orders, ordering supplies, and keeping the books. She also spends approximately 15 hours at craft shows and consignment shops. Accordingly, Debra's office in the home is her principal place of business, and she can deduct expenses for the business use of the home.

With the issuance of Revenue Ruling 94-24, it would appear that the Service has slightly modified the comparative analysis developed by the Supreme Court in the Soliman decision.

The Supreme Court considered the "relative importance" test and "time" test each as primary considerations in determining a taxpayer's principal place of business. In Revenue Ruling 94-24, the Service seems to consider the "relative importance" test as the primary test and the "time" test as a secondary test. The Service states it will apply the "time" test if the "relative importance" test yields no definitive answer.

This ruling also seems to emphasize that the Service does not have to determine that the taxpayer has a principal place of business regardless of

whether or not it is in the taxpayer's home. The Service now has the option of denying a taxpayer a home office deduction because the taxpayer's principal place of business is somewhere other than the home or simply because the Service has determined that the taxpayer has no principal place of business.

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Reducing Your IRA Tax Bill

In this article, we look at two areas of concern to IRA savers: how to name a beneficiary, and when to begin making withdrawals. The right decision on these matters can reduce your income and estate tax problems considerably.

Beneficiaries

Selecting a beneficiary will have a significant effect on the required minimum distributions, as well as on how your heirs can distribute the IRA balance remaining upon death. This is because the distribution amount is calculated based on the life expectancy of the owner, or the joint expectancy of the owner and beneficiary.

IRA distributions need not be taken until age 70 1/2, although you may withdraw from an IRA anytime after 59 1/2 without penalty. While the ultimate decision on having a beneficiary should be based on individual circumstances, here are some guidelines to keep in mind:

If your intent is to leave your IRA to your spouse, name him
(*cont'd*)

(IRA Tax Bill, *cont'd*)

or her directly as beneficiary. This will allow far more flexibility than having the IRA pass through your will and probate.

If your intent is to leave your IRA to your children, consider naming them directly as beneficiaries and do so *before required distributions begin*. This will allow them to greatly extend the distribution schedule and utilize the tax advantages offered by the IRA for a much longer period of time. However, once minimum distributions begin, a change in beneficiary no longer extends life expectancy calculations.

Grandchildren can be appropriate beneficiaries as well. Your IRA can be divided into different accounts, allowing you to designate a separate beneficiary for each. Keep in mind that this is not irrevocable: you can change your mind so long as you do so *before required distributions begin*.

A trust can be named as beneficiary. The drawback is that by naming a trust as beneficiary you lose the use of joint life expectancy, and the distribution schedule will be based solely on your life expectancy.

Don't leave your IRA to your estate, if it's at all avoidable. This greatly minimizes the flexibility your ultimate beneficiaries will enjoy, because the IRS will regulate the number of years over which it must be distributed.

Withdrawals

The conventional wisdom is that if you don't need the money, you should leave your funds in the IRA for as long as possible and only withdraw the minimum distributions re-

quired by law. This allows a longer period of tax-free compounding, and lets you pay taxes later with dollars that have been eroded by inflation.

For many, this advice is sound. But if you and your spouse have a great deal of money in IRAs, you may wind up paying a monstrous tax bill. You might try a different strategy--and remember, we're talking about the amount of money in your IRA when you begin withdrawals, not how much you have right now. Here's an example:

John and Susan are 60 years old. Their IRA balances total \$1.6 million. They don't need current income, and they plan on leaving as much of it as possible to their children.

If they both die this year, the IRA money will be hit with a 50 percent estate tax, a 15 percent tax on "excess accumulations" in retirement accounts, and will then be taxed as ordinary income to the beneficiaries. A triple whammy! Of the total \$1.6 million, the children would likely net less than \$500,000.

Similar calculations, based on John and Susan living another 10 or 20 years, show the same difficulty. Due to the various taxes owed, beneficiaries sometimes end up with just 25% of the value of the IRA.

A better approach would be to begin taking annual distributions now, paying current income tax and gift all net proceeds to the beneficiaries. This will allow them to avoid, or at least minimize, the excess accumulation tax, and reduce their estate tax liability as well.

To further strengthen this

strategy, the owners may consider establishing an irrevocable life insurance trust and using the proceeds to fund a survivorship policy. These combined tactics would produce the following result:

John and Susan withdraw \$100,000, paying \$40,000 in income tax and gifting \$20,000 to each of their three children, utilizing their combined annual gift tax exclusion. The children use the proceeds to fund a survivorship policy on the life of their parents. If John and Susan die immediately, the beneficiaries would reap almost \$3 million.

The strategy works no matter when the payoff occurs. If John and Susan live another 10 years, earning about 7 percent annually on the capital in the IRA, the beneficiaries will get more than \$3 million.

By using the simple tools of accelerated withdrawals, gifting and survivorship insurance, you can multiply the ultimate amount that the heirs would receive--by six times!

(Adapted from the May 11, 1994 issue of Personal Finance, (800) 832-2330, P.O. Box 1467, Alexandria, VA 22313-9819)

Agents Add Value to Investments

Over the past 10 years, investors did better buying their equity and fixed income funds through sales agencies than directly from investment companies, according to a recent report titled: "Qualitative Analysis of Investor Behavior," which was conducted by Dalbar Financial Services of Boston, Massachusetts. The survey also found that market timing is generally

(cont'd)

(Agents Add Value, cont'd)

unsuccessful, as more frequent trading results in lower returns.

According to Dalbar, the purpose of the study was to find a quantitative measure of the value of sales agents' investment advice. The study examined equity funds, fixed income funds, and money market funds.

From 1984 through September 1993, investor accounts which were set up by sales agents racked up cumulative returns of 90%, versus directly marketed equity funds, which had cumulative returns of 70%.

Fixed income funds sold by sales agents had cumulative returns of 94%, while directly marketed fixed funds returned 77%.

Cumulative returns for the S&P 500 over the same period, however, were 293%, and for the Lehman Corporate Bond Index, 274%. In other words, the buy-and-hold strategy achieved returns that were three times greater than the frequently-traded investor accounts. This differential showed that investor movements in and out of funds in attempts to time the markets were clearly detrimental to the cumulative performance of their accounts.

The statistics on real performance also showed that equity funds marketed through sales agents achieved higher returns than similar funds marketed directly to investors. This difference goes a long way toward proving the value that an investment advisor adds.

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Vague E&O Policies Interpreted in Agents' Favor

Vaguely-worded Errors and Omissions policies covering agents and brokers must pay claims that result when an agent or broker has placed business with an insurer that becomes insolvent, the Kentucky Supreme Court has ruled. However, a professional liability insurer can specifically exclude such coverage, the state's highest court ruled.

The January 1994 decision stemmed from the appeal of two conflicting rulings involving an agency E&O policy underwritten by St. Paul Fire & Marine Insurance Co.

The agents involved had recommended that several of their clients join a self-funded insurance trust that was later seized by Kentucky regulators. The trust members then sued their agents for negligence, asserting they had failed to properly investigate the trust before recommending it.

In one decision, St Paul vs. Putnam Agency, the U.S. District Court for the Eastern District of Kentucky said E&O coverage existed because of an ambiguity in St. Paul's policy language. The court held that the policy was susceptible to two different interpretations, depending on whether the agency's losses are considered to be a consequence of its negligence in deficiently investigating the insurer and recommending it to its clients, or as a consequence of the .lh

insurer's "inability to pay." As a result, the court held that under Kentucky law the interpretation most favorable to the agent-policyholder should be adopted.

But another judge in the district found in St. Paul vs. Powell-Walton-Milward Inc. that such coverage was specifically excluded because the policy stated that the insurer "won't cover claims that result from the inability of an insurance company, joint underwriting association or any similar entity to pay all or part of insured claims."

After reviewing the two conflicting decisions, the Supreme Court sided with St. Paul vs. Putnam. The high court said: "A policy of insurance is to be construed liberally in favor of the insured and if, from the language, there is doubt or uncertainty as to its meaning, and it is susceptible to two interpretations, one favorable to the insured and the other favorable to the insurer, the former will be adopted." However, the court also said that a clearly worded exclusion denying coverage for brokers who place business with insurers that became insolvent would not violate public policy. It had been suggested that such an exclusion, which would nullify coverage, would violate public policy because agents in Kentucky are required by law to buy professional liability insurance.

"The exclusion appearing in St. Paul's policy does not render an agent uninsured," the court said.

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IMMEDIATE ANNUITIES UPDATE

The annuity income rates in Tables 1 and 2 illustrate the amount of monthly immediate annuity income purchased for every \$1,000 of premium. These calculations assume the first check is paid one month after the date of deposit and include all fees and commissions except state premium taxes, if applicable.

Tables 1a, 1b, and 1c give the rates for **QUALIFIED** immediate annuities, i.e., for annuity policies which are purchased with funds that until now **HAVE** enjoyed tax-qualified status as defined by the Internal Revenue Code. These typically include company pension annuities and annuities purchased with pension distributions, IRA rollover accounts, and the like. Because no taxes have yet been paid on these qualified funds, each monthly check derived from such deposits are **fully** taxable as income when received. **Tables 2a, 2b, and 2c** below, give the rates for **NON-QUALIFIED** annuities, i.e., for annuities which are purchased with after-tax proceeds, such as money from a CD or savings account. These funds **HAVE NOT** not enjoyed any tax-qualified status. Because these funds have already been taxed once before, that portion of each monthly check which is considered a return of the purchaser's investment (or principal) is not taxed again (i.e., excluded from income). Since most insurance companies will pay a different income for the same dollar deposit depending on the tax status of the funds, it is important to consult the correct table (Qualified vs. Nonqualified) when estimating annuity income.

In addition to properly identifying the tax status of an annuity deposit to determine

the income level, the annuitant's age and gender and the type of coverage selected, also known as the "form" of annuity, directly affects the payout. Age and sex predict life expectancy and ultimately the insurance company's cost to provide its guarantees. Younger female annuitants with longer life expectancies should expect to receive less annuity from their premium dollars than will older male annuitants, especially when insurance companies employ sex-distinct rates. Obviously, the number of possible age, sex, and form combinations are too many to present in this kind of format. So we've illustrated immediate annuity income at the most common age intervals: 60, 65, 70, and 75, for males and females, for certain "forms" of annuity described below. You may also call us toll-free, at 1-800-872-6684, to receive a calculation for an annuity not shown.

Each of the columns in Tables 1 and 2 identifies a particular age and sex and annuity "form." For example, the leftmost column in Table 1a is titled **Male 60 Life** and provides monthly income figures for a \$1,000 premium for an annuity purchased by a 60 year old man on the Life Only form of annuity. A "Life" annuity is one which makes periodic payments to an annuitant for the duration of his or her lifetime and then ceases. The columns headed **Female 60 Life** and **Unisex 60 Life** report similar data for a female age 60 and unisex rates for an individual age 60. The same information is also reported in the for persons ages 65, 70 and 75.

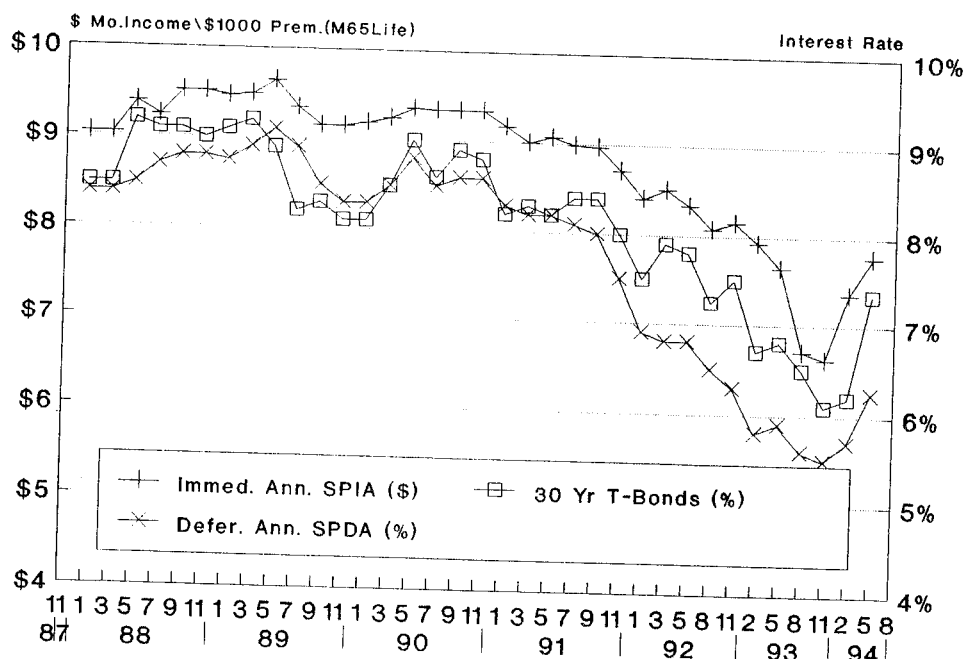
The column **10 Yr. ('CL') Certain and Life Unisex 60** reports unisex purchase rates

for a 60 year old person in the form of a 10 Years Certain & Life annuity. A 10 Yr CL annuity is a life annuity with payments guaranteed for at least ten years regardless of whether the annuitant survives over that period. If he/she does not survive, the remainder of the 10-year payments is made to a beneficiary. If the annuitant does survive beyond the 10-year guarantee period, payments will continue for the duration of his/her lifetime and then cease. The column titled **10 Yr. CL Unisex 70** reports the same kind of unisex purchase rates, but for an individual 70 years old.

Columns **5 Yr. ('Pd. Cert.') Period Certain No Life** and **10 Yr. ('Pd. Cert.') Period Certain No Life** illustrate income levels for annuities which have no life contingency. These are simply installment payments which continue for a fixed period of 5 and 10 years, respectively, and then cease, without regard to the age or life of the annuitant.

The **M65 F60 J&S 50%** column reports on a Joint and 50% Survivor annuity priced against two lives--the primary annuitant a male age 65 and a female co-annuitant age 60. In a typical Joint and 50% survivor annuity, the initial (or higher) payment level is made during the life of the primary annuitant. Upon his death, payments of one half the original amount continue for the life of the co-annuitant (in this case a female age 60) if she is still living. The column headed **M65 F60 J&S 100%** is also a joint and survivor annuity with payments which do not reduce upon the first death; instead, they continue to the co-annuitant at 100% of the original amount.

Median Annuity Rates



IMMEDIATE ANNUITIES UPDATE

Table 1a. Qualified Single Premium Immediate Annuities - Ages 60 and 65

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY*

Reporting Companies	Issue Ages	Male60 Life	Femal60 Life	Unisex60 Life	Male65 Life	Femal65 Life	Unisex65 Life
Aetna Life & Casualty	0-85	-	-	\$ 7.19	-	-	\$ 7.98
American Heritage	5-80	\$ 6.79	\$ 6.13	-	\$ 7.62	\$ 6.71	-
American Investors	0-85	\$ 6.64	\$ 6.09	\$ 6.37	\$ 7.42	\$ 6.68	\$ 7.05
Amer. Life & Casualty	0-90	\$ 7.03	\$ 6.45	\$ 7.03	\$ 7.75	\$ 7.00	\$ 7.75
Canada Life Assur.	45-90	\$ 7.45	\$ 6.88	\$ 6.88	\$ 8.22	\$ 7.46	\$ 7.46
Columbia Universal	0-85	\$ 7.38	\$ 6.80	-	\$ 8.19	\$ 7.41	-
Delta Life & Annuity	0-75	\$ 7.01	\$ 6.32	\$ 6.57	\$ 7.95	\$ 7.01	\$ 7.35
Empire Life	0-114	\$ 7.07	\$ 6.44	\$ 6.76	\$ 7.95	\$ 7.10	\$ 7.52
Federal Kemper	0-90	\$ 6.40	\$ 5.86	\$ 5.86	\$ 7.17	\$ 6.44	\$ 6.44
Fidelity & Guar. LIC	18-70	\$ 7.10	\$ 6.42	\$ 6.76	\$ 7.85	\$ 6.95	\$ 7.40
Great American	0-85	\$ 6.96	\$ 6.30	\$ 6.30	\$ 7.81	\$ 7.00	\$ 7.00
Jackson National	0-99	\$ 6.30	\$ 5.74	\$ 5.97	\$ 7.08	\$ 6.35	\$ 6.64
Keyport Life	no max	\$ 6.29	\$ 6.29	\$ 6.29	\$ 6.95	\$ 6.95	\$ 6.95
Life/Southwest	0-85	\$ 6.60	\$ 6.60	\$ 6.60	\$ 7.28	\$ 7.28	\$ 7.28
Lincoln Security	0-90	\$ 7.39	\$ 6.84	-	\$ 8.16	\$ 7.41	-
Midwestern Nat'l	0-70	\$ 5.78	\$ 5.25	\$ 5.25	\$ 6.54	\$ 5.83	\$ 5.83
Nat'l Guardian	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Nat'l Heritage	0-85	\$ 6.97	\$ 6.39	-	\$ 7.79	\$ 7.01	-
New England Mutual	15-92	\$ 6.39	\$ 5.86	\$ 6.13	\$ 7.09	\$ 6.38	\$ 6.74
Penn Mutual	0-85	\$ 7.44	\$ 7.44	\$ 7.44	\$ 8.25	\$ 8.25	\$ 8.25
Presidential	0-85	\$ 6.75	\$ 6.20	\$ 6.20	\$ 7.51	\$ 6.78	\$ 6.78
Principal Finan.	0-85	\$ 7.42	\$ 6.82	\$ 7.06	\$ 8.04	\$ 7.24	\$ 7.56
Provident Mutual	0-85	\$ 6.73	\$ 6.21	-	\$ 7.46	\$ 6.73	-
Reliance Standard	0-80	\$ 6.46	\$ 5.89	-	\$ 7.27	\$ 6.51	-
SAFECO	55-80	-	-	\$ 6.45	-	-	\$ 6.99
Security Benefit	0-100	\$ 6.15	\$ 5.64	\$ 5.64	\$ 6.85	\$ 6.18	\$ 6.18
Security Conn.	0-90	\$ 7.47	\$ 6.91	\$ 7.05	\$ 8.24	\$ 7.49	\$ 7.68
Security Mutual/NY	20-80	\$ 7.74	\$ 6.72	-	\$ 8.79	\$ 7.54	-
Southwestern Life	5-90	-	-	\$ 6.59	-	-	\$ 7.21
Standard Insurance	0-80	\$ 7.01	\$ 6.43	\$ 6.56	\$ 7.77	\$ 6.99	\$ 7.17
Sun Life of Amer.	0-85	\$ 6.65	\$ 6.65	\$ 6.65	\$ 7.32	\$ 7.32	\$ 7.32
Travelers	0-85	\$ 6.70	\$ 6.70	\$ 6.70	\$ 7.30	\$ 7.30	\$ 7.30
USAA Life Insur.	0-70	\$ 7.01	\$ 6.51	\$ 6.97	\$ 7.79	\$ 7.09	\$ 7.70
Union Central	0-85	\$ 7.47	\$ 6.87	\$ 6.87	\$ 8.28	\$ 7.51	\$ 7.51
United Companies LIC	0-95	\$ 6.77	\$ 6.19	-	\$ 7.57	\$ 6.81	-
United Services	0-85	\$ 7.01	\$ 6.42	\$ 6.78	\$ 7.85	\$ 7.07	\$ 7.54
WM Life Insur. Co.	0-114	\$ 7.07	\$ 6.44	\$ 6.76	\$ 7.95	\$ 7.10	\$ 7.52
Western National	0-100	\$ 7.02	\$ 6.47	-	\$ 7.78	\$ 7.05	-
Western United	0-100	\$ 6.46	\$ 5.81	-	\$ 7.31	\$ 6.52	-
Xerox Financial Life	0-85	-	-	\$ 6.68	-	-	\$ 7.40

Survey period: May 3, 1994 thru May 6, 1994

*Dollar amounts represent monthly income per \$1,000 premium, assuming \$100,000 deposit

IMMEDIATE ANNUITIES UPDATE

Table 1b. Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY*

Reporting Companies	Issue Ages	Male70 Life	Femal70 Life	Unisex70 Life	Male75 Life	Femal75 Life	Unisex75 Life
Aetna Life & Casualty	0-85	-	-	\$ 9.11	-	-	\$10.96
American Heritage	5-80	\$ 8.79	\$ 7.54	-	\$10.43	\$ 8.78	-
American Investors	0-85	\$ 8.51	\$ 7.52	\$ 8.02	\$10.07	\$ 8.79	\$ 9.42
Amer. Life & Casualty	0-90	\$ 8.56	\$ 7.65	\$ 8.56	\$ 9.77	\$ 8.69	\$ 9.77
Canada Life Assur.	45-90	\$ 9.29	\$ 8.28	\$ 8.28	\$10.79	\$ 9.52	\$ 9.52
Columbia Universal	0-85	\$ 9.35	\$ 8.30	-	\$11.00	\$ 9.64	-
Delta Life & Annuity	0-75	\$ 9.27	\$ 7.95	\$ 8.42	\$10.73	\$ 9.60	\$ 9.95
Empire Life	0-114	\$ 9.20	\$ 8.06	\$ 8.62	\$10.98	\$ 9.51	\$10.23
Federal Kemper	0-90	\$ 8.27	\$ 7.28	\$ 7.28	\$ 9.81	\$ 8.55	\$ 8.55
Fidelity & Guar. LIC	18-70	\$ 8.93	\$ 7.79	\$ 8.36	\$10.51	\$ 9.07	\$ 9.79
Great American	0-85	\$ 9.04	\$ 8.05	\$ 8.05	\$10.83	\$ 9.68	\$ 9.68
Jackson National	0-99	\$ 8.19	\$ 7.20	\$ 7.59	\$ 9.75	\$ 8.48	\$ 8.99
Keyport Life	no max	\$ 7.89	\$ 7.89	\$ 7.89	\$ 9.21	\$ 9.21	\$ 9.21
Life/Southwest	0-85	\$ 8.24	\$ 8.24	\$ 8.24	\$ 9.64	\$ 9.64	\$ 9.64
Lincoln Security	0-90	\$ 9.26	\$ 8.25	-	\$10.82	\$ 9.52	-
Midwestern Nat'l	0-70	\$ 7.62	\$ 6.67	\$ 6.67	\$ 9.13	\$ 7.92	\$ 7.92
Nat'l Guardian	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.51	\$10.33
Nat'l Heritage	0-85	\$ 8.95	\$ 7.90	-	\$10.59	\$ 9.25	-
New England Mutual	15-92	\$ 8.07	\$ 7.13	\$ 7.60	\$ 9.43	\$ 8.25	\$ 8.84
Penn Mutual Life	0-85	\$ 9.41	\$ 9.41	\$ 9.41	\$11.06	\$11.06	\$11.06
Presidential	0-85	\$ 8.59	\$ 7.61	\$ 7.61	\$10.12	\$ 8.86	\$ 8.86
Principal Finan. Grp.	0-85	\$ 8.97	\$ 7.91	\$ 8.34	\$10.35	\$ 9.01	\$ 9.54
Provident Mutual LIC	0-85	\$ 8.33	\$ 7.46	-	\$ 9.44	\$ 8.33	-
Reliance Standard	0-80	\$ 8.41	\$ 7.39	-	\$10.02	\$ 8.72	-
SAFECO	55-80	-	-	\$ 7.78	-	-	\$ 8.97
Security Benefit	0-100	\$ 7.83	\$ 6.93	\$ 6.93	\$ 9.16	\$ 8.03	\$ 8.03
Security Conn.	0-90	\$ 9.35	\$ 8.33	\$ 8.59	\$10.93	\$ 9.62	\$ 9.94
Security Mutual/NY	20-80	\$10.26	\$ 8.34	-	\$12.24	\$10.26	-
Southwestern Life	5-90	-	-	\$ 8.11	-	-	\$ 9.44
Standard Insurance	0-80	\$ 8.85	\$ 7.79	\$ 8.03	\$10.01	\$ 8.67	\$ 8.97
Sun Life of Amer.	0-85	\$ 8.14	\$ 8.14	\$ 8.14	\$ 9.40	\$ 9.40	\$ 9.40
Travelers	0-85	\$ 8.15	\$ 8.15	\$ 8.15	\$ 9.34	\$ 9.34	\$ 9.34
USAA Life Insur.	0-70	\$ 8.90	\$ 7.92	\$ 8.71	\$10.47	\$ 9.15	\$10.13
Union Central	0-85	\$ 9.41	\$ 8.39	\$ 8.39	\$10.99	\$ 9.68	\$ 9.68
United Companies LIC	0-95	\$ 8.72	\$ 7.69	-	\$10.32	\$ 9.01	-
United Services	0-85	\$ 9.02	\$ 7.97	\$ 8.60	\$10.65	\$ 9.33	\$10.12
WM Life Insur. Co.	0-114	\$ 9.20	\$ 8.06	\$ 8.62	\$10.98	\$ 9.51	\$10.23
Western National	0-100	\$ 8.86	\$ 7.87	-	\$10.39	\$ 9.13	-
Western United Life	0-100	\$ 8.51	\$ 7.45	-	\$10.18	\$ 8.84	-
Xerox Financial Life	0-85	-	-	\$ 8.43	-	-	\$ 9.92

Survey period: May 3, 1994 thru May 6, 1994

*Dollar amounts represent monthly income per \$1,000 premium, assuming \$100,000 deposit

IMMEDIATE ANNUITIES UPDATE

Table 1c. Qualified Single Premium Immediate Annuities - Misc. Forms

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY*

Reporting Companies	Issue Ages	10YrCL Unisx60	10YrCL Unisx70	5YrPC NoLife	10YrPC NoLife	M65F60 J&50%S	M65F60 J&100%S
Aetna Life & Cas.	0-80	\$ 7.01	\$ 8.34	\$19.34	\$11.20	\$ 7.17	\$ 6.51
American Heritage	5-80	-	-	\$18.94	\$10.74	-	\$ 5.81
American Investors	0-85	\$ 6.23	\$ 7.47	\$17.95	\$10.24	\$ 6.67	\$ 5.83
Amer. Life & Casualty	0-90	\$ 6.83	\$ 7.92	\$18.23	\$10.62	\$ 7.04	\$ 6.04
Canada Life Assur.	45-90	\$6.78	\$ 7.90	\$18.87	\$10.97	\$ 7.27	\$ 6.51
Columbia Universal	0-85	-	-	\$19.44	\$11.21	\$ 7.19	\$ 6.40
Commercial Union	0-80	\$ 6.89	\$ 7.99	\$17.86	\$10.54	\$ 7.16	\$ 6.43
Delta Life & Annuity	0-75	\$ 6.42	\$ 7.83	\$18.49	\$10.72	\$ 6.35	\$ 5.91
Empire	0-114	\$ 6.58	\$ 7.91	\$18.49	\$10.58	\$ 6.86	\$ 6.04
Federal Kemper	0-90	\$ 5.77	\$ 6.93	\$17.49	\$10.14	\$ 6.22	\$ 5.50
Fidelity & Guar. LIC	18-70	\$ 6.59	\$ 7.80	\$18.37	\$10.65	\$ 7.06	\$ 6.07
Great American	18-65	\$ 6.17	\$ 7.57	\$18.32	\$10.06	\$ 6.98	\$ 5.87
Jackson National	0-99	\$ 5.85	\$ 7.11	\$18.04	\$10.15	\$ 5.55	\$ 5.39
Keyport Life	no max	\$ 6.72	\$ 7.40	\$18.11	\$10.36	-	-
Life/Southwest	0-85	\$ 6.44	\$ 7.63	\$18.15	\$10.44	\$ 5.48	\$ 5.04
Lincoln Security	0-90	-	-	\$18.65	\$10.86	\$ 7.21	\$ 6.46
Midwestern Nat'l	0-70	\$ 5.45	\$ 6.62	\$ 4.32	\$ 4.70	\$ 5.89	\$ 6.12
Nat'l Guardian	20-90	-	-	-	-	-	\$ 5.95
Nat'l Heritage	0-85	-	-	\$19.15	\$10.90	\$ 7.02	\$ 6.00
New England Mutual	15-92	\$ 6.08	\$ 7.27	-	-	\$ 6.20	\$ 5.61
Penn Mutual Life	0-85	\$ 7.24	\$ 8.59	\$18.53	\$10.99	-	-
Presidential	0-85	\$ 6.10	\$ 7.23	\$18.12	\$10.30	\$ 6.57	\$ 5.83
Principal Finan. Grp.	0-85	\$ 6.90	\$ 7.84	\$18.60	\$10.73	\$ 7.24	\$ 6.51
Provident Mutual	0-85	-	-	\$17.68	\$10.10	-	\$ 5.36
Reliance Standard	0-80	-	-	\$18.74	\$10.51	-	\$ 5.52
SAFECO	55-80	\$ 6.35	\$ 7.41	-	-	-	-
Security Benefit	0-100	\$ 5.58	\$ 6.71	\$17.79	\$ 9.87	\$ 5.99	\$ 5.33
Security Conn.	0-90	\$ 6.91	\$ 8.08	\$18.84	\$10.97	\$ 7.28	\$ 6.52
Security Mutual/NY	20-80	-	-	-	-	\$ 7.42	\$ 6.41
Southwestern Life	5-90	\$ 6.46	\$ 7.60	\$18.12	\$10.58	-	-
Standard Insurance	0-80	\$ 6.45	\$ 7.61	\$17.69	\$10.41	\$ 6.82	\$ 6.08
Sun Life of America	0-85	\$ 6.50	\$ 7.58	\$18.00	\$10.35	\$ 6.63	\$ 6.06
Travelers	0-85	\$ 6.59	\$ 7.71	\$17.86	\$10.47	\$ 6.95	\$ 6.18
USAA Life Insur.	0-70	\$ 6.82	\$ 8.13	\$19.15	\$11.12	\$ 7.10	\$ 6.08
Union Central	0-85	\$ 6.76	\$ 7.98	\$18.62	\$10.92	\$ 7.27	\$ 6.48
United Companies LIC	0-95	-	-	\$17.06	\$10.74	-	-
United Services	0-85	\$ 6.61	\$ 7.92	\$18.06	\$10.28	-	\$ 6.03
WM Life Insur. Co.	0-114	\$ 6.58	\$ 7.91	\$18.49	\$10.58	\$ 6.86	\$ 6.04
Western National	0-100	-	-	\$19.18	\$10.64	\$ 6.84	\$ 6.09
Western United Life	0-100	-	-	\$19.04	\$11.02	-	\$ 5.15
Xerox Financial Life	0-85	\$ 6.53	\$ 7.85	\$17.95	\$10.60	-	-

Survey period: May 3, 1994 thru May 6, 1994

*Dollar amounts represent monthly income per \$1,000 premium, assuming \$100,000 deposit

IMMEDIATE ANNUITIES UPDATE

Table 2a. Non-Qualified Single Premium Immediate Annuities - Ages 60 and 65

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY*

Reporting Companies	Issue Ages	Male60 Life	Femal60 Life	Unisex60 Life	Male65 Life	Femal65 Life	Unisex65 Life
American Heritage	5-80	\$ 6.79	\$ 6.13	-	\$ 7.62	\$ 6.71	-
American Investors	0-85	\$ 6.64	\$ 6.09	\$ 6.37	\$ 7.42	\$ 6.68	\$ 7.05
Amer. Life & Casualty	0-90	\$ 7.03	\$ 6.45	\$ 7.03	\$ 7.75	\$ 7.00	\$ 7.75
Canada Life Assur.	45-90	\$ 7.45	\$ 6.88	\$ 6.88	\$ 8.22	\$ 7.46	\$ 7.46
Columbia Universal	0-85	\$ 7.38	\$ 6.80	-	\$ 8.19	\$ 7.41	-
Delta Life & Annuity	0-99	\$ 7.01	\$ 6.32	\$ 6.57	\$ 7.95	\$ 7.01	\$ 7.35
Empire Life	0-114	\$ 7.07	\$ 6.44	\$ 6.76	\$ 7.95	\$ 7.10	\$ 7.52
Federal Home Life	0-74	\$ 7.55	\$ 6.90	-	\$ 8.37	\$ 7.56	-
Fidelity & Guar. LIC	18-70	\$ 7.10	\$ 6.42	\$ 6.76	\$ 7.85	\$ 6.95	\$ 7.40
Financial Benefit LIC	0-85	\$ 6.51	\$ 5.92	-	\$ 7.32	\$ 6.55	-
Great American	0-85	\$ 6.96	\$ 6.30	\$ 6.30	\$ 7.81	\$ 7.00	\$ 7.00
Jackson National	0-99	\$ 6.30	\$ 5.74	\$ 5.97	\$ 7.08	\$ 6.35	\$ 6.64
Keyport Life	no max	\$ 6.56	\$ 6.02	\$ 6.29	\$ 7.31	\$ 6.59	\$ 6.95
Life/Southwest	0-85	\$ 6.81	\$ 6.28	\$ 6.60	\$ 7.56	\$ 6.84	\$ 7.28
Lincoln Security	0-90	\$ 7.36	\$ 6.81	-	\$ 8.13	\$ 7.38	-
Midwestern Nat'l	0-70	\$ 5.78	\$ 5.25	\$ 5.25	\$ 6.54	\$ 5.83	\$ 5.83
Nat'l Guardian	20-90	\$ 7.05	\$ 6.36	\$ 6.71	\$ 7.99	\$ 7.05	\$ 7.52
Nat'l Heritage	0-85	\$ 6.97	\$ 6.39	-	\$ 7.79	\$ 7.01	\$ -
New England Mutual	15-92	\$ 6.44	\$ 5.90	\$ 6.17	\$ 7.14	\$ 6.42	\$ 6.79
Penn Mutual Life	0-85	\$ 7.59	\$ 6.98	\$ 7.27	\$ 8.39	\$ 7.56	\$ 7.95
Presidential	0-85	\$ 6.75	\$ 6.20	\$ 6.20	\$ 7.51	\$ 6.78	\$ 6.78
Principal Finan. Grp.	0-85	\$ 7.39	\$ 6.80	-	\$ 8.01	\$ 7.21	-
Provident Mutual	0-85	\$ 6.73	\$ 6.21	-	\$ 7.46	\$ 6.73	-
Reliance Standard	0-80	\$ 6.46	\$ 5.89	-	\$ 7.27	\$ 6.51	-
Savings Bank/MA	0-80	-	-	\$ 6.46	-	-	\$ 7.21
Security Benefit	0-100	\$ 6.15	\$ 5.64	\$ 5.64	\$ 6.85	\$ 6.18	\$ 6.18
Security Conn.	0-90	\$ 7.44	\$ 6.88	\$ 7.02	\$ 8.21	\$ 7.46	\$ 7.65
Security Mutual/NY	20-80	\$ 7.33	\$ 6.70	-	\$ 8.11	\$ 7.33	-
Southwestern Life	5-90	\$ 6.87	\$ 6.33	-	\$ 7.59	\$ 6.85	-
Standard Insurance	0-80	\$ 7.01	\$ 6.43	\$ 6.56	\$ 7.77	\$ 6.99	\$ 7.17
Sun Life of America	0-85	\$ 6.92	\$ 6.37	-	\$ 7.69	\$ 6.95	-
Travelers	0-85	\$ 6.89	\$ 6.46	-	\$ 7.56	\$ 6.98	-
USAA Life Insur.	0-85	\$ 7.01	\$ 6.51	\$ 6.97	\$ 7.79	\$ 7.09	\$ 7.70
Union Central	0-85	\$ 7.47	\$ 6.87	\$ 6.87	\$ 8.28	\$ 7.51	\$ 7.51
United Companies LIC	0-99	\$ 6.77	\$ 6.19	-	\$ 7.57	\$ 6.81	-
United Services	0-85	\$ 7.01	\$ 6.42	\$ 6.78	\$ 7.85	\$ 7.07	\$ 7.54
WM Life Insur. Co.	0-114	\$ 7.07	\$ 6.44	\$ 6.76	\$ 7.95	\$ 7.10	\$ 7.52
Western National	0-100	\$ 7.02	\$ 6.47	-	\$ 7.78	\$ 7.05	-
Western United	0-100	\$ 6.46	\$ 5.85	-	\$ 7.31	\$ 6.52	-
Xerox Financial Life	0-85	\$ 6.97	\$ 6.39	\$ 6.68	\$ 7.79	\$ 7.01	\$ 7.40

Survey period: May 3, 1994 thru May 6, 1994

*Dollar amounts represent monthly income per \$1,000 premium, assuming \$100,000 deposit

IMMEDIATE ANNUITIES UPDATE

Table 2b. Non-Qualified Single Premium Immediate Annuities - Ages 70 and 75

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY*

Reporting Companies	Issue Ages	Male70 Life	Fema170 Life	Unisex70 Life	Male75 Life	Fema175 Life	Unisex75 Life
American Heritage	20-80	\$ 8.79	\$ 7.54	-	\$10.43	\$ 8.78	-
American Investors	0-85	\$ 8.51	\$ 7.52	\$ 8.02	\$10.07	\$ 8.79	\$ 9.42
Amer. Life & Casualty	0-90	\$ 8.56	\$ 7.65	\$ 8.56	\$ 9.77	\$ 8.69	\$ 9.77
Canada Life Assur.	45-90	\$ 9.29	\$ 8.28	\$ 8.28	\$10.79	\$ 9.52	\$ 9.52
Columbia Universal	0-85	\$ 9.35	\$ 8.30	-	\$11.00	\$ 9.64	-
Delta Life & Annuity	0-99	\$ 9.27	\$ 7.95	\$ 8.42	\$10.73	\$ 9.60	\$ 9.95
Empire Life	0-114	\$ 9.20	\$ 8.06	\$ 8.62	\$10.98	\$ 9.51	\$10.23
Federal Home Life	0-74	\$ 9.57	\$ 8.58	-	\$11.33	\$10.17	-
Fidelity & Guar. LIC	18-70	\$ 8.93	\$ 7.79	\$ 8.36	\$10.51	\$ 9.07	\$ 9.79
Financial Benefit LIC	0-85	\$ 8.41	\$ 7.37	-	-	-	-
Great American	18-65	\$ 9.04	\$ 8.05	\$ 8.05	\$10.83	\$ 9.68	\$ 9.68
Jackson National	0-99	\$ 8.19	\$ 7.20	\$ 7.59	\$ 9.75	\$ 8.48	\$ 8.99
Keyport Life	no max	\$ 8.35	\$ 7.41	\$ 7.89	\$ 9.79	\$ 8.63	\$ 9.21
Life/Southwest	0-85	\$ 8.63	\$ 7.66	\$ 8.24	\$10.14	\$ 8.89	\$ 9.64
Lincoln Security	0-90	\$ 9.23	\$ 8.22	-	\$10.79	\$ 9.49	-
Midwestern Nat'l	0-70	\$ 7.62	\$ 6.67	\$ 6.67	\$ 9.13	\$ 7.92	\$ 7.92
Nat'l Guardian	20-90	\$ 9.31	\$ 8.02	\$ 8.67	\$11.15	\$ 9.15	\$10.33
Nat'l Heritage	0-85	\$ 8.95	\$ 7.90	-	\$10.59	\$ 9.25	-
New England Mutual	15-92	\$ 8.14	\$ 7.18	\$ 7.66	\$ 9.53	\$ 8.32	\$ 8.92
Penn Mutual Life	0-85	\$ 9.51	\$ 8.36	\$ 8.90	\$11.06	\$ 9.48	\$10.21
Presidential	0-85	\$ 8.59	\$ 7.61	\$ 7.61	\$10.12	\$ 8.86	\$ 8.86
Principal Finan. Grp.	0-85	\$ 8.94	\$ 7.89	-	\$10.32	\$ 8.98	-
Provident Mutual	0-85	\$ 8.33	\$ 7.47	-	\$ 9.44	\$ 8.33	-
Reliance Standard	0-80	\$ 8.41	\$ 7.39	-	\$10.02	\$ 8.72	-
Savings Bank/MA	0-80	-	-	\$ 8.28	-	-	\$ 9.84
Security Benefit	0-100	\$ 7.83	\$ 6.93	\$ 6.93	\$ 9.16	\$ 8.03	\$ 8.03
Security Conn.	0-90	\$ 9.32	\$ 8.30	\$ 8.56	\$10.90	\$ 9.59	\$ 9.91
Security Mutual/NY	20-80	\$ 9.26	\$ 8.30	-	\$10.94	\$ 9.83	-
Southwestern Life	5-90	\$ 8.63	\$ 7.62	-	\$10.11	\$ 8.80	-
Standard Insurance	0-80	\$ 8.85	\$ 7.79	\$ 8.03	\$10.01	\$ 8.67	\$ 8.97
Sun Life of America	0-85	\$ 8.64	\$ 7.64	-	\$10.05	\$ 8.77	-
Travelers	0-85	\$ 8.51	\$ 7.71	-	\$ 9.85	\$ 8.74	-
USAA Life	0-85	\$ 8.90	\$ 7.92	\$ 8.71	\$10.47	\$ 9.15	\$10.13
Union Central	0-85	\$ 9.41	\$ 8.39	\$ 8.39	\$10.99	\$ 9.68	\$ 9.68
United Companies LIC	0-95	\$ 8.72	\$ 7.69	-	\$10.32	\$ 9.01	-
United Services	0-85	\$ 9.02	\$ 7.97	\$ 8.60	\$10.65	\$ 9.33	\$10.12
WM Life Insur. Co.	0-114	\$ 9.20	\$ 8.06	\$ 8.62	\$10.98	\$ 9.51	\$10.23
Western National	0-100	\$ 8.86	\$ 7.87	-	\$10.39	\$ 9.13	-
Western United Life	0-100	\$ 8.51	\$ 7.45	-	\$10.18	\$ 8.84	-
Xerox Financial Life	0-85	\$ 8.96	\$ 7.91	\$ 8.43	\$10.60	\$ 9.25	\$ 9.92

Survey period: May 3, 1994 thru May 6, 1994

*Dollar amounts represent monthly income per \$1,000 premium, assuming \$100,000 deposit

IMMEDIATE ANNUITIES UPDATE

Table 2c. Non-Qualified Single Premium Immediate Annuities - Misc. Forms

ISSUE AGES, RATE BASES, AND FORMS OF ANNUITY*

Reporting Companies	Issue Ages	10YrCL Unisex60	10YrCL Unisex70	5YrPC NoLife	10YrPC NoLife	M65F60 J&50%S	M65F60 J&100%S
American Heritage	20-80	-	-	\$18.94	\$10.74	-	\$ 5.81
American Investors	0-85	\$ 6.23	\$ 7.47	\$17.95	\$10.24	\$ 6.67	\$ 5.83
Amer. Life & Casualty	0-90	\$ 6.83	\$ 7.92	\$18.23	\$10.62	\$ 7.04	\$ 6.04
Canada Life Assur.	45-90	\$ 6.78	\$ 7.90	\$18.87	\$10.97	\$ 7.27	\$ 6.51
Columbia Universal	0-85	-	-	\$19.44	\$11.21	\$ 7.19	\$ 6.40
Commercial Union	0-80	\$ 6.89	\$ 7.99	\$17.86	\$10.54	\$ 7.16	\$ 6.43
Delta Life & Annuity	0-99	\$ 6.42	\$ 7.83	\$18.49	\$10.72	\$ 6.35	\$ 5.91
Empire Life	0-114	\$ 6.58	\$ 7.91	\$18.49	\$10.58	\$ 6.86	\$ 6.04
Federal Home Life	0-74	-	-	\$17.98	\$10.38	\$ 7.29	\$ 6.45
Fidelity & Guar. LIC	18-70	\$ 6.59	\$ 7.80	\$18.37	\$10.65	\$ 7.06	\$ 6.07
Financial Benefit LIC	0-85	-	-	\$18.38	\$10.09	\$ 6.55	\$ 5.55
Great American	18-65	\$ 6.17	\$ 7.57	\$18.32	\$10.06	\$ 6.98	\$ 5.87
Jackson National	0-99	\$ 5.85	\$ 7.11	\$18.04	\$10.15	\$ 5.55	\$ 5.39
Keyport Life	no max	\$ 6.72	\$ 7.40	\$18.11	\$10.36	-	-
Life/Southwest	0-85	\$ 6.61	\$ 7.85	\$18.15	\$10.44	\$ 6.16	\$ 5.40
Lincoln Security	0-99	-	-	\$18.63	\$10.84	\$ 7.18	\$ 6.43
Midwestern Nat'l	0-70	\$ 5.45	\$ 6.62	\$ 4.32	\$ 4.70	\$ 5.89	\$ 6.12
Nat'l Guardian	20-90	-	-	-	-	-	\$ 5.95
Nat'l Heritage	0-85	-	-	\$19.15	\$10.90	\$ 7.02	\$ 6.00
New England Mutual	15-92	\$ 6.12	\$ 7.32	-	-	\$ 6.24	\$ 5.64
Penn Mutual LIC	0-85	\$ 7.10	\$ 8.32	\$18.53	\$10.99	-	-
Presidential	0-85	\$ 6.10	\$ 7.23	\$18.12	\$10.30	\$ 6.57	\$ 5.83
Principal Finan. Grp.	0-85	-	-	\$18.54	\$10.69	\$ 7.21	\$ 6.49
Provident Mutual	0-85	-	-	\$17.68	\$10.10	-	\$ 5.36
Reliance Standard	0-80	-	-	\$18.74	\$10.51	-	\$ 5.52
Savings Bank/MA	0-80	\$ 6.30	\$ 7.67	-	\$10.67	-	\$ 5.84
Security Benefit	0-100	\$ 5.58	\$ 6.71	\$17.79	\$ 9.87	\$ 5.99	\$ 5.33
Security Conn.	0-90	\$ 6.88	\$ 8.05	\$18.82	\$10.95	\$ 7.25	\$ 6.49
Security Mutual/NY	20-80	-	-	-	-	\$ 7.07	\$ 6.27
Southwestern Life	5-90	-	-	\$18.12	\$10.58	-	\$ 5.99
Standard Insurance	0-80	\$ 6.45	\$ 7.61	\$17.69	\$10.41	\$ 6.82	\$ 6.08
Sun Life of America	0-85	-	-	\$18.00	\$10.35	\$ 6.63	\$ 5.99
Travelers	0-85	-	-	\$17.86	\$10.47	\$ 6.97	\$ 6.14
USAA Life	0-85	\$ 6.82	\$ 8.13	\$19.15	\$11.12	\$ 7.10	\$ 6.08
Union Central Life	0-85	\$ 6.76	\$ 7.98	\$18.62	\$10.92	\$ 7.27	\$ 6.48
United Companies LIC	0-95	-	-	\$17.06	\$10.74	-	-
United Services	0-85	\$ 6.61	\$ 7.92	\$18.06	\$10.28	-	\$ 6.03
WM Life Insur. Co.	0-114	\$ 6.58	\$ 7.91	\$18.49	\$10.58	\$ 6.86	\$ 6.04
Western National	0-100	-	-	\$19.18	\$10.64	\$ 6.84	\$ 6.09
Western United Life	0-100	-	-	\$19.04	\$11.02	-	\$ 5.15
Xerox Financial Life	0-85	\$ 6.53	\$ 7.85	\$17.95	\$10.60	-	-

Survey period: May 3, 1994 thru May 6, 1994

*Dollar amounts represent monthly income per \$1,000 premium, assuming \$100,000 deposit

DEFERRED ANNUITIES UPDATE

In a deferred annuity your premium is credited with a fixed interest rate (see **Current Rate** column). The length of time for which this rate is guaranteed is shown in the **Yield Guar. Period** column. Almost all annuities set a minimum or floor rate below which the annual interest rate is guaranteed never to drop (see **Guar. Rate**). There are two basic methods by which insurance companies set renewal rates once the current rate period ends (see **Rnwl Mthd** column). **P** stands for "Portfolio Method," which means that renewal rates for old monies (i.e. existing annuities) are the same as the rates being credited on new monies. **I** stands for "Investment Year" method (aka "Banded" or "Bucket" meth-

od). This means that renewal rates are set at different rates for monies received at different times. Old monies (i.e. existing annuities) may earn higher or lower rates than new annuities. Some insurers offer protection against low renewal rates with a feature known as a "Bailout" or "Escape" rate (see Table 3 column with **Bailout Escape Rates** heading). The column headed **Surrender Fees / Year** reports the penalties in effect for the sample years indicated. **20 Yr Proj. Cash Accum. Based on Curr. Rate** indicates what the value of the contract would be after twenty years, assuming that the initial credit rate remained constant over the entire period and no withdrawals

were made. The 20-Year Projected Cash Accumulation figures are based a single deposit of \$100,000 (for SPDAs and Certificates of Annuity) or 20 annual deposits of \$10,000 each (for FPDAs) in qualified funds on behalf of a 45 year-old male who annuitizes his account value on a Single Life income after 20 years (age 65). Quotes include all fees and commissions but not premium taxes, if applicable. The column **Mo. Income per \$1,000 M 65 Life Only** shows each company's current conversion rates per \$1,000 of account value for a male age 65. Divide accumulated account value by 1000 and multiply by the monthly factor to arrive at projected monthly income after 20 years deferral.

Table 3. Single Premium Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Current (Guar.) Rate (Rate)	Rnwl Mthd	Yield Guar. Period	Bail-out Escape Rate	Surrender Fees/Year 1 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo. Incon per \$1,000 M 65 Life Only
Amer. Heritage	SPDA 2	0-75	6.50% (5.0%)	I	1 Year	6.50%	7% 1%	\$352,365	\$7.62
Amer. Investors	SPDA I	0-85	7.50% (4.0%)	I	1/14/96	5.00%	10% 7%	\$276,185	\$7.73
Chubb Sovereign	SPDA	0-80	6.00% (4.5%)	I	1 Year	5.00%	7% 1%	\$320,714	\$7.88
Life/Southwest	SPA 1	0-80	5.40% (3.0%)	I	1/15/96	4.40%	7% 0%	\$286,294	\$7.49
Lincoln Security	SPDA-1	0-85	5.70% (4.0%)	na	1 Year	4.70%	na na	\$303,040	\$8.17
Mass. General	General II	0-80	6.00% (3.0%)	I	1 Year	4.50%	14% 8%	\$320,714	\$6.69
New England	Asset Builder	0-75	5.25% (3.0%)	I	1 Year	3.75%	7% 1%	\$278,254	\$7.09
Presidential Life	SPDA II	0-85	5.65% (5.5%)	I	1 Year	5.5%	7% 1%	\$300,186	\$7.51
Provident Mutual	SPDA I	0-75	6.30% (3.00%)	I	2 Yrs	5.30%	7% 1%	\$339,364	\$7.71
Reliance Standard	SPDA	0-78	5.50% (4.50%)	P	1 Year	4.00%	7% 3%	\$307,523	\$8.97
Secur. CT Life	SPDA I	0-85	5.70% (4.0%)	na	1 Year	4.60%	na na	\$303,040	\$8.25
Secur. Mutual/NY	SPDA	0-80	6.25% (4.5%)	P	1 Year	na	4% 0%	\$336,185	\$8.11
Standard Insurance	SPDA	0-80	5.65% (3.0%)	I	1 Year	3.65%	7% 1%	\$300,186	\$7.96
Union Central Life	SPDA 2000	0-85	6.80% (4.0%)	I	1 Year	5.80%	7% 0%	\$372,756	\$8.28

Survey period: May 3, 1994 thru May 6, 1994

DEFERRED ANNUITIES UPDATE

Table 4. Single Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Surrender Fees/Year 1 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo. Income per \$1,000 M 65 Life Only
American Investors	SPDA VII-D	0-85	8.25%	(4.0%)	I	1 Year	10% 4%	\$273,542	\$7.73
Amer. Life & Casualty	SPDA 8	0-85	6.50%	(3.0%)	P	1 Year	10% 3%	\$294,541	\$7.47
Canada Life Assur	Security 1	0-80	5.85%	(4.0%)	I	1 Year	7% 2%	\$311,758	\$8.22
Central Nat'l of Omaha	SPDA III	0-80	5.65%	(4.0%)	P	1 Year	8% 2%	\$300,183	\$7.62
Columbia Universal	Pres Choice	0-85	7.40%	(4.5%)	I	1 Year	8% 0%	\$349,056	\$8.41
Columbian Mutual	Vintage	0-100	6.50%	(3.0%)	I	1 Year	8% 2%	\$352,364	\$6.69
Commercial Union	Maximizer I	0-85	6.25%	(3.0%)	I	1 Year	6% 0%	\$293,850	\$8.48
Delta Life & Annuity	SPDA psII	0-99	6.15%	(4.0%)	P	1 Year	6% 3%	\$352,365	\$7.95
Federal Home Life	SPDA II	0-80	6.70%	(4.0%)	I	1 Year	7% 1%	\$365,838	\$8.32
Federal Home Life	Premier Ann.+	0-80	7.00%	(4.0%)	I	1 Year	9% 2%	\$295,924	\$8.32
Federal Kemper Life	Exclusive Two	0-85	6.50%	(3.0%)	I	1 Year	8% 0%	\$352,365	\$7.57
Federal Kemper Life	Kemper Capital	0-85	5.50%	(3.0%)	I	2 Years	7% 0%	\$291,776	\$7.57
Fidelity & Guar. LIC	Optimum	0-85	5.65%	(3.0%)	I	1 Year	5% 0%	\$303,277	\$7.85
Fidelity & Guar. LIC	Intrepid	0-85	5.50%	(3.0%)	I	1 Year	2.75% 0%	\$291,776	\$7.85
Financial Benefit	Champion	0-75	7.50%	(3.0%)	I	1 Year	15% 7%	\$424,785	\$6.69
Financial Benefit	Bonus Champ.	0-75	8.50%	(3.0%)	I	1 Year	15% 7%	\$511,204	\$6.69
Financial Benefit	Sr. Advantage	0-100	6.50%	(3.0%)	I	1 Year	8% 2%	\$352,364	\$6.69
Fort Dearborn	Asset Fortifier 5	0-85	6.00%	(4.0%)	P	1 Year	8% 0%	\$244,633	\$7.22
Golden Rule (q)	Pension + 1	20-70	6.15%	(3.0%)	I	1 Year	8% 2%	\$329,913	\$8.09
Golden Rule (q)	Pension + 2	20-80	6.15%	(3.0%)	I	1 Year	8% 3.5%	\$329,913	\$8.09
Golden Rule	Foundation	0-85	6.35%	(3.0%)	I	1 Year	8% 4%	\$342,570	\$8.09
Golden Rule	Premier Advtg	0-75	6.65%	(3.0%)	I	1 Year	7% 0%	\$331,467	\$8.09
Golden Rule	Auto Withdrwl	0-80	6.15%	(3.0%)	I	1 Year	8% 2%	\$329,913	\$8.09
Golden Rule	Ultimate Bonus	0-70	9.15%	(3.0%)	I	1 Year	8% 2%	\$339,237	\$8.09
Golden Rule	Classic Bonus	0-70	7.15%	(3.0%)	I	1 Year	8% 2%	\$333,021	\$8.09
Golden Rule	Elite Bonus	0-70	8.15%	(3.0%)	I	1 Year	8% 2%	\$336,129	\$8.09
Great American	SP 10-2	0-85	7.25%	(4.0%)	I	2 Years	10% 4%	\$405,458	\$8.27
Great American	GTSA VI-SS	18-65	6.25%	(4.0%)	I	none	12% 6%	\$386,613	\$8.27
Jackson National	Bonus Max One	0-75	6.49%	(3.0%)	I	1 Year	9% 3%	\$351,556	\$7.99
Keyport	Keyannuity 1Yr	0-85	6.00%	(3.5%)	I	1 Year	7% 0%	\$320,714	\$7.60
Keyport	Keyannuity 3Yr	0-85	5.75%	(3.5%)	I	3 Years	7% 0%	\$305,920	\$7.60
Life/Southwest	SPA 1	0-80	5.65%	(3.0%)	I	1/15/96	7% 0%	\$300,185	\$7.49
Lincoln Security	SPDA 1	0-85	6.20%	(4.0%)	I	1 Year	- -	\$333,035	\$8.17
Manhattan Nat'l LIC	Lifestream	-	5.00%	(5.0%)	I	1 Year	7% 0%	-	-
Midwestern National	Flex. Retire.	0-80	6.25%	(4.5%)	P	na	6% 1%	\$336,185	\$6.97
National Guardian	SPDA	0-85	5.80%	(4.0%)	P	1 Year	7% 1%	\$308,826	\$8.39
Penn Mutual	Diversifier II	0-85	6.40%	(4.0%)	-	7 Years	7% 1%	\$210,523	\$8.39
Penn Mutual	Diversifier II	0-85	6.25%	(4.0%)	-	5 Years	7% 1%	\$206,989	\$8.39
Penn Mutual	Diversifier II	0-85	5.50%	(4.0%)	-	3 Years	7% 1%	\$190,121	\$8.39
Penn Mutual	Diversifier II	0-85	5.25%	(4.0%)	-	1 Year	7% 1%	\$184,784	\$8.39
Presidential	SPDA	0-85	6.05%	(5.5%)	I	1 Year	7% 1%	\$323,753	\$7.51
Principal Finan. Grp.	SPDA	0-95	6.20%	(3.0%)	I	1 Year	6% 2%	\$333,035	\$7.98
Principal Finan. Grp.	SPDA+	0-95	7.05%	(3.0%)	I	1 Year	6% 2%	\$326,806	\$7.98
Provident Mutual	SPDA III	0-75	6.55%	(3.0%)	I	2 Years	3% 3%	\$355,688	\$7.71
Provident Mutual	SPDA IV	0-75	7.25%	(3.0%)	I	2 Years	5% 5%	\$405,458	\$7.71
SAFECO (q)	QPA III Plus	0-75	7.00%	(4.25%)	-	6-12 mos.	9% 4%	\$309,536	\$6.99
SAFECO (q)	QPA V Plus	0-75	6.90%	(3.00%)	-	6-12 mos.	8% 2%	\$303,737	\$6.99
Savings Bank LIC/MA	LifeSaver	0-80	5.50%	(4.0%)	I	1 Year	7% 1%	\$291,775	\$7.21
Security Benefit	Security Prem.	0-80	6.75%	(3.5%)	I	1 Year	8% 0%	\$308,813	\$6.85
Security Benefit	Security Prov.	0-80	5.75%	(3.5%)	I	1 Year	9% 0%	\$305,920	\$6.85

Survey period: May 3, 1994 thru May 6, 1994

DEFERRED ANNUITIES UPDATE

Table 4. Cont'd. Single Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Surrender Fees/Year 1 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo. Income per \$1,000 M 65 Life Only
continued...									
Security Conn. (q)	SPDA-I	0-85	6.20%	(4.0%)	I	1 Year	7% 0%	\$333,035	\$8.25
Southwestern Life	Income Prov.+	0-85	6.35%	(4.0%)	I	2 Years	10% 7%	\$288,999	\$7.53
Sun LIC of America	Century 200+	0-80	5.75%	(4.0%)	I	1 Year	2.88% 2.88%	\$305,920	\$7.93
Sun LIC of America	Century 500+	0-80	6.25%	(4.5%)	I	1 Year	7% 3%	\$336,186	\$7.93
Travelers	T-Flex	0-85	5.75%	(3.5%)	I	1 Year	7% 0%	\$278,254	\$7.30
Union Central LIC	SPDA 2000	0-85	7.05%	(4.0%)	I	1 Year	7% 0%	\$390,601	\$8.28
Union Central LIC	SPDA 2000	0-85	6.75%	(4.0%)	I	3 Years	7% 0%	\$369,282	\$8.28
Union Central LIC	SPDA 2000	0-85	6.45%	(4.0%)	I	6 Years	7% 0%	\$349,071	\$8.28
United Companies	Maxsaver 2	0-80	5.60%	(3.0%)	P	1 Year	8% 0%	\$297,357	\$7.57
United Services	Index	0-85	6.50%	(4.0%)	I	1 Year	9% 3%	\$322,226	\$7.79
Western National	SPDA +II	0-85	6.00%	(4.0%)	I	1 Year	7% 0%	\$320,714	\$7.88
Western United	Unimax III	0-84	6.25%	(4.5%)	P	1 Year	5% 3%	\$336,185	\$7.31

Survey period: May 3, 1994 thru May 6, 1994

Table 5. Single Premium Certificates of Annuity With Free Surrender Every Anniversary Date*

Reporting Companies	Policy Name	Issue Age	Current Rate	Yield Guarantee Period	Surrender penalties by Year								
					1	2	3	4	5	6	7	8	9
Columbia Universal	Your Choice	0-100	4.60%	3 mos.	2%	2%	2%	2%	2%	2%	2%	2%	2%
Federal Home Life	SPDA Preferred	0-80	5.10%	1 Year	7%	6%	5%	4%	3%	2%	1%	-	-
Jackson National	Annual Renew	-	3.75%	-	5%	4%	3%	2%	1%	-	-	-	-
Provident Mutual	Asset Accumul.	0-75	4.97%	1 Year	3%	3%	3%	3%	3%	3%	3%	2%	1%
Western United	CD-MAX I	0-84	5.00%	1 Year	2%	.25%	.25%	-	-	-	-	-	-
Western United	TD-CD	0-84	5.00%	1 Year	2%	-	-	-	-	-	-	-	-
Xerox Finan. Svcs	Acct4Keeps I	0-84	4.50%	1 Year	2%	1%	1%	1%	1%	1%	1%	1%	1%

*Entire value of contract may be surrendered without penalty on each anniversary date
Survey period: May 3, 1994 thru May 6, 1994

Table 6. Single Premium Certificates of Annuity Without Surrender Charges on Maturity Date

Reporting Companies	Policy Name	Issue Age	Current Rate	Yield Guar. Period	Surrender penalties by Year									
					1	2	3	4	5	6	7	8	9	10
Crown Life #	SPDA	0-75	7.20%	10 Years	9.0%	8.1%	7.2%	6.3%	5.4%	4.5%	3.6%	2.7%	1.8%	0.9%
Crown Life #	SPDA	0-75	7.05%	9 Years	9.0%	8.0%	7.0%	6.0%	5.0%	4.0%	3.0%	2.0%	1.0%	-
Crown Life #	SPDA	0-75	6.80%	8 Years	8.4%	7.4%	6.3%	5.3%	4.2%	3.2%	2.1%	1.1%	-	-
Crown Life #	SPDA	0-75	6.55%	7 Years	8.4%	7.2%	6.0%	4.8%	3.6%	2.4%	1.2%	-	-	-
Crown Life #	SPDA	0-75	6.35%	6 Years	8.4%	7.0%	5.6%	4.2%	2.8%	1.4%	-	-	-	-
Crown Life #	SPDA	0-75	6.20%	5 Years	8.0%	6.4%	4.8%	3.2%	1.6%	-	-	-	-	-
Delta Life & Annuity	SP Guar. Ann.	0-99	6.55%	5 Years	3%	3%	3%	3%	3%	3%	-	-	-	-
Delta Life & Annuity	SP Guar. Ann.	0-99	6.25%	4 Years	3%	3%	3%	3%	3%	-	-	-	-	-
Delta Life & Annuity	SP Guar. Ann.	0-99	6.00%	3 Years	3%	3%	3%	3%	-	-	-	-	-	-
Delta Life & Annuity	SP Guar. Ann.	0-99	5.65%	2 Years	3%	3%	-	-	-	-	-	-	-	-
United Services	Cert/Annuity	0-85	5.25%	5 Years	na	na	na	na	-	-	-	-	-	-
United Services	Cert/Annuity	0-85	4.50%	3 Years	na	na	na	na	-	-	-	-	-	-
Western United	CD-Max III	0-84	5.50%	3 Years	2%	2%	2%	-	-	-	-	-	-	-
Western United	CD-Max V	0-84	6.00%	5 Years	5%	5%	5%	5%	5%	-	-	-	-	-
Xerox Finan. Svcs	Acct4KeepsVII	0-85	5.70%	7 Years	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Xerox Finan. Svcs	Acct4KeepsV	0-80	5.60%	5 Years	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Xerox Finan. Svcs	Acct4KeepsIII	0-82	5.00%	3 Years	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

Additional surrender charges (e.g. "Market Value Adjustment") may further reduce cash value on surrender before contract maturity.
Survey period: May 3, 1994 thru May 6, 1994

DEFERRED ANNUITIES UPDATE

Table 7. Flexible Premium Deferred Annuities - With Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Bail-out Escape Rate	Surrender Fees/Year 1 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo.Income per \$1,000 M 65 Life Only
Security Mutual	Flex-Plus	0-80	6.0%	(4.5%)	P	12 mos.	na	7% 4%	\$389,927	\$8.11
Standard Insurance Co	FPDA	0-80	5.39%	(3.5%)	I	1 Year	3.50%	7% 3%	\$363,197	\$7.96
Union Central LIC	GRA-4	0-85	6.54%	(-)	I	1 Year	na	5% 0%	\$453,266	\$8.28
United Services LIC	Conservation	0-85	6.25%	(3.0%)	I	1 Year	3.50%	7% 0%	\$356,947	\$7.79

Survey period: May 3, 1994 thru May 6, 1994

Table 8. Flexible Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Surrender Fees/Year 1 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo.Income per \$1,000 M 65 Life Only
American Heritage	FPA 3	0-80	6.50%	(4.0%)	I	na	8% 3%	\$413,490	\$7.62
American Investors	Alliance I	0-85	7.10%	(3.5%)	I	1 Year	12% 6%	\$272,183	\$7.42
American Life & Cas.	FPDA-8	0-85	7.60%	(3.0%)	P	1 Year	12% 6%	\$372,722	\$7.47
Central Nat'l/Omaha	FPDA I	0-80	6.80%	(4.0%)	P	1 Year	9% 3%	\$381,218	\$7.62
Central Nat'l/Omaha	Big Flex 6	0-80	6.75%	(4.0%)	-	1 Year	6% 0%	\$379,005	\$7.62
Columbia Universal	FPDA II	0-75	5.75%	(4.5%)	P	1 Year	10% 2%	\$378,713	\$8.41
Commercial Union	Maximizer II	0-85	5.00%	(3.0%)	I	1 Year	9% 0%	\$347,193	\$8.48
Delta Life & Annuity	Flex No Load	0-99	5.65%	(4.0%)	P	1 Year	8% 4%	\$389,469	\$7.95
Delta Life & Annuity	Flex Front Load	0-99	6.15%	(4.0%)	P	1 Year	4% 0%	\$396,909	\$7.95
Empire LIC	Flexible	0-85	5.25%	(3.0%)	I	1 Year	8.1% 2.7%	\$357,358	\$8.21
Federal Home Life	Premier Ann.+	0-80	7.00%	(4.0%)	I	1 Year	9% 2%	\$368,276	\$8.32
Federal Home Life	Flexi III	15-75	6.00%	(4.0%)	I	1 Year	10% 0%	\$389,927	\$8.32
Federal Kemper	Collector	0-85	6.50%	(3.0%)	I	2 Years	10% 6%	\$352,365	\$7.57
Kemper Investors LIC	All Savers	0-85	5.50%	(3.0%)	I	2 Years	6% 1%	\$291,776	\$7.57
Fort Dearborn LIC	Forti-Flex	0-85	5.00%	(5.0%)	P	1 Year	5% 0%	\$347,193	\$7.22
General American	Flex 2	0-79	5.70%	(4.0%)	P	-	7% 0%	\$376,403	\$7.11
Golden Rule	Flex-Vantage	0-60	7.15%	(3.0%)	I	1 Year	9% 4%	\$376,065	\$8.09
Golden Rule	Consum. Choice	0-60	6.65%	(3.0%)	I	1 Year	5% 0%	\$394,623	\$8.09
Great American (q)	TSA IV (A104)	18-65	7.25%	(3.0%)	I	-	20% 0%	\$451,867	\$8.27
Great American	GALIC 2003	0-65	6.25%	(4.0%)	I	-	5% 0%	\$401,515	\$8.27
Investors Insur.Corp.	American Ann.	0-85	7.50%	(3.0%)	P	1 Year	9% 3%	na	\$7.27
Investors Insur.Corp.	Guaran.(Bonus)	0-85	10.0%	(3.0%)	P	1 Year	15% 7%	na	\$7.27
Jackson National	Flex I	0-70	6.31%	(3.0%)	I	1 Cal Yr.	12% 3%	\$404,215	\$7.99
Life/Southwest	Flex 3000	0-80	7.00%	(3.0%)	I	1 Year	7% 1%	\$393,605	\$7.49
Midwestern National	Flex Retire.	0-80	6.25%	(4.5%)	P	na	6% 1%	\$401,515	\$6.97
National Guardian	FPDA	0-80	5.05%	(4.0%)	P	6 mos.	10% 4%	-	\$8.39
National Heritage	Income Altern.	0-90	5.70%	(3.5%)	I	1 Year	10% 3%	\$376,514	\$7.79
National Heritage	Income Altern. B	0-90	6.70%	(3.5%)	I	1 Year	10% 4%	\$376,801	\$7.79
National Heritage	Wealth Builder	0-90	5.90%	(3.5%)	I	1 Year	10% 3%	\$385,398	\$7.79
National Heritage	Wealth Bldr. B	0-90	6.90%	(3.5%)	I	1 Year	10% 4%	\$385,695	\$7.79
New England Mutual	FRA+	0-75	4.50%	(3.0%)	I	1 Year	10% 4%	\$327,831	\$7.09
Penn Mutual	Diversif. II	0-85	6.40%	(4.0%)	-	7 Years	7% 2.5%	\$408,653	\$8.39
Penn Mutual	Diversif. II	0-85	6.25%	(4.0%)	-	5 Years	7% 2.5%	\$401,515	\$8.39
Penn Mutual	Diversif. II	0-85	5.50%	(4.0%)	-	3 Years	7% 2.5%	\$367,861	\$8.39
Penn Mutual	Diversif. II	0-85	5.25%	(4.0%)	-	1 Year	7% 2.5%	\$357,358	\$8.39
Presidential	FPDA	0-85	5.95%	(5.5%)	I	12/31/94	7% 4%	\$387,655	\$7.51
Presidential (q)	TSA-LOAN	0-85	6.05%	(5.5%)	I	12/31/94	7% 4%	\$392,214	\$7.51
Principal Finan. Grp.	FPDA	0-85	6.05%	(4.0%)	I	1 Year	7% 3%	\$392,037	\$7.98
Provident Mutual	LTD II	0-75	6.90%	(3.0%)	I	1 Year	13% 7%	\$433,486	\$7.71
Reliance Standard	FPDA II	0-78	6.00%	(4.5%)	P	1 Year	7% 7%	\$779,855	\$8.97
SAFECO (q)	OPA III	0-75	5.75%	(4.25%)	I	6-12 mos	9% 4%	\$378,713	\$6.99
SAFECO (q)	OPA V	0-75	5.65%	(3.00%)	I	6-12 mos	8% 2%	\$347,330	\$6.99
Security Benefit	Security Mark	0-75	5.75%	(3.5%)	I	-	8% 2%	\$359,948	\$6.85
Southwestern.LIC	Flex-Rite	0-75	5.60%	(4.0%)	P	-	7% 2%	\$389,090	\$7.53

Survey period: May 3, 1994 thru May 6, 1994

DEFERRED ANNUITIES UPDATE

Table 8. Cont'd. Flexible Premium Deferred Annuities - Without Bailout

Reporting Companies	Policy Name	Issue Ages	Current Rate	(Guar.) (Rate)	Rnwl Mthd	Yield Guar. Period	Surrender Fees/Year 1 7	20 Yr Proj. Cash Accum. Based On Curr. Rate	Mo. Income per \$1,000 M 65 Life Only
USAA LIC (q)	Qualified	0-70	5.65%	(4.5%)	-	1 mo.	\$150 \$25	\$385,397	\$7.79
USAA LIC (nq)	FPDA	0-80	5.25%	(3.5%)	P	1 mo.	10% 0%	\$400,501	\$7.79
United Cos. Life	Advantage	0-80	7.00%	(3.0%)	P	1 Year	9% 3%	\$418,391	\$7.57
United Services	USLICO Annuity	0-85	6.00%	(4.0%)	I	1 Year	10% 4%	\$356,107	\$7.79
United Services	Flex Seven	0-85	6.25%	(4.0%)	I	1 Year	10% 2%	\$356,947	\$7.79
United Services	Flex Pay	0-85	6.00%	(4.0%)	I	1 Year	9% 4%	\$356,107	\$7.79
Western National (q)	FPDA Plus II	0-85	6.50%	(4.0%)	I	none	8% 2%	\$413,490	\$7.88
Western National (q)	FPDA Plus	0-85	6.25%	(4.0%)	I	none	6% 0%	\$401,515	\$7.88
WM Life Ins. Co.	FPA	0-85	5.25%	(3.0%)	I	1 Year	8.1% 2.7%	\$357,358	\$8.21
Western United	Uniflex III	0-84	6.00%	(4.5%)	P	1 Year	5% 3%	\$389,927	\$7.31

Survey period: May 3, 1994 thru May 6, 1994

SPLIT ANNUITIES UPDATE

Split annuities (also called Combination annuities) are essentially a hybrid product combining the features of a Certificate of Annuity (Table 6) and a Period Certain immediate annuity (Tables 1c & 2c). These annuities provide immediate cash-flow and a guarantee that the initial purchase amount is returned at the end of a specified period of time (in Table 9 below, at the end of 5 years and 7 years). The figures in Table 9 are based on an

investment of \$100,000. Column headed "Annual Interest Rate" indicates the rate earned on the deferred portion of the split annuity for the life of the contract (either five or seven years as illustrated). "Deferred Annuity Premium" column gives the amount of the original investment that is allocated to the deferred annuity portion of the contract. This is the amount set aside for the deferred annuity to grow back to the full amount of the

original investment. Column headed "Monthly Income Amount" lists the monthly income which is generated by the immediate annuity portion of the contract and payable each month until the contract matures (either 5 or 7 years). "Income Annuity Premium" column reports the amount of the original investment which is allocated to the immediate annuity portion of the contract.

Table 9. Split ("Combination") Immediate and Deferred Annuities

Reporting Companies	Policy Name	Issue Ages	5 Year Maturity Rates				7 Year Maturity Rates			
			Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium	Annual Interest Rate	Deferred Annuity Premium	Monthly Income Amount	Income Annuity Premium
Amer. Life & Cas.	Split Annuity	0-90	na	na	na	na	na	na	na	na
Col. Universal	Combo	0-85	6.60%	\$72,649	\$529.76	\$27,351	6.40%	\$69,202	\$427.67	\$30,798
Empire Life	FPA	0-85	3.45%	\$84,417	\$288.11	\$15,583	6.54%	\$64,172	\$525.56	\$35,828
Federal Home	SPDA II/SPIA	0-80	na	na	na	na	3.32%	\$79,571	\$285.01	\$20,429
Lincoln Secur.	SPDA I	0-85	6.20%	\$76,093	\$444.00	\$23,907	6.50%	\$65,001	\$472.13	\$34,999
							6.20%	\$65,634	\$486.00	\$34,366
Midwest. Nat'l	Split Annuity	0-80	4.50%	\$81,801	\$317.84	\$18,199	4.50%	\$73,556	\$347.59	\$26,444
Penn Mutual	Diversifier II	0-85	na	na	na	na	6.40%	\$64,775	\$496.44	\$35,225
Presidential (nq)	Combi-nuity	0-85	5.50%	\$76,513	\$425.49	\$23,486	na	na	na	na
Prov. Mutual	SPDA II/SPIA	0-75	5.80%	\$75,257	\$434.66	\$24,743	na	na	na	na
Security CT	SPDA I	-	6.20%	\$76,093	\$448.00	\$23,907	na	na	na	na
							6.20%	\$65,634	\$491.00	\$34,366
Security CT	Classic	-	8.10%	\$76,461	\$441.00	\$23,539	8.10%	\$66,657	\$476.00	\$33,343
Travelers		0-85	6.20%	\$74,025	\$459.48	\$25,975	6.45%	\$64,563	\$478.07	\$35,437
United Svcs	Split	0-85	5.25%	\$77,426	\$416.30	\$22,574	na	na	na	na
WM Life	FPA	0-85	3.45%	\$84,417	\$288.11	\$15,583	3.32%	\$79,571	\$285.01	\$20,429

Survey period: May 3, 1994 thru May 6, 1994.

VARIABLE ANNUITIES UPDATE

Most of the features described earlier in the Fixed Annuities section also apply to Variable Annuities (VAs), with just a few exceptions. Like a fixed annuity, a VA is designed to increase the value of your deposit on a tax-deferred basis. However, VAs offer many more investment options (see column headed "Types of Accounts") not available in single-account fixed annuities.

With a variable annuity you can diversify your risk by investing in several mutual-fund type separate accounts or in the VA's general interest account (GIA), which affords the same advantages as are currently available in the fixed general account. Transfers can usually be directed from this fixed account to the various

"mutual-fund" type accounts. The "Yield Guar. Period" column lists the period for which the initial GIA rate remains unchanged. "Surrender Fees/Year" column reports the withdrawal penalties in effect in the sample years indicated. "Total Assets \$ Mil" gives in millions of dollars the total amount of assets under management (excluding funds in fixed general accounts). "# of Accts" indicates the number of separate accounts that represent different investment options from which to choose.

In the PERFORMANCE TABLES "Accum. Unit Value" reports the dollar value per share of fixed-income type account. This figure represents the actual return to the investor and is net of all

management fees and insurance expenses. "YTD" reports the year-to-date rate of return for the account listed. "1 Yr" reports the 1 year rate of return for the account listed. "3 Yr" reports the cumulative 3-year rate of return for the account listed. "5 Yr" reports the cumulative 5-year rate of return for the account listed.

Note: Many companies offer more than one variable annuity contract. Often, different contracts will offer many of the same optional accounts; yet the investment returns may show slight variations. This difference reflects the fact that separate variable annuity contracts may have different fee structures.

Table 10a. Variable Annuities - Contract Features

Reporting Companies		Policy Name	Total Assets \$ Mil	# of Accts	Types of Accounts (see Legend)			Fixed Acct Rate	Yield Guar. Period	Surrender Fees/Year 1 7	
Ameritas		Overture II	na	13	AA,AG,B,CA,EI,FI,G,I,MM,SI			4.50%	1 Year	6%	0%
Anchor National		ICAP II	\$1.668	15	AA,AG,B,CA,EI,FI(2),G,GS,I			4.75%	1 Year	5%	0%
Canada Life		Varifund	\$ 34	9	AA,B,CA,EI,FI(2),G(2),I,MM			5.60%	1 Year	6%	0%
Connecticut Mutual		Panorama Plus	na	4	AA,FI,G,MM			na	na	5%	4%
Fortis Benefits		Masters Annuity	\$1.138	5	AA,B,FI,G,GS,MM			4.00%	1 Year	7%	1%
General American		Individual Variable	\$ 210	8	B,EI,FI,G(2),I,MM,SI			5.70%	1 Year	9%	3%
General American		Global Allocator	\$ 119	10	EI,FI,G,I(3),MM,S			4.90%	3 Yrs	6%	0%
Guardian Life		Investor	na	7	B,FI,G(2),I,MM,RP			5.00%	1 Year	6%	1%
Jefferson Pilot		Variable Annuity	\$ 102	3	FI,G,MM			no fixed	account		
John Hancock		Accomodator 2000	na	7	AG,FI(2),G,I,MM,RP			4.65%	1 Year	8%	6%
Kemper Investors		Advantage III (NQ)	\$3.055	6	EI,FI,G,GS,I,MM			5.00%	1 Year	6%	0%
Keyport Life		Preferred Advisor	\$ 806	10	AA,AG,CA,G,B,EI,G,GS,MM			4.00%	1 Year	7%	1%
Lincoln National		Multi-Fund III	\$5.689	12	AG(2),B(2),CA,FI,G,GS,I,MM,SA			na	1 Year	7%	0%
Manulife Financial		Variable Annuity	\$ 214	6	AG,B,EI,FI,G,MM,RP			4.00%	1 Year	8%	1%
Metropolitan		Preference +	na	7	AG,B(3),G,I,SI			4.75%	1 Year	7%	1%
Nationwide		Best of America IV	\$4.776	22	AA,AG,B,CA,G,GS,FI,GS,I,EI,SA,SI			na	1 Year	7%	1%
New England Mutual		Zenith Accumulator	\$ 710	9	AG,B,EI,FI,G,I,MM,SI			4.50%	1 Year	6.5%	3.5%
Ohio National		TOP	\$ 148	5	B,FI,G,I,MM			5.50%	Cal.Yr.	7.8%	7.8%
Pacific Mutual		Select	\$ 189	9	B,EI,FI(2),G,GS,I,MM,SI			4.25%	1 Year	6%	0%
Penn Mutual		Diversifier II	\$ 392	10	B(2),EI,FI(3),G(2),I,MM			6.25%	5 Years	7%	1%
Phoenix Home Life		Big Edge Plus	\$ 652	6	AA,B,FI,G,I,MM			4.25%	1 Year	5%	0%
Provident Mutual		Market Street VIP/2	\$ 47	16	AG,B,EI,FI,G,I,SI			na	Cal.Yr.	6%	0%
Prudential		Discovery Plus	\$1.429	12	AG,EI(2),FI(3),G(2),I,MM,RP,SI			4.00%	3 Yrs	7%	0%
SAFECO		Resource Var.Acct.B	\$ 41	7	B,EI,FI,G,I,MM,S			na	na	9%	4%
SAFECO		Spinnaker	\$ 0.60	7	B,EI,FI,G,I,MM,S			5.65%	na	8%	2%
SAFECO		Spinnaker Plus	\$ 0.63	7	B,EI,FI,G,I,MM,S			6.85%	na	8%	2%
Security Benefit		Variflex	\$1.318	7	AG,B,FI,G,MM,I,SA			5.75%	na	8%	2%
State Mutual		Exec.Annuity+	na	12	AG,EI(3),FI(3),G(3),I,MM			5.25%	1 Year	na	na
SunLife/Canada		Regatta Gold	na	8	B,CA,FI,G,GS,I,MM,S			4.15%	5 Yrs	6%	3%
Travelers		Universal Annuity	\$2.100	23	AA,AG,B,CA,EI,FI,G,GS,I,MM,SI			4.25%	1 Year	5%	0%
Union Central		Variable Annuity	\$ 229	6	AA,CA,FI,G,I,MM			6.55%	1 Year	7%	2%
Xerox Finan. Svcs.		Performance	\$ 350	6	AA,EI(2),FI(2),MM,SI			5.00%	Cal.Yr.	5%	0%
AA	Asset Allocation	CA	Capital Apprec.	G	Growth	MM	Money Market	SA	Social Awareness		
AG	Aggressive Growth	EI	Equity/Income	GS	Govt Securities	RP	Real Property	SI	Stock Index		
B	Balanced	FI	Fixed Income	I	International	S	Sectors				
na= data not available											

VARIABLE ANNUITIES UPDATE

Table 10b. Variable Annuities - Bond (Fixed Income), Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/94			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas/Overture II/High Income	\$18.83	na	-0.6%	11.0%	19.9%	11.6%
Anchor National/ICAP II/Govt.-Qual. Bond	\$22.83	\$188.50	-3.4%	-0.5%	6.9%	8.7%
Canada Life/Varifund/Bond Series	\$13.24	\$ 5.40	-3.3%	1.3%	7.4%	na
Connecticut Mutual/Panorama/Income	\$ 1.13	na	-3.6%	1.8%	na	na
Fortis Benefits/Masters/Diversified Income	\$ 1.55	\$102.20	-4.1%	1.8%	7.7%	8.6%
General American/Individual Variable/Bond Index	\$15.21	\$ 3.50	-3.6%	1.0%	7.3%	7.9%
General American/G.T.Global Allocator/U.S. Govt. Income	\$11.94	\$ 1.00	-5.3%	0.4%	na	na
Guardian Life/Investor/Bond	\$13.79	na	-2.5%	1.6%	8.1%	9.0%
Jefferson Pilot/Separate Account A/Income Fund (NQ)	\$33.69	na	-4.3%	0.3%	8.0%	11.7%
John Hancock/Accommodator 2000/Bond	\$16.59	na	-2.8%	2.1%	8.3%	8.8%
Kemper Investors/Advantage III/High Yield	\$ 4.13	\$220.00	-5.2%	8.4%	18.6%	9.5%
Keyport Life/Preferred Advisor/Managed Income	\$10.31	\$ 49.50	-3.7%	1.1%	na	na
Lincoln National/Multi Fund III/Bond	\$ 3.64	\$220.20	-3.8%	2.2%	9.0%	9.3%
Manulife Financial/Account II/Cap. Gwth. Bond	\$16.29	na	-3.8%	1.0%	7.5%	8.4%
Metropolitan/Preference Plus/Income	\$13.88	na	-2.7%	2.6%	8.5%	na
Nationwide/Best of America IV/Fidelity Hi Income	\$18.75	\$147.70	-0.6%	10.9%	19.8%	11.5%
New England Mutual/Zenith Accumulator/Bond Income	\$ 2.57	\$110.20	-3.4%	2.2%	9.2%	9.3%
Ohio National/TOP Annuity Account B/Bond (NQ)	\$19.50	na	-3.7%	0.7%	7.0%	7.7%
Pacific Mutual/Select Variable Annuity/Managed Bond	\$14.13	\$ 24.94	-3.0%	3.3%	10.4%	11.1%
Penn Mutual/Diversifier II/Hi Yield Bond	\$24.59	\$ 32.70	-0.6%	9.7%	16.7%	9.6%
Phoenix Home Life/Big Edge Plus/Bond	\$ 2.78	na	-4.2%	4.1%	10.4%	8.8%
Provident Mutual/Market St. VIP 2/Market St. Bond	\$465.03	\$ 1.33	-17.1%	-0.6%	6.1%	6.6%
Prudential/Discovery Plus/Bond	\$ 2.46	na	-3.1%	1.4%	7.9%	8.9%
SAFECO/Resource Variable Account B/Bond	\$15.70	\$ 4.15	-3.4%	0.7%	7.1%	7.6%
SAFECO/Spinnaker/Bond	\$15.68	\$.06	-3.5%	0.6%	7.1%	7.6%
SAFECO/Spinnaker Plus/Bond	\$15.70	na	-3.4%	0.7%	7.1%	7.6%
Security Benefit/Variflex/Hi Grade Income	\$19.53	\$116.00	-4.8%	0.5%	8.1%	8.6%
State Mutual/Exec. Annuity Plus/Fidelity Hi Income	\$ 1.50	na	-0.6%	10.8%	19.7%	11.4%
Sun Life Canada/Regatta Gold/Gov't Securities	\$11.36	na	-2.9%	0.4%	na	na
Travelers/Universal Annuity/Fidel. Hi Income	\$ 1.35	na	-1.7%	9.2%	18.2%	11.7%
Union Central/Carrillon Acct/Carillon Bond	\$20.56	\$ 10.96	-2.0%	3.4%	8.9%	9.1%
Xerox Finan. Svcs./Acct. for Perform./VKM Qual. Income	\$13.45	\$ 28.85	-9.1%	-1.1%	5.6%	na

na - data not available

VARIABLE ANNUITIES UPDATE

Table 10b. Variable Annuities - Bond (Fixed Income) Performance & Fees

Contract Fee	Admin. Fee	Mortality and Expense	Mgt. Fee	Other	Total	Company/Contract/Fund Name
\$ 30	.20%	1.25%	.67%	na	na	Ameritas/Overture II/High Income
\$ 30	.15%	1.25%	.60%	.10%	2.10%	Anchor National/ICAP II/Govt.-Qual. Bond
\$ 30	na	1.25%	.50%	.75%	2.50%	Canada Life/Varifund/Bond Series
\$ 40	na	.73%	.72%	na	1.45%	Connecticut Mutual/Panorama/Income
\$ 0	.10%	1.25%	.48%	.09%	1.92%	Fortis Benefits/Masters/Diversified Income
\$ 0	na	1.00%	.30%	na	1.30%	General American/Individual Variable/Bond Index
\$ 30	.15%	1.25%	.75%	.25%	2.40%	General American/G.T.Global Allocator/U.S. Govt. Income
na	na	na	na	na	na	Guardian Life/Investor/Bond
\$ 30	na	0.99%	.50%	.17%	1.66%	Jefferson Pilot/Separate Account A/Income Fund (NQ)
na	na	na	na	na	na	John Hancock/Accommodator 2000/Bond
\$ 36	na	1.30%	.60%	na	1.90%	Kemper Investors/Advantage III/High Yield
\$ 30	na	1.25%	.70%	.15%	2.10%	Keyport Life/Preferred Advisor/Managed Income
\$ 0	na	1.00%	.48%	.04%	1.52%	Lincoln National/Multi Fund III/Bond
\$ 30	na	1.00%	.50%	na	1.50%	Manulife Financial/Account II/Cap. Gwth. Bond
na	na	na	na	na	na	Metropolitan/Preference Plus/Income
\$ 30	.05%	1.25%	.52%	.15%	1.97%	Nationwide/Best of America IV/Fidelity Hi Income
\$ 30	.40%	.95%	.40%	.03%	1.78%	New England Mutual/Zenith Accumulator/Bond Income
\$ 30	.25%	.85%	.47%	.18%	1.75%	Ohio National/TOP Annuity Account B/Bond (NQ)
\$ 30	.15%	1.25%	.60%	.25%	2.25%	Pacific Mutual/Select Variable Annuity/Managed Bond
\$ 30	0.0%	1.25%	.50%	.37%	2.12%	Penn Mutual/Diversifier II/Hi Yield Bond
\$ 35	na	1.25%	.50%	.15%	1.90%	Phoenix Home Life/Big Edge Plus/Bond
\$ 30	.15%	1.25%	.35%	.40%	2.15%	Provident Mutual/Market Street VIP 2/Mkt. St. Bond
\$ 0	.20%	1.00%	.40%	.07%	1.67%	Prudential/Discovery Plus/Bond
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Resource Variable Account B/Bond
\$ 30	.15%	1.25%	.74%	na	2.14%	SAFECO/Spinnaker/Bond
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Spinnaker Plus/Bond
\$ 30	na	1.20%	.75%	.11%	2.06%	Security Benefit/Variflex/Hi Grade Income
na	na	na	na	na	na	State Mutual/Exec. Annuity Plus/Fidelity Hi Income
\$ 30	.15%	1.25%	.55%	.11%	2.06%	Sun Life Canada/Regatta Gold/Gov't Securities
\$ 30	na	1.25%	.51%	.13%	1.89%	Travelers/Universal Annuity/Fidel. Hi Income
\$ 30	.25%	1.20%	.50%	.16%	2.11%	Union Central/Carrillon Acct/Carillon Bond
\$ 30	.15%	1.25%	.50%	.10%	2.00%	Xerox Finan. Svcs./Acct. for Perform./VKM Qual. Income

na= data not available

VARIABLE ANNUITIES UPDATE

Table 10c. Variable Annuities - Growth (Equity), Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/94			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas/Overture II/Fidelity Growth	\$23.67	na	-3.5%	9.9%	14.5%	13.2%
Anchor National/ICAP II/Capital Apprec.	\$21.60	\$114.70	-5.2%	5.6%	21.2%	15.6%
Canada Life/Varifund/Capital Series	\$10.73	\$ 4.00	-3.7%	na	na	na
Connecticut Mutual/Panorama/Growth	\$ 1.24	na	-2.6%	8.3%	na	na
Fortis Benefits/Masters/Growth Stock	\$ 2.08	\$266.50	-3.2%	5.5%	9.5%	13.6%
General American/Individual Variable/Managed Equity	\$19.88	\$ 14.00	-2.9%	2.9%	6.5%	9.9%
General American/G.T. Global Allocator/America	\$14.49	\$ 3.60	6.7%	22.2%	na	na
Guardian Life/Investor/Stock	\$16.24	na	-3.1%	5.3%	15.4%	12.6%
Jefferson Pilot/Separate Account A/Growth Fund (NQ)	\$65.83	na	-3.9%	2.5%	8.0%	11.7%
John Hancock/Accommodator 2000/Aggressive Stock	\$22.93	na	-3.7%	2.5%	8.2%	13.5%
Kemper Investors/Advantage III/Equity	\$ 3.34	\$245.00	-2.1%	16.1%	16.0%	16.9%
Keyport Life/Preferred Advisor/Managed Growth	\$16.95	\$105.70	-6.7%	-1.4%	8.5%	12.3%
Lincoln National/Multi Fund III/Growth Fund	\$ 4.42	\$1,050	-3.4%	3.7%	4.9%	10.0%
Manulife Financial/Account II/Emerg. Growth	\$36.08	na	-3.7%	21.7%	22.8%	21.7%
Metropolitan/Preference Plus/Growth	\$13.63	na	-3.3%	3.5%	12.0%	na
Nationwide/Best of America IV/Fidelity Growth	\$24.90	\$439.10	-3.5%	9.9%	14.4%	13.1%
New England Mutual/Zenith Accumulator/Capital Growth	\$ 8.66	\$356.30	-4.4%	5.9%	7.7%	12.9%
Ohio National/TOP Annuity Account B/Equity	\$30.58	na	-1.0%	8.8%	8.9%	9.1%
Pacific Mutual/Select Variable Annuity/Growth	\$10.24	\$ 4.97	4.4%	na	na	na
Penn Mutual/Diversifier II/Growth Equity	\$26.59	\$ 75.00	-6.8%	4.2%	7.4%	9.4%
Phoenix Home Life/Big Edge Plus/Growth	\$ 6.14	na	-1.8%	13.0%	13.2%	17.7%
Provident Mutual/Market St. VIP II/VIP Growth	\$490.45	\$ 3.27	-13.5%	9.5%	14.0%	12.7%
Prudential/Discovery Plus/Common Stock	\$ 1.70	na	-4.2%	-0.1%	7.3%	10.3%
SAFECO/Resource Variable Account B/Growth	\$13.31	\$ 1.46	-1.2%	31.1%	na	na
SAFECO/Spinnaker/Growth	\$13.30	\$ 0.01	-1.3%	31.0%	na	na
SAFECO/Spinnaker Plus/Growth	\$13.31	na	-1.2%	31.1%	na	na
Security Benefit/Variflex/Growth	\$27.68	\$306.00	-3.7%	3.5%	11.1%	11.7%
State Mutual/Exec. Annuity Plus/Fidel. Growth	\$ 1.39	na	-3.5%	9.8%	14.3%	12.9%
Sun Life Canada/Regatta Gold/Conserv. Growth	\$11.99	na	-1.8%	-0.5%	na	na
Travelers/Universal Annuity/Cap. Appreciation	\$ 1.81	na	-5.1%	5.2%	11.6%	9.7%
Union Central/Carrillon Account/Carillon Equity	\$26.66	\$ 47.31	0.1%	6.8%	12.1%	9.4%
Xerox Finan. Svcs./Acct. for Perform./VKM Stock Index	\$11.33	\$ 61.21	-9.9%	-2.6%	na	na

na - data not available

VARIABLE ANNUITIES UPDATE

Table 10c. Variable Annuities - Growth (Equity), Performance & Fees

Contract Fee	Admin. Fee	Mortality and Expense	Mgt. Fee	Other	Total	Company/Contract/Fund Name
\$ 30	.20%	1.25%	.75%	na	na	Ameritas/Overture II/Fidelity Growth
\$ 30	.15%	1.25%	.70%	.20%	2.30%	Anchor National/ICAP II/Capital Apprec.
\$ 30	na	1.25%	.50%	.75%	2.50%	Canada Life/Varifund/Capital Series
\$ 40	na	0.73%	.72%	na	1.45%	Connecticut Mutual/Panorama/Growth
\$ 0	.10%	1.25%	.63%	.06%	2.04%	Fortis Benefits/Masters/Growth Stock
\$ 0	0.0%	1.00%	.60%	na	1.60%	General American/Individual Variable/Managed Equity
\$ 30	.15%	1.25%	.75%	.25%	2.40%	General American/G.T. Global Allocator/America
na	na	na	na	na	na	Guardian Life/Investor/Stock
\$ 30	na	0.99%	.50%	.13%	1.62%	Jefferson Pilot/Separate Account A/Growth Fund (NQ)
na	na	na	na	na	na	John Hancock/Accommodator 2000/Aggressive Stock
\$ 36	na	1.30%	.60%	na	1.90%	Kemper Investors/Advantage III/Equity
\$ 30	na	1.25%	.80%	.15%	2.20%	Keyport Life/Preferred Advisor/Managed Growth
\$ 0	na	1.00%	.36%	.03%	1.39%	Lincoln National/Multi Fund III/Growth Fund
\$ 30	na	1.00%	.50%	na	1.50%	Manulife Financial/Account II/Emerg. Growth
na	na	na	na	na	na	Metropolitan/Preference Plus/Growth
\$ 30	.05%	1.25%	.63%	.12%	2.05%	Nationwide/Best of America IV/Fidelity Growth
\$ 30	.40%	.95%	.66%	.02%	2.03%	New England Mutual/Zenith Accumulator/Capital Growth
\$ 30	.25%	.85%	.47%	.18%	1.75%	Ohio National/TOP Annuity Account B/Equity
\$ 30	.15%	1.25%	.75%	.26%	2.41%	Pacific Mutual/Select Variable Annuity/Growth
\$ 30	0.0%	1.25%	.44%	.33%	2.02%	Penn Mutual/Diversifier II/Growth Equity
\$ 35	na	1.25%	.85%	na	2.10%	Phoenix Home Life/Big Edge Plus/Growth
\$ 30	.15%	1.25%	.63%	.12%	2.15%	Provident Mutual/Market St. VIP II/VIP Growth
\$ 0	.20%	1.00%	.45%	.08%	1.73%	Prudential/Discovery Plus/Common Stock
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Resource Variable Account B/Growth
\$ 30	.15%	1.25%	.74%	na	2.14%	SAFECO/Spinnaker/Growth
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Spinnaker Plus/Growth
\$ 30	na	1.20%	.75%	.11%	2.06%	Security Benefit/Variflex/Growth
na	na	na	na	na	na	State Mutual/Exec. Annuity Plus/Fidel. Growth
\$ 30	na	1.25%	.75%	.28%	2.28%	Sun Life Canada/Regatta Gold/Conserv. Growth
\$ 30	na	1.25%	.75%	.21%	2.21%	Travelers/Universal Annuity/Cap. Appreciation
\$ 30	.25%	1.20%	.63%	.09%	2.17%	Union Central/Carrillon Account/Carillon Equity
\$ 30	.15%	1.25%	.50%	.10%	2.00%	Xerox Finan. Svcs./Acct. for Perform./VKM Stock Index

na= data not available

VARIABLE ANNUITIES UPDATE

Table 10d. Variable Annuities - Total Return (Equity Income), Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/94			
			YTD	1 Yr	3 Yr	5 Yr
Ameritas/Overture/Equity Income	\$18.67	na	-2.8%	5.0%	14.1%	8.9%
Anchor National/ICAP II/Multi-Asset	\$15.78	\$ 16.14	-4.5%	-1.0%	7.8%	9.0%
Canada Life/Varifund/Equity Series	\$13.52	\$ 7.00	-4.2%	-3.1%	7.2%	na
Connecticut Mutual/Panorama/Total Return	\$ 1.19	na	-2.7%	5.8%	na	na
Fortis Benefits/Masters/Asset Allocation	\$ 1.75	\$213.40	-3.2%	2.4%	8.5%	10.6%
General American/Individual VA/VIP Equity Income	\$ 9.68	\$ 1.10	-2.8%	5.3%	14.4%	9.3%
General American/G.T.Global Allocator/Growth & Income	\$13.36	\$ 18.50	-4.3%	9.1%	na	na
Guardian Life/Investor/Strat.Asset Mgt.	\$17.35	na	-4.5%	3.7%	12.6%	na
John Hancock/Accommodator 2000/Total Return	\$18.65	na	-3.6%	1.8%	8.0%	10.0%
Kemper Investors/Advantage III/Total Return	\$ 3.86	\$586.00	-5.7%	5.2%	8.5%	12.0%
Keyport Life/Preferred Advisor/Strat.Mgd.Assets	\$16.41	\$ 59.80	-9.9%	0.7%	10.4%	na
Lincoln National/Multi Fund III/Equity Income	\$ 0.99	\$ 13.70	-0.2%	na	na	na
Manulife Financial/Account II/Balanced Assets	\$17.83	na	-4.7%	1.1%	2.6%	4.4%
Metropolitan/Preference Plus/Diversified	\$13.73	na	-3.0%	2.9%	10.5%	na
Nationwide/Best of America IV/Multiple Strategies	\$13.28	\$ 84.70	-2.7%	6.6%	9.5%	7.7%
New England Mutual/Zenith Accumulator/Equity Income	\$ 1.93	\$ 22.30	-2.9%	4.9%	14.3%	8.8%
Ohio National/TOP Annuity Account B/OMNI (NQ)	\$23.86	na	-2.3%	4.4%	8.5%	8.6%
Pacific Mutual/Select Variable Annuity/Equity Income	\$13.84	\$ 20.27	-3.0%	2.3%	7.7%	10.0%
Penn Mutual/Diversifier II/Value Equity	\$17.67	\$ 64.70	-2.2%	1.4%	8.9%	7.3%
Phoenix Home Life/Big Edge Plus/Total Return	\$ 2.96	na	-2.4%	2.3%	10.0%	12.7%
Provident Mutual/Market St. VIP II/VIP Equity Income	\$509.94	\$ 2.79	-11.3%	4.5%	13.6%	8.5%
Prudential/Discovery Plus/Cnserv. Managed	\$ 2.63	na	-3.0%	2.8%	8.0%	9.4%
SAFECO/Resource Variable Account B/Equity	\$23.43	\$31.77	-0.8%	17.8%	14.0%	13.6%
SAFECO/Spinnaker/Equity	\$23.41	\$ 0.19	-0.9%	17.7%	13.9%	13.6%
SAFECO/Spinnaker Plus/Equity	\$23.43	\$ 0.14	-0.8%	17.8%	14.0%	13.6%
Security Benefit/Variflex/Income/Growth	\$31.32	\$574.00	-3.2%	1.3%	10.1%	11.9%
State Mutual/Exec. Annuity Plus/Fidel. Equity Income	\$ 1.37	na	-2.9%	4.8%	13.9%	8.7%
Sun Life/Canada/Regatta Gold/Total Return	\$11.95	na	-3.0%	2.3%	na	na
Travelers/Universal Annuity/Fidel. Equity Income	\$ 1.02	na	0.4%	9.1%	15.2%	8.8%
Union Central/Carrillon Account/Carrillon Capital	\$14.32	\$ 27.54	-1.1%	5.8%	8.7%	na
Xerox Finan. Svcs./Acct. for Perform./LA Gwth & Income	\$15.79	\$ 88.70	-9.4%	-0.7%	9.8%	na

na - data not available

VARIABLE ANNUITIES UPDATE

Table 10d. Variable Annuities - Total Return (Equity Income) Performance & Fees

Contract Fee	Admin. Fee	Mortality and Expense	Mgt. Fee	Other	Total	Company/Contract/Fund Name
\$ 30	.20%	1.25%	.65%	na	na	Ameritas/Overture/Equity Income
na	na	na	na	na	na	Anchor National/ICAP II/Multi-Asset
\$ 30	na	1.25%	.50%	.75%	2.50%	Canada Life/Varifund/Equity Series
\$ 40	na	0.73%	.72%	na	1.45%	Connecticut Mutual/Panorama/Total Return
\$ 0	.10%	1.25%	.50%	.06%	1.91%	Fortis Benefits/Masters/Asset Allocation
\$ 0	0.0%	1.00%	.62%	na	1.62%	General American/Individual VA/VIP Equity Income
\$ 30	.15%	1.25%	1.00%	.25%	2.65%	General American/G.T.Global Allocator/Growth & Income
na	na	na	na	na	na	Guardian Life/Investor/Strat.Asset Mgt.
na	na	na	na	na	na	John Hancock/Accommodator 2000/Total Return
\$ 36	na	1.30%	.55%	na	1.85%	Kemper Investors/Advantage III/Total Return
\$ 30	na	1.25%	.85%	.15%	2.25%	Keyport Life/Preferred Advisor/Strat.Mgd.Assets
na	0.0%	1.00%	.95%	.30%	2.25%	Lincoln National/Multi Fund III/Equity Income
\$ 30	na	1.00%	.50%	na	1.50%	Manulife Financial/Account II/Balanced Assets
na	na	na	na	na	na	Metropolitan/Preference Plus/Diversified
\$ 30	.05%	1.25%	.47%	.08%	1.85%	Nationwide/Best of America IV/Multiple Strategies
\$ 30	.40%	0.95%	.53%	.09%	1.97%	New England Mutual/Zenith Accumulator/Equity Income
\$ 30	.25%	.85%	.47%	.18%	1.75%	Ohio National/TOP Annuity Account B/OMNI (NQ)
\$ 30	.15%	1.25%	.65%	.28%	2.33%	Pacific Mutual/Select Variable Annuity/Equity Income
\$ 30	na	1.25%	.50%	.33%	2.08%	Penn Mutual/Diversifier II/Value Equity
\$ 35	na	1.25%	.75%	na	2.00%	Phoenix Home Life/Big Edge Plus/Total Return
\$ 30	.15%	1.25%	.53%	.12%	2.05%	Provident Mutual/Market St. VIP II/VIP Equity Income
\$ 0	.20%	1.00%	.55%	.07%	1.82%	Prudential/Discovery Plus/Cnserv. Managed
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Resource Variable Account B/Equity
\$ 30	.15%	1.25%	.74%	na	2.14%	SAFECO/Spinnaker/Equity
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Spinnaker Plus/Equity
\$ 30	na	1.20%	.75%	.11%	2.06%	Security Benefit/Variflex/Income/Growth
na	na	na	na	na	na	State Mutual/Exec. Annuity Plus/Fidel. Equity Income
\$ 30	.15%	1.25%	.75%	.25%	2.40%	Sun Life/Canada/Regatta Gold/Total Return
\$30	na	1.25%	.53%	.09%	1.87%	Travelers/Universal Annuity/Fidel. Equity Income
\$ 30	.25%	1.20%	.74%	.14%	2.36%	Union Central/Carrillon Account/Carillon Capital
\$ 30	.15%	1.25%	.50%	.15%	2.05%	Xerox Finan. Svcs./Acct. for Perform./LA Gwth & Income

na= data not available

VARIABLE ANNUITIES UPDATE

Table 10e. Variable Annuities - International, Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/94			
			YTD	1 Yr	3 Yr	5 Yr
Fortis Benefits/Masters/Global Growth	\$12.16	\$ 90.20	-4.9%	6.3%	na	na
General American/Individual Variable/VIP Overseas	\$10.05	\$ 1.00	1.8%	23.8%	9.0%	9.0%
General American/G.T. Global Allocator/Latin America	\$18.55	\$ 15.80	6.3%	55.2%	na	na
General American/G.T. Global Allocator/Europe	\$15.07	\$ 10.40	-0.5%	24.2%	na	na
General American/G.T. Global Allocator/New Pacific	\$13.95	\$ 11.70	-12.1%	13.0%	na	na
Kemper Investors/Advantage III/International	\$1.22	\$ 80.00	-4.8%	22.8%	na	na
New England Mutual/Zenith Accumulator/Overseas	\$ 1.56	\$ 36.30	1.7%	23.4%	8.1%	8.4%
Pacific Mutual/Select Variable Annuity/International	\$11.15	\$ 22.51	-0.8%	20.4%	8.9%	6.2%
Penn Mutual/Diversifier/International Equity	\$13.34	\$ 34.10	-3.9%	22.8%	na	na
Provident Mutual/Market Street VIP 2/Market St. Int'l	\$551.95	\$ 2.85	-2.7%	20.5%	na	na
SAFECO/Resource Variable Account B/International	\$10.65	\$ 1.43	-0.9%	23.6%	9.6%	10.1%
SAFECO/Spinnaker/International	\$10.64	\$ 0.02	-0.9%	23.5%	9.4%	9.9%
SAFECO/Spinnaker Plus/International	\$10.65	\$ 0.75	-0.9%	23.6%	9.6%	10.1%
Security Benefit/Variflex/Worldwide Equity	\$11.30	\$112.00	0.4%	17.8%	na	na
Travelers/Universal Annuity/Global Asset Alloc.	\$ 1.29	na	-3.1%	12.4%	13.5%	9.6%
Union Central/Carrillon Account/Managed Int'l	\$13.14	\$ 8.26	-0.9%	23.4%	na	na

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VARIABLE ANNUITIES UPDATE

Table 10e. Variable Annuities - International, Performance & Fees

Contract Fee	Admin. Fee	Mortality and Expense	Mgt. Fee	Other	Total	Company/Contract/Fund Name
na	.10%	1.25%	.70%	.50%	2.37%	Fortis Benefits/Masters/Global Growth
\$ 0	0.0%	1.00%	1.03%	na	2.03%	General American/Individual Variable/VIP Overseas
\$ 30	.15%	1.25%	1.00%	.25%	2.65%	General American/G.T. Global Allocator/Latin America
\$ 30	.15%	1.25%	1.00%	.25%	2.65%	General American/G.T. Global Allocator/Europe
\$ 30	.15%	1.25%	1.00%	.25%	2.65%	General American/G.T. Global Allocator/New Pacific
\$ 36	na	1.30%	.75%	na	2.05%	Kemper Investors/Advantage III/International
\$ 30	.40%	0.95%	.77%	.26%	2.38%	New England Mutual/Zenith Accumulator/Overseas
\$ 30	.15%	1.25%	.85%	.76%	3.01%	Pacific Mutual/Select Variable Annuity/International
\$ 30	na	1.25%	.75%	.49%	2.49%	Penn Mutual/Diversifier/International Equity
\$ 30	.15%	1.25%	.75%	.75%	2.90%	Provident Mutual/Market Street VIP 2/Market St. Int'l
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Resource Variable Account B/International
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Spinnaker/International
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Spinnaker Plus/International
\$ 30	na	1.20%	1.00%	.41%	2.61%	Security Benefit/Variflex/Worldwide Equity
\$ 30	na	1.25%	.50%	.27%	2.02%	Travellers/Universal Annuity/Global Asset Alloc.
\$ 30	.25%	1.20%	na	na	na	Union Central/Carrillon Account/Managed Int'l

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VARIABLE ANNUITIES UPDATE

Table 10f. Variable Annuities - Miscellaneous Accounts, Performance & Fees

Insurance Company/Contract/Fund Name	Accum. Unit Value	VA Assets \$ Mil	Performance Returns thru 3/31/94			
			YTD	1 Yr	3 Yr	5 Yr
Anchor National/ICAP II/Convert. Secur.	na	\$ 41.80	-4.3%	7.2%	15.3%	11.8%
Anchor National/ICAP II/Hi. Yield Bond	na	\$ 87.20	-4.2%	5.8%	13.8%	6.7%
Canada Life/Varifund/Managed Series	\$13.44	\$ 17.40	-3.8%	-0.7%	7.4%	na
Fortis Benefits/Masters/U.S. Govt. Secur.	\$13.90	\$211.30	-4.9%	-1.3%	6.0%	na
General American/Individual VA/VIP Growth	\$ 9.63	\$ 0.90	-3.7%	9.9%	14.7%	13.5%
General American/Individual VA/Asset Allocation	\$16.81	\$ 8.90	-3.2%	1.8%	6.7%	8.7%
General American/Individual VA/S&P 500 Index	\$19.28	\$ 16.90	-4.1%	0.2%	7.7%	10.5%
General American/G.T. Global Allocator/Strat. Income	\$12.41	\$ 21.40	-17.9%	2.8%	na	na
General American/G.T. Global Allocator/Govt. Income	\$12.08	\$ 8.90	-6.7%	1.5%	na	na
General American/G.T. Global Allocator/Telecommun.	\$12.12	\$ 16.80	-7.0%	na	na	na
Kemper Investors/Advantage III/Govt. Securities	\$ 1.33	\$ 84.00	-2.8%	-0.6%	6.5%	na
Keyport Life/Preferred Advisor/Colonial-U.S.Govt	\$ 9.88	\$ 33.20	-2.1%	na	na	na
Keyport Life/Preferred Advisor/Colonial-Gwth Inc	\$10.23	\$ 38.50	-1.9%	na	na	na
Keyport Life/Preferred Advisor/Mtg. Securities	\$14.22	\$ 85.10	-2.1%	-0.3%	5.8%	7.6%
Keyport Life/Preferred Advisor/Colon. Utilities	\$ 8.86	\$ 41.70	-9.2%	na	na	na
Keyport Life/Preferred Advisor/MAF (balanced)	\$15.31	\$203.40	-3.0%	0.5%	7.9%	9.6%
Keyport Life/Preferred Advisor/Capital Apprec.	\$20.05	\$105.80	-5.6%	19.9%	16.8%	16.3%
Lincoln National/Multi Fund III/Aggressive Gwth.	\$ 0.94	\$ 15.30	-0.5%	na	na	na
Lincoln National/Multi Fund III/Capital Apprec.	\$ 1.00	\$ 12.20	-0.1%	na	na	na
New England Mutual/Zenith Accumulator/Stock Index	\$ 1.70	\$ 20.00	-4.3%	-0.2%	7.7%	10.0%
Pacific Mutual/Select Variable Annuity/Equity Index	\$12.51	\$ 7.58	-3.9%	0.9%	8.4%	na
Pacific Mutual/Select Variable Annuity/Multi Strategy	\$14.23	\$ 20.40	-2.9%	2.1%	8.1%	9.9%
Pacific Mutual/Select Variable Annuity/Govt. Secur.	\$13.69	\$ 16.19	-3.7%	2.1%	9.3%	10.4%
Pacific Mutual/Select Variable Annuity/Hi Yield Bond	\$15.96	\$ 7.97	-1.0%	9.9%	17.5%	12.0%
Penn Mutual/Diversifier II/Flexibly Managed	\$34.17	\$117.10	-1.0%	8.8%	9.5%	10.3%
Penn Mutual/Diversifier II/TCI Growth	\$10.84	\$ 11.70	-2.6%	na	na	na
Penn Mutual/Diversifier II/Quality Bond	\$15.81	\$ 33.10	-5.0%	0.3%	7.3%	8.2%
Penn Mutual/Diversifier II/Balanced	\$10.37	\$ 8.70	-3.1%	na	na	na
Penn Mutual/Diversifier II/Ltd. Matur. Bond	\$ 7.92	\$ 3.80	2.6%	na	na	na
Provident Mutual/Market St. VIP II/Asset Manager	\$504.55	\$ 5.01	-19.2%	7.4%	10.8%	na
SAFECO/Resource Variable Account B/Northwest	\$10.16	\$ 0.54	2.4%	4.8%	na	na
SAFECO/Spinnaker/Northwest	\$10.15	na	2.4%	4.7%	na	na
SAFECO/Spinnaker Plus/Northwest	\$10.16	na	2.4%	4.8%	na	na
Security Benefit/Variflex/Emerging Growth	\$12.96	\$ 51.00	-7.2%	0.7%	na	na
Travelers/Universal Annuity/Hi Yield Bond Trust	\$ 2.16	na	-3.5%	2.8%	11.3%	5.9%
Union Central/Carrillon Account/Managed Growth	\$11.63	\$ 7.31	-8.8%	4.1%	na	na
Xerox Finan. Svcs./Acct.for Perform./High Yield	\$17.70	\$ 19.66	-7.4%	0.9%	14.6%	na

na - data not available

VARIABLE ANNUITIES UPDATE

Table 10f. Variable Annuities - Miscellaneous Accounts, Performance & Fees

Contract Fee	Admin. Fee	Mortality and Expense	Mgt. Fee	Other	Total	Company/Contract/Fund Name
\$ 30	.15%	1.25%	.70%	.20%	2.30%	Anchor National/ICAP II/Convert. Secur.
\$ 30	.15%	1.25%	.70%	.20%	2.30%	Anchor National/ICAP II/Hi. Yield Bond
\$ 30	na	1.25%	.50%	.75%	2.50%	Canada Life/Varifund/Managed Series
na	.10%	1.25%	.46%	.10%	1.87%	Fortis Benefits/Masters/U.S. Govt. Secur.
\$ 0	0.0%	1.00%	.71%	na	1.71%	General American/Individual VA/VIP Growth
\$ 0	0.0%	1.00%	.60%	na	1.60%	General American/Individual VA/Asset Allocation
\$ 0	0.0%	1.00%	.30%	na	1.30%	General American/Individual VA/S&P 500 Index
\$ 30	.15%	1.25%	.75%	.25%	2.40%	General American/G.T. Global Allocator/Strat. Income
\$ 30	.15%	1.25%	.75%	.25%	2.40%	General American/G.T. Global Allocator/Govt. Income
\$ 30	.15%	1.25%	1.00%	.25%	2.65%	General American/G.T. Global Allocator/Telecommun.
\$ 36	na	1.30%	.55%	na	1.85%	Kemper Investors/Advantage III/Govt. Securities
\$ 30	na	1.25%	1.00%	.15%	2.40%	Keyport Life/Preferred Advisor/Colonial-U.S.Govt
\$ 30	na	1.25%	1.00%	.15%	2.40%	Keyport Life/Preferred Advisor/Colonial-Gwth Inc
\$ 30	na	1.25%	.70%	.15%	2.10%	Keyport Life/Preferred Advisor/Mtg. Securities
\$ 30	na	1.25%	1.00%	.15%	2.40%	Keyport Life/Preferred Advisor/Colon. Utilities
\$ 30	na	1.25%	.75%	.15%	2.15%	Keyport Life/Preferred Advisor/MAF (balanced)
\$ 30	na	1.25%	.80%	.15%	2.20%	Keyport Life/Preferred Advisor/Capital Apprec.
na	na	1.00%	.75%	.38%	2.13%	Lincoln National/Multi Fund III/Aggressive Gwth.
na	na	1.00%	.80%	.50%	2.30%	Lincoln National/Multi Find III/Capital Apprec.
\$ 30	.40%	0.95%	.25%	.09%	1.69%	New England Mutual/Zenith Accumulator/Stock Index
\$ 30	.15%	1.25%	.25%	.27%	1.92%	Pacific Mutual/Select Variable Annuity/Equity Index
\$ 30	.15%	1.25%	.65%	.26%	2.31%	Pacific Mutual/Select Variable Annuity/Multi Strategy
\$ 30	.15%	1.25%	.60%	.25%	2.25%	Pacific Mutual/Select Variable Annuity/Govt. Secur.
\$ 30	.15%	1.25%	.60%	.25%	2.25%	Pacific Mutual/Select Variable Annuity/Hi Yield Bond
\$ 30	na	1.25%	.50%	.35%	2.10%	Penn Mutual/Diversifier II/Flexibly Managed
\$ 30	0.0%	1.25%	1.00%	0.0%	2.25%	Penn Mutual/Diversifier II/TCI Growth
\$ 30	na	1.25%	.40%	.39%	2.04%	Penn Mutual/Diversifier II/Quality Bond
\$ 30	na	1.25%	.70%	.28%	2.23%	Penn Mutual/Diversifier II/Balanced
\$ 30	na	1.25%	.50%	.22%	2.02%	Penn Mutual/Diversifier II/Ltd. Matur. Bond
\$ 30	.15%	1.25%	.73%	.18%	2.31%	Provident Mutual/Market St. VIP II/Asset Manager
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Resource Variable Account B/Northwest
\$ 30	.15%	1.25%	.74%	na	2.14%	SAFECO/Spinnaker/Northwest
\$ 30	na	1.25%	.74%	na	1.99%	SAFECO/Spinnaker Plus/Northwest
\$ 30	na	1.20%	.75%	.13%	2.08%	Security Benefit/Variflex/Emerging Growth
\$ 30	na	1.25%	.50%	.75%	2.50%	Travelers/Universal Annuity/Hi Yield Bond Trust
\$ 30	.25%	1.20%	na	na	na	Union Central/Carrillon Account/Managed Growth
\$ 30	.15%	1.25%	.75%	.10%	2.25%	Xerox Finan. Svcs./Acct.for Perform./High Yield

na - data not available

STRUCTURED SETTLEMENT UPDATE

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 adjustment (COLA). The COLA adjustment is made at the beginning of each year with monthly payments during the year remaining at a constant level (i.e., in the first year at \$1000; in year 2 at \$1030; in year 3 at \$1060.90; etc.) Quotes assume (1) normal life expectancy (i.e.,

plaintiff's injury is not life impairing), (2) that the cost of any third-party 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. Note that all monthly payments within a single year are for the same amount. The COLA increase takes place only at the beginning of each year. The "Male 15 0% COLA" column reports the cost of \$1,000

of monthly income for life purchased for a 15 year old male, assuming a 0% cost of living adjustment. "Male 15 3% COLA" reports the cost of an escalating lifetime annuity for a male age 15. The annuity starts at \$1,000 a month and increases by 3% on each policy anniversary. Remaining columns show similar figures for male age 50, and for females ages 15 and 50. "Add'l Cost Assignment" indicates the availability and cost of a third-party assignment.

Table 11. Structured Settlement Annuities

ISSUE AGES AND FORMS OF ANNUITY

Reporting Companies	Male 15 0% COLA	Male 15 3% COLA	Male 50 0% COLA	Male 50 3% COLA	Fem. 15 0% COLA	Fem. 15 3% COLA	Fem. 50 0% COLA	Fem. 50 3% COLA	Add'l Cost Assignment
Commercial Union	\$178,377	\$293,188	\$144,228	\$194,524	\$181,282	\$305,950	\$154,917	\$217,166	\$500
Empire Life	\$203,946	\$347,561	\$165,105	\$233,274	\$206,618	\$359,365	\$176,324	\$256,844	na
Fidel.& Guar LIC	\$191,478	\$317,772	\$151,039	\$207,620	\$196,657	\$337,330	\$166,875	\$239,477	\$500
Presidential	\$204,275	\$344,527	\$154,214	\$210,119	\$210,229	\$367,207	\$170,497	\$242,805	\$100
Standard	\$197,166	\$355,091	\$158,734	\$224,940	\$200,529	\$372,779	\$168,724	\$247,124	\$500
USAA LIC	\$210,652	\$397,600	\$170,012	\$248,808	\$213,392	\$413,612	\$178,272	\$269,384	na
WM Life	\$203,946	\$347,561	\$165,105	\$233,274	\$206,618	\$359,365	\$176,324	\$256,844	na

Survey period: May 3, 1994 thru May 6, 1994.

GICS UPDATE

GICs (Guaranteed Interest or Investment Contracts) and GFAs (Guaranteed Funding Agreements) are fixed-income assets offering high rates of return combined with low market volatility. GICs are almost exclusively available to only large corporate or institutional buyers, such as pension plans. They are NOT available to individual investors. GICs are usually backed by the general account assets of the insurers. The "Bullet" GICs illustrated below do not permit withdrawals before maturity (and are quoted without commissions).

Table 12. Bullet GICs

Reporting Companies	Date of Quote	\$500,000 Deposit				\$2,000,000 Deposit			
		Compound		Simple		Compound		Simple	
		3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr	3 Yr	7 Yr
AI Life/AIG Life	06/06	-	-	-	-	-	7.38%	-	7.38%
Allmerica	06/13	6.47%	7.54%	6.41%	7.35%	6.64%	7.65%	6.59%	7.48%
Hartford	06/03	6.61%	7.47%	6.54%	7.32%	6.61%	7.47%	6.54%	7.32%
John Hancock	06/13	-	-	-	-	6.56%	7.42%	6.48%	7.29%
Lincoln Nat'l	06/06	5.93%	7.23%	5.93%	7.14%	6.28%	7.38%	6.31%	7.32%
Metropolitan Life (q)	06/08	6.23%	6.88%	6.17%	6.76%	6.33%	6.98%	6.27%	6.86%
New York Life	06/06	6.35%	6.95%	6.35%	6.95%	6.45%	7.05%	6.45%	7.05%
Penn Mutual	06/06	6.26%	7.12%	6.19%	6.98%	6.33%	7.15%	6.26%	7.02%
Principal Mutual	06/10	5.94%	7.01%	5.90%	6.86%	6.04%	7.09%	6.00%	6.94%
Provident Life/Accid.	06/09	6.52%	7.16%	6.45%	7.07%	6.67%	7.31%	6.60%	7.22%
Sun Life of America	06/06	6.63%	7.27%	6.63%	7.27%	6.73%	7.37%	6.73%	7.37%
Transamerica	06/10	6.08%	7.06%	5.97%	6.91%	6.27%	7.15%	6.16%	7.00%

qnq= available for qualified and non-qualified funds; q = qualified funds only

LIFE INSURANCE UPDATE

The premiums illustrated below are for a male or female, both nonsmokers, who purchase a yearly renewable term policy with a face amount of \$250,000--at various ages; 35, 40, 45, 50, 55, and 60--and who continue to renew the policy every year for a total of 5 years. Premiums are paid annually and include all costs and commissions. The "Age 35," "Age 40," and "Age 45" columns show the initial premium for entry at that age. The columns headed "Ages 35-39 inclusive," etc., show the aggregate cost for the five years indicated.

Table 13a. Yearly Renewable Term Life Ins. - Male Non-Smoker Rates \$250,000 Face

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
Chubb Sovereign	TrackOne	\$ 238	\$ 1,450	\$ 245	\$ 1,825	\$ 348	\$ 2,463
Columbia Universal	T-90 ART	\$ 273	\$ 1,435	\$ 328	\$ 1,897	\$ 463	\$ 2,639
Commercial Union	ART to 70	\$ 305	\$ 1,690	\$ 403	\$ 2,335	\$ 578	\$ 3,433
Federal Home Life	Term Saver	\$ 325	\$ 1,710	\$ 373	\$ 2,103	\$ 508	\$ 3,028
Federal Kemper Life	Super-T	\$ 210	\$ 1,300	\$ 223	\$ 2,550	\$ 260	\$ 3,300
Fidelity & Guaranty LIC	1 Yr R&C Term	\$ 208	\$ 1,471	\$ 233	\$ 1,953	\$ 278	\$ 2,663
Golden Rule	ValueTerm 1	\$ 238	\$ 1,435	\$ 258	\$ 1,828	\$ 300	\$ 2,750
Jackson National	YRT 100	\$ 255	\$ 1,548	\$ 298	\$ 2,038	\$ 348	\$ 2,693
Lincoln Security	Lifeline - 1	\$ 258	\$ 1,698	\$ 270	\$ 2,080	\$ 350	\$ 2,982
Midwestern National	Anyone A	\$ 321	\$ 2,112	\$ 339	\$ 2,548	\$ 410	\$ 3,467
Principal Finan.	ART	\$ 288	\$ 1,562	\$ 355	\$ 2,096	\$ 440	\$ 2,853
Reliance Standard	ART	\$ 340	\$ 1,860	\$ 428	\$ 2,392	\$ 570	\$ 3,275
Savings Bank LIC of MA	YRT	\$ 218	\$ 1,135	\$ 243	\$ 1,388	\$ 345	\$ 2,038
Security Benefit	YRT-100	\$ 283	\$ 1,405	\$ 428	\$ 2,228	\$ 658	\$ 3,403
Security CT LIC	Lifeline - 1	\$ 258	\$ 1,698	\$ 270	\$ 2,080	\$ 322	\$ 2,955
Secur.Mutual/NY	Prime Life	\$ 268	\$ 1,565	\$ 323	\$ 2,068	\$ 328	\$ 2,725
Southwestern LIC	ART 100	\$ 350	\$ 1,843	\$ 403	\$ 2,235	\$ 545	\$ 3,298
Western United LAC	ART	\$ 395	\$ 2,200	\$ 518	\$ 3,023	\$ 735	\$ 4,508

Survey period: May 3, 1994 thru May 6, 1994

Table 13b. Yearly Renewable Term Life Ins. - Male Non-Smoker Rates \$250,000 Face

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
Chubb Sovereign	TrackOne	\$ 385	\$ 3,595	\$ 560	\$ 5,045	\$ 893	\$ 8,225
Columbia Universal	T-90 ART	\$ 630	\$ 3,577	\$ 868	\$ 5,122	\$ 1,313	\$ 7,952
Commercial Union	ART to 70	\$ 865	\$ 4,753	\$ 1,130	\$ 6,423	\$ 1,540	\$ 9,508
Federal Home Life	Term Saver	\$ 745	\$ 4,185	\$ 1,078	\$ 6,800	\$ 1,865	\$ 11,990
Federal Kemper Life	Super-T	\$ 360	\$ 4,800	\$ 510	\$ 6,925	\$ 798	\$ 11,050
Fidelity & Guaranty LIC	1 Yr R&C Term	\$ 380	\$ 3,412	\$ 565	\$ 5,522	\$ 1,120	\$ 9,401
Golden Rule	ValueTerm 1	\$ 403	\$ 3,835	\$ 613	\$ 5,325	\$ 963	\$ 8,085
Jackson National	YRT 100	\$ 430	\$ 3,678	\$ 600	\$ 5,300	\$ 875	\$ 7,638
Lincoln Security	Lifeline - 1	\$ 470	\$ 4,140	\$ 710	\$ 6,385	\$ 1,070	\$ 10,343
Midwestern National	Anyone A	\$ 530	\$ 4,383	\$ 740	\$ 6,464	\$ 991	\$ 10,144
Principal Finan.	ART	\$ 555	\$ 4,103	\$ 763	\$ 6,009	\$ 1,370	\$ 10,226
Reliance Standard	ART	\$ 810	\$ 3,800	\$ 1,223	\$ 7,285	\$ 1,855	\$ 10,948
Savings Bank LIC of MA	YRT	\$ 525	\$ 3,168	\$ 868	\$ 5,255	\$ 1,410	\$ 8,485
Security Benefit	YRT-100	\$ 993	\$ 5,185	\$ 1,445	\$ 7,520	\$ 2,248	\$ 11,875
Security Conn.	Lifeline - 1	\$ 470	\$ 4,140	\$ 710	\$ 6,385	\$ 1,070	\$ 10,343
Secur.Mutual/NY	Prime Life	\$ 408	\$ 3,613	\$ 580	\$ 5,160	\$ 825	\$ 7,843
Southwestern LIC	ART 100	\$ 863	\$ 5,095	\$ 1,273	\$ 7,423	\$ 1,875	\$ 11,395
Western United LAC	ART	\$ 1,208	\$ 7,453	\$ 1,963	\$ 11,733	\$ 3,105	\$ 19,595

Survey period: May 3, 1994 thru May 6, 1994

Table 13c. Yearly Renewable Term Life Ins. - Female Non-Smoker Rates \$250,000 Face

Company	Policy Name	Age 35	35-39 inclusive	Age 40	40-44 inclusive	Age 45	45-49 inclusive
Chubb Sovereign	TrackOne	\$ 228	\$ 1,410	\$ 240	\$ 1,718	\$ 265	\$ 1,975
Columbia Universal	T-90 ART	\$ 263	\$ 1,339	\$ 278	\$ 1,490	\$ 353	\$ 2,032
Commercial Union	ART to 70	\$ 207	\$ 1,480	\$ 348	\$ 2,008	\$ 488	\$ 2,833
Federal Home Life	Term Saver	\$ 313	\$ 1,610	\$ 333	\$ 1,693	\$ 355	\$ 1,960
Federal Kemper Life	Super-T	\$ 173	\$ 1,675	\$ 198	\$ 2,100	\$ 223	\$ 2,675
Fidelity & Guaranty LIC	1 Yr R&C Term	\$ 208	\$ 1,398	\$ 215	\$ 1,634	\$ 250	\$ 2,241
Golden Rule	ValueTerm 1	\$ 190	\$ 1,140	\$ 225	\$ 1,445	\$ 275	\$ 2,000
Jackson National	YRT 100	\$ 248	\$ 1,380	\$ 253	\$ 1,500	\$ 288	\$ 1,925
Lincoln Security	Lifeline - 1	\$ 222	\$ 1,452	\$ 267	\$ 1,938	\$ 338	\$ 2,435
Midwestern National	Anyone A	\$ 295	\$ 1,910	\$ 331	\$ 2,413	\$ 388	\$ 3,011
Principal Finan.	ART	\$ 283	\$ 1,496	\$ 293	\$ 1,644	\$ 370	\$ 2,224
Reliance Standard	ART	\$ 298	\$ 1,595	\$ 355	\$ 1,915	\$ 428	\$ 2,298
Savings Bank LIC of MA	YRT	\$ 218	\$ 1,135	\$ 243	\$ 1,388	\$ 345	\$ 2,038
Security Benefit	YRT-100	\$ 225	\$ 1,115	\$ 338	\$ 1,765	\$ 520	\$ 2,693
Security Conn.	Lifeline - 1	\$ 208	\$ 1,343	\$ 242	\$ 1,737	\$ 300	\$ 2,147
Secur.Mutual/NY	Prime Life	\$ 208	\$ 1,208	\$ 248	\$ 1,588	\$ 253	\$ 2,073
Southwestern LIC	ART 100	\$ 323	\$ 1,713	\$ 378	\$ 2,110	\$ 510	\$ 2,978
Western United LAC	ART	\$ 363	\$ 1,898	\$ 418	\$ 2,893	\$ 570	\$ 3,240

Survey period: May 3, 1994 thru May 6, 1994

Table 13d. Yearly Renewable Term Life Ins. - Female Non-Smoker Rates \$250,000 Face

Company	Policy Name	Age 50	50-54 inclusive	Age 55	55-59 inclusive	Age 60	60-64 inclusive
Chubb Sovereign	TrackOne	\$ 340	\$ 3,018	\$ 480	\$ 3,908	\$ 643	\$ 5,690
Columbia Universal	T-90 ART	\$ 495	\$ 2,806	\$ 668	\$ 3,815	\$ 935	\$ 5,567
Commercial Union	ART to 70	\$ 700	\$ 3,888	\$ 883	\$ 4,713	\$1,035	\$ 6,228
Federal Home Life	Term Saver	\$ 470	\$ 2,168	\$ 690	\$ 4,320	\$1,175	\$ 7,445
Federal Kemper Life	Super-T	\$ 273	\$ 3,425	\$ 348	\$ 4,550	\$ 510	\$ 6,925
Fidelity & Guaranty LIC	1 Yr R&C Term	\$ 315	\$ 2,953	\$ 423	\$ 3,999	\$ 758	\$ 6,894
Golden Rule	ValueTerm 1	\$ 325	\$ 2,685	\$ 388	\$ 3,563	\$ 525	\$ 4,625
Jackson National	YRT 100	\$ 338	\$ 2,545	\$ 410	\$ 3,423	\$ 558	\$ 4,908
Lincoln Security	Lifeline - 1	\$ 403	\$ 3,320	\$ 465	\$ 4,315	\$ 780	\$ 6,600
Midwestern National	Anyone A	\$ 455	\$ 3,651	\$ 556	\$ 4,818	\$ 732	\$ 6,742
Principal Finan.	ART	\$ 460	\$ 3,064	\$ 585	\$ 4,418	\$ 828	\$ 6,596
Reliance Standard	ART	\$ 520	\$ 3,038	\$ 788	\$ 4,915	\$1,310	\$ 7,750
Savings Bank LIC of MA	YRT	\$ 525	\$ 3,168	\$ 868	\$ 5,255	\$1,410	\$ 8,485
Security Benefit	YRT-100	\$ 785	\$ 4,100	\$1,143	\$ 5,948	\$1,778	\$ 9,388
Security Conn.	Lifeline - 1	\$ 370	\$ 3,042	\$ 445	\$ 4,122	\$ 745	\$ 6,298
Secur.Mutual/NY	Prime Life	\$ 313	\$ 2,748	\$ 443	\$ 3,908	\$ 623	\$ 5,820
Southwestern LIC	ART 100	\$ 735	\$ 4,180	\$ 985	\$ 5,400	\$1,238	\$ 6,952
Western United LAC	ART	\$ 793	\$ 4,980	\$1,343	\$ 8,208	\$2,100	\$12,875

Survey period: May 3, 1994 thru May 6, 1994

The premiums illustrated below assume that a non-smoker male or female purchases a 10-year level term policy with a face amount of \$250,000 beginning at various ages: 35, 40, 45, 50, 55, and 60.

Table 14a. Ten-Year Level Term Life Ins. - Male Non-Smoker Rates \$250,000 Face

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	10 Year R&C	\$ 343	\$ 538	\$ 845	\$1,333	\$1,970	\$3,058
Amer.Life&Casualty	Protector	\$ 333	\$ 463	\$ 705	\$1,113	\$1,563	\$2,125
Canada Life Assur.	Total Protection	\$ 388	\$ 488	\$ 775	\$1,208	\$1,763	\$2,563
Chubb Sovereign	GPL-10	\$ 273	\$ 383	\$ 530	\$ 790	\$1,180	\$1,863
Columbia Universal	T-90 Level	\$ 290	\$ 353	\$ 513	\$ 780	\$1,160	\$1,860
Federal Home Life	Diamond 10	\$ 485	\$ 630	\$ 865	\$1,238	\$1,820	\$2,820
Federal Kemper	Super-T (10Yr)	\$ 258	\$ 360	\$ 485	\$ 710	\$1,035	\$1,535
Fidelity & Guar.	10 Yr. R&C Term	\$ 288	\$ 410	\$ 563	\$ 823	\$1,235	\$1,840
Golden Rule	Valu Term 2	\$ 325	\$ 438	\$ 613	\$ 850	\$1,238	\$1,888
Jackson National	10-Year R&C	\$ 278	\$ 373	\$ 513	\$ 750	\$1,060	\$1,612
Life of SW	LSW Term 10	\$ 308	\$ 385	\$ 535	\$ 773	\$1,160	\$1,735
Manhattan Nat'l	Super Saver	\$ 273	\$ 365	\$ 495	\$ 720	\$1,045	\$1,545
Midwestern Nat'l	AnyOne A	\$ 467	\$ 589	\$ 825	\$1,121	\$1,717	\$2,589
Presidential	10-Year Term	\$ 340	\$ 420	\$ 575	\$ 823	\$1,183	\$1,823
Principal Finan.	10-Yr Level Term	\$ 315	\$ 433	\$ 618	\$ 920	\$1,390	\$2,193
Reliance Standard	10-yr Level Term	\$ 393	\$ 508	\$ 713	\$1,050	\$1,575	\$2,358
Security Benefit	Ten LT	\$ 400	\$ 540	\$ 763	\$1,063	\$1,525	\$2,323
Security Conn.	Lifeline - 10	\$ 392	\$ 538	\$ 748	\$1,112	\$1,673	\$2,635
Security Mutual	Prime 10	\$ 393	\$ 480	\$ 645	\$ 875	\$1,283	\$1,910
Southwestern LIC	10-Year Term	\$ 410	\$ 540	\$ 718	\$1,030	\$1,485	\$2,415

Survey period: May 3, 1994 thru May 6, 1994

Table 14b. Ten-Year Level Term Life Ins. - Female Non-Smoker Rates \$250,000 Face

Company	Policy Name	Age 35	Age 40	Age 45	Age 50	Age 55	Age 60
American Heritage	10 Year R&C	\$ 285	\$ 408	\$ 643	\$1,020	\$1,555	\$2,338
Amer.Life&Casualty	Protector	\$ 268	\$ 395	\$ 528	\$ 803	\$1,085	\$1,730
Canada Life	Total Protection	\$ 350	\$ 470	\$ 675	\$ 950	\$1,325	\$1,838
Chubb Sovereign	GPL-10	\$ 265	\$ 338	\$ 405	\$ 635	\$ 820	\$1,248
Columbia Universal	T-90 Level	\$ 268	\$ 305	\$ 433	\$ 600	\$ 838	\$1,468
Federal Home Life	Diamond 10	\$ 400	\$ 490	\$ 588	\$ 825	\$1,175	\$1,608
Federal Kemper	Super-T (10Yr)	\$ 220	\$ 285	\$ 373	\$ 498	\$ 673	\$ 923
Fidelity & Guar.	10 Yr. R&C Term	\$ 273	\$ 288	\$ 410	\$ 563	\$ 823	\$1,235
Golden Rule	Valu Term 2	\$ 263	\$ 350	\$ 450	\$ 575	\$ 763	\$1,063
Jackson National	10-Year R&C	\$ 238	\$ 300	\$ 395	\$ 530	\$ 700	\$ 975
Life of SW	LSW Term 10	\$ 260	\$ 330	\$ 413	\$ 560	\$ 735	\$1,000
Manhattan Nat'l	Super Saver	\$ 263	\$ 273	\$ 365	\$ 495	\$ 720	\$1,045
Midwestern Nat'l	AnyOne A	\$ 434	\$ 565	\$ 725	\$ 923	\$1,244	\$1,737
Presidential	10-Year Term	\$ 290	\$ 333	\$ 405	\$ 490	\$ 683	\$1,065
Principal Finan.	10-Yr Level Term	\$ 303	\$ 330	\$ 465	\$ 665	\$ 995	\$1,515
Reliance Standard	10-Yr Level Term	\$ 330	\$ 370	\$ 475	\$ 720	\$1,083	\$1,558
Security Benefit	Ten LT	\$ 350	\$ 463	\$ 613	\$ 845	\$1,175	\$1,688
Security Conn.	Lifeline - 10	\$ 328	\$ 447	\$ 675	\$ 833	\$1,045	\$1,815
Security Mutual	Prime 10	\$ 340	\$ 415	\$ 508	\$ 738	\$ 988	\$1,330
Southwestern LIC	10-Year Term	\$ 398	\$ 500	\$ 638	\$ 880	\$1,220	\$1,655

Survey period: May 3, 1994 thru May 6, 1994

LIFE INSURANCE UPDATE

The illustrations below are based on a single premium deposit of \$100,000 and reflect the rates for a male age 45 who is a non-smoker. The "Initial Credit %" column shows the current rate offered for initial deposits. "Yield Guarantee Period" is the period for which the initial credit rate will remain unchanged. "Surrender Fees/Year" reports the penalties in effect for the sample years indicated.

Table 15. Single Premium Life Insurance

Reporting Companies	Policy Name (Product Type)	Issue Ages	Initial Credit%	Yield Guar. Period	Surrender Fees/Year			Net Cash Value Age 65	Net Death Benefit at Age 65
					1	5	10		
Amer. Life/Casualty	SPL (UL)	20-75	5.75%	na	10%	6%	1%	\$272,043	\$471,180
Golden Rule	Asset-Care I (WL)	40-80	6.35%	1 Year	9%	5%	0%	\$163,955	\$387,833
Jackson National	SPWL-I (WL)	0-80	5.25%	1 Year	9%	5%	0%	\$278,254	\$477,201
Midwestern Nat'l	Anyone A	0-80	na	na	na	na	na	\$200,046	\$452,437
Presidential	Taxbreaker II (UL)	0-75	6.00%	1 Year	7%	4%	0%	\$320,714	\$512,423
Principal Financial	SPWL (WL)	20-75	4.00%	1 Year	7%	5%	0%	\$219,112	\$434,744
Southwestern LIC	SPWL (WL)	0-80	6.00%	-	-	-	-	\$197,566	\$426,709
Western United	Freedom I (WL)	0-80	5.00%	1 Year	10%	7%	2%	\$265,330	\$448,560
Western United	Freedom III (WL)	0-80	5.25%	1 Year	10%	7%	2%	\$278,254	\$425,647

Survey period: May 3, 1994 thru May 6, 1994

Canada Life, Strength and Stability.



CANADA LIFE

The Canada Life Assurance Company, U. S. Division Home Office, Atlanta, GA 30339

LIFE & HEALTH 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** ("R" under Coverage) of their own state. It does not matter where the policyowner's beneficiaries live. Other states protect all the

policyholders of an **insurance company** ("I" under Coverage) domiciled in their state; extending coverage without regard to the state in which policyholders reside. 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:

State	Coverage	LIABILITY LIMITS				Insurance Commissioners' Phone Numbers
		Aggregate Benefits	Death Benefits	Cash Values	PV of Annuities	
Alabama	I	\$300K	-	\$100K	-	(205) 269-3554
Alaska	R	\$300K	\$300K	\$100K	\$100K	(907) 465-2515
Arizona	R	\$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	\$300K	\$100K	\$100K	(302) 739-4251
Dist. of Col.	R	\$300K	\$300K	\$100K	\$300K	(202) 727-8000
Florida	R	\$300K	-	\$100K	-	(800) 342-2762
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	R	\$300K	\$300K	\$100K	\$100K	(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	R	\$300K	\$300K	\$100K	\$100K	(702) 687-4270
New Hampshire	I	\$300K	-	\$100K	-	(603) 271-2261
New Jersey	R	\$500K	\$500K	\$100K	\$500K	(609) 292-5363
New Mexico	I	\$300K	-	\$100K	-	(505) 827-4535
New York	R	\$500K	-	-	-	(212) 602-0492
North Carolina	R	\$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	R	\$300K	\$300K	\$100K	\$100K	(503) 378-4271
Pennsylvania	R	\$300K	\$300K	\$100K	\$100K	(215) 687-6222
Puerto Rico	R	-	\$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) 558-3386
Wisconsin	R	\$300K	-	-	-	(608) 266-0102
Wyoming	R	\$300K	\$300K	\$100K	\$100K	(307) 777-7401

LEGEND: Column titled "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.

LEGEND: Columns under "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

Annuities which are invested in an insurance company's General Account are as secure as the stability of that carrier's investment portfolio. Annuities are not federally insured (eg., FDIC). They will probably be covered by the State Guaranty Funds but that may fall short of the total amount in an account if it holds more than the fund's limits of coverage.

One way to tilt the odds in your favor is by investing with companies which get high grades from several rating agencies. These rating opinions are based on factors such as ability to pay claims, quality of investments, and ability to withstand economic downturns. The five rating services presented here are A.M. Best's, Standard & Poor's, Moody's, Duff & Phelps, and Weiss Research. 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.

very close to liquidation. In the case of Weiss, an "A+" is the highest rating and assigned to only a few companies. For A.M. Best, an "A+" represents their second highest grade, which was assigned to more than 200 of the companies Best rates. For S&P and Duff & Phelps, an "A+" is the 5th rank from the top and therefore denotes a much weaker standing than it does for either Weiss or Best.

ALPHABETICAL RATINGS

The five rating agencies assign **alphabetical** grades (such as AAA thru F) to the insurance companies they rate. These alphabetical ratings may be confusing when making comparisons. For instance, a company rated "C" by Weiss has merely received an "average" grade. But a "C" from S&P indicates the company is

NUMERICAL RANKINGS

To level the alphabetical rating field we include a **NUMERICAL RANK** in front of each letter grade. Now you can easily judge the value of an alphabetical grade by its position in that agency's **DISTRIBUTION OF RATINGS**. This numerical ranking will help you to recognize that the same letter grade may carry very different relative value with the different rating agencies.

DISTRIBUTION OF RATINGS

A.M. Best		S & P		Moody's		Duff & Phelps		Weiss Research	
Rank/ Grade	# Co. 844	Rank/ Grade	# Co. 257	Rank/ Grade	# Co. 97	Rank/ Grade	# Co. 157	Rank/ Grade	# Co. 1478
1 (A++)	58	1 (AAA)	67	1 (AAA)	9	1 (AAA)	40	1 (A+)	10
2 (A+)	169	2 (AA+)	48	2 (Aa1)	7	2 (AA+)	18	2 (A)	21
3 (A)	210	3 (AA)	44	3 (Aa2)	23	3 (AA)	41	3 (A-)	22
4 (A-)	98	4 (AA-)	51	4 (Aa3)	16	4 (AA-)	27	4 (B+)	38
5 (B++)	38	5 (A+)	26	5 (A1)	21	5 (A+)	21	5 (B)	107
6 (B+)	106	6 (A)	7	6 (A2)	5	6 (A)	8	6 (B-)	113
7 (B)	83	7 (A-)	2	7 (A3)	4	7 (A-)	1	7 (C+)	72
8 (B-)	20	8 (BBB+)	3	8 (Baa1)	4	8 (BBB+)	0	8 (C)	228
9 (C++)	7	9 (BBB)	3	9 (Baa2)	2	9 (BBB)	0	9 (C-)	192
10 (C+)	12	10 (BBB-)	1	10 (Baa3)	1	10 (BBB-)	0	10 (D+)	98
11 (C)	15	11 (BB+)	0	11 (Ba1)	2	11 (BB+)	0	11 (D)	113
12 (C-)	5	12 (BB)	1	12 (Ba2)	1	12 (BB)	0	12 (D-)	27
13 (D)	8	13 (BB-)	0	13 (Ba3)	0	13 (BB-)	0	13 (E+)	30
14 (E)	14	14 (B+)	0	14 (B1)	0	14 (B+)	0	14 (E)	21
15 (F)	1	15 (B)	0	15 (B2)	0	15 (B)	0	15 (E-)	4
(as of 9/93)		16 (B-)	0	16 (B3)	0	16 (B-)	0	16 (F)	16
		17 (CCC)	0	17 (Caa)	2	17 (CCC+)	0	17 (U)	366
		18 (R)	4	18 (Ca)	0	18 (CCC)	1	(as of 9/93)	
		(as of 9/93)		19 (C)	0	19 (CCC-) 0			
				(as of 9/93)		(as of 9/93)			

INSURANCE COMPANIES RATINGS

Company Legal Name	NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ Assets	DFM/ Assets	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
Acacia Nat'l Life	85685	VA	1974	\$ 0.41B	5.6%	8.1%	0.0%	-	-	-	4 (AA-)	7 (SC+)
Aetna LI & Ann. Co.	86509	CT	1954	\$ 15.18B	3.4%	3.0%	0.0%	*	1 (AAA)	3 (Aa2)	1 (AAA)	7 (C+)
Aetna LIC	60054	CT	1853	\$ 50.89B	4.3%	2.7%	3.0%	3 (A)	3 (A+)	4 (Aa3)	3 (AA)	9 (C-)
Aid Assoc. Lutherans	56014	WI	1902	\$ 11.26B	7.4%	2.7%	0.4%	1 (A++)	1 (AAA)	-	1 (AAA)	-
AIG Life Insur. Co.	66842	DE	1962	\$ 1.43B	4.7%	4.9%	0.0%	*	1 (AAA)	-	-	9 (C-)
Alex. Ham. LIC Amer.	88358	MI	1963	\$ 5.48B	3.7%	3.4%	0.2%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	8 (C)
Allied LIC	60178	IA	1965	\$ 0.38B	7.6%	2.1%	0.0%	*	-	-	-	4 (B+)
Allstate LIC	60186	IL	1957	\$ 20.32B	5.0%	5.5%	0.7%	2 (A+)	2 (AA+)	4 (Aa3)	-	5 (B)
Amer. Enterprise LIC	94234	IN	1981	\$ 1.29B	4.29%	5.6%	0.0%	*	-	-	1 (AAA)	7 (C+)
Amer. Family LIC	60399	WI	1957	\$ 1.34B	11.9%	1.4%	0.1%	2 (A+)	-	-	-	1 (A+)
Amer. Fidel. Assur.	60410	OK	1956	\$ 0.84B	12.6%	0.0%	0.2%	*	-	-	-	3 (A-)
Amer. General LIC	60488	TX	1917	\$ 4.14B	24.9%	3.8%	0.3%	1 (A++)	1 (AAA)	-	1 (AAA)	4 (B+)
Amer. Heritage LIC	60534	FL	1956	\$ 0.86B	9.0%	5.4%	0.0%	*	9 (BBB)	-	-	6 (B+)
Amer. Int'l Life/NY	60607	NY	1962	\$ 3.54B	4.2%	6.0%	0.0%	*	1 (AAA)	-	-	9 (C-)
Amer. Investors LIC	60631	KS	1965	\$ 1.83B	4.0%	4.8%	0.0%	*	9 (BBB)	-	5 (A+)	9 (C-)
Amer. Life/Cas. Ins.	60682	IA	1951	\$ 3.41B	5.7%	1.7%	0.1%	3 (A)	6 (A)	-	-	8 (C)
Amer. LIC	60690	DE	1928	\$ 7.76B	8.0%	0.7%	0.0%	*	1 (AAA)	-	-	7 (C+)
Amer. LIC/ NY	60704	NY	1955	\$ 1.10B	5.1%	0.0%	0.0%	*	-	-	2 (AA+)	5 (B)
Amer. Mayflw LIC/NY	60712	NY	1957	\$ 0.69B	5.5%	2.1%	0.0%	*	2 (AA+)	-	2 (AA+)	6 (B-)
Amer. Mutual LIC	60720	IA	1897	\$ 1.13B	10.27%	6.3%	0.1%	*	-	-	-	5 (B)
Amer. Nat'l Ins.Co.	60739	TX	1905	\$ 4.18B	25.7%	1.1%	2.40	1 (A++)	-	3 (Aa2)	-	6 (B-)
Amer. Skandia L Assur	86630	CT	1969	\$ 0.51B	7.1%	0.0%	0.0%	*	9 (BBB)	-	4 (AA-)	10 (SD)
American United LIC	60895	IN	1877	\$ 5.02B	4.3%	1.3%	0.3%	2 (A+)	4 (AA-)	5 (A1)	2 (AA+)	5 (B)
Ameritas LI Corp.	61301	NE	1887	\$ 1.49B	9.5%	1.2%	0.0%	*	3 (AA)	-	-	2 (A)
Amex Life Assur. Co.	67962	CA	1958	\$ 1.41B	21.1%	2.7%	0.0%	*	-	-	-	5 (B)

Disclaimer: While we attempt to list the ratings currently in effect, we are not to be held liable for the reliability of this information. You are strongly advised to directly contact the rating agencies and insurance companies for verification of ratings and additional details.

* The rating for this insurer can be obtained directly from A.M. Best. Ratings listed are from news announcements issued by Best "FOR IMMEDIATE RELEASE".

-("dash" in rating columns) -- Company may not be rated by that agency. Insurance companies must pay up to \$60,000 a year to be rated by some of the 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 insurance companies.

Company Legal Name NAIC# -- 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. The 5-digit number following each company name is the National Association of Insurance Commissioners ("NAIC") assigned number to identify that company or subsidiary. Canadian carriers are not assigned NAIC numbers.

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 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 and admitted or accepted by state regulators. Includes invested assets plus amounts receivable and separate account assets.

C&S / Assets (Ratio of Capital & Surplus to Assets). This compares a company's

net worth to its assets. The ratio indicates the degree to which a company has leveraged its capital and surplus. The normal industry range for C&S/Assets is from 5% to 10% (the higher, the better). This ratio will depend on factors such as the types of risk and products with which a company is involved.

NIGB / Assets (Ratio of Non-Investment Grade Bonds to Assets). This measures exposure to "Junk Bonds" as a percent of assets and provides an indication of risk due to bond portfolio losses. Our measure of NIGB includes NAIC classes 3,4,5, and 6 bonds. The usual range for this test is 4% to 7% (the lower, the better). NIGB not available for Canadian companies.

DFM / Assets (Ratio of Delinquent & Foreclosed Mortgages to Assets). This is the percent of a company's portfolio comprised of mortgages more than 90 days past due, mortgages in process of foreclosure, or properties acquired by foreclosure (real estate) as a percentage of company assets. A DFM/Assets ratio above 3% is above the industry norm for this measure (the lower, the better).

INSURANCE COMPANIES RATINGS

Company Legal Name	NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ Assets	DFM/ Assets	A.M. Best's	Std & Poors	Moody's Invest.	Duff & Phelps	Weiss Research
Anchor Nat'l LIC 60941		CA	1965	\$ 5.20B	2.8%	6.7%	0.0%	*	3 (AA)	6 (A2)	3 (AA)	8 (C)
Bankers Life/Cas. Co. 61263		IL	1880	\$ 1.87B	8.2%	3.7%	0.0%	*	-	-	4 (AA-)	9 (C-)
Bankers Sec. LI Soc. 61360		NY	1917	\$ 0.76B	8.1%	2.8%	0.1%	*	5 (A+)	-	-	7 (C)
Bankers Uni. Life Ass. 61387		IA	1936	\$ 1.94B	4.5%	4.0%	0.4%	*	2 (AA+)	4 (Aa3)	4 (AA+)	6 (B-)
Beneficial Std LIC 61417		CA	1940	\$ 2.16B	4.5%	4.4%	0.2%	*	-	-	5 (A+)	8 (C)
Berkshire LIC 61433		MA	1851	\$ 0.95B	5.7%	1.4%	0.5%	*	3 (AA)	-	3 (AA)	7 (C+)
Bradford Nat'l LIC 86371		LA	1947	\$ 0.15B	5.5%	0.1%	0.0%	*	-	-	-	7 (SC+)
Calfarm LIC 61514		CA	1950	\$ 0.70B	7.8%	4.8%	0.5%	*	-	-	-	5 (B)
Canada Life Assur. Co. n/a		CD	1849	\$ 15.14B	7.2%	1.4%	0.9%	1 (A++)	1 (AAA)	-	1 (AAA)	-
Canada Life Ins.Co.(NY)79359		NY	1971	\$ 0.18B	7.1%	3.7%	1.0%	*	1 (AAA)	-	1 (AAA)	7 (SC+)
Capitol Bankers LIC 62421		MN	1963	\$ 0.41B	6.3%	0.0%	1.5%	*	3 (AA)	-	-	8 (C)
Central Life Assur. 61689		IA	1896	\$ 2.39B	6.7%	4.8%	0.1%	3 (A)	5 (A+)	-	6 (A+)	7 (C+)
Cen Nat LIC/Omaha 61700		NE	1953	\$ 0.98B	18.5%	0.5%	0.0%	*	3 (AA)	-	-	5 (B)
Century Life of Amer. 65749		IA	1879	\$ 2.07B	4.8%	3.8%	0.5%	*	-	-	4 (AA-)	6 (B-)
Champlain LIC 93637		VT	1981	\$ 0.75B	na	na	na	*	4 (AA-)	-	3 (AA)	8 (SC)
Charter National LIC 61808		MO	1955	\$ 1.08B	21.5%	1.6%	0.0%	*	-	-	-	8 (C)
Chubb Sovereign LIC 80438		CA	1962	\$ 3.59B	13.9%	5.9%	0.08%	*	1 (AAA)	-	-	5 (B)
Colonial LIC of Amer. 62057		NJ	1897	\$ 0.60B	14.2%	6.5%	0.1%	*	1 (AAA)	-	-	6 (B-)
Columbia Universal LIC 67954		TX	1983	\$ 0.13B	9.4%	7.5%	0.0%	*	-	-	7 (A-)	8 (SC)
Columbus LIC 99937		OH	1906	\$ 1.43B	7.6%	6.5%	0.1%	*	3 (AA)	1 (AAA)	-	6 (B)
Comm'l Un. LIC/Amer. 62898		DE	1958	\$ 0.97B	8.2%	2.2%	0.0%	*	-	-	4 (AA-)	4 (B+)
CU Life Ins Co. NY 92665		NY	1981	\$ 0.18B	6.3%	1.2%	0.0%	*	-	-	4 (AA-)	7 (SC+)
Commonwealth LIC 62227		KY	1904	\$ 4.94B	5.5%	4.7%	0.7%	2 (A+)	1 (AAA)	4 (Aa3)	2 (AA+)	8 (C)
Confederation LIC n/a		CD	1871	\$ 23.98B	6.1%	2.0%	3.7%	3 (A)	4 (AA-)	-	3 (AA)	-
Conn. General LIC 62308		CT	1865	\$ 44.08B	3.95%	6.8%	0.8%	2 (A+)	2 (AA+)	4 (Aa3)	1 (AAA)	7 (C+)
Conn. Mutual LIC 62316		CT	1846	\$ 11.16B	5.4%	1.8%	1.3%	2 (A+)	4 (AA-)	3 (Aa2)	3 (AA)	6 (B-)
Constitution LIC 62359		KY	1929	\$ 0.78B	13.4%	14.7%	0.0%	*	8 (BBB+)	-	5 (A+)	8 (C-)
Continental Assur. Co. 62413		IL	1911	\$ 11.23B	8.8%	3.4%	0.0%	*	2 (AA+)	4 (Aa3)	1 (AAA)	3 (A-)
Contin. Western LIC 62510		IA	1966	\$ 0.35B	7.4%	0.1%	0.2%	*	8 (BBB+)	-	3 (AA)	5 (SB)
Country LIC 62553		IL	1928	\$ 2.43B	16.4%	1.0%	0.3%	2 (A+)	-	-	-	1 (A+)
Covenant LIC 68012		PA	1759	\$ 0.59B	8.3%	2.7%	0.0%	*	-	-	-	5 (B)
Crown LIC n/a		CD	1900	\$ 8.70B	-	-	-	*	4 (AA-)	9 (Baa2)	-	-
CUNA Mutual Ins. Soc. 62626		WI	1935	\$ 1.48B	14.5%	0.4%	0.0%	*	-	-	3 (AA)	8 (C)
Delta Life & Ann. 65145		TN	1955	\$ 0.87B	4.8%	0.0%	0.2%	2 (A+)	-	-	4 (AA-)	6 (B-)
Empire LIC 62820		NE	1962	\$ 0.19B	10.3%	0.0%	0.0%	*	-	-	4 (AA-)	9 (SC-)
Empire Gen. LAC 94285		TN	1981	\$ 0.05B	-	-	-	*	3 (AA)	-	3 (AA)	-
Equit. L. Assur.Soc. 62944		NY	1859	\$ 46.62B	3.5%	6.0%	1.7%	4 (A-)	5 (A+)	7 (A3)	6 (A+)	11 (D)
Equit.L./IOWA 62979		IA	1867	\$ 2.02B	13.78%	5.3%	0.4%	4 (A+)	3 (AA)	5 (A1)	3 (AA)	5 (B)
Equit. Variable LIC 81361		NY	1972	\$ 10.40B	5.0%	6.1%	1.4%	*	5 (A+)	7 (A3)	6 (A+)	10 (D+)
FB Annuity Co. 92401		MI	1980	\$ 0.33B	4.3%	1.6%	0.0%	*	-	-	-	8 (SC)
FBL Insur. Co. 90646		IA	1979	\$ 0.47B	7.1%	8.4%	0.0%	*	-	-	-	7 (C+)
Federal Home LIC 67695		IN	1910	\$ 1.62B	9.4%	2.4%	0.1%	*	-	-	4 (AA-)	6 (B-)
Fed. Kemper L. Assur. 63207		IL	1905	\$ 2.91B	6.6%	7.9%	0.7%	*	-	8 (Baa1)	4 (AA-)	8 (C)
Fidelity & Guar. LIC 63274		MD	1959	\$ 4.39B	7.0%	9.3%	0.4%	*	8 (BBB+)	10 (Baa3)	6 (A)	9 (C-)
Fidelity Union LIC 92509		TX	1927	\$ 0.99B	13.9%	1.2%	0.2%	*	-	-	-	4 (B+)
Financial Benefit LIC 98213		FL	1983	\$ 0.69B	3.9%	9.0%	0.0%	*	-	-	-	9 (C-)
First Alex. Ham. LIC 71510		NY	1986	\$ 0.25B	8.4%	0.1%	0.0%	*	-	-	3 (AA)	8 (SC)
First Colony LIC 63401		VA	1955	\$ 6.01B	4.9%	3.5%	0.0%	1 (A++)	2 (AA+)	4 (Aa3)	2 (AA+)	5 (B)
First GNA LIC/NY 72990		NY	1988	\$ 0.59B	10.7%	0.3%	0.0%	*	3 (AA)	-	3 (AA)	7 (C+)
First Rel. Std. LIC 71005		NY	1983	\$ 0.05B	na	na	na	*	7 (A-)	-	4 (AA-)	8 (C)
First SunAmerica LIC 92495		NY	1978	\$ 0.09B	26.7%	0.0%	0.0%	*	-	-	-	8 (SC)
First UNUM LIC 64297		NY	1959	\$ 0.62B	16.5%	1.1%	0.4%	*	2 (AA+)	3 (Aa2)	-	5 (B)
Ford LIC 63576		MI	1966	\$ 1.00B	11.4%	0.0%	0.0%	*	3 (AA)	-	3 (AA)	5 (B)
Fort Dearborn LIC 71129		IL	1966	\$ 0.14B	21.8%	0.0%	0.0%	*	-	-	-	5 (B)
Fortis Benefits LIC 70408		MN	1910	\$ 2.70B	8.8%	1.9%	0.1%	2 (A+)	3 (AA)	-	-	5 (B)
Franklin LIC 63622		IL	1884	\$ 5.58B	11.9%	3.9%	0.1%	1 (A++)	2 (AA+)	3 (Aa2)	1 (AAA)	2 (A)

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Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ toC&S	DFM/ toC&S	A.M. Best's	Std & Poors	Moodys Invest.	Duff & Phelps	Weiss Research
General Amer. LIC 63665	MO	1933	\$ 7.22B	4.1%	2.9%	0.7%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	7 (C+)
General Services LIC 63762	IA	1954	\$ 0.84B	4.1%	10.0%	0.0%	*	2 (AA+)	-	4 (AA-)	8 (C)
Globe Life/Accid. IC 91472	DE	1951	\$ 0.79B	35.2%	1.0%	0.0%	*	1 (AAA)	-	-	3 (A-)
Golden Rule Ins. Co. 62286	IL	1940	\$ 8.96B	15.6%	6.5%	0.0%	*	4 (AA-)	-	-	6 (B-)
Great American LIC 63312	OH	1916	\$ 4.37B	4.9%	8.4%	0.0%	3 (A)	-	-	5 (A+)	7 (C+)
Great Amer. Res. Ins. 64017	TX	1937	\$ 1.17B	4.8%	8.1%	0.0%	*	-	-	5 (A+)	10 (D+)
Gr. Nrthrn Insur. Ann. 94366	WA	1980	\$ 5.19B	4.5%	0.4%	0.3%	2 (A+)	3 (AA)	4 (Aa3)	3 (AA)	6 (B-)
Great Southern LIC 90212	TX	1909	\$ 0.81B	20.6%	0.0%	0.4%	*	6 (A)	-	-	7 (C+)
Great-West Life Assur. n/a	CD	1891	\$ 12.72B	-	-	-	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	-
Guar. Mutual Life Co. 64181	NE	1901	\$ 0.88B	9.0%	5.9%	0.1%	*	-	-	-	3 (A-)
Guardian LIC of Amer. 64246	NY	1860	\$ 7.86B	10.1%	2.9%	0.2%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	2 (A)
Gulf LIC 64270	TN	1911	\$ 3.15B	12.7%	3.4%	0.3%	*	1 (AAA)	-	-	5 (B)
Hartford LIC 88072	CT	1902	\$ 20.75B	3.0%	0.2%	0.0%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	3 (A-)
Harvest LIC 79421	OH	1972	\$ 0.67B	6.8%	0.3%	0.0%	*	-	-	4 (AA-)	7 (C+)
Horace Mann LIC 64513	IL	1949	\$ 2.05B	5.4%	6.6%	1.0%	*	4 (AA-)	-	-	5 (B)
IDS LIC 65005	MN	1972	\$ 23.27B	3.1%	8.3%	0.2%	2 (A+)	-	3 (Aa2)	1 (AAA)	6 (B-)
IL Mut. Life/Cas. 64580	IL	1912	\$ 0.41B	11.5%	1.2%	1.4%	*	-	-	-	5 (B)
Indianapolis LIC 64645	IN	1905	\$ 1.16B	8.1%	0.9%	0.4%	*	-	-	3 (AA)	5 (B)
Investors LIC of NE 86975	SD	1961	\$ 0.27B	11.8%	2.4%	0.0%	*	2 (AA+)	-	-	6 (B-)
Integrity LIC 74780	AZ	1954	\$ 1.44B	4.0%	4.5%	1.3%	*	5 (A+)	-	5 (A+)	10 (D)
Investors Ins. Corp. 64939	DE	1956	\$ 0.12B	5.0%	0.0%	0.0%	*	-	-	-	10 (SC-)
ITT Hartford L. Ann LIC 71153	WI	1956	\$ 0.09B	45.0%	0.0%	0.0%	*	1 (AAA)	-	1 (AAA)	5 (B)
Jackson Nat'l LIC 65056	MI	1961	\$ 14.77B	5.7%	9.7%	0.0%	2 (A+)	3 (AA)	5 (A1)	-	7 (C+)
Jefferson Nat'l LIC 65064	IN	1937	\$ 0.98B	5.2%	9.2%	0.0%	*	-	-	5 (A+)	8 (C)
Jefferson-Pilot LIC 67865	NC	1890	\$ 4.54B	20.4%	2.7%	0.3%	1 (A++)	1 (AAA)	-	-	1 (A+)
John Alden LIC 65080	MN	1961	\$ 3.79B	6.0%	0.2%	0.9%	2 (A+)	-	-	-	8 (C)
John Deere LIC 97128	IL	1937	\$ 0.36B	13.3%	1.7%	0.0%	*	-	-	-	3 (A-)
John Hancock Mut'l 65099	MA	1862	\$ 39.14B	4.4%	6.5%	1.0%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	5 (B)
Kansas City LIC 65129	MO	1895	\$ 1.80B	8.4%	1.6%	0.5%	*	3 (AA)	-	-	5 (B)
Kemper Investors LIC 90557	IL	1947	\$ 6.51B	3.8%	8.4%	1.4%	4 (A-)	-	8 (Baa1)	6 (A+)	8 (C)
KY Home Mutual 65218	KY	1932	\$ 0.41B	na	na	na	*	-	-	6 (A+)	8 (SC)
Keyport LIC 65234	RI	1957	\$ 9.34B	4.0%	6.7%	0.0%	2 (A+)	5 (A+)	5 (A1)	4 (AA-)	5 (B)
Knights of Columbus 58033	CT	1882	\$ 3.97B	na	na	na	1 (A++)	1 (AAA)	-	-	na
Lamar LIC 65250	MS	1906	\$ 0.50B	14.8%	6.1%	0.4%	*	-	-	-	2 (A)
Lafayette LIC 65242	IN	1905	\$ 0.55B	7.4%	0.6%	0.1%	*	-	-	3 (AA)	5 (B)
Liberty LIC 65323	SC	1905	\$ 1.05B	12.3%	1.7%	0.2%	*	-	-	3 (AA)	3 (A-)
Liberty Nat'l LIC 65331	AL	1929	\$ 2.46B	13.3%	1.0%	0.0%	*	1 (AAA)	-	-	3 (A-)
Life Ins.Co./Georgia 65471	GA	1891	\$ 2.33B	9.1%	1.6%	0.4%	2 (A+)	1 (AAA)	-	1 (AAA)	4 (B+)
Life Ins.Co./S'west 65528	TX	1955	\$ 1.35B	4.9%	1.9%	1.2%	*	-	-	4 (AA-)	5 (B)
Life Ins.Co./Virginia 65536	VA	1871	\$ 5.96B	6.0%	3.4%	0.3%	*	3 (AA)	5 (A1)	2 (AA+)	5 (B)
Life Investors Ins. Co. 64130	IA	1930	\$ 2.84B	10.2%	5.2%	0.7%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
LifeUSA Ins. Co. 63339	CO	1961	\$ 0.45B	5.3%	0.0%	0.0%	*	-	-	-	8 (SC)
Lincoln Benefit Life 65595	NE	1938	\$ 0.96B	43.4%	0.3%	0.0%	*	2 (AA+)	-	-	4 (B+)
Lincoln Nat'l LIC 65676	IN	1905	\$ 28.80B	4.2%	4.0%	1.2%	2 (A+)	4 (AA-)	5 (A1)	1 (AAA)	6 (B-)
Lincoln Security LIC 61620	CT	1984	\$ 0.18B	6.4%	1.6%	0.0%	*	4 (AA-0)	-	-	8 (SC)
London Pac. Life/Ann. 68934	NC	1927	\$ 0.68B	4.6%	29.6%	0.0%	*	-	-	-	11 (D)
Lutheran Brotherhood 57126	MN	1917	\$ 7.97B	na	na	na	1 (A++)	1 (AAA)	-	1 (AAA)	5 (SB)
Manufacturers LIC n/a	CD	1887	\$ 32.73B	6.5%	2.96%	2.27%	1 (A++)	1 (AAA)	-	1 (AAA)	-
Massach. General LIC 65900	MA	1962	\$ 1.08B	6.1%	3.4%	0.2%	*	-	-	6 (A+)	6 (B-)
Massach. Mutual LIC 65935	MA	1851	\$ 31.26B	4.9%	5.4%	0.7%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	4 (B+)
Merrill Lynch LIC 79022	AR	1986	\$ 11.45B	4.0%	5.5%	0.8%	(NA-3)	4 (AA-)	5 (A1)	-	7 (C+)
Metropolitan LIC 65978	NY	1868	\$ 118.0B	4.3%	2.0%	1.4%	1 (A++)	1 (AAA)	2 (Aa1)	1 (AAA)	4 (B+)
Midland Mutual LIC 66035	OH	1905	\$ 1.13B	4.3%	1.8%	1.6%	*	-	-	-	8 (C)

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Midland Nat'l LIC 66044	SD	1906	\$ 1.43B	17.8%	2.5%	0.1%	*	2 (AA+)	-	-	2 (A)
Ministers Life 66133	MN	1900	\$ 0.26B	5.8%	3.3%	0.2%	*	-	-	1 (AAA)	8 (SC)
Minnesota Mutual LIC 66168	MN	1880	\$ 6.84B	3.8%	3.9%	0.1%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	6 (B-)
Modern Wood./Amer. 57541	IL	1884	\$ 2.19B	na	na	na	*	-	-	2 (AA+)	-
Monumental LIC 66281	MD	1858	\$ 2.85B	6.4%	3.4%	0.4%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Mutual of Amer. LIC 88668	NY	1945	\$ 5.52B	6.2%	0.0%	0.6%	2 (A+)	2 (AA+)	4 (Aa3)	2 (AA+)	4 (B+)
Mutual LIC/NY.MONY 66370	NY	1842	\$ 16.89B			3.7%	7.6%	1.8%	4 (A-)	6 (A)	8 (Baa1)5(A)
Mutual Trust LIC 66427	IL	1904	\$ 0.62B	8.0%	3.2%	0.3%	*	-	-	4 (AA-)	4 (B+)
Nat'l Guardian LIC 66583	WI	1909	\$ 0.54B	7.3%	0.4%	0.0%	*	-	-	-	1 (A+)
Nat'l Heritage LIC 97284	DE	1981	\$ 0.29B	7.2%	2.3%	1.4%	*	12 (BB)	-	-	10 (SD+)
Nat'l Home Life Asr. 66605	MO	1920	\$ 6.98B	5.8%	3.1%	0.4%	2 (A+)	3 (AA)	6 (A2)	3 (AA)	3 (B)
Nat'l Integrity LIC 75264	NY	1968	\$ 0.53B	5.7%	4.0%	0.0%	*	6 (A)	-	5 (A+)	8 (C)
National LIC of VT 66680	VT	1850	\$ 4.34B	4.9%	2.7%	0.2%	2 (A+)	4 (AA-)	-	3 (AA)	6 (B-)
Nat'l Travelers Life 66828	IA	1907	\$ 0.38B	10.1%	1.6%	0.7%	*	-	-	-	5 (B)
National Western LIC 66850	CO	1956	\$ 2.39B	5.6%	0.9%	0.3%	*	-	-	-	7 (C+)
Nationwide LIC 66869	OH	1929	\$ 19.25B	3.3%	1.8%	0.4%	2 (A+)	1 (AAA)	2 (Aa1)	-	6 (B-)
New England Mutual L 66893	MA	1835	\$ 16.35B	3.7%	4.1%	0.7%	3 (A)	4 (AA-)	7 (A3)	3 (AA)	7 (C+)
New York LIC 66915	NY	1841	\$ 46.92B	6.1%	3.5%	0.3%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	2 (A)
No.Am.Co./L.& Hlth 66974	IL	1886	\$ 2.07B	5.7%	5.7%	0.0%	*	-	-	-	8 (C)
N Amer. Secur. LIC 90425	DE	1979	\$ 2.02B	1.7%	0.4%	0.9%	*	3 (AA)	-	-	7 (C+)
N. Atlantic LIC/Amer. 67024	NY	1961	\$ 0.88B	4.2%	6.6%	0.5%	*	-	-	3 (AA)	10 (D+)
N W Life Assur./Can.	CD	1967	\$ 0.48B	-	-	-	*	-	-	-	-
Northbrook LIC 88528	IL	1960	\$ 0.93B	4.4%	0.0%	0.0%	*	2 (AA+)	-	-	6 (B-)
Northern LIC 87734	WA	1906	\$ 3.01B	4.6%	4.7%	0.5%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	8 (C)
N'western Mutual LIC 67091	WI	1857	\$ 39.76B	4.6%	4.4%	0.3%	1 (A++)	1 (AAA)	1 (Aaa)	1 (AAA)	1 (A+)
N'western Nat'l LIC 67105	MN	1885	\$ 4.49B	9.8%	9.7%	1.4%	3 (A)	5 (A+)	6 (A2)	3 (AA)	7 (C+)
Ohio Nat'l Life Assur. 89206	OH	1979	\$ 0.36B	13.8%	5.9%	0.2%	*	3 (AA)	-	3 (AA)	5 (B)
Ohio Nat'l LIC 67172	OH	1909	\$ 3.34B	4.6%	4.3%	0.3%	2 (A+)	3 (AA)	5 (A1)	3 (AA)	6 (B-)
Ohio State LIC 67180	OH	1906	\$ 0.64B	15.3%	0.9%	0.4%	*	-	-	-	5 (B)
PFL Life Ins Co. 86231	IA	1961	\$ 4.37B	7.2%	4.1%	0.1%	*	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Pacific Mutual LIC 67466	CA	1868	\$ 11.54B	3.2%	2.3%	0.2%	2 (A+)	2 (AA+)	5 (A1)	2 (AA+)	5 (B)
Pan-American LIC 67539	LA	1911	\$ 1.99B	7.4%	7.0%	0.5%	*	3 (A)	5 (A1)	4 (AA-)	7 (C+)
Paragon LIC 93564	MO	1981	\$ 0.05B	na	na	na	*	4 (AA-)	-	3 (AA)	-
Paul Revere LIC 67598	MA	1930	\$ 2.38B	11.7%	4.4%	0.3%	*	4 (AA-)	-	-	6 (B-)
Peoples Security LIC 64475	NC	1916	\$ 3.36B	8.5%	4.5%	0.5%	2 (A+)	1 (AAA)	4 (Aa3)	2 (AA+)	7 (C+)
PHF LIC 84808	FL	1974	\$ 0.34B	12.8%	2.4%	0.0%	*	2 (AA+)	-	4 (AA-)	8 (C)
Philadelphia LIC 97047	PA	1906	\$ 1.38B	8.3%	8.5%	0.2%	*	-	-	6 (A+)	8 (C+)
Phoenix Home Life 67814	NY	1851	\$ 10.44B	5.1%	3.4%	1.9%	3 (A)	4 (AA-)	5 (A1)	3 (AA)	8 (C)
Pioneer LIC/IL 68330	IL	1946	\$ 0.41B	15.9%	1.8%	0.0%	*	-	-	-	8 (C)
Presidential LIC 68039	NY	1965	\$ 1.99B	10.6%	15.0%	0.0%	*	-	12 (Ba1)	-	12 (D)
Principal Mutual LIC 61271	IA	1879	\$ 35.12B	4.1%	7.6%	0.8%	1 (A++)	2 (AA+)	2 (Aa1)	1 (AAA)	5 (B)
Protective LIC 68136	TN	1907	\$ 3.71B	5.5%	4.6%	0.0%	2 (A+)	3 (AA)	-	3 (AA)	4 (B+)
Provident Life/Accid. 68195	TN	1887	\$ 10.02B	7.58%	3.4%	0.3%	3 (A)	4 (AA-)	4 (Aa3)	3 (AA)	6 (B-)
Provident Mutual LIC 68225	PA	1865	\$ 3.28B	5.8%	3.1%	0.5%	2 (A+)	4 (AA-)	5 (A1)	3 (AA)	7 (C+)
Provident Nat'l Assur. 70866	TN	1967	\$ 4.96B	3.4%	2.5%	0.5%	*	4 (AA-)	4 (Aa3)	3 (AA)	8 (C)
Prudential Ins.Co. 68241	NJ	1873	\$154.77B	4.7%	7.6%	1.8%	2 (A+)	2 (AA+)	3 (Aa2)	2 (AA+)	5 (B)
Reliance Standard LIC 68381	IL	1907	\$ 1.80B	7.0%	2.5%	0.0%	*	6 (A-)	-	4 (AA-)	8 (C)
Royal Maccabees LIC 65765	MI	1885	\$ 1.75B	6.2%	0.7%	0.3%	*	-	-	6 (A)	7 (C+)
SAFECO LIC 68608	WA	1957	\$ 7.35B	5.0%	2.3%	0.1%	2 (A+)	3 (AA)	3 (Aa2)	-	6 (B-)
Savings Bank LI/MA 70435	MA	1907	\$ 0.90B	11.3%	0.0%	0.5%	*	4 (AA-)	-	3 (AA)	8 (C)
Secur. Bene. LIC 68675	KS	1892	\$ 3.28B	3.2%	3.2%	0.1%	2 (A+)	4 (AA-)	-	-	7 (C+)
Secur.-Conn. LIC 91588	CT	1955	\$ 1.24B	10.2%	4.4%	0.7%	*	4 (AA-)	-	-	5 (B)
Secur. First LIC 61050	DE	1960	\$ 1.40B	4.5%	8.6%	0.0%	*	4 (AA-)	-	-	8 (C)
Secur. Life Denver 68713	CO	1928	\$ 2.06B	11.6%	0.6%	0.0%	*	-	-	-	1 (A+)
Secur. Mut'l LIC/NY 68772	NY	1886	\$ 1.08B	4.0%	2.1%	0.2%	*	5 (A+)	-	4 (AA-)	6 (B-)

* The rating for this insurer can be obtained directly from A.M. Best Company. A. M. Best ratings which are listed above were obtained from news announcements issued by Best "FOR IMMEDIATE RELEASE".

INSURANCE COMPANIES RATINGS

Company Legal Name NAIC#	State Dom.	Year Incorp	Admitted Assets	C&S/ Assets	NIGB/ Assets	DFM/ Assets	A.M. Best's	Std & Poors	Moody's Invest.	Duff & Phelps	Weiss Research
Shenandoah LIC 68845	VA	1914	\$ 0.57B	6.4%	2.8%	0.2%	*	-	-	-	5 (B)
Southland LIC 68950	TX	1908	\$ 1.03B	13.2%	2.9%	0.2%	*	1 (AAA)	-	1 (AAA)	3 (A-)
Southwestern LIC 91391	TX	1903	\$ 1.56B	18.9%	3.6%	0.9%	*	10 (BBB-)	13 (Ba2)	7 (A)	9 (C-)
Standard Insur. Co. 69019	OR	1906	\$ 2.70B	7.2%	0.8%	0.1%	2 (A+)	4 (AA-)	6 (A2)	3 (AA)	5 (B)
State Bond/Mortgage 69086	MN	1966	\$ 0.68B	5.0%	0.0%	0.4%	*	-	-	-	6 (B-)
State Farm LIC 69108	IL	1929	\$ 15.36B	10.9%	0.5%	0.4%	1 (A++)	1 (AAA)	1 (Aaa)	-	1 (A+)
State LIC 69116	IN	1894	\$ 0.25B	8.3%	1.6%	0.2%	*	-	-	-	6 (SB-)
State Mutual L Assur. 69140	MA	1844	\$ 6.75B	6.5%	4.3%	0.5%	*	3 (AA)	4 (Aa3)	3 (AA)	8 (C)
Sun Life of America 69256	MD	1897	\$ 5.65B	7.6%	7.1%	0.7%	3 (A)	3 (AA)	6 (A2)	3 (AA)	6 (B-)
Sun Life Assur./Canada n/a	CD	1865	\$ 26.49B	12.4%	0.4%	0.0%	1 (A++)	1 (AAA)	-	-	-
Sun Life /Canada (US) 79065	DE	1970	\$ 7.49B	5.5%	2.2%	0.4%	*	1 (AAA)	-	-	7 (C+)
Sunset LIC/America 69272	WA	1937	\$ 0.37B	12.5%	1.6%	0.0%	*	3 (AA)	-	-	2 (A)
TIAA of Amer. 69345	NY	1918	\$ 61.77B	5.2%	7.6%	2.7%	*	1 (AAA)	1 (Aaa)	1 (AAA)	6 (B-)
Time Insur. Co. 69477	WI	1910	\$ 1.16B	36.7%	2.1%	0.4%	*	3 (AA)	-	-	3 (A-)
TMG LIC (W'tn States) 70491	ND	1930	\$ 0.87B	11.5%	0.9%	1.7%	*	1 (AAA)	-	-	6 (B-)
Transam. Life & Ann. 69507	CA	1966	\$ 9.70B	3.7%	4.0%	0.0%	*	2 (AA+)	4 (Aa3)	2 (AA+)	6 (B-)
Transam. Occidental 67121	CA	1906	\$ 9.85B	6.8%	4.9%	0.0%	*	2 (AA+)	4 (Aa3)	2 (AA+)	5 (B)
Travelers Insur. Co. 87726	CT	1863	\$ 34.20B	4.6%	2.9%	5.0%	4 (A-)	5 (A+)	6 (A2)	6 (A+)	10 (D+)
Travelers Life/Annu. 80950	CT	1973	\$ 1.73B	13.6%	5.6%	2.8%	*	5 (A+)	-	-	10 (D+)
Union Central LIC 80837	OH	1867	\$ 3.33B	5.1%	3.4%	0.4%	*	5 (A+)	-	5 (A+)	8 (C)
United Companies 69876	LA	1955	\$ 1.33B	5.1%	2.2%	1.0%	*	-	-	5 (A+)	7 (C+)
Union Labor LIC 69744	MD	1925	\$ 1.88B	6.2%	2.2%	0.1%	*	8 (BBB+)	-	5 (A+)	10 (D+)
United Amer. Insur. Co. 92916	DE	1947	\$ 0.70B	29.4%	2.2%	0.0%	*	1 (AAA)	-	-	1 (A)
United Fidelity LIC 87645	TX	1920	\$ 0.34B	7.4%	1.3%	0.6%	*	-	-	-	11 (D)
United Investors LIC 94099	MO	1961	\$ 0.91B	16.5%	1.8%	0.0%	*	1 (AAA)	-	-	2 (A)
United of Omaha 69868	NE	1926	\$ 5.40B	7.0%	3.0%	0.4%	*	3 (AA)	3 (Aa2)	3 (AA)	5 (B)
United Pacific LIC 70025	WA	1956	\$ 5.40B	7.0%	13.5%	0.0%	*	9 (BBB)	12 (Ba1)	4 (AA-)	10 (D+)
United Presidential 70033	IN	1965	\$ 0.85B	7.9%	4.1%	0.2%	*	-	-	-	5 (B)
United Services 70084	VA	1937	\$ 2.03B	5.8%	1.7%	0.1%	*	5 (A+)	-	-	7 (C+)
Unity Mutual LIC 70114	NY	1903	\$ 0.62B	3.0%	1.8%	0.0%	*	-	-	-	9 (C-)
UNUM LIC 62235	ME	1966	\$ 8.89B	6.6%	3.3%	0.6%	1 (A++)	2 (AA+)	2 (Aa1)	-	5 (B)
USAA LIC 69663	TX	1963	\$ 4.16B	6.3%	3.6%	0.0%	1 (A++)	1 (AAA)	2 (Aa1)	-	3 (A-)
USG Ann.& Life Co. 61247	OK	1957	\$ 2.79B	6.1%	5.3%	0.0%	*	3 (AA)	5 (A1)	3 (AA)	7 (C+)
USLife Ins.Co.(NY) 70106	NY	1850	\$ 2.18B	8.5%	7.1%	0.1%	*	2 (AA+)	-	-	7 (C+)
Variable Ann. LIC 70238	TX	1968	\$ 17.26B	3.5%	2.0%	0.4%	1 (A++)	1 (AAA)	3 (Aa2)	1 (AAA)	4 (B+)
Vermont LIC 93645	VT	1981	\$ 0.49B	5.0%	2.0%	1.3%	*	4 (AA-)	-	4 (AA-)	8 (SC)
WM (Wash. Mut'l) LIC 85952	AZ	1975	\$ 0.58B	6.8%	0.0%	0.2%	*	-	-	-	9 (C-)
Wash. Nat'l Ins. 70319	IL	1923	\$ 1.58B	11.3%	5.1%	0.5%	*	-	-	-	7 (C+)
West Coast LIC 70335	CA	1915	\$ 0.40B	22.9%	3.2%	0.0%	*	-	5 (A1)	-	5 (B)
Western Nat'l LIC 70432	TX	1944	\$ 5.80B	6.7%	8.6%	0.0%	*	5 (A+)	9 (Baa2)	4 (AA-)	9 (C-)
W'tern Reserve LAC 91413	OH	1957	\$ 1.39B	3.1%	7.0%	0.0%	*	2 (AA+)	4 (Aa3)	2 (AA+)	7 (C+)
W'tern United LAC 77925	WA	1963	\$ 0.73B	5.5%	0.0%	2.9%	*	-	-	-	10 (D+)
Wm Penn LIC of NY 66230	NY	1962	\$ 0.90B	6.3%	0.0%	0.0%	*	-	-	-	5 (B)
Wisconsin Nat'l LIC 70580	WI	1908	\$ 0.34B	9.9%	0.7%	0.2%	*	-	-	-	3 (A-)
Woodmen of the World 57320	NE	1891	\$ 3.03B	-	-	-	*	3 (AA)	-	-	-
Xerox Finan. Svcs. LIC 93513	MO	1981	\$ 3.83B	2.9%	8.5%	0.8%	*	5 (A+)	6 (A2)	-	9 (C-)
Zurich Amer. LIC 70661	IL	1960	\$ 0.21B	13.3%	0.0%	0.0%	*	4 (AA-)	4 (Aa3)	-	8 (C)

* The rating for this insurer can be obtained directly from A.M. Best Company. A. M. Best ratings which are listed above were obtained from news announcements issued by Best "FOR IMMEDIATE RELEASE".

A. M. BEST's Ratings

A. M. Best Co. is the oldest insurance rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. It 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 any insurer's current or future ability to meet its contractual obligations. Best's charges an insurer \$500 for a letter rating. (Contact A.M. Best Company, Oldwick, New Jersey 08858.)

A. M. Best's rating is assigned after evaluating a company's financial condition and operating performance both in qualitative and quantitative terms. Quantitative evaluation examines (1) profitability, (2) leverage, (3) liquidity, (4) reserve adequacy, and (5) reinsurance. Qualitative evaluation is based on (1) spread of risk, (2) soundness and appropriateness of reinsurance, (3) quality and diversification of assets, (4) adequacy of policy reserves, and (5) adequacy of surplus, (6) capital structure, and (7) management experience. Ratings are reviewed both on an annual and a quarterly basis.

The rating scale uses letter grades ranging from A++ (Superior), the highest, to F (In Liquidation), the lowest. The letter grade can also have a modifier that qualifies it. 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.

The rating categories, including modifiers and "not assigned" designations, are as follows:

Rating Categories

A++, A+	Superior
A, A-	Excellent
B++, B+	Very Good
B, B-	Good
C++, C+	Fair
D	Below Minimum Standards
E	Under State Supervision
F	In Liquidation

Rating Modifiers

p	Pooled Rating
r	Reinsured Rating
c	Parent Rating
x	Revised Rating
w	Rating Watch List
g	Group Rating
s	Consolidated Rating
q	Qualified Rating

"Not Assigned" Categories

NA-1	Special Data Filing
NA-2	Less than Minimum Size
NA-3	Insufficient Operating Experience
NA-4	Rating Procedure Inapplicable
NA-5	Significant Change
NA-6	Reinsured by Unrated Insurer
NA-8	Incomplete Financial Information
NA-9	Company Request
NA-11	Rating Suspended

Ratings and reports on individual companies are available from A.M. Best. The cost of the report, which includes the company's rating, is \$20. You can also receive just the letter rating by dialing a 900 number (this is a toll call at \$2.50 per minute). Call A.M. Best at (908) 439-2200 for instructions on how to place the call.

Standard & 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.

S&P charges an insurer between \$15,000 and \$28,000 to receive a claims-paying ability rating. (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 R (lowest), (ie., AAA, AA, A, BBB, BB, B, CCC, R). The ratings from AA to B 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" companies 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.

Rating Categories

AAA	Superior financial security. Highest safety.
AA	Excellent financial security. Highly safe.
A	Good financial security. More susceptible to economic change than highly rated companies.
BBB	Adequate financial security. More vulnerable to economic changes than highly rated companies.
BB	Financial security may be adequate, but capacity to meet long-term policies is vulnerable.
B	Vulnerable financial security.
CCC	Extremely vulnerable financial security. Questionable ability to meet obligations unless favorable conditions prevail.
R	Regulatory action. Placed under an order of rehabilitation and liquidation.

S & P ratings for individual companies are available at no charge. Financial reports are \$25 each. Write to Standard & Poor's Corporation; 25 Broadway; New York, NY 10004. Or call (212) 208-1996.

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. Moody's annual fee for a rating is \$25,000. (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 (i.e., 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.

Rating Categories

Aaa Exceptional security. Unlikely to be affected by change.

Aa Excellent security. Lower than Aaa because long-term risks appear somewhat larger.

A Good Security. Possibly susceptible to future impairment.

Baa Adequate security. Certain protective to future impairment.

Ba Questionable security. Ability to meet obligations may be moderate.

B Poor security. Assurance of punctual payment of obligations is small over the long run.

Caa Very poor security. There may be elements of danger regarding the payment of obligations.

Ca Extremely poor security. Companies are often in default.

C Lowest security. Extremely poor prospects of offering financial security.

Moody's provides a range of financial analysis reports and ratings. For further information, write to Moody's Investors Service; 99 Church Street; New York, NY 10007; or telephone (212) 553-1658.

Duff & Phelps' Ratings

Duff & Phelps began rating insurance carriers in 1986. Its rating emphasizes analysis of the company's future ability to promptly pay its obligations by evaluating the insurer's long term solvency and its ability to maintain adequate liquidity. The evaluation involves both quantitative and qualitative factors.

The quantitative factors focus on profitability, operating leverage, surplus adequacy, asset quality and concentrations and the adequacy of policy reserves. An important emphasis is the sensitivity of the insurance company to volatile business cycles, major shifts in interest rates and the ability of management to deal within those circumstances.

Duff and Phelps uses a letter grade scale that ranges from AAA, the highest rating, to CCC, the lowest rating (i.e. AAA, AA, A, BBB, BB, B, CCC). The ratings below AAA may be modified by the addition of a plus or minus sign to show relative standing within those grades.

Rating Categories

AAA Highest claims paying ability. Negligible risk.

AA+ Very high claims paying ability.
AA Modest risk.
AA-

A+ High claims paying ability.
A Variable risk over time.
A-

BBB+ Below average claims paying
BBB ability.
BBB-

BB+ Uncertain claims paying ability.
BB Protective factors are subject to

BB- change to change with adverse economy.

CCC Substantial risk regarding claims paying ability. Likely to be placed under state insurance department supervision.

Full reports on individual companies are available for \$25. Ratings are provided free of charge. Write to Duff & Phelps Credit Rating Company; 55 East Monroe St.; Chicago, IL 60603; or call (312) 368-3157.

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; or telephone (800) 289-9222.

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. For example, the distribution of 1991 Weiss' ranking found only 2.8% of all companies rated achieved an A grade, 13.6% were rated in the B class, 37.2% at C, 20.2% at D, 4.5% at E, and 3.1% at F. Whereas Weiss' ratings closely followed a bell-shaped distribution, the ratings by Best's, S&P, and Moody's fell predominantly in the A and B classifications alone.

To achieve a top Weiss 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 maintaining 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.

+/- Plus is an indication that, with new

data, there is a modest possibility that this company could be upgraded.

Minus 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 than \$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 is unrated for one or more of the following reasons: (1) total assets of less than \$1 million, (2) premium income for the current year less than \$100 thousand, or (3) the company functions almost exclusively as a holding company rather than as an underwriter.

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Annuities may accept either a one-time deposit ("Single Premium" annuity) or unlimited periodic investments ("Flexible Premium" annuity). Some annuities offer a choice of investment options ("Variable" annuity) where the value of your account fluctuates with changes in stock or bond prices. Other annuities credit a guaranteed interest rate ("Fixed" annuity).

ANNUITY & LIFE INSURANCE SHOPPER will help you sort out what type of annuity may be right for you. You'll learn about the investment and insurance features of each of these types of annuities so you can use these valuable retirement vehicles effectively. We'll help you take the mystery out of annuities. Our annuity brokerage service is available to you at no cost and can help you find companies which offer high quality and attractive rates. Questions? Call 1-800-872-6684 to speak with an annuity specialist.

Immediate Annuities

Single Premium Immediate Annuities (SPIAs) are purchased by a single deposit, and usually commence regular income payments a month after you make your investment. An immediate annuity can be pur-

chased with funds from a variety of possible sources, such as: a maturing Certificate of Deposit (CD); monies which have accumulated in a Deferred Annuity account (see below); or funds from a tax-qualified defined benefit or profit-sharing plan, or from an IRA account. The key ingredient for an immediate annuity is the exchange which takes place between the insurance company and the investor. The company promises to pay a monthly income for the life of the annuitant and the buyer gives up his rights to ever receiving his deposit back in a lump sum. Once an immediate annuity makes its first payment, it can not be cashed in.

Advantages of An Immediate Annuity

Advantages of an immediate annuity 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 or which may be guaranteed for a specified period; (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 -- it lets you postpone paying taxes on some of the earnings you've accrued in a "tax-deferred" annuity when rolled into an immediate annuity (only the portion attributable to interest is taxable income, the bulk of the payments are nontaxable return of principal); (5) Safety of Principal -- funds are guaranteed

by assets of insurer and not subject to the fluctuations of financial markets; and (6) No sales or administrative charges.

SPIAs are particularly suitable for providing income in the following situations: (1) Retirement from Employment; (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.

Forms of Annuity

In its simplest form--the Straight Life or Non-refund immediate annuity--payments are guaranteed over the lifetime of one person. This form of annuity insures the recipient against outliving his financial resources and is an important instrument in planning for retirement. Given a fixed deposit amount, the monthly payments which derive from a "Life" annuity are always greater than those derived from other forms of immediate annuity, such as the "Life with Period Certain" annuity, or the "Joint and Survivor" annuity. The insurer of a single life annuity calculates its obligation only until the last regular payment preceding the annuitant's death. With other more extended forms of annuity, the insurer calculates its risk over a longer period than the one life expectancy, and reduces accordingly the monthly payment amount. However, because the payments on a single life annuity expire when you do, selecting this form of annuity is, in a sense, a bet that you expect to live longer than the average person.

When you extend the range of a

ALL ABOUT IMMEDIATE ANNUITIES

life annuity by continuing payments to a second person ("Joint and Survivor" annuity) or for a guaranteed minimum period of time ("Period Certain" annuity), the extra coverage may reduce the monthly payment by about 5% to 15%. Several situations where these "extended" forms of immediate annuity would be most suitable are: (1) when the income needs to be guaranteed over the lifetimes of a husband and wife ("Joint and Survivor" annuity); (2) when payments must continue for a specified period (e.g. 5 or 10 years or more) to a designated beneficiary ("Certain and Continuous" annuity); or (3) when the annuitant wants to make sure that, if he should die before his full investment has been distributed in monthly payments, an amount equal to the balance of the deposit will continue to a named beneficiary ("Installment Refund" annuity).

Forms of Annuity Definitions

Life Only, No Refund: Level payments are received for the annuitant's lifetime and cease upon the annuitant's death.

Life with Period Certain: Level payments are received for the annuitant's lifetime. However, if the annuitant should die before the end of the specified certain period (usually from 5 to 25 years), payments will be paid to the designated beneficiary until the end of the certain period.

Life with Installment Refund: Level payments are received for the annuitant's lifetime. However, if the annuitant should die before receiving an amount equal to the original premium, payments will be paid to the designated beneficiary until the total payments made (annuitant and

beneficiary) equal the original premium (without interest).

Joint and Full Survivor (100%): Level payments are made for as long as either the annuitant or joint annuitant is alive. Joint and Survivor (100%) with Certain Period: same as above except, if both the annuitant and joint annuitant should die before the end of the specified certain period (5-25 years), payments will be paid to the designated beneficiary until the end of the certain period.

Joint and Survivor (50%..75%) reducing on FIRST or EITHER death: Full level payments are made as long as both the annuitant and joint annuitant are alive. Upon the death of either the annuitant or joint annuitant, reduced (50%...75%) level payments will continue to the survivor for as long he/she is alive.

Adding a Period Certain provision to a Joint and Survivor (50%...75%) annuity accomplishes the following: even if the annuitant or joint annuitant dies before the end of the certain period, payments to the survivor will not reduce until after the end of the certain period (5-25 years). If both the annuitant and joint annuitant die before the end of the certain period, full level payments will be paid to the designated beneficiary until the end of the certain period.

Joint and Survivor (50%..75%) reducing ONLY ON DEATH OF PRIMARY ANNUITANT: Full level payments will be made for as long as both the annuitant and contingent annuitant lives. Payments are never reduced to the Primary Annuitant. Payments are reduced to the Contingent annuitant should the Primary Annuitant predecease the Contingent Annuitant. (Note: This form is sometimes called

Joint and **Contingent** annuity. However, be careful, many companies interchange their definitions for Joint and Survivor and Joint and Contingent forms. Verify your company's interpretation of survivor annuity to be what you have in mind to purchase.)

Adding a Period Certain provision to a Joint and Contingent (50%..75) annuity does this: if the annuitant dies before the end of the certain period, payments to the contingent annuitant will not reduce until after the end of the certain period (5-25 years). If both annuitants die before the end of the certain period, full level payments will be paid to the designated beneficiary until the end of the certain period.

Annuity Certain (Without Life Contingency): Level payments are received for a specific period (5-25 years). If the annuitant should die before the end of the certain period, payments will be paid to the designated beneficiary. NO payments are made to the annuitant after the end of the specified period. (You may outlive this type of annuity.)

Immediate Annuity Rate Tables

Source of Funds - Qualified vs. Non-Qualified

The term **Qualified** (in the heading of Immediate Annuities Update Tables) refers to the tax status of the source of funds used for purchasing the annuity. These are premium dollars which until now have "qualified" for IRS exemption from income taxes. **The whole payment received each month from a qualified annuity is taxable as income (since income taxes has not yet been paid on these funds).** Qualified annuities may either

come from corporate-sponsored retirement plans (such as Defined Benefit or Defined Contribution Plans), Lump Sum distributions from such retirement plans, or from such individual retirement arrangements as IRAs, SEPs, and Section 403(b) tax-sheltered annuities, or Section 1035 annuity or life insurance exchanges. Generally speaking, insurance companies use male/female (sex-distinct) rates when pricing qualified annuities where the purchaser and/or owner is a corporation. Where the annuity is purchased by an individual, annuity rates are generally unisex. Some states, however, require that unisex rates be used for all qualified annuities.

Non-qualified immediate annuities are purchased with monies which have not enjoyed any tax-sheltered status and for which taxes have already been paid. **A part of each monthly payment is considered a return of previously taxed principal and therefore EXCLUDED from taxation as income this year. The amount excluded from taxes is calculated by an EXCLUSION RATIO which appears on most annuity quotation sheets.** Non-qualified annuities may be purchased by employers for situations such as deferred compensation or supplemental income programs or by individuals investing their after-tax savings accounts or money market accounts, CD's, proceeds from the sale of a house, business, mutual funds, other investments, or from an inheritance or proceeds from a life insurance settlement. While most insurance companies apply their male/female (sex-distinct) tables to non-qualified annuities, some states require the use of unisex rates for both males and females. The income figures in the immediate annuity tables represent monthly payment for a

\$1,000 deposit with the first check received one month after the date of deposit. Columns identified as "Life" (for male, female, or unisex at ages 65 and 70) illustrate how much in monthly income a \$1,000 deposit will purchase if payment are received over the lifetime of one person.

"Unisex 10C&C" rates show monthly income for 10 Years Certain and Continuous, which means that payments are guaranteed for at least ten years even if the annuitant should die before that period has elapsed. Of course, with the 10C&C annuity, monthly payments continue to be received at the stated rate even after the 10 year period for as long as the annuitant lives.

"Pd. Cert. 10 Yr. Only" rates cover payments for only a fixed 10 Year Period Certain. Such period certain annuities are not priced to reflect the age or life expectancy of the purchaser since payments cease after 120 monthly payments without regard to whether the annuitant is living.

"M65 F60 J&50%S" column illustrates rates payable on the Joint and 50% Survivor form of annuity. In our example the **primary** annuitant is a male age 65 and his coannuitant is a female age 60. This annuity guarantees payments over the lifetimes of two individuals, with the payments reducing by one half if the primary annuitant (male) should predecease the coannuitant (female). Variations on this type of annuity are also available.

Fixed Deferred Annuities

A Deferred Annuity is a tax-favored accumulation contract.

Its chief advantage over a Certificate of Deposit or Mutual Fund is that the yearly earnings in an annuity contract are not taxed when earned (except in the case of a corporation). The cash value builds in the account each year on a tax-deferred basis. These contracts can also be used for Qualified "rollover" funds (lump sum distributions from a Qualified Pension Plan prior to retirement).

In this section, we explore issues related to "Fixed" deferred annuities (which are different than "Variable" deferred annuities reviewed in a separate section below). A fixed annuity is one where the insurance company credits your account with a fixed rate. Interest earned on fixed deferred annuities is usually credited at a declared rate, which can remain constant for periods ranging anywhere from a calendar quarter to as much as ten years. Fixed annuities only offer the interest-earning account, whereas "Variable" annuities may offer several accounts where returns fluctuate with stock and bond prices.

Advantages of A Deferred Annuity

1. Compound Earnings Without Paying Taxes

Annuity interest is tax-deferred. There are no IRS forms to file nor earned-interest entries on your 1040. People saving for retirement or investors with large money market or CD balances **must** consider annuities for the extra earnings which only this kind of tax deferral can provide. That's because tax-free compounding over a reasonable period of time produces a substantially greater retirement benefit after taxes are paid than

taxable investing. Some studies find from 15% to 40% more money is available. So why would anyone want to warehouse their excess cash in a taxable CD when they could avoid the annual tax bite and even earn **additional** interest on each year's unpaid taxes year after year? What's more, if they wait to receive annuity income until retirement, when they're likely to be in a lower tax bracket, they'll further increase the value of their original investment.

2. Earning Higher Interest Rates

Annuities credit interest which is close to **long-term** bond rates and a lot higher than **short-term** money market rates. Add that to the power of tax deferral and you can see why each year annuities earn a substantially higher yield than CDs. Compare the **7.98%** equivalent yield from a typical 6% annuity (for an investor in the 33% tax bracket) to the **2.48%** net return from a 3.50% taxable CD or money market account. That's **THREE** times the earnings power of a CD. Plus, when long-term rates finally do turn up again, annuities will earn the higher interest rates then available.

3. Unlimited Tax-Deferral

Even persons who have maximized their yearly IRA and pension contributions may still invest any amount they wish into a tax-deferred annuity. There are no annual investment ceilings (no \$30,000 limits) on this tax-advantaged plan. Investors may even continue to shelter their funds in annuities with many insurance companies to age 90 and older.

4. Principal Safety Without Market Fluctuations

When interest rates begin to trend up again (which they most certainly will do sometime during

the next 10-20 years) annuity accounts will be protected from the kind of losses in principal which will hit bonds and bond funds. Annuities will credit future high interest rates without losses in principal. In an annuity 100% of your accumulated principal and interest is always in the account no matter what direction interest rates take.

5. Worry-Free Investing

The value of a fixed rate annuity is guaranteed and will not vary with "today's closing averages." The accumulated principal and interest is never subject to market losses. The interest or income continues regardless of what happens to bond rates or stock market performance. Investors are advised to regularly monitor the financial condition of their issuing company.

6. Retire Early Without Penalty

Annuities can offer valuable tax-savings for under age 59-1/2 employees who accept large cash sums from their 401k profit-sharing plans as part of an early retirement or severance package. For example, a young couples' 401k rollover can be invested in an annuity with "Substantial and Equal Payments" (IRS requirement) to cover their monthly mortgage payments. And this from monies they thought couldn't be touched until retirement!

7. Avoid the 50% Penalty on Minimum Required Withdrawals

Wealthy investors or retirees over age 70-1/2 who are now required to take minimum withdrawals from their IRA or Pension plans can avoid the hefty 50%(!) IRS penalty on amounts they should have withdrawn which they didn't, by simply annuitizing their accounts and turning over responsibility for income calculations to the insurance companies. They will also save the annual

fees their accountant or attorney normally charges for making these calculations (and it may even be difficult finding one who knows how to do it correctly).

8. Retire With Lifetime Income

Retirees concerned about making their profit sharing plan and money market savings last "forever" can protect themselves with a guaranteed income stream, no matter how long they live. Nowadays, the possibility of outliving one's savings is high. A healthy male age 65 has a 25% chance of living beyond age 90, and women live longer still. With annuities, the monthly retirement check is guaranteed for life, regardless of swings in the economy.

9. Probate-Free Inheritance

Investors seeking to protect their beneficiaries from the onerous two- and three-year delays and associated costs of probate, can spare them the hassles with annuities. Annuity cash values are paid directly and quickly to named beneficiaries as soon as the insurance company is notified of the policyholder's death.

ANNUITY & LIFE INSURANCE SHOPPER reports both on "Single Premium" deferred annuities ("SPDA"), which accept only one deposit, and "Flexible Premium" deferred annuities ("FPA"), which have all the features of SPDAs with the added flexibility that they accept multiple deposits over the life of the contract. Flexible premium annuities, however, often charge greater surrender penalties.

Deferred Annuity Rate Tables

The deferred annuity rate tables (in the earlier DEFERRED ANNUITIES UPDATE sections)

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. Age limits for qualified contracts are governed by IRS regulations and thus do not vary among different companies.

Interest Crediting

The Initial Credit% (Interest Rate) and the length of time for which this rate is guaranteed ("Yield Guarantee Period") are shown in the next two columns. Most insurance companies compound interest on a "day of deposit to day of withdrawal" basis. The cash accumulation figures in the tables below illustrate the growth of a single deposit of \$100,000 (for SPDAs and CoAs) or 20 annual deposits of \$10,000 (for FPAs), assuming the current interest rate remains in effect for 20 years.

Almost all annuities set a minimum or Floor Rate below which the annual interest rate is guaranteed never to drop. These floor rates are contractually guaranteed by the companies and are usually around 4%. To interpret a policy's floor rates check the letter code ("d" thru "g") against the legend for that table. Keep in mind that floor rates are not to be confused with "Bailout or Escape" rates, which only some companies offer (and which are discussed below). Some insurers offer "bonus" interest rates which tack on as much as eight percentage points to the current interest rate, boosting the first-year yield to 15% or higher. As alluring as these bonus rates may seem, they can

also be somewhat deceptive. Often, you'll only receive the bonus on your accrued earnings if you eventually annuitize with that company and take the money in monthly installments over a period of at least 10 years. If you want to withdraw your money in a lump sum, the insurer will retroactively subtract the 8% bonus, plus the interest that compounded on the bonus--and charge you a 15% penalty on your original investment. So be wary!

Tiered-rate annuities--so named because they have two levels of interest rates--are similar to bonus-rate annuities in that the "extra" accrued earnings in your account are available only if you annuitize with that company. Take a straight withdrawal of cash and your crediting rate will be knocked down to a "surrender value" rate as low as 6% for every year you've invested.

Some insurers offer lofty initial rates that are lowered at renewal time. Consequently, by gravitating toward annuities paying above-average rates, you may risk investing in an annuity which is a poor performer over the long haul.

Bailout Rates

Many insurers offer protection against low renewal rates with a contract feature that's known as a "Bailout" or "Escape" rate. A bailout rate lets you get out of an annuity without having to incur surrender charges if the renewal rate slips by, say, one percentage point or more below your initial rate (see column heading "Bailout Escape Rates" in deferred annuities tables). Annuities with bailouts typically pay initial rates of a half to a full percentage point below those without escape

clauses. What's more, a bailout really protects you only against a company which arbitrarily lowers its rates. If interest rates drop in the overall economy, you probably won't be able to reinvest in another company's annuity product at a higher rate anyway.

Withdrawals, Fees, and Charges

Expense charges for deferred annuities fall into three categories: Front End Loading, Maintenance Fees, and Surrender Fees. Very few "Fixed" annuity contracts have any front end charges. (This is different than "Variable" annuities where front-end charges may exist.) This means that 100% of your deposit without any deductions goes directly to work for you in your account. Of course, your salesman is paid a commission (usually from 3% to 8%). But his fee is not deducted from your deposit. It's actually advanced to him by his insurance company, which figures to recoup this expense a little each year, through the **spread** between the interest rate it earns on your money and the rate it credits to your account.

It is not common for fixed annuities to charge maintenance fees. Most insurance companies also let you withdraw up to 10% of your account value (principal plus accumulated interest) each year, without paying a surrender penalty. However, EXCEPT for certain Certificate of Annuity policies, if you want to withdraw more than 10% of your contract value or surrender it for its full value before the insurance company has had time to recoup its sales expenses--typically during the first 7 years or so--then you will be charged a penalty (in other words, a "back-end load"). These surrender charges usually approximate the unearned expenses a company has

advanced. (These penalties are in addition to whatever IRS tax penalties may occur if you are making a withdrawal from an SPDA and you are not yet 59-1/2 years old.) Surrender penalties vary from company to company, but may be as high as 15% in the first contract year (see "Surrender Fees/Year" tables). As a rule, surrender charges are reduced by about 1% per year and usually disappear completely by the 5th through 10th policy year. Fees may also be waived when the contract is "annuitized" into an immediate life annuity or in the event of the policyholder's death. Recently, some companies have waived penalties when the policyholder was confined to a nursing home.

Contract Maturity and Annuitization

When a deferred annuity matures (ie., the year that the surrender penalties subside), it's essential to understand your withdrawal options. You may reinvest your money with the same company at the rate then offered or switch your account to another insurer (called a tax-free or "Section 1035 Exchange"). Or, you can simply pull your money out of the annuity in a lump sum, but then you'll immediately owe federal income tax on ALL the earnings (at one time)--plus, if you're younger than 59-1/2 at withdrawal, you'll owe an additional 10% tax penalty.

There are two ways, however, to postpone that tax bite while still turning your annuity account into a reliable income stream. One is by "annuitizing" your policy--where you irrevocably convert the accumulated value of your deferred annuity into an "immediate annuity" (see section above).

You can either annuitize your account with your present company or transfer the account to a different insurer under a "Section 1035" exchange. It's a good idea to "shop the market" before annuitizing, since your present company may very well not be the one offering the most generous payments for the amount of money you can deposit. You can verify this discrepancy by comparing different companies' crediting rates to their settlement rates (see column titled "Mo. Income/\$1000 for Male Age 65 for Life," which shows the current and guaranteed purchase rates per \$1,000 of account value used by each company to convert cash values into monthly income). Also, consult tables entitled "Immediate Annuities."

Annuitizing may have a distinct tax advantage, such as letting you postpone paying taxes on some of the earnings you've accrued. However, this is true only for annuities which were originally purchased with so-called "non-qualified" or after-tax dollars (that is, monies which were not previously exempt from taxes). If your immediate or deferred annuity represents a "qualified" or pre-tax investment, such as an IRA or IRA "rollover" or Pension Plan funds, then the whole monthly income check will be taxable.

In addition to annuitizing, the other option is to set up a systematic withdrawal plan. With this method, you tell the insurance company how much cash to send you from your account each month. The main advantage of systematic withdrawal is flexibility; you can raise, lower, or stop the payments at any time, as well as annuitize. Unlike the annuitization option, though,

your account could eventually run out of money if you withdraw more than the annual interest earnings each year. What's more, cash paid out in a systematic plan is usually fully taxable until you have drained all your earnings from the account. However, because the tax law governing annuities can be quite complex, you should consult a financial planner or tax adviser before going ahead with either withdrawal option.

Combination Annuities - Split Annuities

Combination annuities (also called split annuities) are essentially a hybrid product combining the features of a certificate of annuity with those of a temporary or period-certain-only immediate annuity. They are designed to provide immediate cash-flow with a guarantee that the initial purchase amount will be returned in full at the end of a specified period of time. The illustrations in our table on Split annuities show maturity periods of five and seven years.

What makes combination annuities different from other cash accumulation programs is how they are taxed. Payments from an immediate annuity have unique taxation: a portion of each payment is recognized by the IRS as a return of principal, with the remainder representing taxable income in the year received. The amounts are determined by a percentage factor, known as the "exclusion ratio," and in a combination annuity the results are very favorable. This feature can be viewed as an important advantage over bank CDs, for instance, because it reduces the amount of tax paid

by the investor. A simple example will help illustrate this point. Suppose a semi-retired individual has a \$50,000 investment coming up for renewal this month. The aim of this person is to use the monthly interest earnings to supplement his income. A local bank is offering a 6% fixed rate for an 84 month account where interest may be withdrawn without a charge each month. From the bank certificate of deposit, then, our investor would get \$250.00 in interest income each month. After taxes, at 15%, he would receive \$212.50 in net income. But he can do significantly better with a combination annuity.

By allocating his \$50,000 into a combination annuity that uses both an SPIA and a deferred annuity, here's how our investor could increase his after-tax income. Based on current interest rates, he would deposit approximately \$32,500 into the deferred annuity portion of a combination annuity. In 84 months, this deposit will have grown to a value of \$50,000. He would then use the remaining \$17,500 of his original \$50,000 to purchase an SPIA, which at current rates would generate approximately \$254.00 over the next 84 months. Of that amount, \$208.02 is received tax free, because it represents a return of principal. This leaves \$45.98 as taxable income. Assuming the same 15% tax bracket as before, \$39.09 of this amount would constitute after-tax income. So, in this example, our investor would be receiving a total of \$247.10 (\$208.02 plus \$39.08) in after-tax income. And, he would also have his full \$50,000 investment returned in seven years.

The result is an increase in monthly income by more than

16% over what would have been provided through a bank certificate of deposit. The investor should also note that the income generated inside the deferred annuity portion of his combination annuity would be taxable income if he takes a withdrawal. He can avoid this taxation, however, simply by rolling over the money into another tax deferred investment.

Some tax consultants advise investors to "custom build" their own combination annuity by simply purchasing an immediate annuity and a deferred annuity from separate insurance companies. This has the potential of providing more competitive returns and also avoids the unfavorable implications of certain IRS revenue rulings concerning combination annuities where the immediate annuity and deferred annuity portions are issued by the same company.

Variable Annuities

Most of the features described earlier in the Fixed Annuities section also apply to Variable Annuities (VAs), with just a few exceptions. If you own a favorite "taxable" mutual fund, you may wish to own a fund of similar structure overseen by the same fund manager in a tax-deferred manner. The advantages are straightforward.

Like fixed annuities, a VA is designed to increase the value of your deposit on a tax-deferred basis. However, variables offer many more investment options not available in single-account fixed annuities. With a variable annuity you can diversify your risk by investing in several mutual-fund type separate accounts or in the VA's general

interest account (GIA), which affords the same advantages as an SPDA account. Moreover, you can switch among these stock, bond, and money-market funds without tax consequences. (Mutual fund holders by contrast pay taxes on income, capital gains distributions, and profits from selling fund shares.) Later, you can surrender the annuity and take a lump sum payout over time ("annuitization") similar to an SPDA.

Almost all VAs offer a death benefit. Some guarantee the premium less withdrawals or the value of the account at death. Some step-up the death benefit every five or seven years. Still others guarantee 5% per year compounded on the original deposit.

A side benefit is that money held in a VA's mutual funds is kept apart from the insurer's General accounts. This safety feature is not available in SPDAs. (But money invested in the GIA of a VA is commingled with the insurer's assets and could be at risk if the company fails.) And, of course, with a variable annuity there are no guarantees that your account will increase in value if your stock or bond funds perform poorly.

Fees and Performance

Most VAs can be purchased on a no-load basis (that is, without a "front-end" load). Therefore, virtually all of your Variable Annuity deposit will be put to work for you (on a tax-advantaged basis to boot). VAs sometimes have annual contract fees - typically \$30. In addition, there are fees for managing the assets in each fund. These are akin to mutual fund expense fees and range from 0.3% to 2.5% of your

ALL ABOUT VARIABLE ANNUITIES

investment annually. There's also an assessment of about 1.25% annually to cover mortality and expense risk (called "M&E") and administration. Remember, most VAs return to your beneficiary an amount at least equal to your initial investment if you die and your account value is less than what you started with. The M&E fee offsets the cost of this coverage.

The Total Return Performance calculations in our tables are based on the Accumulation Unit Values (AUV). The AUV does not usually include the deduction of the annual records maintenance fee. This particular fee is most often deducted at calendar year's end from a contract owner's account. You may see contracts where fund performance with higher fees is better than some whose fees are less. The fee structure alone should never be the primary feature for selecting a VA. Remember also that if a VA is called a no-load, this does not mean that it is free of charges. "No-load" usually means that the annuity has no before or after (deferred) sales charges. As most no-load variable annuities are marketed directly with no outside sales force, internal costs may be lower. In addition, always keep in mind when reviewing the account performance tables that past performance is never a guarantee of future results. VAs are sold by agents licensed with the National Association of Securities Dealers (NASD) and with an accompanying prospectus or offering memorandum.

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.

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 the GICs table are for Bullet GICs in qualified plan situations; they are also quoted net of expenses and with no commission fees.

Annual Renewable Term Life Insurance

Annual renewable term life insurance is a very simple product. It is essentially a bet on your life. If you die while the policy is still in force, the insurance company will pay your beneficiary the face value. If you survive, the insurance company has no obligation to pay anything to anyone. Renewal of the policy from one year to the next is also guaranteed by the issuing insurance company, without any need for the policyholder to prove continued insurability. Moreover, the insurance company cannot increase premiums because the policyholder has developed an adverse physical condition. Premiums do increase each year; however, they do so only in relation to the higher risk carried by the insurance company as the policyholder's life expectancy decreases.

Term insurance rates are reported in tables for males and females who purchase a policy with a face value of \$250,000 beginning at age 35 and then renew the policy for the next four years. The first column thus provides the rate for age 35, and the second column provides the aggregate premium for the five-year period from ages 35 to 39. The remaining columns provide the same information for ages 40, 45, 50, 55, and 60, followed by the aggregate premiums for each succeeding five-year interval.

Ten-Year Level Term Life Insurance

Ten-year level term has the same basic contractual obligations as annual renewable term. The main difference is one of pricing. For Ten-year level term, the premium is guaranteed to remain constant for a period of ten years, unlike annual renewable term where the premiums gradually increase each year.

Annuity Shopper reports annual premium amounts, including all fees and commissions, for a male and female, each of whom purchases a 10-Year level term policy with a face amount of \$250,000 beginning at the ages indicated. Thus, each policy is guaranteed renewable for the next nine years at the same initial premium amount.

Pension Plan Termination and 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 that 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

PENSION PLAN TERMINATION ANNUITIES

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 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 agree-

ment 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.

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